



General Assembly

Amendment

January Session, 2025

LCO No. 10093



Offered by:
REP. CARNEY, 23rd Dist.

To: Subst. Senate Bill No. 1

File No. 637

Cal. No. 671

(As Amended by Senate Amendment Schedule "A")

***"AN ACT INCREASING RESOURCES FOR STUDENTS, SCHOOLS
AND SPECIAL EDUCATION."***

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. (NEW) (*Effective January 1, 2026, and applicable to income and*
4 *taxable income years commencing on or after January 1, 2026*) (a) As used in
5 this section:

6 (1) "Eligible student" means a school-age student (A) who is
7 registered in a qualified school, and (B) with household income not
8 exceeding two hundred fifty per cent of the federal poverty level;

9 (2) "Qualified school" means a nonpublic elementary or secondary
10 school that is located in the state and that satisfies the requirements
11 prescribed by law for nonpublic schools in the state; and

12 (3) "Scholarship organization" means a nonprofit organization that is

13 exempt from taxation pursuant to Section 501(c)(3) of the Internal
14 Revenue Code of 1986, or any subsequent corresponding internal
15 revenue code of the United States, as amended from time to time, that
16 provides scholarships to enable eligible students to attend a qualified
17 school.

18 (b) (1) There shall be allowed a credit against the tax imposed by
19 chapter 208 or 229 of the general statutes, other than the liability
20 imposed by section 12-707 of the general statutes, for cash contributions
21 made to a scholarship organization to be used to fund scholarships for
22 eligible students. No entity or individual that makes a contribution for
23 which such entity or individual receives a credit under this section may
24 designate any part of such contribution to a specific qualified school or
25 student.

26 (2) The amount of the credit allowed shall be fifty per cent of the
27 contribution made for an income or taxable year, as applicable, and shall
28 not exceed (A) one hundred thousand dollars for any income year for
29 any taxpayer subject to the tax imposed by chapter 208 of the general
30 statutes, or (B) twenty thousand dollars for any taxable year for any
31 taxpayer subject to the tax imposed under chapter 229 of the general
32 statutes.

33 (3) If the taxpayer that made the contribution is an S corporation or
34 an entity treated as a partnership for federal income tax purposes, the
35 credit may be claimed by the taxpayer's shareholders or partners. If such
36 taxpayer is a single member limited liability company that is
37 disregarded as an entity separate from its owner, the credit may be
38 claimed by such limited liability company's owner, provided such
39 owner is subject to the tax imposed under chapter 208 or 229 of the
40 general statutes.

41 (4) No taxpayer claiming a credit under this section may claim a
42 credit under chapter 228a of the general statutes for the same
43 contribution.

44 (c) (1) Any entity or individual subject to the tax imposed by chapter
45 208 or 229 of the general statutes may apply to the Office of Policy and
46 Management, in such form and manner as prescribed by the Secretary
47 of the Office of Policy and Management, to reserve an allocation for a
48 credit in the amount of the contribution such entity or individual
49 intends to make. The application shall contain such information as the
50 secretary deems necessary to administer the provisions of this section.

51 (2) The secretary shall approve applications on a first-come, first-
52 served basis and shall notify the entity or individual in writing not later
53 than thirty days after the date of receipt of an application of the
54 secretary's approval or rejection of the application. Any entity or
55 individual that is approved shall make the intended contribution to the
56 scholarship organization not later than one hundred twenty days after
57 the date such entity or individual receives notice of the secretary's
58 approval.

59 (3) The total amount of credits that may be reserved under this
60 subsection shall not exceed two million five hundred thousand dollars
61 in any one fiscal year.

62 (d) After an entity or individual has made the contribution, such
63 entity or individual shall apply to the Secretary of the Office of Policy
64 and Management for a tax credit voucher and shall provide with the
65 application such documentation and independent certification as the
66 secretary may require pertaining to the amount of the contribution and
67 certifying that such contribution was actually made to the scholarship
68 organization. If the secretary determines that such entity or individual
69 is eligible to be issued a tax credit voucher, the secretary shall enter on
70 the voucher the amount of the credit allowed. The secretary shall
71 provide a copy of such voucher to the Commissioner of Revenue
72 Services upon request. The credit allowed under this section shall be
73 claimed for the income or taxable year in which the contribution was
74 made.

75 (e) Any entity or individual that submits information to the Secretary

76 of the Office of Policy and Management that such entity or individual
77 knows to be fraudulent or false shall, in addition to any other penalties
78 provided by law, be liable for a penalty equal to the amount of such
79 entity's or individual's credit allowed under this section.

80 (f) The Secretary of the Office of Policy and Management and the
81 Commissioner of Revenue Services may, for purposes of determining
82 the correctness of any credit claimed pursuant to this section, examine
83 any books, papers and records relating to the documentation provided
84 with an application for a tax credit voucher under this section.

85 (g) Not later than March 1, 2027, and annually thereafter, the
86 Secretary of the Office of Policy and Management shall submit a report,
87 in accordance with the provisions of section 11-4a of the general statutes,
88 to the joint standing committees of the General Assembly having
89 cognizance of matters relating to commerce and finance, revenue and
90 bonding. Such report shall include information for the preceding
91 calendar year regarding (1) the number of applications the secretary
92 received to reserve a credit under this section and the number of such
93 applications that were approved and were rejected, (2) the total number
94 of tax credit vouchers approved and the amount of each such voucher,
95 (3) the number of entities subject to the tax imposed by chapter 208 of
96 the general statutes (A) whose applications were approved, and (B) who
97 received a tax credit voucher, (4) the number of individuals subject to
98 the tax imposed by chapter 229 of the general statutes (A) whose
99 applications were approved, and (B) who received a tax credit voucher,
100 (5) the scholarship organizations to which contributions were made
101 pursuant to this section, and (6) any other information or data the
102 secretary deems relevant or useful to evaluate the effectiveness of the
103 credit under this section to enable eligible students to attend a qualified
104 school."

This act shall take effect as follows and shall amend the following sections:

Sec. 501	<i>January 1, 2026, and applicable to income and taxable income years commencing on or after January 1, 2026</i>	New section
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