

UConn State Tax Credit Program – FAQs

1. What is the UConn State Tax Credit Program?

The State of Connecticut authorized the University of Connecticut to issue state tax credits for certain qualifying payments of financial support made after 7/1/2025 for the purpose of encouraging the promotion and public recognition of the university, its programs, services or missions.

- The state tax credit is equal to 50% of qualifying payments, with a maximum credit of \$500,000 per taxpayer, per year.
- UConn may issue state tax credits up to \$5,000,000 per year.

2. Is the UConn Tax Credit a Federal or State Tax Credit?

It's a Connecticut tax credit. It can only be used to offset Connecticut state tax liabilities.

3. Does the UConn State Tax Credit only offset CT income tax liabilities?

No, The UConn State Tax Credit may be applied against the following Connecticut tax types:

- Chapter 208 (Corporation Business)
- Chapter 229 (Individual Income)
- Chapter 207 (Insurance Companies and Health Care Centers)
- Chapter 209 (Air Carriers)
- Chapter 210 (Railroad Companies)
- Chapter 211 (Community Antenna Television System, One-Way Satellite Transmission, and Certified Competitive Video Service Companies)
- Chapter 212 (Utility Companies)
- Chapter 228z (Affected Business Entities)

4. What types of support payments are eligible for the UConn State Tax Credit?

Payments made after 7/1/2025 under the following arrangements:

- 1) Donations of \$5,000 or more to the "Storrs Strong Fund" made through UConn's Marketplace website or via an executed Pledge Agreement.
- 2) Payments of \$5,000 or more pursuant to an executed Licensing & Endorsement Agreement.
- 3) Payments of \$25,000 or more pursuant to an executed Sponsorship Agreement. Note: For taxpayers with existing sponsorships, only the incremental value of a new sponsorship agreement over the value of the prior fiscal year's sponsorship amount is eligible for the UConn State Tax Credit.

For questions on how to initiate any of the agreements mentioned above, please email statetaxcredit@uconn.edu

5. How does a taxpayer request and receive a UConn State Tax Credit?

To secure a state tax credit under this program, taxpayers must complete the following steps:

STEP 1: Execute a qualified agreement that meets the minimum threshold. (See FAQ #4).

- Donation/Pledge, Licensing & Endorsement, and Sponsorship Agreements must be formally negotiated and executed with the Division of Athletics.
- ACH or credit card donations of \$5,000 or more can be made through UConn Marketplace without an accompanying pledge agreement. Click [HERE](#) to donate now.

STEP 2: Request a tax credit reservation and voucher from UConn by completing the Tax Credit Reservation and Voucher Request Form.

- For ACH or credit card donations of \$5,000 or more to the Storrs Strong Fund made through UConn Marketplace without a donor/pledge agreement, taxpayers may request a state tax credit reservation and voucher using this [FORM](#).
- For all other qualified agreements, taxpayers may request a state tax credit reservation and voucher using this [FORM](#).

6. Can I make a donation from my Traditional IRA?

Yes, an individual taxpayer can make a charitable contribution from their IRA to the Storrs Strong Fund but it may not meet the definition of a **Qualified Charitable Distribution ("QCD"**. The donation would be eligible for the UConn State Tax Credit if valued at \$5,000 or more. UConn would issue the State Tax Credit voucher to the owner of the IRA. For IRA distributions, we recommend that the taxpayer execute a Donor/Pledge Agreement with UConn.

IMPORTANT: Donors should consult with their personal tax advisors prior to executing any distribution from their IRA. A distribution from an IRA must be fully deductible to meet the definition of a Qualified Charitable Distribution. Please consider: IRC §408(d)(8)(B), IRC §408(d)(8)(C), Treas. Reg. §1.170A-1(h)(3); IRS Notice 2007-7.

7. Can I make a donation from my Donor Advised Fund and get the UConn State Tax Credit?

No, when a taxpayer contributes money to a donor advised fund, they receive a federal tax deduction. The contributed money legally belongs to the Donor Advised Fund and no longer to the donor. The donor may advise or recommend what charitable organizations should receive the money. Most Donor Advised Funds are IRC 501(c)(3) organizations which are not eligible to receive the UConn State Tax Credit under the Connecticut General Statute.

8. What is the financial benefit of receiving a UConn State Tax Credit?

The actual financial benefit will vary based on each taxpayer's facts and circumstances such as entity type, filing status, and marginal tax bracket. Taxpayers should consult with their tax advisors to determine the financial benefit of a UConn State Tax Credit.

Donations made to the Storrs Strong Fund:

	Example 1 Married Taxpayers - CT Residents 37% tax bracket \$100,000 donation	Example 2 Single Taxpayer - CT Resident 24% tax bracket \$10,000 donation	Example 3 Married Taxpayers - CT Residents 32% tax bracket \$25,000 donation
Total Payments Qualifying for the State Tax Credit =	\$100,000	\$10,000	\$25,000
Total CT Tax Credit issued to the taxpayer (50%) =	\$50,000	\$5,000	\$12,500
Net amount considered a deductible donation	\$50,000	\$5,000	\$12,500
	<u>Marginal Tax</u>	<u>Marginal</u>	<u>Marginal</u>
<u>Financial Benefits</u>	<u>Rate</u> <u>Cash Savings</u>	<u>Tax Rate</u> <u>Cash Savings</u>	<u>Tax Rate</u> <u>Cash Savings</u>
Federal itemized deduction	37% \$ 18,500	24% \$ 1,200	32% \$ 4,000
CT tax credit	\$ 50,000	\$ 5,000	\$ 12,500
Total Financial Benefit	<u>\$ 68,500</u>	<u>\$ 6,200</u>	<u>\$ 16,500</u>
<u>Net Cash Impact:</u>			
Original donation amount	\$ (100,000)	\$ (10,000)	\$ (25,000)
Federal Tax Savings	\$ 18,500	\$ 1,200	\$ 4,000
CT Tax Savings	\$ 50,000	\$ 5,000	\$ 12,500
Taxpayer's Net Cash Outlay for Donation	<u>\$ (31,500)</u>	<u>\$ (3,800)</u>	<u>\$ (8,500)</u>

THE FINANCIAL BENEFITS AND NET CASH IMPACT DEPICTED ABOVE ARE ESTIMATED BECAUSE THEY ARE DEPENDENT ON EACH TAXPAYER'S FACTS AND CIRCUMSTANCES. THE FINANCIAL BENEFITS AND NET CASH IMPACT ARE LARGELY DEPENDENT ON THE TAXPAYER'S FILING STATUS AND MARGINAL INCOME TAX BRACKET. EXAMPLES ASSUME THAT THE TAXPAYER'S ITEMIZED DEDUCTIONS ARE GREATER THAN THEIR STANDARD DEDUCTION.

Example 4: Sponsorship Agreement with a Corporate Business Entity

ABC Corp Inc. with business operations exclusively in Connecticut executes a Sponsorship Agreement with UConn on 9/30/2025. ABC Corp Inc. agrees to pay UConn \$200,000 before the end of the year in return for the right to hang two banners with the company's name and logo in its sports arena during the 2025-2026 basketball season.

Total Payments Qualifying for the State Tax Credit =	\$200,000
Total CT Tax Credit issued to the taxpayer (50%) =	\$100,000
Deductible business expense =	\$200,000

<u>Financial Benefits</u>	<u>Tax Rate</u>	<u>Cash Savings</u>
Federal Deduction for \$200,000	21%	\$ 42,000
CT tax credit		\$ 100,000
		<u>\$ 142,000</u>

Net Cash Impact:

Sponsorship Payment	\$ (200,000)
Federal Tax Savings	\$ 42,000
CT Tax Savings	\$ 100,000
Net Cash Outlay for \$200,000 Sponsorship	<u>\$ (58,000)</u>

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9. How does the tax credit reservation and voucher process work for an agreement that crosses calendar years?

UConn will issue State Tax Credit Vouchers for qualifying payments received in calendar year 2025 pursuant to an executed agreement by February 15, 2026. However, if the taxpayer executes a qualified agreement with UConn with payments to be made in 2026, UConn will reserve a state tax credit for the taxpayer for the 2026 calendar year for the value of those future payments. UConn will issue a State Tax Credit Voucher to the taxpayer for the qualifying payments received during the 2026 calendar year by February 15, 2027.

10. What if I can't fully utilize the state tax credit for the year it was issued to me? Meaning, my Connecticut tax liability is less than the credit.

Any CT tax credit not fully utilized by the taxpayer in the applicable tax year may be carried forward for up to 15 years. There is no carryback provision.

11. I made a donation to the UConn Foundation early in the calendar year (before 7/1/2025), can that qualify for the state tax credit?

No, the CT statute allowing UConn to issue state tax credits became effective 7/1/2025. Furthermore, only donations of \$5,000 or more made after 7/1/2025 to the Storrs Strong Fund are eligible for the state tax credit.

12. Does my donation to the Storrs Strong Fund result in any benefits such as priority seating at athletic events or advanced ticketing purchasing?

No, donations to the Storrs Strong Fund are not eligible for Husky Athletic Fund priority points or any other related benefits.

13. What is the deadline for making a donation to the Storrs Strong Fund to receive a 2025 State Tax Credit?

Donations must be delivered or mailed(postmarked) by 12/31/2025 to be eligible to receive a 2025 State Tax Credit.

14. What if I have more questions about the state tax credit program that were not answered here?

Please email statetaxcredit@uconn.edu

Disclaimer: The information provided herein is for informational purposes only and should not be construed as tax advice. UConn and its employees are not responsible for any errors or omissions in the content or any damages resulting from its use. The financial benefit of the UConn State Tax Credit will vary based on each taxpayer's facts and circumstances. Taxpayers should consult a professional tax advisor before making any decision or taking any action with respect to the UConn State Tax Credit. The information provided herein is subject to change without notice.