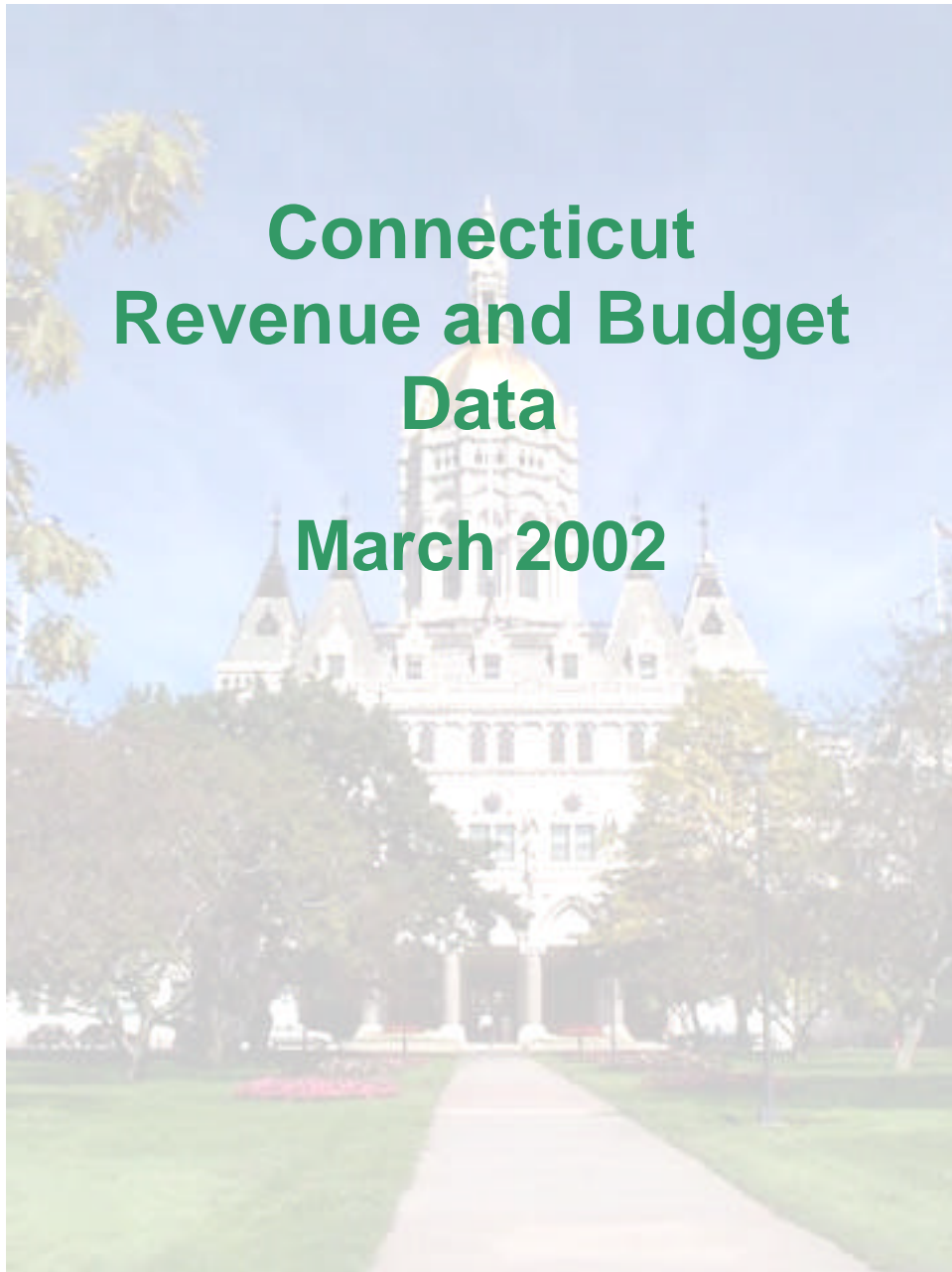


Connecticut General Assembly
OFFICE OF FISCAL ANALYSIS

**Connecticut
Revenue and Budget
Data**

March 2002



QUICK REFERENCE

INSTRUCTION: Place the mouse cursor over the heading you wish to view and double click on it.
You can use the Page Up and Page Down keys on your keyboard to view pages consecutively.

INTRODUCTION

TAXES

- Overview: General Fund Taxes and Other Taxes
- Admissions, Dues, Cabaret
- Alcoholic Beverage Tax
- Cigarette Tax
- Corporation Tax
- Gift Tax
- Hospital Gross Earnings Tax
- Inheritance and Estate Taxes
- Insurance Tax
- Motor Fuels Excise Taxes
- Personal Income Taxes
- Petroleum Companies Tax
- Public Service Corporation Tax
- Real Estate Conveyance Tax
- Sales and Use Tax
- Tourism Districts

TRANSPORTATION FUND

UNEMPLOYMENT COMPENSATION TRUST FUND

LEGALIZED GAMBLING

STATE BUDGET OVERVIEW

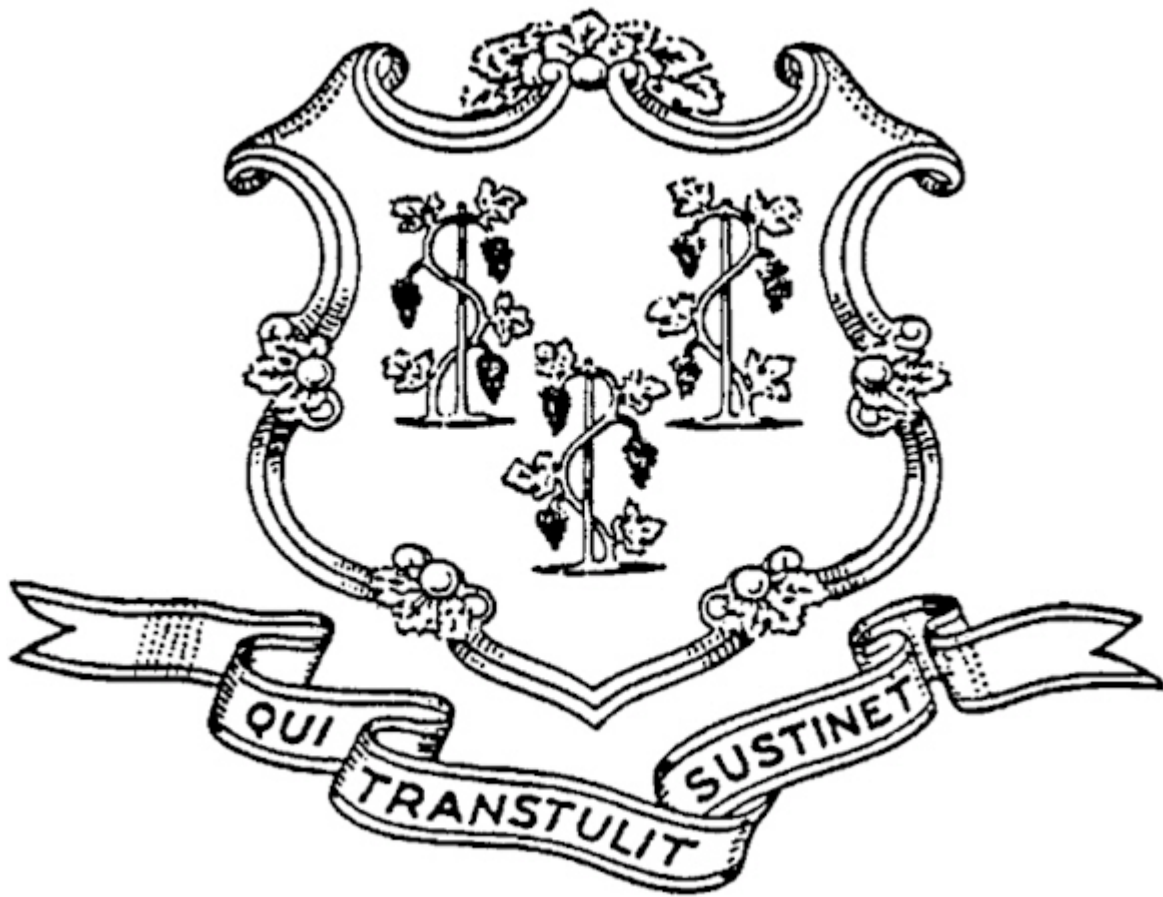
SELECT STATE PROGRAMS OR FUNDS

- Education
- State Retirement Funds

MUNICIPAL FINANCE

- State Aid to Local Governments
- State and Local Property Tax Relief for the Elderly
- Veterans
- Property Taxes

CONNECTICUT
REVENUE AND BUDGET DATA



OFFICE OF FISCAL ANALYSIS
CONNECTICUT GENERAL ASSEMBLY

March 2002

TABLE OF CONTENTS

INTRODUCTION	1
TAXES	
<u>Overview</u>	
Total General Fund Taxes and Other Revenue	2
Total Tax Revenue (General Fund and Transportation Fund)	4
Total General Fund Tax Revenue	6
General Fund Revenue Increases	8
General Fund Revenue Decreases	30
Dates of Adoption of Major State Taxes by State	58
Refunds of Taxes	59
Penalty and Interest Revenue	60
<u>Taxes</u>	
Admissions, Dues, Cabaret Taxes	61
Alcoholic Beverage Tax	65
Cigarette Tax	71
Corporation Tax	75
Gift Tax	94
Hospital Gross Earnings Tax	96
Inheritance and Estate Taxes	101
Insurance Tax	107
Motor Fuels Excise Taxes	111
Personal Income Taxes	116
Petroleum Companies Tax	137
Public Service Corporation Tax	142
Real Estate Conveyance Tax	151
Sales and Use Tax	155
Tourism Districts	170
<u>Transportation</u>	
Transportation Fund Revenues	173
Summary of Enacted Tax and Fee Increases	177
Transportation Infrastructure Programs	178
UNEMPLOYMENT COMPENSATION TRUST FUND	180
LEGALIZED GAMBLING	
Annual Gambling Revenue	183
Annual Lottery Revenues	191
Jai Alai and Dog Track Handle	196
Annual OTB Sales	202
OTB and Pari-mutuel Payments to Municipalities	207
Municipal Share of Revenues from Gambling	208
OTB Payments to Municipalities by Town	209

TABLE OF CONTENTS (continued)

BUDGET OVERVIEW

State and Local Government Expenditures	210
Funding the FY 90-91 Deficit	211
Condition of the General Fund	213
Budget Reserve Fund History	214
History of General Fund Lapse	215
History of General Fund Deficiency Appropriations	218

SELECT STATE PROGRAMS OR FUNDS

State Retirement Funds

State Employee' Retirement Fund	219
Teachers' Retirement Fund	223
State Pension Systems	225
Unfunded Accrued Liability	227

Education

Sources of Fund for Primary and Secondary Education Expenditures	228
Education Equalization Grants to Towns	230

MUNICIPAL FINANCE

State Aid to Local Governments

State and Local Property Tax Relief for the Elderly

Circuit Breaker/Freeze Benefit Average Benefits	239
Total Circuit Breaker and Freeze Expenditures	240
Relief Programs for the Elderly and Disabled	242
Circuit Breaker for Homeowners and Renters	245
Local Option Property Tax Relief for the Elderly	246

Veterans

Veteran's Property Tax Exemption	247
Veteran's Exemption Chart	248

Property Taxes

Taxation of Farm, Forest and Open Space Land	249
Municipal Property Tax Exemptions	250
Mobile Manufactured Home Tax Legislation	252
State Grand Levies	254

INTRODUCTION

This document is designed to be a reference tool for legislators interested in putting the state's revenue and budget picture into historical perspective. Twenty years or more of data on major state taxes and some of the basic expenditure items most often asked for by state legislators is provided. Similar information is included for municipal finances. A section covering a number of important issues and major state and municipal programs or funds of interest to legislators is also provided.

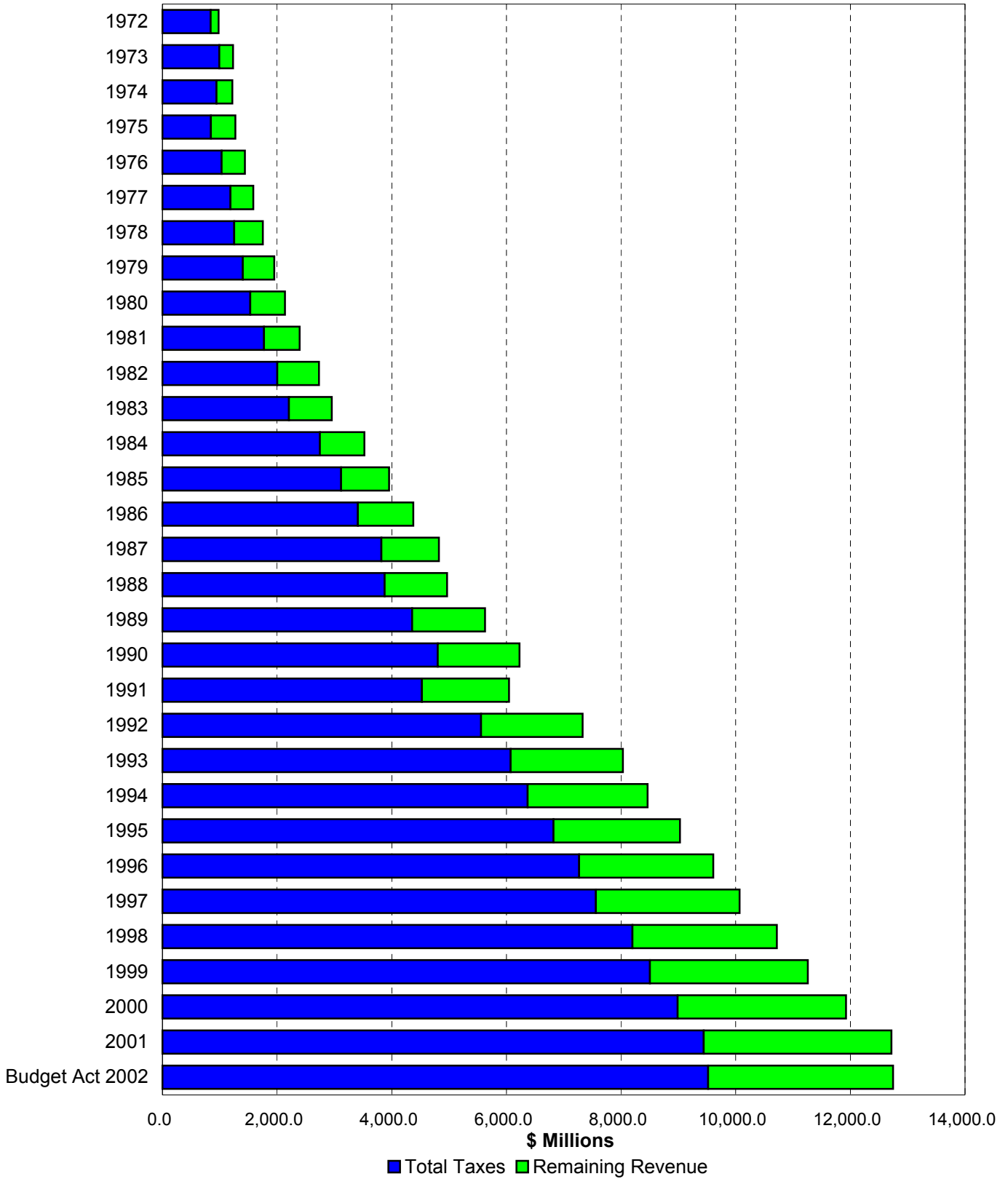
The information presented here is compiled from many authoritative sources, which are noted at the end of each document. In some cases the data is taken directly from the source, while in other cases adjustments are made to provide consistency among data elements. Where these adjustments are made, descriptive footnotes are included. Differences between figures provided in this edition and previous ones are generally due to revised data becoming available.

Any comments or questions concerning the information contained in this document, or suggestions would be welcomed by: **Office of Fiscal Analysis, LOB 5200, 300 Capitol Avenue, Hartford, CT 06106.**

Visit the Office of Fiscal Analysis website at <http://www.cga.state.ct.us/ofa> to view or download this and other documents produced by the office.

General Fund Taxes and Other Revenue 1972-2002

Fiscal Year



TOTAL GENERAL FUND TAXES AND OTHER REVENUE
(Millions \$)

Fiscal Year	Total Gross Taxes [1,2]	Yearly % Change	General Fund Revenues [1,2,3,4]	Yearly % Change
1972	842.0	26.7	983.6	21.0
1973	992.7	17.9	1,235.3	25.6
1974	941.4	(5.2)	1,224.2	(0.9)
1975	846.9	(10.0)	1,277.7	4.4
1976	1,033.3	22.0	1,442.2	12.9
1977	1,184.3	14.6	1,588.3	10.1
1978	1,252.5	5.8	1,753.1	10.4
1979	1,402.9	12.0	1,955.7	11.6
1980	1,533.1	9.3	2,142.7	9.6
1981	1,771.1	15.5	2,396.6	11.8
1982	2,003.9	13.1	2,732.5	14.0
1983	2,205.8	10.1	2,956.5	8.2
1984	2,744.9	24.4	3,527.8	19.3
1985	3,114.3	13.5	3,958.3	12.2
1986	3,406.8	9.4	4,378.8	10.6
1987	3,818.6	12.1	4,827.4	10.2
1988	3,877.3	1.5	4,968.8	2.9
1989	4,356.7	12.4	5,630.5	13.3
1990	4,802.9	10.2	6,233.9	10.7
1991	4,527.6	(5.7)	6,051.3	(2.9)
1992	5,558.2	22.8	7,332.5	21.2
1993	6,075.3	9.3	8,034.9	9.6
1994	6,371.0	4.9	8,465.1	5.4
1995	6,820.6	7.1	9,031.5	6.7
1996	7,268.1	6.6	9,613.9	6.4
1997	7,561.1	4.0	10,072.7	4.8
1998	8,198.3	8.4	10,723.0	6.5
1999	8,503.2	3.7	11,261.4	5.0
2000	8,986.3	5.7	11,927.0	5.9
2001	9,442.6	5.1	12,721.0	6.7
Budget Act 2002	9,519.2	0.8	12,749.1	0.2

Source: Annual Report of the Comptroller, various years.

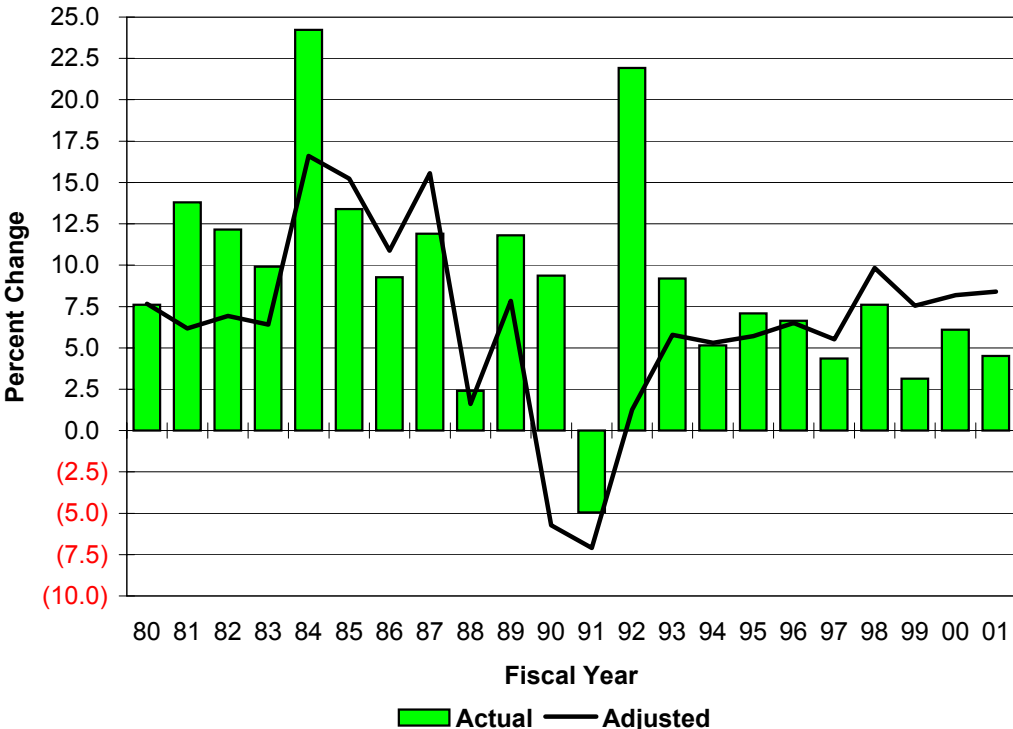
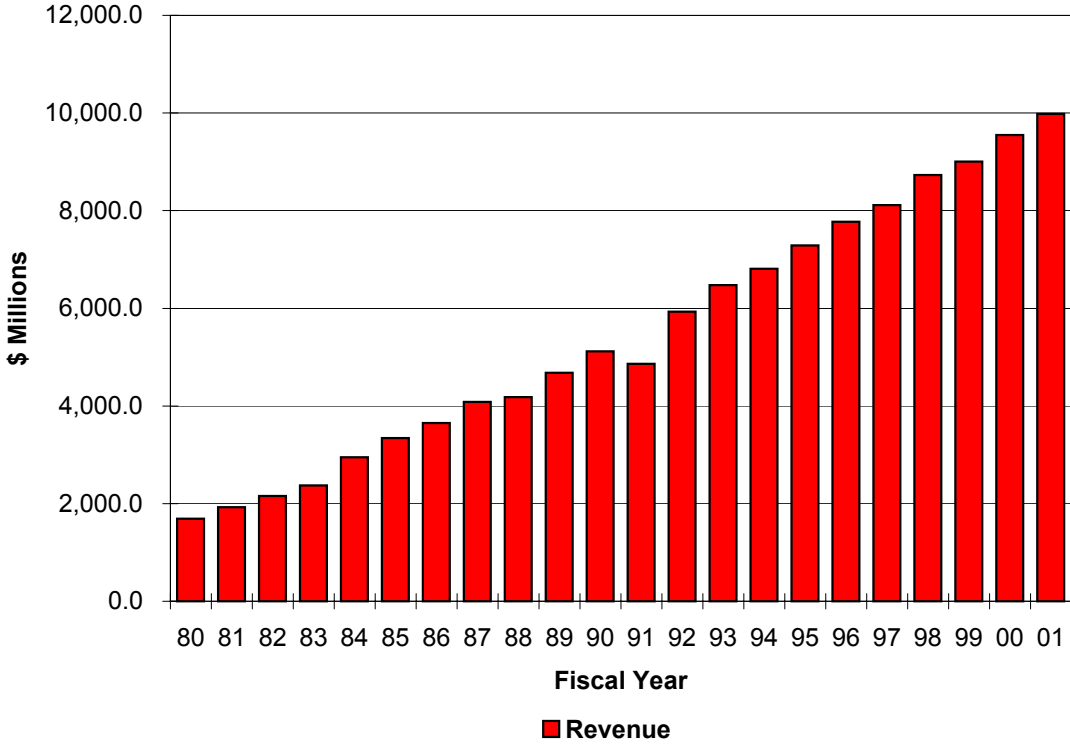
[1] From FY69 to FY 74 Public Service Taxes went into the Public Service Tax Sinking Fund rather than the General Fund. To make the data comparable, the tax was added to Total General Fund Revenues for these years.

[2] From FY 75 to FY 84 the Transportation Fund was included in the General Fund. To make the data comparable, Motor Fuels Tax was eliminated from Total Taxes and revenues later transferred to the Transportation Fund were removed from Total General Fund Revenues for these years. Other tables in this book include Motor Fuels Tax in Total Taxes and thus are not comparable with the figures appearing here.

[3] To make the data comparable, Refunds of Taxes which are subtracted from revenues in the Comptroller's Annual Report were added to Total General Fund Revenues for FY 86 and subsequent years.

[4] Beginning in FY 92 through FY 97 Total General Fund Revenues include Economic Recovery Fund payments which transfers to the Economic Recovery Fund to pay off the FY 91 accumulated General Fund deficit which are subtracted from revenues beginning in FY 92 through FY 97 in the Comptroller's Annual Report are added back to Total General Fund Revenues to make data comparable.

Total Tax Revenue (General & Transportation Fund) Collections and Growth Rates FY 80 - FY 01

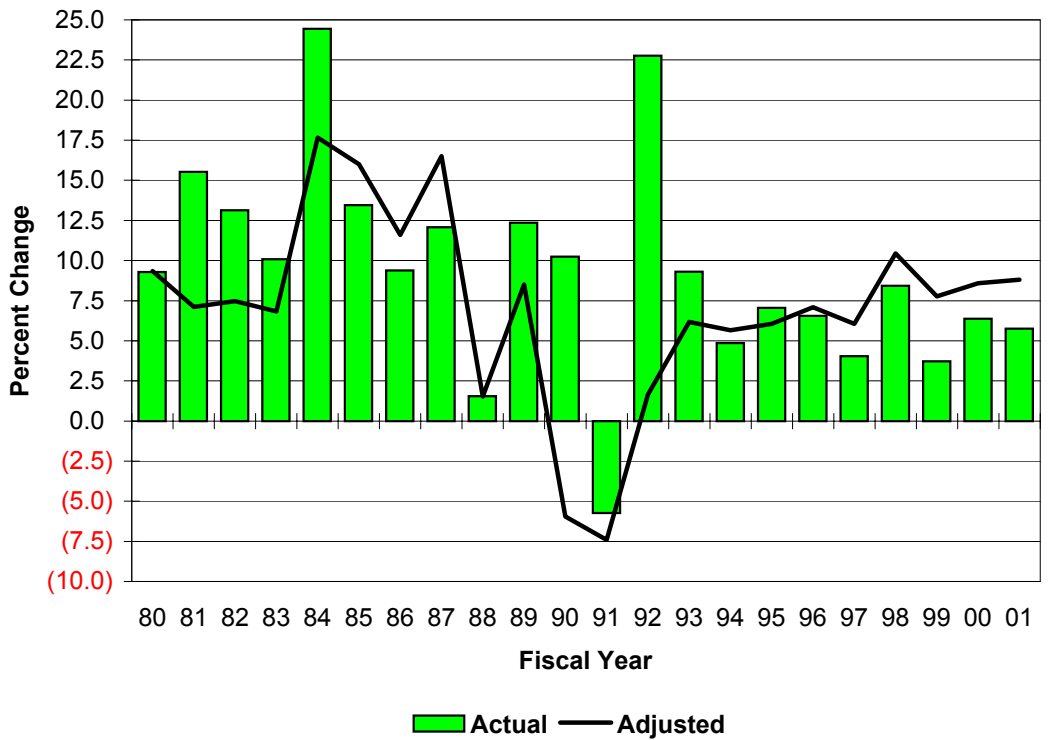
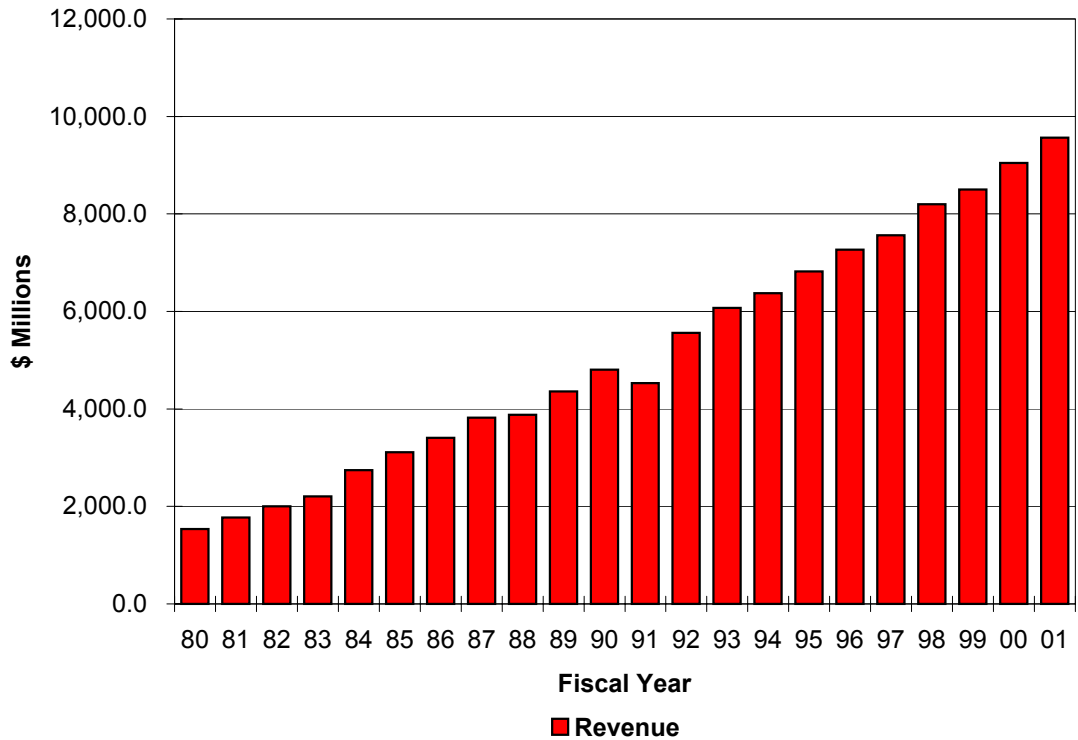


**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Total Tax Revenue (General & Transportation Fund)					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	974.1	187.4	0.0		
FY73	1,136.4	58.6	14.5	16.7	9.2
FY74	1,082.6	(102.3)	0.0	(4.7)	5.6
FY75	990.0	(28.4)	0.0	(8.6)	(5.9)
FY76	1,190.9	149.5	27.7	20.3	2.4
FY77	1,347.1	(0.7)	71.6	13.1	9.7
FY78	1,417.0	(4.1)	4.0	5.2	11.1
FY79	1,571.7	(9.6)	0.0	10.9	11.9
FY80	1,691.4	(0.9)	0.0	7.6	7.7
FY81	1,924.8	128.9	0.0	13.8	6.2
FY82	2,158.6	65.0	35.3	12.1	6.9
FY83	2,372.3	28.9	84.2	9.9	6.4
FY84	2,946.9	233.1	45.8	24.2	16.6
FY85	3,341.3	(1.8)	0.0	13.4	15.2
FY86	3,651.2	(113.3)	60.0	9.3	10.9
FY87	4,085.4	(68.8)	4.0	11.9	15.6
FY88	4,183.3	36.0	0.0	2.4	1.6
FY89	4,677.2	108.3	57.6	11.8	7.8
FY90	5,115.3	730.3	29.7	9.4	(5.7)
FY91	4,862.5	92.4	45.6	(4.9)	(7.1)
FY92	5,928.2	1,039.0	11.6	21.9	1.3
FY93	6,473.1	197.0	17.6	9.2	5.8
FY94	6,806.7	(38.3)	47.3	5.2	5.3
FY95	7,289.2	179.5	(35.4)	7.1	5.7
FY96	7,772.8	(9.4)	(19.1)	6.6	6.5
FY97	8,111.7	(96.6)	(13.9)	4.4	5.5
FY98	8,729.0	(178.7)	(16.6)	7.6	9.8
FY99	9,003.1	(362.7)	(40.5)	3.1	7.6
FY00	9,551.8	(245.4)	13.1	6.1	8.2
FY01	9,983.2	(347.2)	(9.4)	4.5	8.4

Total General Fund Tax Revenue Collections and Growth Rates FY 80 - FY 01



Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Total General Fund Tax Revenue					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	842.0	165.1	0.0		
FY73	992.7	54.1	14.5	17.9	9.8
FY74	941.4	(101.3)	0.0	(5.2)	6.6
FY75	846.9	(28.4)	0.0	(10.0)	(7.0)
FY76	1,033.3	149.5	13.7	22.0	2.7
FY77	1,184.3	(15.3)	71.6	14.6	10.6
FY78	1,252.5	(4.1)	4.0	5.8	12.6
FY79	1,402.9	(9.6)	0.0	12.0	13.1
FY80	1,533.1	(0.8)	0.0	9.3	9.3
FY81	1,771.1	128.9	0.0	15.5	7.1
FY82	2,003.9	65.0	35.3	13.1	7.5
FY83	2,205.8	18.9	83.7	10.1	6.8
FY84	2,744.9	202.1	45.8	24.4	17.7
FY85	3,114.3	(16.7)	0.0	13.5	16.0
FY86	3,406.8	(128.6)	60.0	9.4	11.6
FY87	3,818.6	(84.5)	4.0	12.1	16.5
FY88	3,877.3	4.2	0.0	1.5	1.5
FY89	4,356.7	92.3	57.6	12.4	8.5
FY90	4,802.9	730.3	29.7	10.2	(6.0)
FY91	4,527.6	62.0	45.6	(5.7)	(7.4)
FY92	5,558.2	991.0	11.6	22.8	1.6
FY93	6,075.3	169.0	17.6	9.3	6.2
FY94	6,371.0	(76.3)	47.3	4.9	5.7
FY95	6,820.6	149.3	(35.4)	7.1	6.1
FY96	7,268.1	(54.7)	(19.1)	6.6	7.1
FY97	7,561.1	(153.4)	(13.9)	4.0	6.1
FY98	8,198.3	(151.1)	(16.6)	8.4	10.4
FY99	8,503.2	(310.0)	(40.5)	3.7	7.8
FY00	9,045.4	(244.4)	13.1	6.4	8.6
FY01	9,565.7	(252.6)	(9.4)	5.8	8.8

GENERAL FUND REVENUE INCREASES AND DECREASES

The following two sections list General Fund revenue increases and decreases enacted since FY 72. If the full effect of the revenue change does not occur in the first year, an estimate for the portion of the revenue impact occurring in the second year is also given. Revenue changes are based on the fiscal impact at the time the change was enacted.

Only estimated gains or losses above \$100,000 are included here. Items which affect revenue collections for only one year are noted below the dollar estimate.

GENERAL FUND REVENUE INCREASES
(\$ Millions)

FY 71-72

<u>Capital Gains and Dividends Tax</u>	
- New tax of 6% on Capital Gains and Dividends was established	54.0
<u>Cigarette Tax</u>	
- Tax was increased from 16 to 21 cents per pack	12.5
<u>Motor Fuels Tax</u>	
- Tax was increased from 8 to 10 cents per gallon (eff 9/1/91) (10 mos)	22.3
<u>Public Service Corporation Tax</u>	
- The exemption for The portion of The gas, water, telephone and electric bills that exceeded \$20 was repealed	6.9
- Telephone companies tax increased from 6% to 8%	8.1
<u>Sales and Use Tax</u>	
- Tax rate increased from 5% to 6.5%, effective 9/1/71 (10 months)	70.5
<u>Self-Insured Business</u>	
- A new tax of 2.5% on death benefits and 2.75% on other benefits was established	0.3
<u>Fees</u>	
- Professional fees were increased	4.6
<u>Tuition</u>	
- Tuition payments are required for attendance at State Colleges and the University of Connecticut. (effective January, 1972)	6.8
<u>Lottery</u>	
- A State lottery game was established	2.5
TOTAL FY 71-72	188.5

FY 72-73

<u>Inheritance Tax</u>	
- Estate and Inheritance taxes are due within 9 months of the date of death, rather than 18 or 14 months respectively	14.5 (one time)
<u>Motor Fuels Tax</u>	
- Tax was increased from 8 to 10 cents per gallon (eff 9/1/91) (2 mos)	4.5

GENERAL FUND REVENUE INCREASES
(\$ Millions)

Sales and Use Tax

- Tax rate increased from 5% to 6.5%, effective 9/1/71 (2 months) 14.0
- Tax rate increased from 6.5% to 7%, effective 7/1/72 30.3
- Utility bill exemption was reduced from \$20 to \$10, eff 7/1/72 20.6

TOTAL FY 72-73 83.9

FY 73-74

Insurance Companies Tax

- Domestic companies are subject to the tax of 2% 1.7

FY 74-75

Public Service Corporation Tax

- Public service tax fund was abolished, so 20% of collections which had been diverted, will remain in the General Fund 14.2

Sales and Use Tax

- Tax rate increased from 6% to 7%, effective 4/1/75 (3 months) 18.5

TOTAL FY 74-75 32.7

FY 75-76

Capital Gains and Dividends Tax

- Capital Gains tax rate increased from 6% to 7% 2.5
- Dividends tax imposed at the rate of 7% 29.8

Corporation Business Tax

- Tax rate increased from 8% to 10%, effective 1/1/75 (6 months) 19.8

Sales and Use Tax

- Tax rate increased from 6% to 7%, effective 4/1/75 (9 months) 55.8
- Rental and leasing of tangible and personal property are taxable 15.0
- Base extended to include tax on business services 26.8
- Monthly tax collection (December 1975 Special Session) 1.3

(one time)

Accrual Changes (December 1975 Special Session)

- Receipts due by June 30 but collected in July, are accrued: (one time)
- Cigarette tax 4.3
- Motor Fuels tax 14.0
- Alcoholic Beverage tax 2.1
- Federal Revenue Sharing Funds 7.1

Transfer of Funds (December 1975 Special Session)

Excess funds from the following were transferred:

- Banking Fund 1.6
- Highway Right-of-Way Revolving Fund 2.3

GENERAL FUND REVENUE INCREASES
(\$ Millions)

- Real Estate Guarantee Trust Fund	0.8
- Boating Fund	0.5
- Motor Vehicle fees increased	17.9

TOTAL FY 75-76 201.6

FY 76-77

Corporation Business Tax

- Tax rate increased from 8% to 10%, effective 1/1/75 (6 months)	13.2
- Estimated payments are required	35.0
	(one time)

Insurance Companies Tax

- Estimated payments are required	4.0
	(one time)

Motor Fuels Tax

- Rate was increased from 10 to 11 cents per gallon	14.6
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Public Service Corporation Tax

- Quarterly payments are required	30.6
	(one time)

Tolls

- Tolls on The Parkway were increased	1.4
---------------------------------------	-----

Special Revenue

- A daily lottery game was established	9.0
--	-----

TOTAL FY 76-77 107.8

FY 77-78

Special Revenue

- Tax rates on jai alai and dog racing handles were increased	1.9
- Instant lottery proceeds were directed into The General Fund	9.9

TOTAL FY 77-78 11.8

FY 78-79

Fines

- A 10% surtax was added to some motor vehicle violations	0.4
---	-----

FY 79-80

Fines

- The 10% surtax was added to remaining motor vehicle violations	0.2
--	-----

GENERAL FUND REVENUE INCREASES
(\$ Millions)

<u>License, Permits and Fees</u>	
- Supreme court filing fees for cases under \$7,500 were increased from \$30 to \$55	0.1
- Home improvement contractors and salesmen must register and pay fee of \$30	0.2
TOTAL FY 79-80	0.5

FY 80-81

<u>Petroleum Company Tax</u>	
- A 2% tax on petroleum company gross receipts was established	49.0
<u>Sales and Use Tax</u>	
- Rate increased from 7% to 7.5%, effective 7/1/80	61.6
- Exemption for cigarettes was eliminated, effective 7/1/80	17.6
<u>General</u>	
- Delinquent tax interest rate raised from 12% to 15% per annum	0.5
<u>License, Permits and Fees</u>	
- The distribution of 25% of court fines to municipalities was eliminated	
- Miscellaneous fee increased	0.5
- Corporate filing fees and uniform commercial code-required fees were increased	1.2
- Assessment practices changed so that The Insurance Dept. is supported by domestic insurance companies	1.4
<u>Motor Vehicle Receipts</u>	
- Biennial registration established	8.5
	(two year)
- Car dealers fees increased from \$8 to \$20	0.4
<u>Sales of Commodities and Services</u>	
- Financial support of families of individuals in State humane institutions was increased	0.3
TOTAL FY 80-81	141.0

FY 81-82

<u>Alcoholic Beverage Tax</u>	
- Minimum mark-up provisions were eliminated	1.1
<u>Capital Gains and Dividends Tax</u>	
- Certain gains or losses from The sale of depreciable personal property are treated as capital gains (effective 1/1/81) (November 1981 Special Session)	1.0

GENERAL FUND REVENUE INCREASES
(\$ Millions)

Corporation Business Tax

- Tax rates increased effective 1/1/81 (6 months): 16.2
 Net Income Base: 9% to 10%
 Capital Base: .00031 to .0031
 Minimum Tax: \$50 to \$100
- Tax on net income plus compensation to owners and officers was added (fourth base) and the minimum tax was raised to \$250 25.8
- Tax on dividends was eliminated, all income is subject to apportionment and the calculation of the apportionment ratio will include a double weighting of the sales factor 2.0
- Depreciation deductions related to use of new Accelerated Cost Recovery schedule were limited (Nov. 1981 Special Session) 6.5
- Interest on delinquent corporation taxes was increased from 15% to 20% per annum. (November 1981 Special Session) 0.2
- All taxpayers must make an estimated payment of \$250 or 60%, whichever is greater, in their 6th month and 80% of the total estimated payment in their 12th month (effective 1/1/82) (November 1981 Special Session) 35.3
(one time)

Estate Income Tax

- New tax of 10% on estate income in excess of \$20,000 is established (November 1981 Special Session) 2.5

Petroleum Companies Tax

- Companies distributing petroleum products are subject to tax on the first sale of the product in Connecticut (effective 5/1/82) 1.0

Public Service Corporation Tax

- The gross receipts tax on telephone and community antenna television companies was increased from 8% to 9% effective 1/1/81 11.4

Unincorporated Business

- New tax of 5% on firms with net income over \$15,000 and gross receipts are over \$50,000 (effective 1/1/81) 30.0
- Businesses not entirely conducted in Connecticut may only deduct 50% of the net income attributable to Connecticut or \$15,000, whichever is greater (effective 1/1/81) (November 1981 Special Session) 1.2

General

- Interest rate on delinquent taxes remains at 1.25% per month 0.5
- The time period after which unclaimed property is turned over to the state was reduced (November 1981 Special Session) 7.0

Licenses, Permits and Fees

- Motor carrier registration was increased from \$5 to \$10 1.4
- Filing fee for the registration of securities was raised from \$200 to \$300 and the licensing fee for consumer collection agencies was raised from \$100 to \$200 0.2

GENERAL FUND REVENUE INCREASES
(\$ Millions)

- Fines for reckless driving and evading responsibility were increased	0.3
- A \$10 surcharge was added for those convicted for or pleading Nolo Contendere to certain motor vehicle violations	1.4
- Fee for filing in small claims court was raised from \$8 to \$10	0.3
- Sales tax permit fee increased from \$1 to \$20 and an annual renewal is required at a fee of \$10 (1981 Nov Spec Session)	0.6
- Certain legal motion filing fees were increased (1981 Nov Spec Ses)	0.5
- Insurance licenses issued for 2 years rather than 1 (effective 5/1/82)	0.1

Special Revenue

- Jai Alai and dog racing are permitted on Sundays	1.8
--	-----

Transfer Other Funds

- Tolls were increased	15.8
------------------------	------

TOTAL FY 81-82 164.1

FY 82-83

Capital Gains and Dividends Tax

- Estimated payment of dividends tax of 50% is required in the sixth month (November 1981 Special Session)	50.0 (one time)
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Corporation Business Tax

- Tax rates increased effective 1/1/81 (6 months) Net Income Base: 9% to 10% Capital Base: .00031 to .0031 Minimum Tax: \$50 to \$100	10.8
- All taxpayers must make an estimated payment of \$250 or 60%, whichever is greater, in their 6th month and 80% of the total estimated payment in their 12th month (effective 1/1/82)	33.7 (one time)
- Certain gains or losses from The sale of depreciable personal property are treated as capital gains (Nov Special Session)	1.0

Motor Fuels Tax

- Tax rate increased to 14 cents from 11 cents per gallon.	10.0
- Tax increase was also applied to gasoline in inventory (effective 4/1/83)	0.5 (one time)

Petroleum Companies Tax

- Companies distributing petroleum products are subject to tax on the first sale of the product in Connecticut	8.0
--	-----

Sales and Use Tax

- Corporate officers are personally liable for payment of taxes due	0.5
- Exemption for seeds and fertilizer not used in The agricultural production process was repealed as of 4/1/83.	1.0
- Exemption for meals costing less than \$1 repealed effective 4/1/83	3.0

GENERAL FUND REVENUE INCREASES
(\$ Millions)

Licenses, Permits and Fees

- Professional engineer and land surveyor registration fees were increased	0.3
- Registration fees for motorcycles increased from \$8 to \$10	0.2
- The registration of liquor brands by out-of-state shippers was increased from \$25 to \$100	0.2
- Architect registration fees increased from \$35 to \$75	0.1
- Sales tax permit fee increased from \$1 to \$20 and an annual renewal is required at a fee of \$10 (November 1981 Special Session)	0.8
- Filing fees for certain legal motions were increased (November 1981 Special Session)	0.8

Commodities and Services

- The sale of Laurel Heights Hospital was authorized (November 1981 Special Session)	5.0
- The Department of Agriculture may lease State lands for agricultural purposes	0.2

Miscellaneous

- The Department of income Maintenance can take assignment of the assets of an estate up to the amount the state has paid on the individual's behalf	0.2
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Special Revenue

- The tax on feature bets at OTB was increased from 17% to 19% and the tax on dog racing was increased from 8% to 8.25%	1.3
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TOTAL FY 82-83 127.6

FY 83-84

Alcoholic Beverage Tax

- Rates were increased by 20%, effective 8/1/83 (1983 June Spec Sess)	4.8
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Capital Gains, Dividends & Interest Tax

- A graduated Interest-income tax was established for taxpayers with more than \$50,000 AGI. The dividends threshold was also increased to \$50,000 AGI and tax rates were changed to coincide with the tax on interest income (June 1983 Special Session)	82.0
- Individuals whose Estimated dividends and Interest tax liability exceeds \$200 must make an estimated payment in the sixth month of their income year equal to 50% of estimated tax liability (June 1983 Special Session)	45.0 (one time)

Cigarette Tax

- The rate was increased from 21 to 26 cents per pack of twenty. (June 1983 Special Session)	15.6
- The increase also applied to unstamped cigarettes in inventory (June 1983 Special Session)	0.8 (one time)

GENERAL FUND REVENUE INCREASES
(\$ Millions)

<u>Corporation Business Tax</u>	
- Tax rate increased from 10 to 11.5% (June 1983 Special Session)	30.0
<u>Inheritance & Estate Tax</u>	
- A surtax of 10% was added to the tax on estates established on or after July 1, 1983 (June 1983 Special Session)	3.0
<u>Motor Fuels Tax</u>	
- Tax rate increased from 11 to 14 cents per gallon (effective 4/1/83)	31.0
<u>Real Estate Conveyance Tax</u>	
- A new State tax on Real Estate conveyances was established (June 1983 Special Session)	37.7
<u>Sales and Use Tax</u>	
- Exemption for seeds and fertilizer not used in the agricultural production process was repealed as of 4/1/83.	2.0
- Exemption for meals costing less than \$1 repealed 4/1/83	9.0
- The tax on business services was increased from 3.5% to 7.5%, effective 8/1/83 (June 1983 Special Session) (11 months)	33.0
<u>License, Permits and Fees</u>	
- The Alcohol Education & Treatment Fund was eliminated 7/1/83	0.8
- Various Motor Vehicle fees were increased	4.3
- Initial license application filing fee for insurance agents, brokers and public adjusters was raised to \$20 from \$5. A filing fee of \$20 was established for casualty adjusters, damage appraisers, insurance consultants and other insurance-related occupations.	0.4
- The report that stock corporations must file with The Secretary of the State is changed from annually to biennially and filing fees were increased.	1.4
- The fee on Fines for Certain Motor Vehicle violations and infractions was increased (effective 10/1/83)	0.2
<u>Fines</u>	
- Fees received by DEP to cover costs of reviewing applications for monitoring compliance with various state and federal permits was extended	0.1
- Various court fees were increased	5.0
<u>Special Revenue</u>	
- Tax structure on greyhound racing was changed as follows:	0.3
(1) Takeout increased from 18.5% to 19%	
(2) Tax rate increased from 8.25% to 8.5%	
(3) Increased amount to purses from .25% to .5%	
- Takeout rate for OTB on in-State racing events must be The rate applicable to such racing event rather than OTB rate	1.0

GENERAL FUND REVENUE INCREASES
(\$ Millions)

- Sunday off-track betting on harness or thoroughbred racing events at facilities equipped to receive live telecasts 0.8

TOTAL FY 83-84 308.2

FY 84-85

Inheritance & Estate Tax

- A surtax of 10% was added to the tax on estates established on or after July 1, 1983 (June 1983 Special Session) 9.0

Sales and Use Tax

- Tax rate on business services from 3.5% to 7.5%, eff 8/1/83 (1 month) 3.0

Miscellaneous

- Transportation Fund and Tuition Fund revenues were included in formula for determining FY 85 assessments to cover Insurance Department expenses. 0.3

Fines

- Various court fees were increased 6.7

TOTAL FY 84-85 19.0

FY 85-86

Corporation Business Tax

- Increased cash flow from change in timing of Estimated payment 0.4
- Firms are limited to 88% deduction of federal depreciation expense for 1985 income year. Full deduction is allowed in 1986 income year and thereafter. 20.0 (one time)

Public Service Corporation Tax

- The 9% tax on sales of interstate telecommunications service was extended to 12/31/85 20.0

License, Permits and Fees

- Inspection fee for motor vehicles over 10 yrs old increased from \$2 to \$10 (effective 10/1/84) 0.6
- A fee of \$20 was established for the provision of expedited services by the Secretary of the State's Office (effective 7/1/85) 0.1
- Application fee - Independent social worker 0.1
- Certificate of operations fee for elevators, escalators and tramways was increased (effective 10/1/85) 0.4

Special Revenue

- Wagering on make-up performances at OTB and Teletrack was allowed when requested by facility 0.1

GENERAL FUND REVENUE INCREASES
(\$ Millions)

Miscellaneous

- Increase in the Department of Public Utility Control's appropriation, which is covered by industry assessments 0.5
- Investment income earnings of The Budget Reserve Fund were transferred to the General Fund 9.0

TOTAL FY 85-86 51.2

FY 86-87

Corporation Business Tax

- Firms are limited to 88% deduction of federal depreciation expense for 1985 income year. Full deduction is allowed in 1986 income year and thereafter. (one time) 9.0
- Maximum tax on the capital base is increased from \$100,000 to \$500,000 (effective 1/1/86) 0.5

Insurance Companies Tax

- Foreign Insurance Companies were prevented from deducting their assessments to Workers' Compensation Funds from their Premiums Tax Liability (effective 10/1/85) 4.0

Public Service Corporation Tax

- Telecommunication services which are not rate regulated are subject to 6.5% tax (effective 7/1/86) 15.0
- The existing tax on long-distance telecommunications services was extended to 6/30/86 10.0

License, Permits and Fees

- A fee of \$20 was established for the provision of expedited services by the Secretary of the State's Office (effective 7/1/85) 0.5
- Certificate of operations fee for elevators, escalators and tramways was increased (effective 10/1/85) 0.5

TOTAL FY 86-87 39.5

FY 87-88

Sales and Use Tax

- Non-Alcoholic beverages included in definition of meal for purposes of meals under \$2 exemption, effective 7/1/87 0.4
- Established exemption for business services provided to A company that is 100% owned or between companies 100% owned by another company. This made it clear that tax is due on services provided to or by companies that are not 100% owned. (July 1987 Special Sess) 30.0

License, Permits and Fees

- Boiler inspection fees were increased 10/1/86 0.1

GENERAL FUND REVENUE INCREASES
(\$ Millions)

Special Revenue

- A 5% tax on gross receipts from bingo was established and the sale of sealed tickets was legalized 1.6
- Changes regarding The use and payment of proceeds from dog racing 1.5

TOTAL FY 87-88 33.6

FY 88-89

Alcoholic Beverage Tax

- The excise tax on beer and wine was increased by 100% and liquor by 50% (effective 4/1/89). (1989 Regular Session) 5.8
- Beer and wine floor stock (1989 Regular Session) 2.1
(one time)

Capital Gains, Interest and Dividends Tax

- An estimated payment of 100% of the amount due is required by the 15th day of sixth month on all capital gains realized in the first five months of the income year. (1989 Regular Session) 25.0
- The long-term exclusion for gains realized on or after 2/9/89 was repealed and the maximum tax on capital gains income was limited to 5% of adjusted gross income. (1989 Regular Session) 25.0
- The tax rates on Interest and dividends were increased. 21.0

Cigarette Tax

- The tax on cigarettes was increased from 13 to 20 mills (or 26 to 40 cents per pack of 20), effective 4/1/89. (1989 Regular Session) 9.0
- Cigarette floor stock (1989 Regular Session) 2.5
(one time)
- The correctional institution exemption was eliminated. (1989 Regular Session) 0.4

Corporation Business Tax

- Revenue is no longer earmarked for The property tax Relief Fund 26.0
- A 15% surtax was added. This is calculated before any credit is applied against the Corporation Business Tax. The minimum tax was increased from \$100 to \$250 (1989 Regular Session) 35.0

Insurance Premiums Tax

- Changed The timing and percentage of Estimated payments due effective 1/1/89. (1989 Regular Session) 16.0
(one time)

License, Permits and Fees

- Various new or revised fees 0.3
- Fee change for appeals process 0.5

Special Revenue

- A 5% tax on gross receipts from bingo was established and the sale of sealed tickets was legalized 1.9

GENERAL FUND REVENUE INCREASES
(\$ Millions)

- The state's off-track betting vendor was authorized to accept wagering on any type of racing event (1987 Regular Session) 1.5

TOTAL FY 88-89 172.0

FY 89-90

Alcoholic Beverage Tax

- Increased the excise tax on beer and wine 100% and liquor by 50%. 14.5

Capital Gains, Interest and Dividends Tax

- An estimated payment of 100% of the amount due is required by the 15th day of sixth month on all capital gains realized in the first five months of the income year. 5.0
(one time)

- The long-term exclusion for gains realized on or after 2/9/89 was repealed and the maximum tax on capital gains income was limited to 5% of adjusted gross income. 73.0

- The tax rates on Interest and dividends were increased. 36.0

- Gains from The sale of Real property of nonresidents is taxable effective 1/1/90 (1990 Regular Session) 4.0

Cigarette Tax

- The tax on cigarettes was increased from 13 to 20 mills (or 26 to 40 cents per pack of 20). 31.0

- The correctional institution exemption was eliminated. 0.8

- A 20% excise tax on non-cigarette tobacco products was established. 2.0

Controlling Interest Transfer Tax

- Placed a tax of 1.0% on the value of real property when the controlling interest was transferred through the sale of stock. 0.5

Corporation Business Tax

- A 15% surtax was added. This is calculated before any credit is applied against the Corporation Business Tax. The minimum tax was increased from \$100 to \$250. 62.0

- The deduction for income taxes paid to other states was eliminated effective 1/1/89. 20.0

- The surtax was increased from 15% to 20% effective 1/1/89. 45.0

- The first \$25,000 of tax savings for corporations filing a combined return was eliminated effective 1/1/90. 15.0

- Tax payments collected by 8/15 are accrued to prior year 35.6
(one time)

Occupational Tax

- The annual tax paid by attorneys was increased from \$150 to \$450. 3.0

Real Estate Conveyance Tax

- Increased The tax rate on residential and vacant land sales. The old tax rate was .45%.

-The portion of the purchase price below \$800,000 is taxed at .5% 4.5

GENERAL FUND REVENUE INCREASES
(\$ Millions)

- The portion over \$800,000 is taxed at 1.0% 4.0
- Increased nonresidential tax rate from .45% to 1.0%. 17.0

Sales and Use Tax

- Tax rate increased from 7.5% to 8.0%, effective 7/1/90 161.0
- The exemption on meals under \$2.00 is repealed. 20.0
- Imposed tax on natural gas, electricity and oil provided to businesses. Utilities used in manufacturing and agricultural production were excluded. An exemption was provided for the first \$150 per month of electrical usage. 71.0
- The Base of taxable enumerated services was expanded. 75.0
- Imposed tax on telecommunications services, eff 1/1/90 (6 months) 54.0
- Imposed tax on community antenna television companies, eff 1/1/90 11.0

License, Permits and Fees

- fees established for Real Estate or residential property Appraiser (1988 Regular Session) 0.6
- Fee change for appeals process (1988 Regular Session) 0.7
- Increased license fees for pistols and revolvers 0.1
- Established fees relating to hazardous waste storage 0.2
- Revised or established new court fees in Certain areas 7.7
- Increased fees in Various State agencies 20.0

Fines, Escheats and Rents

- Shortened holding period for Certain abandoned bank accounts 10.0

TOTAL FY 89-90 804.2

FY 90-91

Capital Gains, Interest and Dividends Tax

- Gains from The sale of Real property of nonresidents is taxable effective 1/1/90 (1990 Regular Session) 6.5

Corporation Business Tax

- The first \$25,000 of tax savings for corporations filing a combined return was eliminated effective 1/1/90 (1989 Reg. Session) 35.0
- Second estimated payment increased from 60% to 70% eff 1/1/91 45.0
(one time)

Inheritance Tax

- Tax payment is due within 6 months of date of death rather than 9 months after death, effective 7/1/90 30.0
(one time)

Insurance Premiums Tax

- Surplus lines Insurance are collected on A Quarterly rather than A semiannual basis, effective 10/1/90 0.7
(one time)

Sales and Use Tax

- The interest rate on delinquent taxes was increased from 10 to 15% 2.0

GENERAL FUND REVENUE INCREASES
(\$ Millions)

- The penalty on delinquent taxes was increased from 15 to 20% 2.0
- Imposed tax on telecommunications services, eff 1/1/90 (6 months) 73.4
- Imposed tax on community antenna television companies, eff 1/1/90 (1989 Regular Session) 14.0

General

- A tax amnesty program is provided between 9/1/90 and 11/30/90 for any tax due prior to 3/31/90 10.0
(one time)

Licenses, Permits and Fees

- Fees for filing certain corporate documents are increased 7/1/90 1.0
- A \$10 late fee is established for emissions inspections performed more than 30 days after expiration date effective 10/1/90 2.1

TOTAL FY 90-91 221.7

FY 91-92

Cigarette Tax

- The rate is increased from 40 cents per pack to 45 cents, effective 10/1/91 (1991 June Special Session)(9 months) 8.5
- Tax on floor stock as of 10/1/91 0.5
(one time)

Corporation Business Tax

- The maximum for the capital base is increased from \$0.5 million to \$1 million, effective 1/1/92 (1991 June Special Session) 16.0
(one time)
- Thirty percent of dividends received from companies with ownership less than 20% is included in the income base (1991 June Spec Sess) 31.0
(one time)

Gift Tax

- The tax is imposed on certain gifts valued over \$10,000 at rates from 1-6% effective 9/1/91 (1991 June Special Session) 2.5

Inheritance Tax

- Tax payment is due within 6 months of date of death rather than 9 months, effective 7/1/90 8.0
(one time)

Marijuana Tax

- The tax is Imposed on marijuana and other controlled substances effective 10/1/91. 0.1

Personal Income Tax

- The tax is imposed on Connecticut Adjusted Gross Income at 1.5% for the 1991 income year and 4.5% thereafter. A low income credit is provided and the standard deduction is phased out. Withholding begins 9/1/91. (1991 June Special Session) 1,744.7

GENERAL FUND REVENUE INCREASES
(\$ Millions)

<u>Petroleum Company Tax</u>	
- The rate is increased from 3 to 5% effective 10/1/91 and a use tax is imposed (1991 June Special Session)	28.0
 <u>Sales and Use Tax</u>	
- Raised rate on hotel rooms from 8 to 12%, eff 10/1/91 (9 months)	8.3
- Rate on boats is lesser of Connecticut or destination state, effective 10/1/91 (9 months)	0.6
- Additions to tax base at 6%, effective 10/1/91 (9 months)	95.9
 <u>Licenses, Permits and Fees</u>	
- Implementation of revenue-related Thomas Commission recommendations effective 9/1/91 (1991 June Special Session)	0.2
- Fee established for issuing certificates of evidence of securities deposit, effective 10/1/91	0.1
- Eliminated exemption for Real Estate brokers and salesmen with appraiser's license effective 7/1/91	0.3
- Various dairy-related fees were increased	0.1
- Registration fee of \$100 per brand of motor fuel was established	0.1
TOTAL FY 91-92	1,944.9

FY 92-93

<u>Cigarette Tax</u>	
- The rate is increased from 40 cents per pack to 45 cents, effective 10/1/91 (1991 June Special Session)(3 months)	3.5
 <u>Corporation Business Tax</u>	
- The maximum for the capital base is increased from \$0.5 million to \$1 million, effective 1/1/92 (1991 June Special Session)	12.0
- Thirty percent of dividends RECEIVED from Companies with ownership less than 20% is included in the income base (1991 June Spec Sess)	18.0
- Unrelated business income of nonprofit corporations is taxable, effective 1/1/92	3.0 (one time)
 <u>Gift Tax</u>	
- The tax is imposed on certain gifts valued over \$10,000 at rates from 1-6% effective 9/1/91 (1991 June Special Session)	5.5
 <u>Medical Services Provider Tax</u>	
- A tax of 1.75% is imposed on nursing home facility net revenues between 4/1/92 and 3/31/93 (1992 May Special Session).	23.0 (one time)
 <u>Personal Income Tax</u>	
- The tax is imposed on Connecticut Adjusted Gross Income at 4.5%. A low income credit is provided and the standard deduction is phased out. (1991 June Special Session)	448.0

GENERAL FUND REVENUE INCREASES
(\$ Millions)

- Expenses connected with income which is exempt from Federal taxation but taxable in state are deductible from income. Expenses connected with income which is not taxable in state are not deductible from income. (effective with 1992 income year) (1992 May Special Session) 1.0

Petroleum Company Tax

- The rate is increased from 3 to 5% effective 10/1/91 and a use tax is imposed (1991 June Special Session) 9.0

Sales and Use Tax

- Raised rate on hotel rooms from 8 to 12%, eff 10/1/91 (3 months) 3.7
 - Rate on boats is lesser of Connecticut or destination state, effective 10/1/91 (3 months) 0.4
 - Additions to tax base at 6%, effective 10/1/91 (3 months) 38.3
 - Expanded definition of amusements & recreation, eff 7/1/92 1.5

General

- Taxpayers with liabilities over \$500,000 are required to transfer payments electronically effective 1/1/93. The revenue increase is due to increased investment income. (1992 May Special Session) 0.3

Licenses, Permits and Fees

- Fee established for issuing certificates of evidence of securities deposit, effective 10/1/91 (1991 Regular Session) 0.1
 - Various health-related professions fees are established or increased, effective 7/1/92. (1992 May Special Session) 1.5
 - Various fees are established or changed effective 7/1/92 (1992 May Special Session) 15.2

TOTAL FY 92-93 584.0

FY 93-94

Cigarette Tax

- The rate is increased from 45 cents per pack to 47 cents, eff 7/1/93 3.6
 - Tax on floor stock as of 7/1/93 0.2
 (one time)

Corporation Business Tax

- Unrelated business income of nonprofit corporations is taxable, effective 1/1/92 (1992 Regular Session) 2.0

Hospital Gross Receipts Tax

- An 11% tax is imposed on hospital gross earnings, effective 4/1/94. 54.2
 (It should be noted that the imposition of this tax replaced payments by hospitals into an Uncompensated Care Pool Fund which was a non-appropriated fund designed to compensate hospitals for providing services to those unable to pay.)

GENERAL FUND REVENUE INCREASES
(\$ Millions)

Motor Vehicle Tire Tax

- A \$2 tax is levied on all tires sold in the state, eff 7/1/93. 5.5

Personal Income Tax

- Tax payers are required to pay The higher of their liability under the state Personal Income Tax or 23% of their federal Alternative Minimum Tax liability, effective 1/1/93. 4.6

Sales and Use Tax

- All freight and delivery charges must be included in The sales price for purposes of calculating tax liability, eff 7/1/93 1.0
 - Applied 12% Room Occupancy Tax to campgrounds, eff 7/1/93 (passed 1992 Regular Session, repealed 1993 Regular Session) 0.1
 - Patient care services provided by hospitals 26.0
 (It should be noted that the imposition of this tax replaced payments by hospitals into an Uncompensated Care Pool Fund which was a non-appropriated fund designed to compensate hospitals for providing services to those unable to pay.)

Licenses, Permits, Fees

- \$100 new application fee and \$50 renewal fee is applied for all X-ray technicians, effective 10/1/93. 1.0
 - The massage therapist license Application fee is increased from \$100 to \$300 effective 7/1/93 (1992 Regular Session) 0.1

General

- Taxpayers with liabilities over \$500,000 are required to transfer payments electronically effective 1/1/93. The revenue increase is due to increased investment income. (1992 May Special Session) 0.3
 - The abandonment period for unclaimed stocks and dividends is reduced from 7 to 5 years, effective upon passage. 2.0
 - Hospitals are charged an Assessment equal to The cost of operating the Commission on Hospitals and Health Care, effective 7/1/93. 2.5

TOTAL FY 93-94 103.1

FY 94-95

Cigarette Tax

- The rate is increased from 47 cents per pack to 50 cents, eff 7/1/94 5.2
 - Tax on floor stock as of 7/1/94 0.3
 (one time)

Hospital Gross Receipts Tax

- An 11% tax is imposed on hospital gross earnings, effective 4/1/94. 168.1

Insurance Premiums Tax

- The tax is imposed on health maintenance organizations, eff 1/1/95. 13.3

GENERAL FUND REVENUE INCREASES
(\$ Millions)

<u>Sales and Use Tax</u>	
- Patient care services provided by hospitals	78.0
 <u>General</u>	
- A two year pilot program is established for the sales of product advertising on lottery tickets, play slips, and other lottery media.	0.5
- Hospitals are charged an Assessment equal to The cost of operating the Commission on Hospitals and Health Care, effective 7/1/93.	0.8
 <u>Licenses, Permits, Fees</u>	
- \$100 new application fee and \$50 renewal fee is applied for all X-ray technicians, effective 10/1/93.	0.4
- Raise permit fee to sell or carry a pistol from \$25 to \$35, eff 10/1/93.	0.1
TOTAL FY 94-95	266.7

FY 95-96

<u>Corporation Business Tax</u>	
- The Clean Air Act traffic management credit scheduled to begin with the 1995 income year is delayed until the 1997 income year.	0.5 (one time)
- The credit for capital goods expenditures by small and medium sized firms scheduled to begin in the 1995 income year is delayed until the 1997 income year.	1.0 (one time)
 <u>Insurance Premiums Tax</u>	
-The tax is imposed on health maintenance organizations, eff 1/1/95.	8.8
 <u>Public Service Companies Tax</u>	
- The repeal of the tax on private water companies is delayed from 7/1/96 to 7/1/97.	8.0 (one time)
 <u>General</u>	
- A pilot program is established for the sales of product advertising on lottery tickets, play slips, and other lottery media.	1.5
- The state's participation in multi-state lottery games (Powerball).	10.0
- Tax amnesty program between 9/1/95 and 11/30/95.	31.0 (One Time)
 <u>License, Permits and Fees</u>	
- Various fee increases eff 10/1/95	0.7
- \$100 fee established for out-of-state insurance adjusters, eff 1/1/96	3.6
TOTAL FY 95-96	65.1

GENERAL FUND REVENUE INCREASES
(\$ Millions)

FY 96-97

Corporation Business Tax

- The Clean Air Act traffic management credit scheduled to begin with the 1995 income year is delayed until the 1997 income year. 1.5
(one time)
- The credit for capital goods expenditures by small and medium sized firms scheduled to begin in the 1995 income year is delayed until the 1997 income year. 3.3
(one time)
- Requiring motor carriers for hire to apportion their net income based on the relative number of miles driven in state effective with the 1996 income year 0.5

Motor Vehicle Tire Tax

- The repeal of the tax is delayed from 7/1/96 to 7/1/97. 4.0
(one time)

Sales and Use Tax

- The effective dates for the exemptions listed below are delayed from 7/1/96 to 7/1/97.
 - Tax preparation services 2.2
 - Auctioneering Services 0.1
 - Sales of safety apparel 2.0
 - Purchases by private water companies 3.0
 - Aircraft trade-ins 0.1
 - Phase out tax on computer & data processing services. 4.2
- (all 1 Time)

TOTAL FY 96-97 20.9

FY 97-98

Corporation Business Tax

- Nexus Investigation Program, DRS 3.0

Personal Income Tax

- Non-resident and Nexus Investigation Program, DRS 6.0

Inheritance & Estate

- Establish generation skipping transfer tax 0.4
- Expand estate tax to include non-resident estates 0.1

Sales and Use Tax

- Nexus Investigation Program, DRS 1.0

TOTAL FY 97-98 10.5

GENERAL FUND REVENUE INCREASES
(\$ Millions)

FY 98-99

Corporation Business Tax

- Nexus Investigation Program, DRS 3.0
- Repeal the Home Grown Cattle deduction, and the following tax credits: Air Pollution Abatement Facilities, Industrial Waste Treatment Facilities, Work Education, Employee Training and New Facilities. 0.3
- Provide for single factor apportionment formula for financial services companies and exclude them from the capital base. 5.3
- Restrict the deductibility of certain intangible expenses and certain interest expenses with a related member. 6.2

Personal Income Tax

- Non-resident and Nexus Investigation Program, DRS 6.0

Inheritance & Estate

- Establish generation skipping transfer tax 1.4
- Expand estate tax to include non-resident estates 0.1

Insurance Premiums Tax

- Exempt domestic insurers from the Corporation Income Tax on small companies, who no longer will be able to credit 80% of the Corporation Tax against the Premiums Tax. 1.0

Sales and Use Tax

- Nexus Investigation Program, DRS 1.0

License, Permits and Fees

- Fee established for all construction at 16 Cents per \$1,000 of value. 0.8
- Establishes license for Pharmacy Technicians. 0.1

TOTAL FY 98-99 25.2

FY 99-00

Corporation Business Tax

- Repeal the Home Grown Cattle deduction, and the following tax Credits: Air Pollution Abatement Facilities, Industrial Waste Treatment Facilities, Work Education, Employee Training and New Facilities. 4.4
- Provide for single factor apportionment formula for financial services companies and exclude them from the capital base. 2.2
- Restrict the deductibility of certain intangible expenses and certain interest expenses with a related member. 6.8

Insurance Premiums Tax

- Exempt domestic insurers from the Corporation Income Tax on small companies, who no longer will be able to credit 80% of the Corporation Tax against the Premiums Tax. 1.0

GENERAL FUND REVENUE INCREASES
(\$ Millions)

<u>License, Permits and Fees</u>		
- Fee established for all construction at 16 Cents per \$1,000 of value.		0.3
- Establishes license for Pharmacy Technicians.		0.1
	TOTAL FY 99-00	14.8
 FY 00-01		
<u>Corporation Business Tax</u>		
- Repeal the Home Grown Cattle deduction, and the following tax		0.7
Credits: Air Pollution Abatement Facilities, Industrial Waste Treatment		
Facilities, Work Education, Employee Training and New Facilities.		
<u>Sales and Use Tax</u>		
- Changes when sales tax is due on prepaid phone cards.		0.2
<u>Tobacco Products</u>		
- Changed the tax on snuff from 20% to 40 cents per ounce.		0.2
	TOTAL FY 00-01	1.1
 FY 01-02		
<u>Personal Income Tax</u>		
- Impose the income tax on a nonresident that wins the CT Lottery and		4.0
and allows a resident that wins an out-of-state lottery to claim a credit		
against the CT income tax for taxes paid to other jurisdictions.		
<u>Cigarette Excise Tax</u>		
- Excise Tax rate is increased from 50 cents per pack to \$1.10, 4/1/02		28.7
- Floor Tax		9.5
		(one time)
<u>Insurance Premiums</u>		
- Tax credit for HMOs providind health coverage for HUSKY A, B, and		14.0
Plus Program is eliminate.		
<u>Sales Tax</u>		
- Increase in Cigarette Excise Tax increases retail prices generates		1.5
additional sales tax revenue		
	TOTAL FY 01-02	57.7

GENERAL FUND REVENUE DECREASES
(\$ Millions)

FY 71-72

Sales and Use Tax

- The full trade-in value for cars is exempt, rather than first \$500 **(6.5)**

FY 72-73

No significant decreases

FY 73-74

Capital Gains & Dividends Tax

- Tax on dividends was repealed (29.0)

- A \$100 Capital Gains Tax exemption is provided for individuals who are blind or over age 65 (0.4)

Corporation Tax

- The tax alternative on asset value is reduced from 4 mills to .25 mills (5.0)

- Full use of federal loss carry forward provisions are allowed (3.0)

Motor Fuels Tax

- Gasoline for school buses and other municipal vehicles is exempt (1.0)

Sales and Use Tax

- Sales tax lowered from 7% to 6.5%, effective 7/1/73 (34.0)

- Sales tax reduced from 6.5% to 6%, effective 5/1/74 (2 months) (6.0)

- Exemptions provided for:

 Production materials (4.0)

 Motor vehicles sold out-of-state (0.3)

 Sales by non-profit organizations less than \$2 (0.1)

 Full trade-in value of boats and auto-dealer trade-ins (3.8)

 Full exemption for public utility bills is allowed, effective 3/1/74 (4 months) (1974 Regular Session) (7.0)

Tuition

- Tuition is waived for dependents of POW's or MIA's (0.6)

TOTAL FY 73-74 (94.2)

FY 74-75

Capital Gains & Dividends Tax

- A one-time exemption is allowed for the sale of a principle residence by persons over 65 (1.0)

Motor Fuels Tax

- One cent of the Motor fuels tax is diverted to the Transportation Fund (14.0)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

<u>Sales and Use Tax</u>	
- Sales tax reduced from 6.5% to 6%, effective 5/1/74 (10 months)	(31.9)
- Full exemption for public utility bills is allowed, effective 3/1/74 (8 mos)	(14.0)
TOTAL FY 74-75	(60.9)

FY 75-76

<u>Sales and Use Tax</u>	
- Exemptions are provided for:	(0.2)
Ambulance-type vehicles	
Tangible personal property for low and moderate income housing	

FY 76-77

<u>Sales and Use Tax</u>	
- Tax on business services is reduced from 7% to 3.5%	(13.5)
- Rate for machinery used in a production process is reduced to 3.5%	(10.5)
- Tax on real property renovation work is eliminated	(3.5)
- Exemption is provided for life preserving medical equipment	(1.0)
TOTAL FY 76-77	(24.0)

FY 77-78

<u>Sales and Use Tax</u>	
- Tax on manufacturing and farm machinery is reduced to 2.5%	(3.6)
- Exemption is provided for printed material sold out-of-state	(0.5)
TOTAL FY 77-78	(4.1)

FY 78-79

<u>Cabaret Tax</u>	
- Cabaret tax is reduced from 10% to 5%	(0.8)
<u>Public Service Corporations Tax</u>	
- Exemption is provided for railroads whose net operating income is less than 12% of their gross earnings.	(0.1)
<u>Sales and Use Tax</u>	
- Tax on manufacturing machinery is eliminated	(8.2)
- Municipalities may receive 4.5% of the tax on lodgings for visitors and convention centers or continue to receive amusements tax receipts	(0.5)
TOTAL FY 78-79	(9.6)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

FY 79-80

Corporation Tax

- Credits are allowed for cooperative work education programs (0.2)
- Credits are allowed for apprenticeship programs (0.3)

Motor Fuels Tax

- The tax on gasohol is reduced to 10 cents per gallon (0.1)

Sales and Use Tax

- Exemptions are provided for:
- Sales to senior centers (0.1)
- Motor vehicle out-of-state driving services (0.1)
- Solar energy systems (0.1)

TOTAL FY 79-80 (0.9)

FY 80-81

No decreases

FY 81-82

Corporation Tax

- Credit is provided for establishing A day care facility (0.1)

Sales and Use Tax

- Municipalities may establish a convention and visitor's commission and receive a portion of the sales tax collections on lodging equivalent to 4.5% of the tax (0.1)

License, Permits and Fees

- Separate tuition funds are established at UConn and the Health Center respectively (7.3)
- Active duty national guardsmen are allowed A tuition waver if they attend certain State institutions of higher education (0.2)

TOTAL FY 81-82 (7.7)

FY 82-83

Corporation Tax

- Credits are provided for: energy Conservation, Employment Training, Day Care Centers and approved municipal projects (1.0)
- Fourth base is repealed effective with income years beginning on or after 1/1/83 (November 1981 Special Session) (4.0)
(estimated pmt.)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

<u>Sales and Use Tax</u>		
- Exemption is provided for materials sold to radio and television when used for broadcasting to the public	(0.4)	
TOTAL FY 82-83		(5.4)
 FY 83-84		
<u>Corporation Tax</u>		
- Fourth base is repealed effective with income years beginning on or after 1/1/83 (November 1981 Special Session)	(15.0)	
<u>Unincorporated Business Tax</u>		
- Tax is repealed effective with income years beginning on or after 1/1/83 (November 1981 Special Session)	(33.0)	
<u>Special Revenue</u>		
- Municipal portion of gross wager from OTB is increased to 4/10 of 1% from .25%	(0.4)	
TOTAL FY 83-84		(48.4)
 FY 84-85		
<u>Capital Gains, Dividends and Interest Tax</u>		
- Sub-S Corporations may deduct the amount of interest income included in net income from interest income subject to State's interest tax (effective for tax years beginning 1/1/85)	(0.5)	
- Exclude Social Security and Railroad Retirement from AGI for Dividends and Interest Tax calculation (1985 Regular Session)	(1.0)	
- Interest and Dividend Tax rate reductions (1985 Regular Session)	(7.0)	
- Taxpayers age 65 or over with AGI less than \$10,000, exclusive of Capital Gains, are exempt from the Capital Gains Tax (1985 Regular Session)	(0.5)	
<u>Corporation Tax</u>		
- Tax Credits for day care expenditures are increased (1983 Regular Session)	(0.1)	
- Tax Credits for Neighborhood Assistance Program are increased	(0.5)	
- Minimum Tax is reduced from \$250 to \$100, effective with income years beginning 1/1/85 (1985 Regular Session)	(2.0)	(estimated pmt.)
<u>Estate Income Tax</u>		
- Requirement that A Fiduciary file an estimated estate income tax is eliminated	(0.3)	(one time)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

<u>Motor Fuels Tax</u>	
- All revenue is transferred to the Transportation Fund	(195.0)
- Fuel purchased exclusively for use in farming is exempt	(0.2)
<u>Public Service Corporations Tax</u>	
- The 5% tax applicable to water companies may only be levied on water companies as defined by DPUC regulation	(0.1)
<u>Sales and Use Tax</u>	
- Exemption for clothing under \$50 (effective 4/1/85) (1985 Regular Session)	(17.0)
<u>License, Permits and Fees</u>	
- Tuition funds received by several state institutions of higher education will be deposited to their respective accounts rather than the General Fund	(22.6)
- Motor vehicle- and transportation-related license, permits and fees were transferred to the Transportation Fund from the General Fund over a 2 year period (effective 10/1/84)	(4.8)
- All Motor vehicle-related registrations and licenses were transferred to the Transportation Fund	(80.0)
TOTAL FY 84-85	(331.6)
 FY 85-86	
<u>Admissions, Dues, and Cabaret Tax</u>	
- Annual dues or initiation fees less than \$100 are exempt	(0.1)
<u>Capital Gains, Dividends and Interest Tax</u>	
- Sub-S Corporations may deduct the amount of interest income included in net income from the interest income subject to State's interest tax (effective for income years beginning 1/1/85) (1984 Regular Session)	(1.1)
- Interest and Dividend Tax rate reductions	(18.1)
- Social Security and Railroad Retirement are excluded from AGI for Dividends and Interest Tax calculation	(3.4)
- Savings account interest forfeited due to premature withdrawal is deductible from the amount of taxable interest	(0.1)
- Reduce interest and dividend tax rate (1986 Regular Session)	(8.2)
<u>Corporation Tax</u>	
- Minimum Tax is reduced from \$250 to \$100	(2.0)
- Full depreciation expenses allowed for 1986 income yrs & thereafter	(20.0)
- Annual Credits for the Neighborhood Assistance Program were increased.	(0.5)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

Inheritance Tax

- Succession tax exemption increases:
- Spouse - \$100,000 to \$300,000 (2.2)
- Children - \$20,000 to \$50,000
- Increase from \$50,000 to \$100,000 the initial amount a surviving spouse receives from an estate when there is no will (0.1)

Public Service Tax

- tax rate on residential Sales of gas and electricity was reduced from 5% to 4% (11.7)

Petroleum Companies Tax

- Exempt Home Heating Oil from 2% tax (14.0)
- Transfer to Emergency Spill Response Fund (1.5)

Sales and Use Tax

- Exemptions:
- Clothing under \$50 effective 4/1/85 (45.0)
- Clothing under \$75 effective 10/1/85 (9.0)
- Non-prescription drugs effective 4/1/86 (8.0)
- Seeds and fertilizer (2.0)
- Other Sales tax reductions (3.1)

Special Revenue

- A special Fund is established to pay for Greyhound urine analysis (0.3)

License, Permits and Fees

- Motor vehicle- and transportation-related license, permits and fees will be transferred to the Transportation Fund from the General Fund effective 10/1/84. (1984 Regular Session) (38.3)

TOTAL FY 85-86 (188.7)

FY 86-87

Capital Gains, Dividends & Interest Tax

- Reduce interest and dividend tax rate (20.8)

Inheritance Tax

- Succession Tax Exemption increases: (1985 Regular Session)
- Spouse - \$100,000 to \$300,000 (6.2)
- Children - \$20,000 to \$50,000
- Increase from \$50,000 to \$100,000 the initial amount a surviving spouse receives from an estate when there is no will (1985 Regular Session) (0.2)
- Three year phase out of succession tax on spouses (1986 Regular Session) (1.2)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

Public Service Tax

- Residential gas and electricity rate reduced to 4% (1985 Reg Sess) (13.5)
- Two-ninths of telephone tax is paid directly to towns (23.6)

Real Estate Conveyance Tax

- Reduce real estate conveyance tax from .5% to .45% (eff 1/1/87) (3.3)

Sales and Use Tax

- Exemptions:
 - Clothing under \$75 effective 10/1/85 (1985 Regular Session) (5.0)
 - Seeds and fertilizer effective 4/1/86 (1985 Regular Session) (2.0)
 - Other Sales Tax reductions (1985 Regular Session) (0.7)
 - Meals under \$2 (20.0)
 - Cloth for home sewing of clothing (0.5)
 - Adult diapers (0.9)
 - Diabetic testing equipment (2.4)
 - First \$2,500 of funeral expenses (2.0)
 - Rate reduction from 7.5 to 5% on repair and replacement parts (2.0)
 - Sales Tax refund - \$7,500 maximum per firm (1.0)
- Tax eliminated on:
 - Any items purchased with federal food stamps (0.1)
 - Industrial, commercial testing and research services (1.6)
 - Exemption on services related to development/Production of new products or systems by joint venture firms (1.0)
 - Transfer of from General Fund to transportation Fund of 50% of Sales Tax collected on aviation fuel at Bradley Airport (0.4)

Special Revenue

- Municipal share of revenue from OTB is increased to 1% from 4/10 of one per cent, effective 1/1/87. (0.6)

Sales of Commodities and Services

- Toll moneys from the Merritt and Wilbur Cross Parkways are earmarked for a special fund effective 4/1/87 (1987 Regular Session) (2.6)

TOTAL FY 86-87 (111.6)

FY 87-88

Capital Gains, Dividends & Interest Tax

- 60% of long-term gains are excluded from the tax (141.0)

Corporation Tax

- Tax credit of 50% of cost to provide child day care subsidies to employees for certain companies (1986 Regular Session) (0.3)
- Taxpayers with an estimated liability of less than \$1,000 do not have to file estimated tax payments (1.0)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

<u>Inheritance Tax</u>	
- Three year phase out of succession tax on spouses (1986 Regular Session)	(6.2)
<u>Petroleum Companies Tax</u>	
- Propane gas sold for residential heating use is exempt	(0.1)
<u>Public Service Corporations Tax</u>	
- Competition is allowed in the provision of resale, private line and coin operated telephone services	(1.1)
- The two-ninths of the telephone tax earmarked in FY 86 for direct payment to towns is increased to three-ninths	(12.5)
<u>Real Estate Conveyance Tax</u>	
- Reduce real estate conveyance tax from .5% to .45% (eff 1/1/87) (1986 Regular Session)	(3.4)
<u>Sales and Use Tax</u>	
- Exemptions:	
Aviation Fuel used in experimental testing	(0.4)
Sales of eye medication	(0.1)
Collection agency business services	(1.0)
Exemption increased for items costing less than \$15 to less than \$100 for sales at non-profit nursing homes, convalescent homes or adult care centers	(0.1)
<u>Special Revenue</u>	
- Municipal share of revenue from OTB is increased to 1% from 4/10 of one per cent, effective 1/1/87. (1986 Regular Session)	(0.6)
- The tax rate on dog racing is reduced to 7.25% from 8.5%	(1.5)
<u>Sales of Commodities and Services</u>	
- Tolls on Merritt and Wilbur Cross Parkways transferred to special fund for toll plaza removal effective 7/1/87 (1986 Regular Session)	(10.0)
TOTAL FY 87-88	(179.3)

FY 88-89

<u>Inheritance Tax</u>	
- Three year phase out of succession tax on spouses (1986 Regular Session)	(22.6)
- Pension plan payments of self-employed individuals are excluded from the gross taxable estate	(1.0)
<u>Sales and Use Tax</u>	
- Exemption for Metro-North Commuter Railroad Company and the Metropolitan Transit Authority	(0.3)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- Eliminate sunset provision for the exemption for business services provided between affiliated companies. (60.0)

TOTAL FY 88-89 (83.9)

FY 89-90

Capital Gains, Dividends & Interest Tax

- Exemption for capital gains that result from the trading or holding of dealer equity options (0.2)

Inheritance Tax

- Three year phase out of Succession tax on spouses (1986 Reg. Ses.) (5.0)

TOTAL FY 89-90 (5.2)

FY 90-91

Corporation Tax

- Liability calculated on the capital base is limited to A \$50,000 maximum for regulated investment companies or real estate investment trusts beginning 1/1/91. Liability for these companies is limited to \$500,000 for 1986 to 1990 income years. (2.0)
(one year)

Public Service Corporations Tax

- Tax rate on community antenna television companies is reduced from 9% to 5% (11.0)

- The tax on telecommunications services is repealed effective 1/1/90 (89.0)

Sales and Use Tax

- The definition of consulting services is narrowed effective 7/1/90 (0.3)

- Consignment fees from Sales of works of art or clothing are exempt from taxable enumerated services effective 7/1/90 (0.4)

- Molds, dies, patterns and sand handling equipment used in metal casting sold after 4/1/85 are exempt effective 7/1/90 (0.2)

TOTAL FY 90-91 (102.9)

FY 91-92

Capital Gains, Interest and Dividends Tax

- Tax rates are reduced to approximately 2/3 of prior rates for the 1991 income year and eliminated thereafter (318.2)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

Corporation Tax

- Liability calculated on the capital base is limited to A
\$50,000 maximum for regulated investment companies or real
estate investment trusts beginning 1/1/91. Liability for these
companies is limited to \$500,000 for 1986 to 1990 income years. (1.7)
- The 20% surtax is reduced to 10% beginning 1/1/92. (32.0)

Public Service Corporations Tax

- The tax on telecommunications services is repealed effective 1/1/90 (18.0)

Sales and Use Tax

- The rate is reduced from 8% to 6% effective 10/1/91 (450.6)
- Various goods and services are exempted eff 10/1/91 (PA 91-3)(at 6%) (14.3)
- Taxpayers may use cash-basis accounting for state if using it for (7.5)
federal purposes (estimate at 6%) (one time)

TOTAL FY 91-92 (842.3)

FY 92-93

Capital Gains, Interest and Dividends Tax

- Tax rates are reduced to approximately 2/3 of prior rates for the (223.3)
1991 income year and eliminated thereafter

Corporation Tax

- The surtax is removed effective 1/1/93. (59.0)

Personal Income Tax

- Intervivos trusts are taxed based on the number of (1.0)
beneficiaries living in state (effective 1/1/93) (one time)
- Estimated payments on nonwithheld income are required if tax (2.0)
liability is expected to exceed \$200 (effective 1/1/93) (one time)

Sales and Use Tax

- The rate is reduced from 8% to 6% (1991 June Special Session, (195.0)
effective 10/1/92)
- Various goods and services are exempted eff 10/1/91 (PA 91-3)(at 6%) (5.2)
- Various goods and services are exempted eff 7/1/92 (PA 92-17&133) (6.9)
- Out-of-state boat purchasers must sign A residency affidavit (0.5)
- Computer and data processing services are exempt in certain (3.0)
cases effective 1/1/93
- The manufacturing exemption is broadened (6.0)
- Aviation gasoline is exempt from the tax at 2.5% (0.8)
- Golf services at municipal courses are exempt prior to 1/1/93 (1.0)
(one time)

TOTAL FY 92-93 (503.7)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

FY 93-94

Admissions Tax

- Exemptions for Beehive Stadium, the William O'Neal Center, The New Britain Veterans Memorial Stadium, and the Tennis Center of Connecticut, effective 1/1/94 (0.3)
- The Tennis Center of Connecticut exemption is made effective 7/1/93 (0.2)
(one time)

Alcoholic Beverage Tax

- The tax rate for small wineries (production of up to 55,000 gallons annually) is reduced from \$.60 to \$.15 per gallon, effective 7/1/93. (0.1)

Corporation Tax

- The surtax is removed effective 1/1/93. (59.0)
- A research and development credit is established (effective 1/1/93) (3.5)
- Mutual funds and real estate investment trusts (REITs) are exempt from the tax, effective with the 1993 income year. (0.9)
- The interest rate is reduced from 20% to 15%, effective with the 1994 income year. (0.5)

Oil Companies Gross Receipts Tax

- Kerosene Fuel used for home heating is exempt, effective 10/1/93. (0.2)

Personal Income Tax

- Taxpayers are not subject to penalties or interest resulting from underpayment of estimated tax due for the 1992 income year. (2.0)
(one time)
- Estimated payments are conformed to the federal IRS code, effective 1/1/93. (5.0)
(one time)
- The percentage of social security benefits which is included in state adjusted gross income is limited to the percentage that was taxable under the 1993 federal income tax rules. The change is effective with the 1994 income year. (4.0)

Public Service Corporations Gross Receipts Tax

- The 5% tax on electricity and natural gas to manufacturers in SIC 2000-3999 is reduced to 4%, effective 1/1/94 (2.7)

Sales and Use Tax

- The manufacturing exemption is broadened (1992 Regular Session, effective 7/1/92) (4.0)
- Licensed massage therapist services are exempt (1992 Regular Session exemption is effective 7/1/92 but the licensing program is not in operation until 7/1/93) (0.2)
- Computer and data processing services are exempt in certain case (1992 Regular Session, effective 1/1/93) (5.0)
- Aviation repair parts and services are exempt, (1992 Regular Session, effective 7/1/93) (9.8)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- Equipment, tools, and materials used exclusively to manufacture optical lenses, effective 7/1/93. (0.2)
- Various goods and services are exempt, effective 1/1/94 (4.6)
- Sales to nonprofit elderly, rest and nursing homes eff 1/1/94 (0.1)
- Repealed 12% Room Occupancy Tax on campgrounds, effective 7/1/93 (0.1)
- Sample drugs available by prescription, given to doctors for no consideration, eff 1/1/90 (1.0)

Licenses, Permits, Fees

- The \$500 fee for ambulatory facilities operated by municipal health departments, health districts, license nonprofit nursing or community health agencies and well child clinics is eliminated, the fee per infirmary is reduced from \$500 to \$75 and a \$25 per bed fee is created, effective 7/1/93. (0.1)

Special Revenue

- Off-track betting system privatization with a 3.5% tax imposed on the private provider based on the total amount wagered, effective 7/1/93. (6.6)
- Tax rate on Jai Alai is reduced from a 6.75% flat rate to a sliding scale from 2% - 4%. The tax rate on dog racing is reduced from 5% - 8.5% to 2% - 4%, effective 7/1/93. (8.4)

TOTAL FY 93-94 (118.5)

FY 94-95

Admissions Tax

- Carnival and amusement rides are exempted from the tax, effective effective 7/1/94. (0.1)
- Exemptions for Beehive Stadium, the William O'Neal Center, The New Britain Veterans Memorial Stadium, and the Tennis Center of Connecticut, effective 1/1/94 (0.4)

Corporation Tax

- The corporate income tax rate is reduce from 11.5% to 11.25%, beginning with the 1995 income year. (6.6)
- A credit is provided which is equal of the cost of: (1) the construction new filling stations or improvements to existing stations which provide compressed natural gas, liquefied petroleum gas or liquefied gas, and (2) the conversion of motor vehicles so they can use these fuels or electricity. The credit is effective for the 1994 through 1998 income years. (0.7)
- The manufacturing exemption is broadened (1992 Regular Session) (13.0)
- The interest rate is reduced from 20% to 15%, effective with the 1994 income year. (2.0)
- The date when companies may claim a tax credit equal to 5% of their incremental employee training expenses is changed from 1/1/95 to 1/1/94 (one time) (0.8)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- Unpaid loss reserve adjustment required by the federal code for non-life insurance companies shall not be deducted from gross income effective with the 1994 income year. (0.5)

Insurance Premiums Tax

- Rate is reduced from 2% to 1.75%, effective 1/1/95. (4.0)

Public Service Corporations Gross Receipts Tax

- The 5% tax on electricity and natural gas to manufacturers in SIC 2000-3999 is reduced to 4%, effective 1/1/94 (5.4)

Personal Income Tax

- The structure for the credit is changed, effective with the 1995 income year. (4.0)

- The percentage of social security benefits which is included in state adjusted gross income is limited to the percentage that was taxable under the 1993 federal income tax rules. The change is effective with the 1994 income year. (6.0)

Sales and Use Tax

- Various goods and services are exempted, eff 1/1/94 and 1/1/95. (1.7)

TOTAL FY 94-95 (45.2)

FY 95-96

Corporation Tax

- The credit for apprenticeship wages is increases from \$2.50/hr to \$4.00/hr and the maximum credit allowed is increased from \$3,000 \$4,800 per year effective with the 1994 income year. (0.1)

- The interest rate on underpayments is reduced 15% to 12%. The interest rate paid by the state refunds of overpayments is reduced from 9% to 8%. The rate changes are applicable to taxes due on or after 7/1/95. (0.6)

- The creation of the Clean Air Act traffic management credit for expenses associated with Clean Air Act attainment standards. Firms may claim up to \$250 per employee. All companies combined are limited to \$1.5 million per year.(Delayed from 1995 to 1997 income year) 0.0

- The creation of a new form of business called a limited liability company (LLC), which took effect 7/1/93. An LLC combines the limited liability characteristics of a corporations with the tax status of partnerships, which allows income to be passed through and taxed at the member level. (3.0)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- The corporate income tax rate is reduce from 11.25% to 11% by PA 93-74 and reduced from 11% to 10.75% by PA 95-160 beginning with the 1996 income year. (20.3)
- The interest rate is reduced from 20% to 15%, effective with the 1994 income year. (2.5)
- Employer assisted housing credit up to \$100,000 effective with the 1994 income year (1.0)
- The date when companies may claim a tax credit equal to 5% of their incremental employee training expenses is changed from 1/1/95 to 1/1/94. (1.6)
(one time)
- Capital goods credit for small to medium sized companies (Delayed from the 1995 to 1997 income year) 0.0

Insurance Premiums Tax

- Rate is reduced from 2% to 1.75%, effective 1/1/95. (3.0)

Personal Income Tax

- The structure for the credit is changed, effective with the 1995 income year. (5.5)
- The percentage of social security benefits which is included in state adjusted gross income is limited to the percentage that was taxable under the 1993 federal income tax rules. The change is effective with the 1994 income year. (6.0)
- The rate is reduced from 4.5% to 3.0% for the first \$9,000 of taxable income for Joint filers, \$7,000 for Head of Household filers, and \$4,500 for Single filers. (6.0)

Public Service Corporations Gross Receipts Tax

- The 5% tax on electricity and natural gas to manufacturers in SIC 2000-3999 is reduced to 4%, effective 1/1/94 (5.6)

Sales and Use Tax

- The manufacturing exemption is broadened (3.0)
- Interest rate for underpayments is reduced from 20% to 12%, effective for taxes due on or after 7/1/95. (1.1)
- Repair services to hearing aid are exempted effective. (0.2)
- Sales on computer and data processing services and equipment under certain conditions. (0.3)
- Exemption for the trade-in allowance on remanufactured core components for trucks with a gross vehicle rating of more than 26,000 pounds. (0.1)
- Oxygen, blood, or blood plasma for medical use in animals is exempted (0.1)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

General

- PA 94-4 MSS reduced the interest rate on underpayments from 15% to 12% for Sales and Use and Corporate Taxes. PA 95-26 and PA 95-359 reduce the interest rate for all other taxes to 12% annually. The interest rate paid by the state refunds of overpayments is reduced from 9% to 8%. The rate changes are applicable to taxes due on or after 7/1/95. (0.1)

TOTAL FY 95-96 (60.1)

FY 96-97

Corporation Tax

- A tax credit for machinery and equipment purchased between 1/1/95 and 5/31/95 is provided. The credit must be taken against the firm's 1997 income year liability. (0.4)
(one time)
- Phase-out of the tax on the net income of subchapter S corporations by reducing the percentage which is taxable to 90% on 1/1/97, 75% on 1/1/98, 55% on 1/1/99, and 30% on 1/1/2000. On 1/1/2001 and after S-Corp net income is exempted. (2.0)
- Capital goods credit for small to medium sized companies. (Delayed from the 1995 to 1997 income year) 0.0
- A credit is provided for 100% of the Property Tax paid on data processing equipment, effective with Property Tax paid on the 10/1/94 grand list. (27.0)
- The interest rate on underpayments is reduced 15% to 12%. The interest rate paid by the state refunds of overpayments is reduced from 9% to 8%. The rate changes are applicable to taxes due on or after 7/1/95. (1.2)
- The creation of the Clean Air Act traffic management credit for expenses associated with Clean Air Act attainment standards. Firms may claim up to \$250 per employee. All companies combined are limited to \$1.5 million per year.(Delayed from 1995 to 1997 income year) (1.0)
- The corporate income tax rate is reduce from 10.75% to 10.50%, beginning with the 1997 income year. (19.2)
- The interest rate is reduced from 20% to 15%, effective with the 1994 income year. (2.0)
- The creation of a new form of business called a limited liability company (LLC), which took effect 7/1/93. An LLC combines the limited liability characteristics of a corporations with the tax status of partnerships, which allows income to be passed through and taxed at the member level. (4.0)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- A credit is provided for research and development expenditures for the 1993 income year. The 1993 and 1994 credits may not be taken until the 1995 income year. The credit is subject to employment restrictions with regard to certain aerospace firms. It is also subject to the following limitations: (30.0)

R&D Expend.	Tax Credit
< \$50m	1% of R&D Expend.
\$50-\$100m	\$.5m + 2% of R&D Expend. over \$50m
\$100-\$200m	\$1.5 m + 4% of R&D Expend. over \$100m
>\$200m	\$5.5m + 6% of R&D Expend. over \$200m

Hospital Gross Receipts Tax

- The 11% tax rate is reduced to 9.25% on 10/1/96, 8.25% on 10/1/97, 7.25% on 10/1/98, and 6.25% on 10/1/99. (26.0)

Insurance Premiums Tax

- A credit is provided for 100% of the Property Tax paid on data processing equipment. (11.4)
(one time)

Motor Vehicle Tire Tax

- The repeal of the tax is delayed from 7/1/96 to 7/1/97. 0.0

Personal Income Tax

- The rate is reduced from 4.5% to 3.0% for the first \$9,000 of taxable income for Joint filers, \$7,000 for Head of Household filers, and \$4,500 for Single filers. (94.0)
- A credit for up to \$100 is provided for Personal and Real Property Taxes paid on a taxpayer's primary residence in state or a motor vehicle. The credit is effective for taxes paid on the 10/1/95 Grand List. (100.0)

Public Service Corporations Gross Receipts Tax

- The 5% tax on steam companies is phased out by 1% each year beginning 7/1/96 and eliminated 7/1/00. The rate is reduced from 5% to 4% effective 7/1/96. (0.2)
- The 5% tax on electricity and natural gas to manufacturers in SIC 2000-3999 is reduced to 4%, effective 1/1/94 (5.0)
- A credit is provided for 100% of the Property Tax paid on data processing equipment. (1.6)
(one time)

Sales and Use Tax

- Exempt certain services in construction, renovation, but not operations of low- and moderate-income housing facilities retroactive to 1/1/97. (0.2)
(one time)
- The manufacturing exemption is broadened (4.0)
- The following are exempted during the 1996 Regular Session
 - Biotechnology firms (0.5)
 - Transportation services (0.2)
 - Machinery, equipment, tools and materials used in the commercial (0.2)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- processing of photographic film and paper.
- Interest rate for underpayments is reduced from 20% to 12%, effective for taxes due on or after 7/1/95. (2.1)

TOTAL FY 96-97 (332.1)

FY 97-98

Corporation Tax

- Single factor apportionment formula for credit card income (4.0)
(one time)
- Phase-out of the tax on the net income of subchapter S corporations by reducing the percentage which is taxable to 90% on 1/1/97, 75% on 1/1/98, 55% on 1/1/99, and 30% on 1/1/2000. On 1/1/2001 and after S-Corp net income is exempted. (3.0)
- Allow subchapter S corporations to take credits on the same phase out schedule of the tax on net income effective with 1997 income year. (1.5)
(one time)
- A tax credit for machinery and equipment purchased between 1/1/95 and 5/31/95 is provided. The credit must be taken against the firm's 1997 income year liability. (1.3)
(one time)
- Capital goods credit for small to medium sized companies. (1.0)
(Delayed from the 1995 to 1997 income year) (one time)
- A credit is provided for 100% of the Property Tax paid on data processing equipment, effective with Property Tax paid on the 10/1/94 grand list. (10.0)
- The creation of the Clean Air Act traffic management credit for expenses associated with Clean Air Act attainment standards. Firms may claim up to \$250 per employee. All companies combined are limited to \$1.5 million per year.(Delayed from 1995 to 1997 income year) (0.5)
- The creation of a credit for capital good expenditures by small and medium sized businesses.(Delayed from 1995 to 1997 income year.) (1.0)
- The interest rate on underpayments is reduced 15% to 12%. The interest rate paid by the state refunds of overpayments is reduced from 9% to 8%. The rate changes are applicable to taxes due on or after 7/1/95. (1.2)
- The corporate income tax rate is reduce from 10.50% to 9.50%, beginning with the 1998 income year. (33.4)
- The interest rate is reduced from 20% to 15%, effective with the 1994 income year. (1.0)
- The creation of a new form of business called a limited liability company (LLC), which took effect 7/1/93. An LLC combines the limited liability characteristics of a corporations with the tax status of partnerships, which allows income to be passed through and taxed at the member level. (5.0)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

Hospital Gross Receipts Tax

- The 11% tax rate is reduced to 9.25% on 10/1/96, 8.25% on 10/1/97, 7.25% on 10/1/98, and 6.25% on 10/1/99. (23.5)
- Exempt children's hospital from the tax. (2.5)

Inheritance Tax

- Phase out the inheritance tax by increasing the exemption amount for each class of inheritors over five years. Class A begins in 1997, Class B begins in 1999, and Class C begins in 2001. (43.6)

Insurance Premiums Tax

- Rate is reduced from 2% to 1.75%, effective 1/1/95. (3.0)
- A credit is provided for 100% of the Property Tax paid on data processing equipment. (8.4)
- Exempt insurance health policies written for State Employee Plans (2.0)
- Eliminate tax on Medicaid contracts, contracts for the HUSKY plan, and future contracts to serve individuals receiving General Assistance. (2.8)

Motor Vehicle Tire Tax

- Repeal of the \$2 per tire tax. (Delayed from 7/1/96 to 7/1/97) (4.0)

Personal Income Tax

- Increase 3% taxable income levels to \$12,500 for Joint filer, \$10,000 for Head, and \$6,250 effective for the 1997 income year. (39.0)
- Increase the Property Tax Credit from the \$100 maximum to \$215 maximum for the 1997 income year and to \$285 maximum for income year 1998 and thereafter below certain income levels. PA 98-110 raised the credit from \$285 to \$350 for the 1998 income year and thereafter. (85.0)
- Exempt 1/2 of the 50% of Social Security Benefits effective 1998 (1.0)
- Raise estimated tax underpayment limit from \$200 to \$500 (0.2)
- Allow farmers and fishermen to make one instead of two estimated payments. (1.5)
(one time)

Admissions Tax

- Exempt live performances held at Gateway's Candlewood Playhouse, and Ocean Beach Park (0.1)
- Increase maximum motion picture charge exempt from \$2.00 to \$4.50. (0.8)

Petroleum Companies

- Phase-out fuel used in interstate commerce and #6 fuel used by industrial consumers (SIC 2000-3000) by 1% over five years eff 7/1/98 (0.2)
- Transfer revenue generated from the tax, \$20 million in FY 98 and \$36 million thereafter to the Transportation Fund (20.0)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

<u>Public Service Corporations Gross Receipts Tax</u>	
- The 5% tax on steam companies is phased out by 1% each year beginning 7/1/96 and eliminated 7/1/00. The rate is reduced from 4% to 3% effective 7/1/96.	(0.2)
- The 5% tax on electricity and natural gas to manufacturers in SIC 2000-3999 is reduced to 4%, effective 1/1/94	(5.0)
- A credit is provided for 100% of the Property Tax paid on data processing equipment.	(1.2)
- Tax on water companies is repealed. (Delayed from 7/1/96 to 7/1/97)	(8.0)
<u>Sales and Use Tax</u>	
- The following are exempted during the 1997 Regular Session	
Sales associated with aircraft weighing 6,000 lbs or more	(0.1)
Historical Societies	(0.1)
Nonprofit bazaars and fairs	(0.1)
Vegetable seed and yarn	(0.1)
Waste to Energy	(0.2)
Broadcast equipment	(0.3)
Tourism District	(0.1)
Tourism District-One Time	(0.1)
	(one time)
- Allocation of Sales and Use Tax increase over FY 97 to the Conn. Film, Video and Media Office.	(0.2)
	(one time)
- Various goods and services are exempted by the 1995 Session effective 7/1/97.	(4.5)
- The following exempted during the 1994 Special Session were delayed from effective 7/1/96 to 7/1/97.	
Tax preparation services	(2.2)
Auctioneer services	(0.1)
Safety apparel	(2.0)
Sales to private water companies	(3.0)
Aircraft trade-ins	(0.1)
The tax on computer data processing services is phased out by 1% each year beginning 7/1/97 and eliminated 7/1/02. The rate is reduced from 6% to 5% effective 7/1/97. (Delayed from 7/1/96 to 7/1/97 by PA 95-160)	(4.2)
- The tax on repair and maintenance services performed on boats is phased out by 2% each year beginning 7/1/97. The rate is reduced from 6% to 4% effective 7/1/97.	(1.1)
TOTAL FY 97-98	(333.4)

FY 98-99

<u>Corporation Business Tax</u>	
- Phase-in a credit for the amount spent on fixed capital investments as follows: 3% for the 1998 income year, 4% for 1999, and 5% for the 2000 income year and after	(1.3)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- Phase-in a credit for the amount spent on human capital investments as follows: 3% for the 1998 income year, 4% for 1999, and 5% for the 2000 income year and after (0.3)
- Up to \$1,000 credit per income year for construction trades apprenticeship (0.1)
- Extend the sunset on Alternative Clean Fuels tax credits (1.0)
- Increase the Neighborhood Assistance Act tax credits limit from \$3 million to \$4 million effective with the 1998 income year. (1.0)
- Single factor apportionment formula for credit card income (3.0)
- Phase-out of the tax on the net income of subchapter S corporations by reducing the percentage which is taxable to 90% on 1/1/97, 75% on 1/1/98, 55% on 1/1/99, and 30% on 1/1/2000. On 1/1/2001 and after S-Corp net income is exempted. (4.0)
- Allow subchapter S corporations to take credits on the same phase out schedule of the tax on net income effective with 1997 income year. (1.3)
(one time)
- The creation of the Clean Air Act traffic management credit for expenses associated with Clean Air Act attainment standards. Firms may claim up to \$250 per employee. All companies combined are limited to \$1.5 million per year.(Delayed from 1995 to 1997 income year) (1.5)
- Capital goods credit for small to medium sized companies. (3.3)
(Delayed from the 1995 to 1997 income year) (one time)
- The creation of a credit for capital good expenditures by small and medium sized businesses.(Delayed from 1995 to 1997 income year.) (3.3)
- The corporate income tax rate is reduce from 9.50% to 8.50%, beginning with the 1999 income year. (56.0)
- Establish an exemption for Passive Investment Companies (PIC) (14.0)
- Exempt domestic insurers from the Corporate Income Tax. (7.0)

Hospital Gross Receipts Tax

- The 11% tax rate is reduced to 9.25% on 10/1/96, 8.25% on 10/1/97, 7.25% on 10/1/98, and 6.25% on 10/1/99. (19.5)

Inheritance Tax

- Phase out the inheritance tax by increasing the exemption amount for each class of inheritors over five years. Class A begins in 1997, Class B begins in 1999, and Class C begins in 2001. (22.1)
- Clarify transfers of farmland to be valued as farmland to a partnership, corporation, or trust held by a family who are Class AA, A or B inheritors. (0.1)

Insurance Premiums Tax

- Eliminate tax on Medicaid contracts, contracts for the HUSKY plan, and future contracts to serve individuals receiving General Assistance. (1.7)

Petroleum Companies

- Phase-out fuel used in interstate commerce and #6 fuel used by industrial consumers (SIC 2000-3000) by 1% over five years eff 7/1/98 (0.2)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- Transfer revenue generated from the tax, \$20 million in FY 98 (36.0)
and \$36 million thereafter to the Transportation Fund

Public Service Corporations Gross Receipts Tax

- The 5% tax on steam companies is phased out by 1% each year (0.2)
beginning 7/1/96 and eliminated 7/1/00. The rate is reduced from
3% to 2% effective 7/1/96.

Personal Income Tax

- Increase 3% taxable income levels to \$15,000 for Joint filer, \$12,000 (75.0)
for Head, and \$7,500 effective for the 1998 income year.
- Increase the Property Tax Credit from the \$100 maximum to \$215 (56.0)
maximum for the 1997 income year and to \$285 maximum for income
year 1998 and thereafter below certain income levels. (see below)
- Increased the Property Tax Credit from \$285 to \$359 effective 1/1/98. (45.0)
- Exempt 1/2 of the 50% of Social Security Benefits effective 1998 (9.0)
- Raise estimated tax underpayment limit from \$200 to \$500 (0.1)

Sales and Use Tax

- The tax on repair and maintenance services performed on boats is (1.2)
phased out by 2% each year beginning 7/1/97. The rate is reduced
from 4% to 2% effective 7/1/98.
- The tax on computer data processing services is phased out by 1% (4.1)
each year beginning 7/1/97 and eliminated 7/1/02. The rate is
reduced from 5% to 4% effective 7/1/98. (Delayed from 7/1/97 to
7/1/98 by PA 95-160)
- The following are exempted during the 1998 Regular Session
Newspapers sold over the counter (3.5)
Trade-ins of like kind (1.0)
Coupons and discounts (2.0)
Deposits (0.1)
Repair and replacement parts (3.3)

License, Permits & Fees

- Reduce fees for Alcohol and Drug Counselors. (0.1)

TOTAL FY 98-99 (377.3)

FY 99-00

Corporation Business Tax

- Phase-in a credit for the amount spent on fixed capital investments (5.5)
as follows: 3% for the 1998 income year, 4% for 1999, and 5% for
the 2000 income year and after
- Phase-in a credit for the amount spent on human capital investments (1.4)
as follows: 3% for the 1998 income year, 4% for 1999, and 5% for
the 2000 income year and after

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- Up to \$1,000 credit per income year for construction trades apprenticeship (0.3)
- Allow subchapter S corporations to take credits on the same phase out schedule of the tax on net income effective with 1997 income year. (0.9)
(one time)
- Phase-out of the tax on the net income of subchapter S corporations by reducing the percentage which is taxable to 90% on 1/1/97, 75% on 1/1/98, 55% on 1/1/99, and 30% on 1/1/2000. On 1/1/2001 and after S-Corp net income is exempted. (4.0)
- The corporate income tax rate is reduce from 8.50% to 7.50%, beginning with the 2000 income year. (62.2)
- Establish an exemption for Passive Investment Companies (PIC) (6.0)
- Exempt domestic insurers from the Corporate Income Tax. (3.0)
- Increase the cap for credit for low income housing from \$1 million to \$5 million (4.0)
- Modify the R&D credit for companies with more than 2,500 fulltime employees and over \$3 billion in revenue (2.0)
- Establish a credit for 50% of the land donated for open space and exempt the capital gains realized for land sold to be preserved as open space. (1.0)
- Increase the Neighborhood Assistance Act cap on the tax credit from \$4 million to \$5 million (1.0)
- Extend the sunset on Alternative Fuels Tax Credit from 1/1/2000 to 1/1/2002 (0.5)
- Establish a credit for guarantee fees paid when obtaining SBA loans (0.2)

Personal Income Tax

- Credit for the amount of Property Tax paid on privately-owned motor vehicles is phased in over a five year period beginning with 1997 income year. (Repealed by PA 97-309) 0.0
- Increase 3% taxable income levels to \$15,000 for Joint filer, \$12,000 for Head, and \$7,500 effective for the 1998 income year. (17.0)
- Increase the Property Tax Credit from the \$100 maximum to \$215 maximum for the 1997 income year and to \$350 maximum for income year 1998 and thereafter below certain income levels. (11.0)
- Exempt the remaining 25% of Social Security benefits for Joint Filers with AGI under \$60,000 and Single Filers with AGI under \$50,000 (2.2)
- Increase the maximum property tax credit from \$350 to \$425 for income 1999 and to \$500 for income 2000 and thereafter. (44.0)

Hospital Gross Receipts Tax

- The 11% tax rate is reduced to 9.25% on 10/1/96, 8.25% on 10/1/97, 7.25% on 10/1/98, and 6.25% on 10/1/99. (20.0)
- Reduce the tax from 6.25% to 4.5% effective 10/1/99 (22.0)
- Exempt John Dempsy Hospital from the tax (4.5)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

Inheritance Tax

- Phase out the inheritance tax by increasing the exemption amount for each class of inheritors over five years. Class A begins in 1997, Class B begins in 1999, and Class C begins in 2001. (37.9)
- Repeal requirement that land donated be classified as open space (0.1)

Insurance Premiums Tax

- Eliminate tax on Medicaid contracts, contracts for the HUSKY plan, and future contracts to serve individuals receiving General Assistance. (2.0)

Petroleum Companies

- Phase-out fuel used in interstate commerce and #6 fuel used by industrial consumers (SIC 2000-3000) by 1% over five years eff 7/1/98 (0.2)

Public Service Corporations Gross Receipts Tax

- The 5% tax on steam companies is phased out by 1% each year beginning 7/1/96 and eliminated 7/1/00. The rate is reduced from 2% to 1% effective 7/1/96. (0.2)

Real Estate Conveyance Tax

- Sale of development rights to agricultural land to the state under the state farmland preservation program (0.1)

Admissions Tax

- Exempt from the Admission tax the following: Stafford Motor Speedway, Thompson Speedway, Waterford Speedbowl, Bridgeport Harbor Yard Stadium, New Haven Ravens Games, Waterbury Spirit Games, New Britain Rock Cats Games and increase the exemption of movie tickets from \$4.50 to \$5.00 (0.7)
- The portion of dues paid by members of social clubs to acquire open space land (0.1)
- Repeal the Dues Tax effective 7/1/99. (1.5)

Sales and Use Tax

- The tax on computer data processing services is phased out by 1% each year beginning 7/1/97 and eliminated 7/1/02. The rate is reduced from 4% to 3% effective 7/1/99. (Delayed from 7/1/98 to 7/1/99 by PA 95-160) (4.2)
- The tax on repair and maintenance services performed on boats is phased out by 2% each year beginning 7/1/97. The tax is eliminated effective 7/1/99. (1.2)
- Repair and replacement parts (3.3)
- Transfer Sales tax collected by DMV to the Transportation Fund. (10.0)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- The following are exempted during the 1999 Regular Session
- Inclined stairway chairlifts (0.1)
- Bicycle helmets (0.1)
- Labor on vessels purchased by nonresidents & not registerd in CT (1.3)
- Shoe repair services (0.1)
- Calibration services (0.2)
- Treat sale-leaseback transactions as a single transaction (2.0)
- Wheel chairs and other vital life function equipment and repair (0.1)
- Non-prescription medicines and drugs to include ALL used in humans (1.5)
- Sales between business where the same interest owns each (1.0)
- 'Call Before You Dig' services (0.1)
- Training services provided by higher education institutions (0.3)
- Reduce the Sales Tax hospital services from 6% to 5.75% (4.4)
- Exempt John Dempsey Hospital and hospital patient care services (3.2)
- Extend the sunset retroactively from 1/1/98 to 1/1/2002 for clean power or alternative fuel or electic motor vehicles. (0.2)
- Telecom and CATV services rendered between parent companies and wholly-owned subsidiaries. (0.9)
- Reduce tax rate to 4% effecive 7/1/99, 2% 7/1/00 and exempt as of 7/1/01 the following home remodeling serivces: paving, painting, staining, wallpapering, roofing, siding and exterior metal work. (3.3)
- Permit building material suppliers that sell a majority of goods to contractors the option of remitting te tax when the receive payment rather than when the sale is made. (2.4)
(one time)

Special Revenue

- Increase the amount transferred from lottery operations to Chronic Gamblers Treatment Fund. (0.4)

TOTAL FY 99-00 (295.8)

FY 00-01

Corporation Business Tax

- Phase-in a credit for the amount spent on fixed capital investments as follows: 3% for the 1998 income year, 4% for 1999, and 5% for the 2000 income year and after (2.1)
- Phase-in a credit for the amount spent on human capital investments as follows: 3% for the 1998 income year, 4% for 1999, and 5% for the 2000 income year and after (0.6)
- Up to \$1,000 credit per income year for construction trades apprenticeship (0.1)
- Phase-out of the tax on the net income of subchapter S corporations by reducing the percentage which is taxable to 90% on 1/1/97, 75% on 1/1/98, 55% on 1/1/99, and 30% on 1/1/2000. On 1/1/2001 and after S-Corp net income is exempted. (5.0)
- Allow subchapter S corporations to take credits on the same phase out schedule of the tax on net income effective with 1997 income year. (0.5)
(one time)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

- The corporate income tax rate is reduce from 8.50% to 7.50%, beginning with the 2000 income year. (38.5)
- Extend the carry-forward for up to 15 years of the research and experiment credit effective with the 2000 income year. (3.8)
- Extend the research and development credit to qualified small business defined as firms with a gross income under \$100 million. (1.2)
- Establish a Rehabilitating Historic Homes credit, capped at \$3 million. (1.0)
- Credit for donation of computers to schools (0.3)

Personal Income Tax

- Increase the maximum property tax credit from \$350 to \$425 for income 1999 and to \$500 for income 2000 and thereafter. (42.0)
- Increase the standard exemption amount for Single Filers from \$12,000 to \$15,000 over eight years. For Income year 2000, \$12,250. (12.9)

Gift Tax

- Phase out tax on gifts under \$1 million over six years (1.0)

Hospital Gross Receipts Tax

- The 11% tax rate is reduced to 9.25% on 10/1/96, 8.25% on 10/1/97, 7.25% on 10/1/98, and 6.25% on 10/1/99. (5.0)
- Reduce the tax from 6.25% to 4.5% effective 10/1/99 (5.8)
- The tax is repealed effective 4/1/01. (75.0)

Inheritance Tax

- Phase out the inheritance tax by increasing the exemption amount for each class of inheritors over five years. (20.7)

Insurance Premiums Tax

- Establish a Rehabilitating Historic Homes credit, capped at \$3 million (0.5)
- Credit for HMOs providing HUSKY coverage increased from \$55 to \$73.50 times the average monthly enrollment per calendar year. (14.5)

Petroleum Companies

- Phase-out fuel used in interstate commerce and #6 fuel used by industrial consumers (SIC 2000-3000) by 1% over five years eff 7/1/98 (0.2)
- Transfer an additional \$10 million per fiscal year to the TF. (10.0)
- Transfer \$6 million in FY 01 to the Environmental Quality Fund. (6.0)

Public Service Corporations Gross Receipts Tax

- The 5% tax on steam companies is phased out by 1% each year beginning 7/1/96 and eliminated 7/1/00. The rate is eliminated. (0.2)
- Establish a Rehabilitating Historic Homes credit, capped at \$3 million (0.5)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

Sales and Use Tax

- The tax on computer data processing services is phased out by 1% each year beginning 7/1/97 and eliminated 7/1/02. The rate is reduced from 3% to 2% effective 7/1/00. (Delayed from 7/1/99 to 7/1/00 by PA 95-160) (4.2)
- Transfer Sales tax collected by DMV to the Transportation Fund. (42.5)
- Effect of electric deregulation on Sales Tax. Electric distribution companies must provide all customers in their service areas a standard offer option from 1/1/00 to 1/1/04 that is at least 10% below the approved rate on 12/1/96. (1.7)
- Telecom and CATV services rendered between parent companies and wholly-owned subsidiaries. (0.3)
- Reduce tax rate to 4% effective 7/1/99, 2% 7/1/00 and exempt as of 7/1/01 the following home remodeling services: paving, painting, staining, wallpapering, roofing, siding and exterior metal work. (3.4)
- Reduce the Sales Tax hospital services from 6% to 5.75% (0.2)
- Child Car Seats (0.5)
- College Textbooks (3.5)
- Items sold through vending machines costing less than 50 cents (0.2)
- Passenger cars est highway MPG > 50mpg prior to 7/1/02 (0.01)
- Increasing exemption for clothing and footwear \$50 to \$75 (29.0)
- Sales Tax Free Week (3.0)
- Leased employees wages and benefits under Prof service agreements (0.1)
- Property removed from retailer's inventory (0.1)

Admissions & Dues

- Reduce the tax rate from 10% to 8% on movie tickets (1.2)
- Exempt the CT Expo Center (0.2)
- Admissions charge subject to the Cabaret Tax prior to repeal. (1.3)
- Club locker dues (0.2)

Special Revenue

- Increase the amount transferred from lottery operations to Chronic Gamblers Treatment Fund. (0.3)

TOTAL FY 00-01 (339.3)

FY 01-02

Corporation Business Tax

- Phase-in a credit for the amount spent on fixed capital investments as follows: 3% for the 1998 income year, 4% for 1999, and 5% for the 2000 income year and after (1.7)
- Phase-in a credit for the amount spent on human capital investments as follows: 3% for the 1998 income year, 4% for 1999, and 5% for the 2000 income year and after (0.4)
- Phase-out of the tax on the net income of subchapter S corporations by reducing the percentage which is taxable to 90% on 1/1/97, 75% (4.0)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

on 1/1/98, 55% on 1/1/99, and 30% on 1/1/2000. On 1/1/2001 and after S-Corp net income is exempted.	
- The corporate income tax rate is reduce from 8.50% to 7.50%, beginning with the 2000 income year.	(10.4)
- Extend the carry-forward for up to 15 years of the research and experiment credit effective with the 2000 income year.	(0.1)
- Extend the research and development credit to qualified small business defined as firms with a gross income under \$100 million.	(1.8)
- Eliminate Corporate Income Tax payment for S-Corporations under the minimum and capital base effective for the 2000 income year.	(3.5)
- Allow mfgs and broadcasters to use single factor formula	(53.6)
- Credit for donation of computers to schools	(0.2)
- Exchange of R&D tax credits will be an offset to revenue (see Refunds)	
 <u>Personal Income Tax</u>	
- Increase the standard exemption amount for Single Filers from \$12,000 to \$15,000 over eight years. For Income year 2001, \$12,500.	(1.7)
 <u>Gift Tax</u>	
- Phase out tax on gifts under \$1 million over six years	(2.8)
 <u>Hospital Gross Receipts Tax</u>	
- The 11% tax rate is reduced to 9.25% on 10/1/96, 8.25% on 10/1/97, 7.25% on 10/1/98, and 6.25% on 10/1/99.	(5.0)
 <u>Inheritance Tax</u>	
- Phase out the inheritance tax by increasing the exemption amount for each class of inheritors over five years. Class A begins in 1997, Class B begins in 1999, and Class C begins in 2001.	(29.7)
 <u>Insurance Premiums Tax</u>	
- Exempt new or renewal insurance health coverage for municipal employees and non-profit organizations written after July 1, 2001.	(1.0)
 <u>Petroleum Companies</u>	
- Phase-out fuel used in interstate commerce and #6 fuel used by industrial consumers (SIC 2000-3000) by 1% over five years eff 7/1/98	(0.2)
- Transfer \$8 million in FY 02 and FY 03 to the Environmental Quality Fund.	(8.0)
- Extend the exemption of sales of propane or natural gas used as fuel in motor vehicles until 6/30/02	(0.2)
 <u>Public Service Corporations Gross Receipts Tax</u>	
- Extend the exemption of sales of propane or natural gas used as fuel in motor vehicles until 6/30/02	(0.2)
 <u>Admissions & Dues</u>	
- Reduce the tax rate from 10% to 6% on movie tickets.	(1.2)

GENERAL FUND REVENUE DECREASES
(\$ Millions)

Sales and Use Tax

- The tax on computer data processing services is phased out by 1% each year beginning 7/1/97 and eliminated 7/1/02. The rate is reduced from 2% to 0% effective 7/1/01. (Delayed from 7/1/00 to 7/1/01 by PA 95-160 and by PA 00-170) (12.1)
- Transfer Sales tax collected by DMV to the Transportation Fund. (37.0)
- Reduce tax rate to 4% effective 7/1/99, 2% 7/1/00 and exempt as of 7/1/01 the following home remodeling services: paving, painting, staining, wallpapering, roofing, siding and exterior metal work. (3.3)
- Pilot program credit for computer purchased for ecommerce (2.0)
- High speed data transmission equipment sold to CATV or Telcos (8.0)
- TV equipment for the visually impaired (0.01)
- Canes, support hoses, caskets, smoking cessation products (0.4)
- Suspend Sales Tax (5.75%) on hospital patient care services from July 1, 2001 to June 30, 2003. (111.4)
- Exempt materials, equipment, tools, fuel and machinery from tax when used by a fuel cell manufacturing facility. (0.1)
- Extend sunset from January 1, 2002 to July 1, 2002 on Alternative Fuel vehicles, conversion equipment, and filling/recharging stations (0.2)
- Changes when the sales tax exemption is applied when hospitals are instead when they are provided. (18.0)
(one time)

Refunds

- The exchange of unused Corporate Income Tax R&D tax credits by corporation will be an offset to General Fund revenue. (14.0)
- Refunds of payments will be an offset to revenue (prior to FY 02 refunds of payments were appropriated. (0.5)

TOTAL FY 01-02 (332.7)

DATES OF ADOPTION OF MAJOR STATE TAXES BY STATE

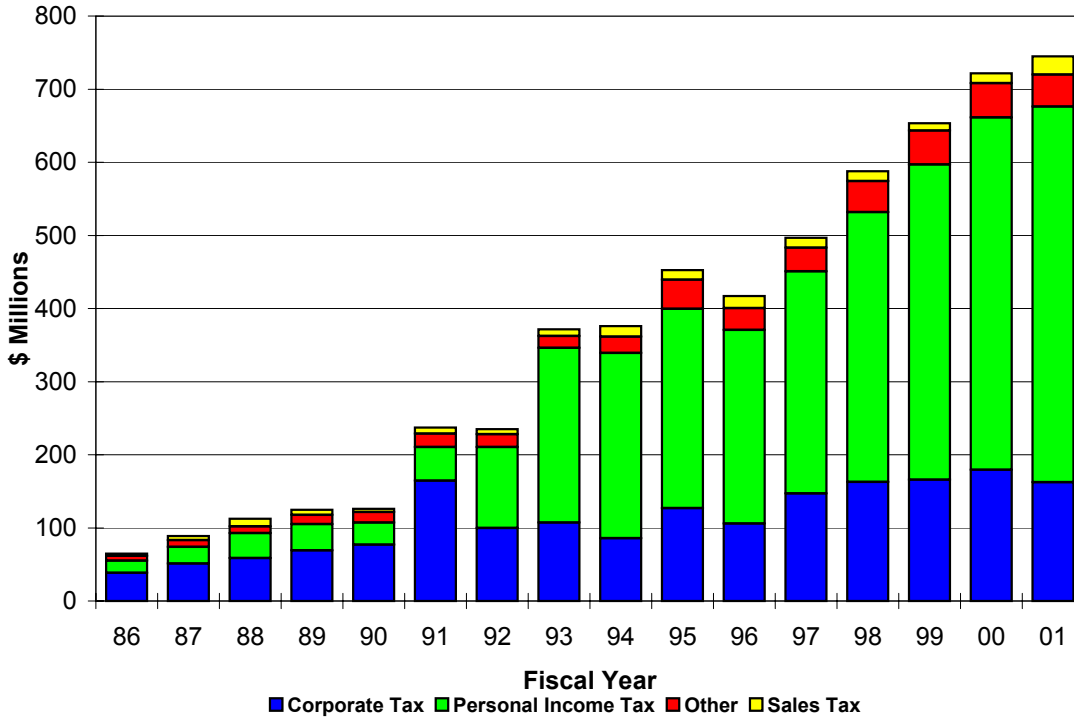
State	Individual Income	Corporate Income	General Sales	Gasoline	Cigarettes	Distilled Spirits[a]
Alabama	1933	1933	1936	1923	1935	-
Alaska	1949 [b]	1949	-	1946	1949	1945
Arizona	1933	1933	1933	1921	1933	1975
Arkansas	1929	1929	1935	1921	1929	1935
California	1935	1929	1933	1923	1959	1935
Colorado	1937	1937	1935	1919	1964	1933
Connecticut	1969 [c]	1915	1947	1921	1935	1937
Delaware	1917	1957	-	1923	1943	1933
Florida	-	1971	1949	1921	1943	1935
Georgia	1929	1929	1951	1921	1937	1937
Hawaii	1901	1901	1935	1932	1939	1939
Idaho	1931	1931	1965	1923	1945	-
Illinois	1969	1969	1933	1927	1941	1934
Indiana	1963	1963	1933	1923	1947	1933
Iowa	1934	1934	1933	1925	1921	-
Kansas	1933	1933	1937	1925	1927	1948
Kentucky	1936	1936	1960	1920	1936	1934
Louisiana	1934	1934	1938	1921	1932	1934
Maine	1969	1969	1951	1923	1941	-
Maryland	1937	1937	1947	1922	1958	1933
Massachusetts	1916	1919	1966	1929	1939	1933
Michigan	1967	1967	1933	1925	1947	-
Minnesota	1933	1933	1967	1925	1947	1934
Mississippi	1912	1921	1932	1922	1932	1966
Missouri	1917	1917	1934	1925	1955	1934
Montana	1933	1917	-	1921	1947	-
Nebraska	1967	1967	1967	1925	1947	1935
Nevada	-	-	1955	1923	1947	1935
New Hampshire	1923 [b]	1970	-	1923	1939	-
New Jersey	1976	1958	1966	1927	1948	1933
New Mexico	1933	1933	1933	1919	1943	1934
New York	1919	1917	1965	1929	1939	1933
North Carolina	1921	1921	1933	1921	1969	-
North Dakota	1919	1919	1935	1919	1927	1936
Ohio	1971	1971	1934	1925	1931	-
Oklahoma	1915	1931	1933	1923	1933	1959
Oregon	1930	1929	-	1919	1965	-
Pennsylvania	1971	1935	1953	1921	1937	-
Rhode Island	1971	1947	1947	1925	1939	1933
South Carolina	1922	1922	1951	1922	1923	1935
South Dakota	-	-	1933	1922	1923	1935
Tennessee	1931 [b]	1923	1947	1923	1925	1939
Texas	-	-	1961	1923	1931	1935
Utah	1931	1931	1933	1923	1923	-
Vermont	1931	1931	1969	1923	1937	-
Virginia	1916	1915	1966	1923	1960	-
Washington	-	-	1933	1921	1935	-
West Virginia	1961	1967	1933	1923	1947	-
Wisconsin	1911	1911	1961	1925	1939	1934
Wyoming	-	-	1935	1923	1951	-

[a] Excludes excises by the states that own and operate liquor stores, and by North Carolina where county stores operate under state supervision.

[b] Taxes are limited: New Hampshire and Tennessee (interest and dividends). Alaska abolished its individual income tax in 1980.

[c] Connecticut established a capital gains tax in FY 1969, a dividends tax in FY 1972, an interest tax in FY 1984 and an earned income tax in FY 1992.

Refund of Taxes FY 86 - FY 01



Refund of Taxes (\$ Millions)

Fiscal Year	Sales Tax	Corp. Tax	Personal Income Tax*	Other**	Total
1986	2.8	38.4	16.6	6.9	64.7
1987	5.7	51.3	22.5	9.2	88.7
1988	10.2	58.6	34.2	9.3	112.3
1989	7.2	69.1	35.9	12.6	124.8
1990	4.5	77.1	30.3	14.3	126.2
1991	8.4	164.4	45.9	18.7	237.4
1992	7.0	99.7	111.0	17.2	234.9
1993	9.0	107.4	238.8	16.3	371.5
1994	14.4	85.8	253.3	22.6	376.1
1995	13.1	126.8	272.7	39.7	452.3
1996	16.5	105.7	265.0	29.7	416.9
1997	13.4	147.2	303.4	32.5	496.5
1998	13.4	162.6	369.3	42.3	587.6
1999	10.0	165.7	431.0	46.5	653.2
2000	13.2	179.6	481.5	47.2	721.5
2001	24.8	162.3	513.9	43.9	744.9

*Prior years to FY 92 is only Capital Gains, Interest & Dividends.

**Includes Transportation and Other Funds.

PENALTY AND INTEREST REVENUE FROM ALL STATE TAXES
(\$ Millions)

Fiscal Year	Total Interest	Total Penalty	Total All Taxes Penalty & Interest
1986	\$48.6	\$16.1	\$64.7
1987	43.3	17.5	60.8
1988	41.3	11.5	52.8
1989	58.7	14.7	73.4
1990	75.0	8.9	83.9
1991	79.7	16.4	96.1
1992	70.7	15.2	85.9
1993	73.6	14.7	88.3
1994	75.9	17.5	93.4
1995	80.4	20.2	100.6
1996	50.2	13.8	64.0
1997	54.9	16.7	71.6
1998	62.2	16.3	78.5
1999	50.1	13.3	63.4
2000	46.6	14.5	61.1
2001	54.0	15.7	69.7

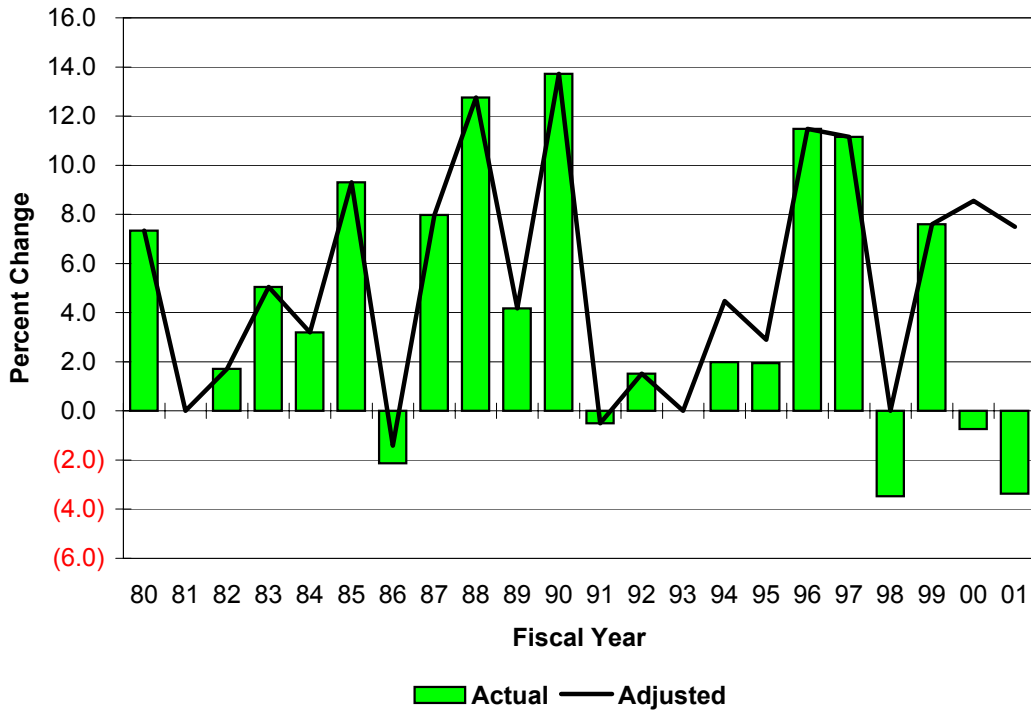
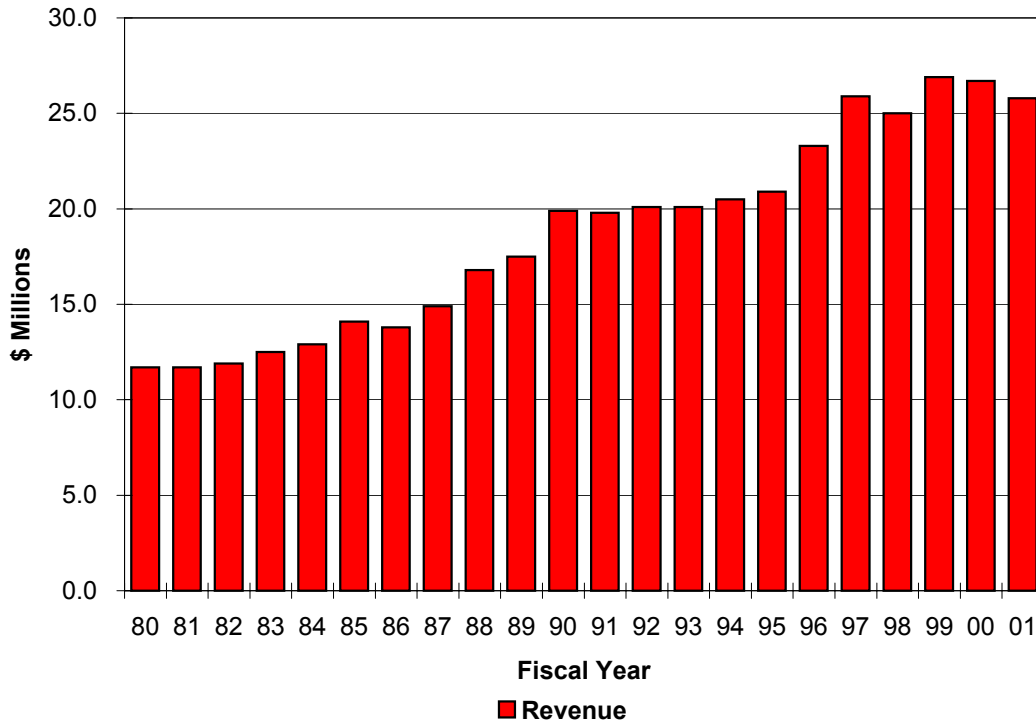
Note: For most taxes, excluding Sales and Use and Income Taxes, the penalty for late payment of the tax is \$50 or 10% of the tax due, whichever is greater. The penalty for late payment of Sales and Use Tax owed is 15% of the amount due, or \$50, whichever is greater. The penalty for late payment of Income Tax is 10% of the balance due. Interest is also charged on a monthly basis, and, effective for taxes owed on or after 7/1/95, is 1% per month or 12% annually. Prior to 7/1/95 the interest rate varies by tax type.

PENALTY AND INTEREST REVENUE BY MAJOR TAX SOURCE
(\$ Millions)

Fiscal Year	Corporation Tax		Sales and Use Tax		Capital Gains, Dividends & Interest		Personal Income Tax	
	Interest	Penalty	Interest	Penalty	Interest	Penalty	Interest	Penalty
1986	\$22.2	\$2.1	\$17.6	\$5.1	\$3.1	\$7.8	NA	NA
1987	21.2	2.4	15.7	5.9	3.2	7.9	NA	NA
1988	18.1	0.8	21.3	4.8	1.9	6.9	NA	NA
1989	34.6	1.1	20.3	12.2	1.6	0.7	NA	NA
1990	32.5	0.5	35.3	6.6	1.8	0.4	NA	NA
1991[1]	33.9	1.0	28.8	8.3	3.4	3.0	NA	NA
1992	41.7	1.5	21.3	7.2	2.0	4.2	0.4	1.2
1993	36.2	2.7	30.2	5.9	NA	NA	1.9	3.5
1994	34.7	2.6	30.2	6.7	NA	NA	4.1	5.0
1995	30.8	1.4	33.3	11.9	NA	NA	6.1	4.1
1996	24.5	0.6	16.3	6.8	NA	NA	6.1	3.3
1997	24.5	0.8	20.6	6.4	NA	NA	6.3	5.2
1998	37.8	0.6	14.8	6.4	NA	NA	6.3	5.5
1999	22.4	0.5	13.6	6.0	NA	NA	10.9	4.9
2000	18.8	0.6	15.9	5.7	NA	NA	8.4	6.2
2001	16.2	0.8	16.2	5.8	NA	NA	11.9	7.1

[1] PA 91-3(JSS) imposed a tax on the income of individuals, trusts, and estates derived from in-state sources beginning in the 1991 income year. After 1/1/92 the capital gains tax was eliminated, and all income derived from capital is taxable under the personal income tax. Source: The Department of Revenue Services

Admissions, Dues and Cabaret Taxes Collections and Growth Rates FY 80 - FY 01



Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Admissions and Dues Taxes					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	7.0	0.0	0.0		
FY73	7.3	0.0	0.0	4.3	4.3
FY74	8.5	0.0	0.0	16.4	16.4
FY75	9.4	0.0	0.0	10.6	10.6
FY76	9.5	0.0	0.0	1.1	1.1
FY77	10.1	0.0	0.0	6.3	6.3
FY78	11.0	0.0	0.0	8.9	8.9
FY79	10.9	(0.8)	0.0	(0.9)	6.4
FY80	11.7	0.0	0.0	7.3	7.3
FY81	11.7	0.0	0.0	0.0	0.0
FY82	11.9	0.0	0.0	1.7	1.7
FY83	12.5	0.0	0.0	5.0	5.0
FY84	12.9	0.0	0.0	3.2	3.2
FY85	14.1	0.0	0.0	9.3	9.3
FY86	13.8	(0.1)	0.0	(2.1)	(1.4)
FY87	14.9	0.0	0.0	8.0	8.0
FY88	16.8	0.0	0.0	12.8	12.8
FY89	17.5	0.0	0.0	4.2	4.2
FY90	19.9	0.0	0.0	13.7	13.7
FY91	19.8	0.0	0.0	(0.5)	(0.5)
FY92	20.1	0.0	0.0	1.5	1.5
FY93	20.1	0.0	0.0	0.0	0.0
FY94	20.5	(0.3)	(0.2)	2.0	4.5
FY95	20.9	(0.4)	0.0	2.0	2.9
FY96	23.3	0.0	0.0	11.5	11.5
FY97	25.9	0.0	0.0	11.2	11.2
FY98	25.0	(0.9)	0.0	(3.5)	0.0
FY99	26.9	0.0	0.0	7.6	7.6
FY00	26.7	(2.5)	0.0	(0.7)	8.6
FY01	25.8	(2.9)	0.0	(3.4)	7.5

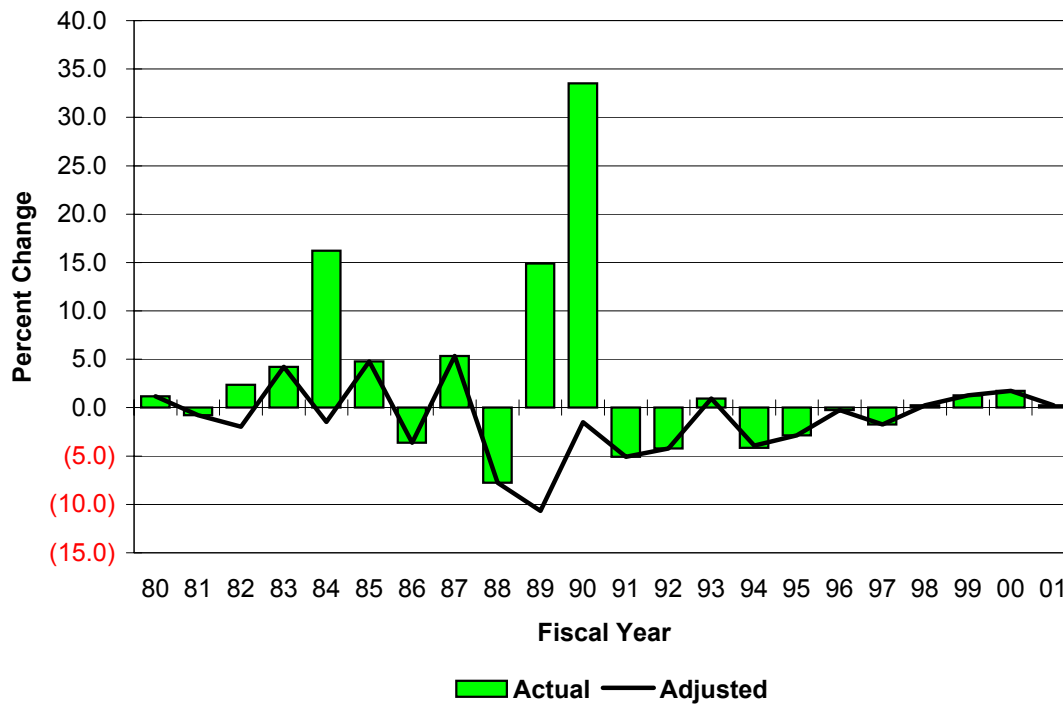
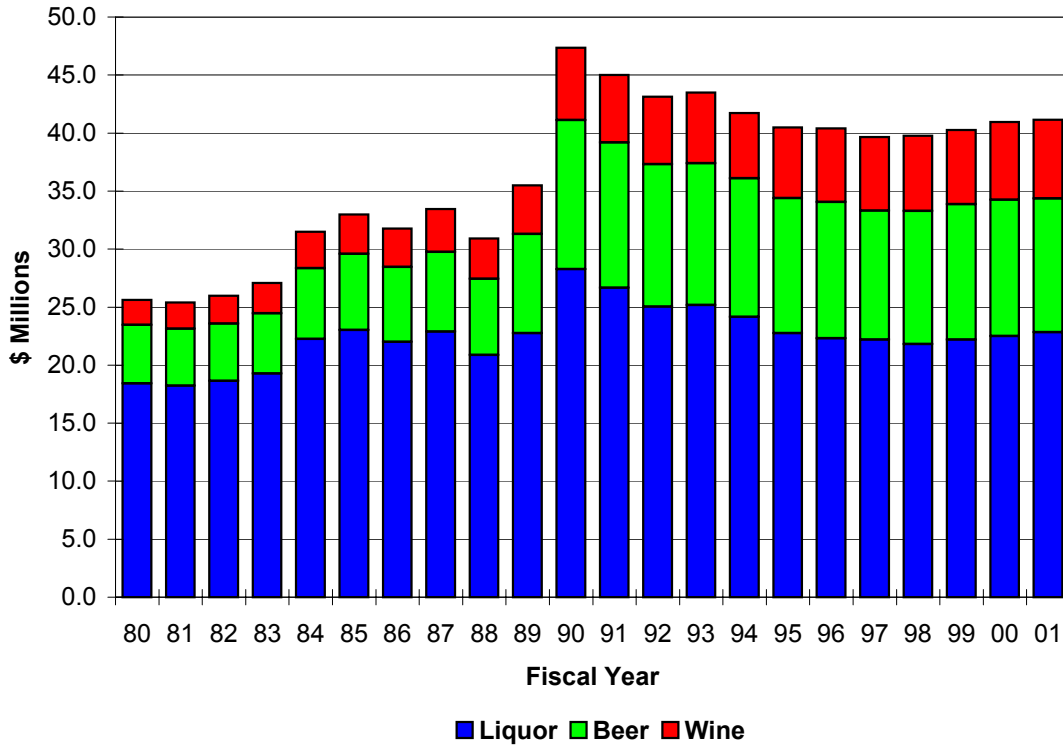
ADMISSIONS, DUES AND CABARET TAXES

Fiscal Year	Revenues (Millions \$)	Rate	Base Change
1972	7.0	10%	
1973	7.3	10%	Cabaret tax is not imposed on places providing the music of a single instrumental performer.
1974	8.5	10%	Exemption: for charges paid by members of a senior citizens center as long as the charge to a single event is paid for groups at least ten persons.
1975	9.4	10%	
1976	9.5	10%	
1977	10.1	10%	
1978	11.0	10%	The exemption allowed single instrumental performers is extended to all single performers
1979	10.9	10%, 5%	Cabaret tax reduced to 5% from 10%
1980	11.7	10%, 5%	
1981	11.7	10%, 5%	
1982	11.9	10%, 5%	
1983	12.5	10%, 5%	
1984	12.9	10%, 5%	
1985	14.1	10%, 5%	
1986	13.8	10%, 5%	Annual dues or initiation fees which are less than \$100 are exempt from the dues tax
1987	14.9	10%, 5%	
1988	16.8	10%, 5%	
1989	17.5	10%, 5%	1) Live performances held at non-profit theaters or playhouses are exempt from Admissions Tax 2) Admissions Tax exemption increased from \$1 to \$2
1990	19.9	10%, 5%	
1991	19.8	10%, 5%	
1992	20.1	10%, 5%	
1993	20.1	10%, 5%	PA 93-3 and PA 93-74 create exemptions for Beehive Stadium, the Wm. O'Neill Center, the Tennis Foundation of CT, and the New Britain Memorial Stadium from the Admission Tax.
1994	20.5	10%, 5%	PA 94-4 (May S. S.) exempts carnival or amusement ride charges from the admissions tax beginning 7/1/94.
1995	20.9	10%, 5%	
1996	23.3	10%, 5%	

ADMISSIONS, DUES AND CABARET TAXES

Fiscal Year	Revenues (Millions \$)	Rate	Base Change
1997	25.9	10%, 5%	
1998	25.0	10%, 5%	PA 97-315 exempts live performances at the Gateway's Candlewood Playhouse and at Ocean Beach Park from the Admissions Tax. It also increases the maximum motion picture charge exempt from the Admissions Tax from \$2.00 to \$4.50.
1999	26.9	10%, 5%	PA 98-244 exempts from the 5% Cabaret tax (1) places offering Karaoke without a paid entertainer, and (2) restaurants operating under a liquor permit that only allows the sale of beer only or beer and wine.
2000	26.7	10%, 5%	<p>PA 99-173 made the following changes:</p> <p>(1) Repealed the Cabaret Tax effective 7/1/99. The tax originally was levied on the amount charged for admissions, refreshment service or merchandise at a cabaret or similar place furnishing music, dancing privileges, or other entertainment for profit, for profit, at the rate of 5%.</p> <p>(2) Increased the exempt for movie tickets from \$4.50 to \$5.00.</p> <p>(3) Exempted the following: Stafford Motor Speedway, Lime Rock Park, Thompson Speedway, Waterford Speedbowl, Bridgeport Harbor Yard Stadium, New Haven Ravens Games, and Waterbury Spirits Games.</p> <p>(4) Exempted private lawn bowling clubs from the Dues Tax.</p> <p>PA 99-1 JSS exempts the New Britain Stadium and the New Britain Rock Cats retroactive to when the stadium was placed in service.</p> <p>PA 99-173 and PA 99-235 exempted the portion of dues dues paid by members of clubs (e. g. golf, social) to acquire open space.</p>
2001	25.8	10%, 5%	<p>PA 00-170 made the following changes:</p> <p>(1) Exempts events held at the Connecticut Expo Center from the admissions tax.</p> <p>(2) Reduced the admissions tax on movie theater tickets from 10% to 8% effective 7/1/00 and to 6% effective 7/1/01 and there after.</p> <p>(3) Exempted establishments from the admission tax that were subject to the Cabaret Tax (REPEALED) before July 1, 1999.</p> <p>PA 00-174 exempted club locker rentals from the Dues Tax.</p>
2002	25.3	10%, 5%	
	Budget Act		

Alcoholic Beverage Tax Collections and Growth Rates FY 80 - FY 01



**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

	Alcohol Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	24.1	0.0	0.0		
FY73	24.2	0.0	0.0	0.4	0.4
FY74	24.7	0.0	0.0	2.1	2.1
FY75	24.2	0.0	0.0	(2.0)	(2.0)
FY76	26.5	0.0	2.1	9.5	0.8
FY77	24.3	0.0	0.0	(8.3)	(0.4)
FY78	25.2	0.0	0.0	3.7	3.7
FY79	25.3	0.0	0.0	0.4	0.4
FY80	25.6	0.0	0.0	1.2	1.2
FY81	25.4	0.0	0.0	(0.8)	(0.8)
FY82	26.0	1.1	0.0	2.4	(2.0)
FY83	27.1	0.0	0.0	4.2	4.2
FY84	31.5	4.8	0.0	16.2	(1.5)
FY85	33.0	0.0	0.0	4.8	4.8
FY86	31.8	0.0	0.0	(3.6)	(3.6)
FY87	33.5	0.0	0.0	5.3	5.3
FY88	30.9	0.0	0.0	(7.8)	(7.8)
FY89	35.5	5.8	2.1	14.9	(10.7)
FY90	47.4	14.5	0.0	33.5	(1.5)
FY91	45.0	0.0	0.0	(5.1)	(5.1)
FY92	43.1	0.0	0.0	(4.2)	(4.2)
FY93	43.5	0.0	0.0	0.9	0.9
FY94	41.7	(0.1)	0.0	(4.1)	(3.9)
FY95	40.5	0.0	0.0	(2.9)	(2.9)
FY96	40.4	0.0	0.0	(0.2)	(0.2)
FY97	39.7	0.0	0.0	(1.7)	(1.7)
FY98	39.8	0.0	0.0	0.3	0.3
FY99	40.3	0.0	0.0	1.3	1.3
FY00	41.0	0.0	0.0	1.7	1.7
FY01	41.1	0.0	0.0	0.2	0.2

ALCOHOLIC BEVERAGE TAX

Fiscal Year	Revenues (Millions \$)	Base Change
1972	24.1	
1973	24.2	
1974	24.7	
1975	24.2	
1976	26.5	
1977	24.3	
1978	25.2	
1979	25.3	
1980	25.6	The amount of alcoholic beverages that an individual may bring into the state without owing tax is increased from 1 to 4 gallons.
1981	25.4	5 year moratorium on new package store permits (Eff. 6/8/81).
1982	26.0	Eliminated minimum mark-up on beer and alcohol (1/1/82)
1983	27.1	<ol style="list-style-type: none"> 1) Eliminated minimum mark-up on wine (1/1/83.) 2) Sunday liquor sales authorized for cafes. 3) Package, drug & grocery stores may sell liquor on Election Day and Independence Day if also a Saturday (10/1/82). 4) Legal drinking age is raised from 18 to 19 (7/1/82).
1984	31.5	<ol style="list-style-type: none"> 1) The legal drinking age is raised 19 to 20 (10/1/83). 2) Eliminated the revolving fund established to pay for alcohol education and treatment program. All fund monies and future revenue collections will be deposited into the General Fund. 3) Established two classes of liquor permits at Bradley International Airport. Night club permit cost is \$3000 for a restaurant and \$1,200 for a bar. 4) All rates increase by 20%: <ul style="list-style-type: none"> (8/1/83) Beer - \$3.00/bbl Distilled liquor - \$3.00/gal Wine - \$.30/gal Sparkling wine - \$.75/gal
1985	33.0	
1986	31.8	<ol style="list-style-type: none"> 1) Ended 5 year moratorium on new package store permits (7/1/86) 2) The legal drinking age is raised from 20 to 21 (9/1/85). 3) Eliminated night club liquor permits.
1987	33.5	
1988	30.9	Reduction in tax rate from \$3/gal to \$1.35/gal on wine (7/1/87)
1989	35.5	<p>All rates increased:</p> <ul style="list-style-type: none"> (4/1/89) Beer - \$6.00/bbl Distilled liquor - \$4.50/gal Wine - \$.60/gal Sparkling wine - \$1.50/gal Wine cooler - \$2.05/gal

ALCOHOLIC BEVERAGE TAX

Fiscal Year	Revenues (Millions \$)	Base Change
1990	47.4	
1991	45.0	
1992	43.1	
1993	43.5	
1994	41.7	Separate tax levied on small wineries (under 55,000 gal/yr) is established.
1995	40.5	
1996	40.4	
1997	39.7	PA 96-220 1) Allows farm wineries to sell wine by the glass and bottle for on premise consumption. 2) Allows hard cider permit holders to make, store, bottle, distribute, and sell at wholesale and retail apple wine with up to 15% alcohol. 3) The sunset date that allowed brew pubs which held a permit on 1/1/94 to sell beer for off-premise consumption until 10/1/96 is eliminated. 4) Allows the purchase for consumer aged 21 or over to brew beer for personal or family use.
1998	39.8	PA 97-243 adopts the federal standards for differentiation between still and sparkling wines. It includes hard cider (which was previously excluded) in the "still wine" definition for purposes of the Alcoholic Beverage Tax. But it subjects cider containing not more than 7% to the same tax as applies to beer effective 7/1/97.
1999	40.3	PA 98-236 establishes keg beer registration and prohibits liquor sales through drive-up windows. It allows an apple brandy manufacturer to also manufacture eau-de-vie which is another type of brandy distilled from fruit byproducts.
2000	41.0	PA 99-65 allows any person other than a minor to produce wine, for personal or family use only, without payment of tax. Such wine may be transported in sealed containers for use at organized affairs, including exhibitions, tastings, contests or competitions, but may not be sold or offered for sale. Effective 10/1/1999. PA 99-121 allows individuals to import up to 5 gallons of alcoholic beverages for their own consumption from outside the United States each year. Alcoholic beverages need not be purchased by the individual importing them.
2001	41.1	PA 00-01 June 30th Special Session permits the retail sales of alcohol on Sundays preceding Christmas and New Years Days. PA 00-192 relaxes restriction on liquor sales occurring on Christmas Day.
2002	41.0	PA 01-92 allows individuals to import alcoholic beverages into CT for their own consumption without having to be physically present at the point of purchase.

Budget Act

ALCOHOLIC BEVERAGE TAX RATES

Fiscal Year	Malt Beverages		Wine Under 21% Alcohol	Wine Over 21% Alcohol & Sparkling Wines	Small Wineries	Distilled Liquor	Alcohol	Liquor Based Coolers
	(\$/bbl)	(\$/gal)	(\$/gal)	(\$/gal)	(\$/gal)	(\$/gal)	(\$/gal)	(\$/gal)
1972	2.5	0.0833	0.25	0.625		2.50	2.50	
1973	2.5	0.0833	0.25	0.625		2.50	2.50	
1974	2.5	0.0833	0.25	0.625		2.50	2.50	
1975	2.5	0.0833	0.25	0.625		2.50	2.50	
1976	2.5	0.0833	0.25	0.625		2.50	2.50	
1977	2.5	0.0833	0.25	0.625		2.50	2.50	
1978	2.5	0.0833	0.25	0.625		2.50	2.50	
1979	2.5	0.0833	0.25	0.625		2.50	2.50	
1980	2.5	0.0833	0.25	0.625		2.50	2.50	
1981	2.5	0.0833	0.25	0.625		2.50	2.50	
1982	2.5	0.0833	0.25	0.625		2.50	2.50	
1983	2.5	0.0835	0.25	0.625		2.50	2.50	
1984	3.0	0.1000	0.30	0.750		3.00	3.00	
1985	3.0	0.1000	0.30	0.750		3.00	3.00	
1986	3.0	0.1000	0.30	0.750		3.00	3.00	
1987	3.0	0.1000	0.30	0.750		3.00	3.00	
1988	3.0	0.1000	0.30	0.750		3.00	3.00	1.35 [1]
1989	3.0	0.1000	0.30	0.750		3.00	3.00	1.35
1990	6.0	0.2000	0.60	1.500		4.50	4.50	2.05
1991	6.0	0.2000	0.60	1.500		4.50	4.50	2.05
1992	6.0	0.2000	0.60	1.500		4.50	4.50	2.05
1993	6.0	0.2000	0.60	1.500		4.50	4.50	2.05
1994	6.0	0.2000	0.60	1.500	0.15 [2]	4.50	4.50	2.05
1995	6.0	0.2000	0.60	1.500	0.15	4.50	4.50	2.05
1996	6.0	0.2000	0.60	1.500	0.15	4.50	4.50	2.05
1997	6.0	0.2000	0.60	1.500	0.15	4.50	4.50	2.05
1998	6.0	0.2000	0.60	1.500	0.15	4.50	4.50	2.05
1999	6.0	0.2000	0.60	1.500	0.15	4.50	4.50	2.05
2000	6.0	0.2000	0.60	1.500	0.15	4.50	4.50	2.05
2001	6.0	0.2000	0.60	1.500	0.15	4.50	4.50	2.05

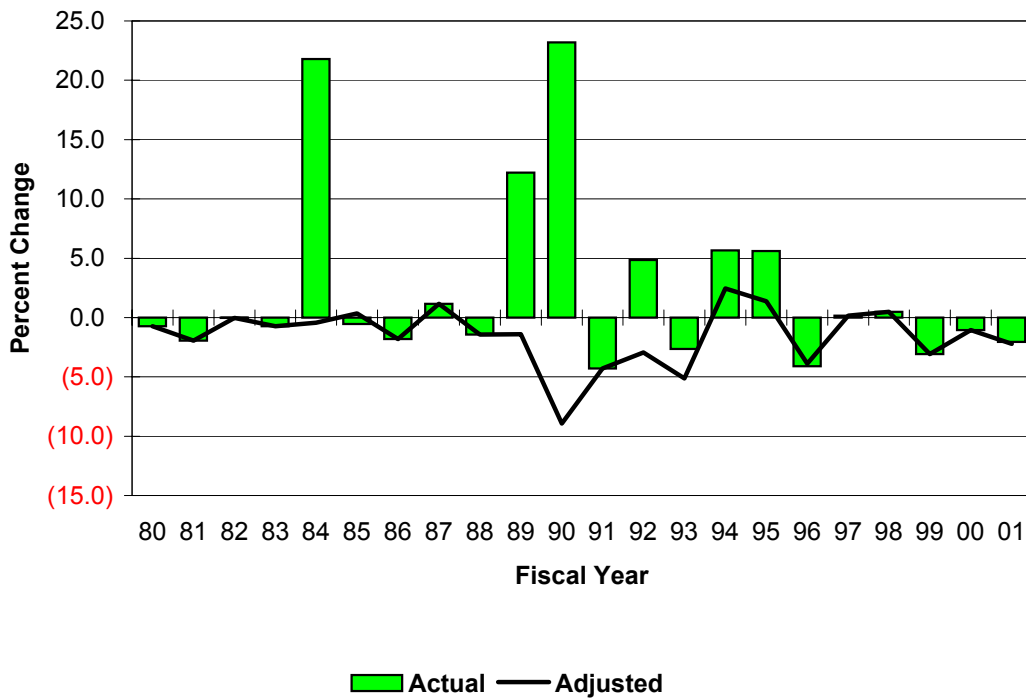
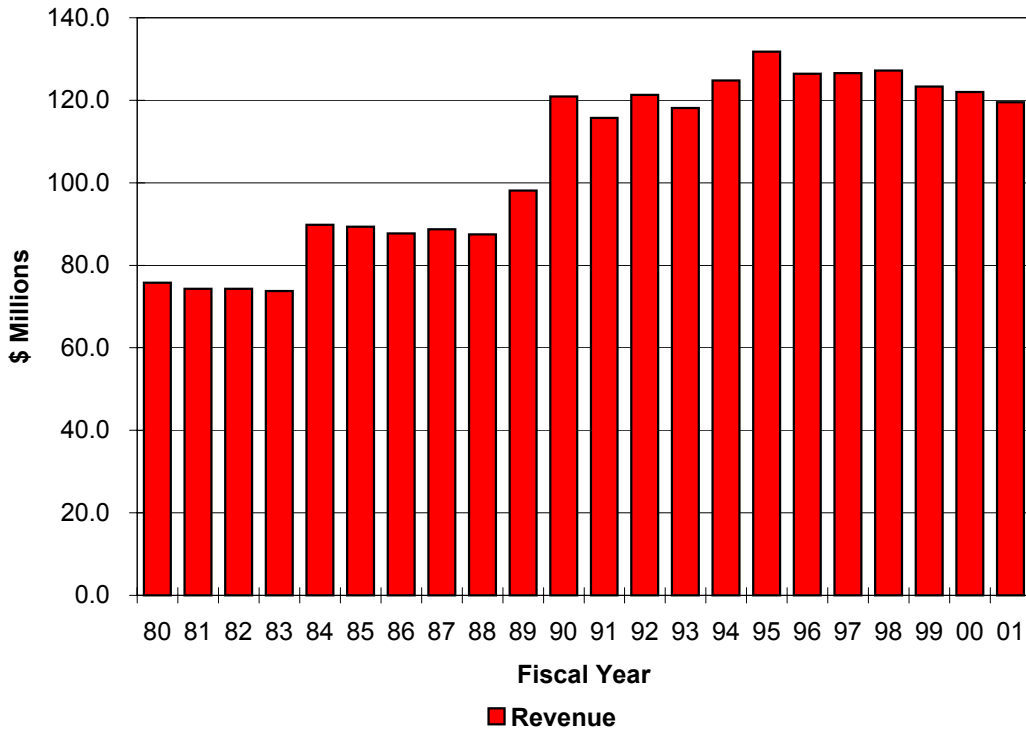
[1] Prior to PA 87-574, liquor based coolers were taxed as distilled liquor.

[2] Prior to PA 93-74, small wineries (under 55,000 gal/yr) were taxed as wine under 21% alcohol.

ALCOHOLIC BEVERAGE TAX REVENUE
(Millions \$)

Fiscal Year	Total Revenue	Malt Beverages		Wine	Wine Over	Distilled Liquor	Liquor Based		Small Wineries
		bbbl	gal	Under 21% Alcohol	21% Alcohol & Sparkling Wines		Alcohol	Coolers	
1972	\$24.1	\$0.6	\$3.6	\$1.2	\$0.3	\$18.4	\$0.02		
1973	24.2	0.6	3.7	1.3	0.2	18.4	0.02		
1974	24.7	0.7	3.8	1.3	0.2	18.7	0.02		
1975	24.2	0.7	4.0	1.4	0.2	18.0	0.02		
1976	26.5	0.7	4.3	1.5	0.2	19.7	0.02		
1977	24.3	0.7	4.0	1.6	0.2	17.9	0.02		
1978	25.2	0.7	4.2	1.7	0.2	18.4	0.03		
1979	25.3	0.7	4.4	1.8	0.2	18.2	0.03		
1980	25.6	0.8	4.3	1.9	0.2	18.4	0.04		
1981	25.4	0.9	4.0	2.0	0.3	18.2	0.05		
1982	26.0	0.9	4.1	2.1	0.3	18.6	0.04		
1983	27.1	0.9	4.3	2.3	0.4	19.3	0.03		
1984	31.5	1.0	5.2	2.7	0.5	22.2	0.04		
1985	33.0	1.0	5.6	2.8	0.6	23.0	0.04		
1986	31.8	0.9	5.6	2.8	0.6	21.9	0.07		
1987	33.4	0.9	6.0	3.1	0.6	22.7	0.15		
1988	30.9	0.9	5.7	2.9	0.6	20.7	0.13	\$0.08	
1989	35.5	1.2	7.4	3.5	0.7	22.5	0.16	0.09	
1990	47.4	1.7	11.1	5.3	0.9	27.8	0.18	0.33	
1991	45.0	1.8	10.7	4.9	0.9	25.9	0.15	0.57	
1992	43.1	1.8	10.4	5.0	0.8	24.4	0.14	0.51	
1993	43.5	1.9	10.4	5.3	0.8	24.6	0.15	0.47	
1994	41.7	1.7	10.2	4.9	0.7	23.4	0.26	0.47	\$0.007
1995	40.5	1.6	10.0	5.4	0.7	22.4	0.21	0.14	0.01
1996	40.4	1.6	10.2	5.6	0.7	22.0	0.19	0.16	0.01
1997	39.7	1.5	9.6	5.7	0.7	21.8	0.14	0.24	0.011
1998	39.8	1.5	10.0	5.8	0.7	21.5	0.14	0.14	0.01
1999	40.3	1.4	10.3	5.7	0.7	21.9	0.13	0.15	0.009
2000	41.0	1.3	10.4	6.0	0.7	22.2	0.16	0.19	0.009
2001	41.1	1.2	10.3	6.2	0.6	22.4	0.16	0.26	0.011

Cigarette Tax and Tobacco Products Tax Collections and Growth Rates FY 80 - FY 01



Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

	Cigarettes				
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	68.2	12.5	0.0		
FY73	69.9	0.0	0.0	2.5	2.5
FY74	72.4	0.0	0.0	3.5	3.5
FY75	70.2	0.0	0.0	(3.0)	(3.0)
FY76	77.4	0.0	4.3	10.2	4.1
FY77	74.8	0.0	0.0	(3.3)	2.4
FY78	76.2	0.0	0.0	1.8	1.8
FY79	76.3	0.0	0.0	0.2	0.2
FY80	75.8	0.0	0.0	(0.7)	(0.7)
FY81	74.3	0.0	0.0	(1.9)	(1.9)
FY82	74.3	0.0	0.0	(0.0)	(0.0)
FY83	73.8	0.0	0.0	(0.7)	(0.7)
FY84	89.8	15.6	0.8	21.8	(0.4)
FY85	89.3	0.0	0.0	(0.6)	0.3
FY86	87.7	0.0	0.0	(1.8)	(1.8)
FY87	88.7	0.0	0.0	1.2	1.2
FY88	87.5	0.0	0.0	(1.4)	(1.4)
FY89	98.1	9.4	2.5	12.2	(1.4)
FY90	120.9	33.8	0.0	23.2	(8.9)
FY91	115.7	0.0	0.0	(4.3)	(4.3)
FY92	121.3	8.5	0.5	4.8	(2.9)
FY93	118.1	3.5	0.0	(2.6)	(5.1)
FY94	124.8	3.6	0.2	5.7	2.5
FY95	131.8	5.2	0.3	5.6	1.4
FY96	126.4	0.0	0.0	(4.1)	(3.9)
FY97	126.6	0.0	0.0	0.2	0.2
FY98	127.2	0.0	0.0	0.5	0.5
FY99	123.3	0.0	0.0	(3.1)	(3.1)
FY00	122.0	0.0	0.0	(1.1)	(1.1)
FY01	119.5	0.2	0.0	(2.0)	(2.2)

CIGARETTE TAX AND TOBACCO PRODUCTS TAX

Fiscal Year	Revenues (Millions \$)	Tax Rate (\$/pack)	Base Change
1972	68.2	0.21	
1973	69.9	0.21	
1974	72.4	0.21	
1975	70.2	0.21	
1976	77.4	0.21	
1977	74.8	0.21	
1978	76.2	0.21	
1979	76.3	0.21	
1980	75.8	0.21	
1981	74.3	0.21	Cigarettes subject to sales tax (tobacco products has been subject to the Sales and Use Tax).
1982	74.3	0.21	
1983	73.8	0.21	
1984	89.8	0.26	Effective 8/1/83
1985	89.3	0.26	
1986	87.7	0.26	If the federal excise tax on cigarettes is ever reduced, the state excise tax will increase by the amount of the federal excise tax reduction.
1987	88.7	0.26	
1988	87.5	0.26	
1989	98.1	0.26	
1990 [1]	120.9	0.40	PA 89-16 (effective 4/1/89): (a) Tax rate increased from 26 to 40 cents per pack. (b) Exemption for cigarettes sold at correctional institutions is eliminated. PA 89-251 Imposes 20% Tobacco Products Tax on non-cigarette tobacco items.
1991	115.7	0.40	
1992	121.3	0.45	PA 91-3 (JSS) increased rate, effective 10/1/91.
1993	118.1	0.45	
1994	124.8	0.47	PA 93-74 increased rate, effective 7/1/93.
1995	131.8	0.50	PA 93-74 increased rate, effective 7/1/94.

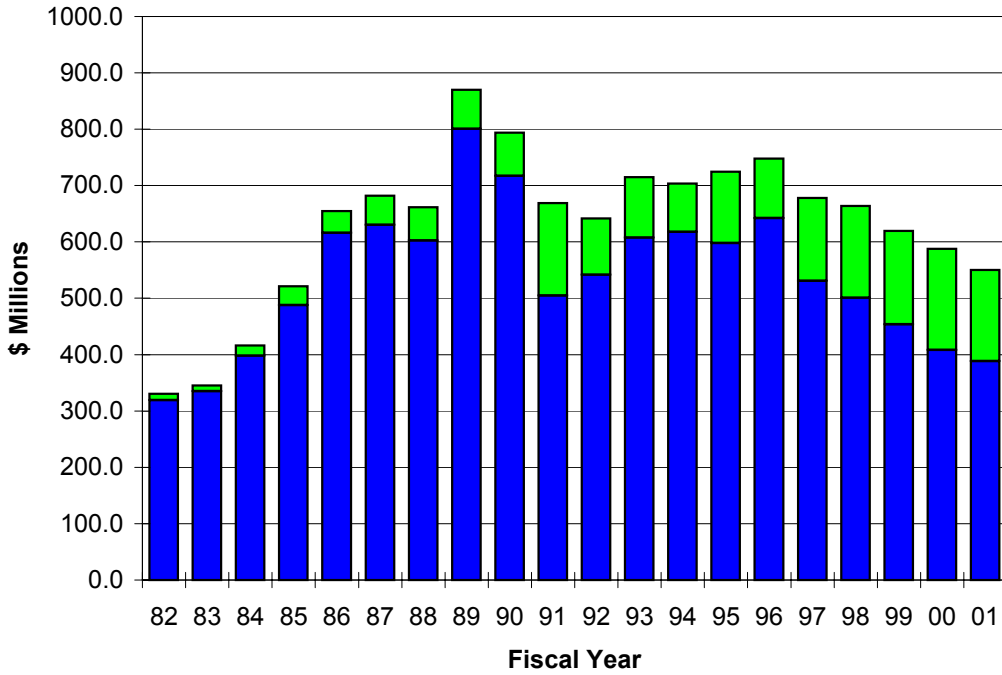
[1] FY 90 and all subsequent years include revenue from the 20% excise tax on non-cigarette

CIGARETTE TAX AND TOBACCO PRODUCTS TAX

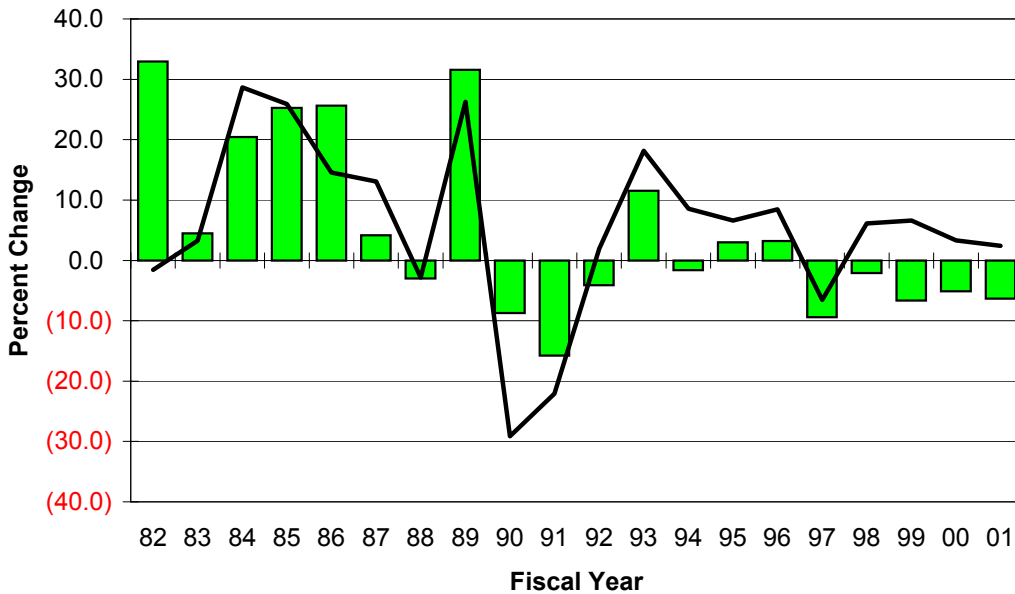
Fiscal Year	Revenues (Millions \$)	Tax Rate (\$/pack)	Base Change
tobacco products.			
1996	126.4	0.50	
1997	126.6	0.50	
1998	127.2	0.50	
1999	123.3	0.50	
2000	122.0	0.50	PA 99-109 prohibits cigarette distributors and dealers from selling cigarettes produced and labeled for export only.
2001	119.5	0.50	PA 00-56 and PA 00-170 prohibits the sale of single cigarettes or cigarette packs containing less than 20 cigarettes. PA 01-6 JSS allows fines for dealers or distributors which sell cigarettes in packs that do not contain at least 20 cigarettes per pack. PA 00-170 and 00-215 changed the tax on snuff from 20% of the whole sale price to 40 cents per ounce.
2002	117.0 Budget Act	\$1.11 (eff 4/1/02)	PA 01-6 JSS applies the cigarette tax instead of the tobacco products tax to "roll your own" and requires certain labeling to appear on snuff products to be taxed by weight instead of wholesale price. PA 02-1 increased the excise tax from 50 cents per pack to \$1.11 per pack.

[1] FY 90 and all subsequent years include revenue from the 20% excise tax on non-cigarette tobacco products.

Corporation Tax Collections and Growth Rates FY 82 - FY 01



■ Net Collections ■ Refunds



■ Actual — Adjusted

**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Corporations					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	122.7	0.0	0.0		
FY73	138.6	0.0	0.0	13.0	13.0
FY74	140.2	(8.0)	0.0	1.2	6.9
FY75	140.0	0.0	0.0	(0.1)	(0.1)
FY76	143.2	19.8	0.0	2.3	(11.9)
FY77	201.7	13.2	35.0	40.9	7.2
FY78	199.6	0.0	0.0	(1.0)	19.7
FY79	231.1	0.0	0.0	15.8	15.8
FY80	246.1	(0.5)	0.0	6.5	6.7
FY81	248.7	0.0	0.0	1.1	1.1
FY82	330.7	50.6	35.3	33.0	(1.6)
FY83	345.5	6.8	33.7	4.5	3.2
FY84	416.1	15.0	0.0	20.4	28.6
FY85	521.3	(2.6)	0.0	25.3	25.9
FY86	654.8	(2.5)	60.0	25.6	14.6
FY87	681.9	9.5	0.0	4.1	13.0
FY88	661.3	(1.3)	0.0	(3.0)	(2.8)
FY89	870.0	35.0	0.0	31.6	26.3
FY90	794.1	142.0	35.6	(8.7)	(29.1)
FY91	669.0	35.0	43.0	(15.8)	(22.1)
FY92	641.4	(33.7)	36.9	(4.1)	1.9
FY93	715.2	(29.0)	29.8	11.5	18.2
FY94	703.5	(58.4)	17.7	(1.6)	8.6
FY95	724.7	(6.6)	0.3	3.0	6.6
FY96	748.1	(23.9)	(13.6)	3.2	8.4
FY97	677.9	(37.9)	4.1	(9.4)	(6.6)
FY98	663.7	(41.9)	(9.4)	(2.1)	6.1
FY99	619.5	(71.9)	(26.2)	(6.7)	6.6
FY00	587.8	(74.9)	(4.4)	(5.1)	3.3
FY01	550.5	(59.9)	4.0	(6.3)	2.4

CORPORATION TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
1972	122.7	8.0	
1973	138.6	8.0	
1974	140.2	8.0	
1975	140.0	8.0	
1976	143.2	10.0	
1977	201.7	10.0	Accelerated payments
1978	199.6	10.0	
1979	231.1	10.0	A credit against the state corporation business tax is allowed equal to 25% of the portion to tax which is allocable to new, expanded, or substantially renovated manufacturing facility in an economically distressed municipality.
1980	246.1	10.0	Tax credit allowed for: (1) An approved cooperative work education occupations programs. The credit is equal to 10% of wages paid by an employer to a qualified high school student. The maximum credit is \$300 per income year. (2) Apprenticeship training in the machine tool and metal trades. The credit equals \$2.50 per hour of training and may not exceed the lesser of \$3,000 or 50% of wages paid in any income year.
1981	248.7	10.0	
1982	330.7	10.0	(1) (a) effective tax rate goes to 10% from 9.1%; (b) tax on capital base is increased to 3.1 mills from .31 mills; (c) the minimum tax is increased to \$250 from \$50. (2) A tax credit (up to 25% of cost) is provided for establishing a day care facility. (3) An exemption is provided for the earnings of International Banking Facilities. (4) A new fourth base is established for calculating tax liability (corporations whose gross receipts exceed \$50,000 must calculate their tax liability on the base of a 5% tax on 50% of their net income and compensation paid to officers and owners of more than 1% of the common stock.) (5) (a) The corporation business tax on dividends is eliminated; (b) The allocation formula is eliminated and all business income is distributed to Connecticut on the basis of the apportionment factor; (c) The sales factor is to be double weighted in arriving at the apportionment factor. (6) The urban jobs tax credit is increased to 50% from 25% for that portion of tax allocable to a manufacturing facility located in an enterprise zone. (7) Effective with income years beginning on or before 1/1/82, corporate taxpayers must make an estimated payment of 60% of their tax liability or \$250 whichever is greater, during the sixth month of their income year. An additional payment, bringing the total estimated payment to 80%, is required during the twelfth month. (8) Accelerated Cost Recovery System (ACRS) is disallowed (eff 1/1/81) (A description of ACRS is included under Business Taxes.)

CORPORATION TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes								
1983	345.5	10.0	<p>(1) Exemption for gains resulting from the sale or exchange on cattle raised from birth on a farm in Connecticut. (To qualify for the exclusion at least 75% of a taxpayers gross income must be derived from farming).</p> <p>(2) Calculation of tax liability on bases of net income plus compensation to owners and officers is repealed with income years beginning 1/1/83.</p> <p>(3) Various tax credits are provided to business firms choosing to engage in various community service activities as follows (1/1/82):</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Project</th> <th style="text-align: left;">Credit</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">(a) Energy conservation and employee training</td> <td>70%</td> </tr> <tr> <td style="padding-left: 20px;">(b) Eligible program as determined by municipality</td> <td>50%</td> </tr> <tr> <td style="padding-left: 20px;">(c) Child Day Care Centers</td> <td>50%</td> </tr> </tbody> </table> <p>(4) Businesses located in enterprise zones are ineligible to receive the 50% urban jobs tax credit if a firm has relocated to a designated enterprise zone from a distressed municipality or an area eligible for enterprise zone designation.</p>	Project	Credit	(a) Energy conservation and employee training	70%	(b) Eligible program as determined by municipality	50%	(c) Child Day Care Centers	50%
Project	Credit										
(a) Energy conservation and employee training	70%										
(b) Eligible program as determined by municipality	50%										
(c) Child Day Care Centers	50%										
1984	416.1	11.5	<p>(1) Rate increases effective with income years beginning 1/1/83.</p> <p>(2) Tax credit for expenditures for day care is increased to \$20,000 from \$10,000.</p>								
1985	521.3	11.5	<p>(1) Corporate tax credits are increased under the Neighborhood Assistance Program.</p>								
1986	654.8	11.5	<p>(1) Corporations may only deduct 88% of there federal depreciation expense for income year 1985. The full deduction is allowed for income year 1986 and thereafter. (A description of ACRS is include under Business Taxes.)</p> <p>(2) The minimum tax is reduced from \$250 to \$100 (1/1/85)</p> <p>(3) Neighborhood assistance: Annual tax credit is increased to \$2 million from \$1.5 million (7/1/85).</p> <p>(4) The tax exemption for companies providing alternative energy systems is extended for three years, until FY 1987.</p>								
1987	681.9	11.5	<p>(1) Regulated investment companies and real estate investment trusts will no longer be allowed a deduction for dividends paid when determining the tax on their capital base (10/1/86).</p> <p>(2) Maximum tax on capital base is increased from \$100,00 to \$500,000 (1/1/86).</p> <p>(3) Neighborhood Assistance tax credits increased to a maximum \$3 million per year from \$2 million (1/1/86)</p> <p>(4) A tax credit of \$250,000 per year for all firms is available to businesses providing subsidies to employees for child day care. Tax credit is 50% of cost of subsidy (7/1/86).</p> <p>(5) A tax credit for 50% of donations to the Rental Housing Assistance Trust Fund is allowed up to a limit of \$25,000 in credits per firm annually; the annual limit for all firms is \$500,000 (1/1/86 but not after 1/1/88).</p>								
1988	661.3	11.5	<p>(1) Taxpayers with estimated liability less than \$1,000 are not</p>								

CORPORATION TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
			<p>required to file estimated payments (1/1/87)</p> <p>(2) July 1987 Special Session: A residential property tax relief fund is established and for FY 1989 a portion of the corporation tax is earmarked as follows: FY 1989-1991: 1/23 of Corp. Tax FY 1992: 1/46 of Corp. Tax</p>
1989	870.0	11.5	(1) Earmarking of revenue for the Property Tax Relief Fund begun in the July 1987 Special Session is eliminated
1990	794.1	11.5	<p>(1) PA 89-16 (a) A 15% surtax is added and the minimum tax is increased from \$100 to \$250 (1/1/89) (b) The timing and percentage of estimated payment due is is changed (1/1/89)</p> <p>(2) PA 89-251 (a) The deduction for income taxes paid to other states is eliminated (1/1/89) (b) The surtax is increased form 15% to 20% (1/1/89) (c) The first \$25,000 of tax savings for firms filing a combined return eliminated (1/1/90)</p>
1991	669.0	11.5	<p>(1) PA 90-148 - The second estimated payment is increased from 60% to 70% (1/1/91)</p> <p>(2) PA 90-174 - Liability calculated on the capital base is limited to \$50,000 maximum for regulated investment companies or real estate investment trusts beginning 1/1/91. Liability for 1986 to 1990 income year is limited to \$500,000 (7/1/90).</p>
1992	641.4	11.5	<p>(1) PA 91-3 (JSS) (a) The 20% surtax is reduced to 10% for 1992 income years. (b) The maximum for the capital base is increased from \$0.5 million to \$1 million, effective 1/1/92. (c) Thirty percent of dividends received from companies in which ownership is less than 20% must be included in the net income base, effective 1/1/91</p> <p>(2) PA 91-179 provides a credit for up to 10% of the cost of operating natural gas-powered vehicles for the 1991 and 1992 income years.</p>
1993	715.2	11.5	<p>(1) PA 91-3 (JSS) eliminates the 10% surtax for 1993 income years.</p> <p>(2) PA 92-124 applies the tax to unrelated business income of nonprofit corporations, beginning with 1992 income years.</p> <p>(3) PA 92-193 establishes credits for research and development, job training and technology-related research and development grants to state colleges and universities. The credits are phased in over a period of years.</p> <p>(4) PA 92-250 establishes a credit for manufacturing or other economic-base businesses based upon the number of new employees and square feet occupied, effective with 1993 income years.</p>
1994	703.5	11.5	<p>(1) PA 93-74 makes the following changes: (a) The tax rate is reduced as follows:</p>

CORPORATION TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes										
			<p style="margin-left: 40px;">income years beginning on or after:</p> <table border="0" style="margin-left: 80px;"> <tr> <td style="padding-right: 20px;">1/1/95</td> <td>New tax rate</td> </tr> <tr> <td>1/1/96</td> <td>11.25%</td> </tr> <tr> <td>1/1/97</td> <td>11.00%</td> </tr> <tr> <td>1/1/98</td> <td>10.50%</td> </tr> <tr> <td>1/1/98</td> <td>10.00%</td> </tr> </table>	1/1/95	New tax rate	1/1/96	11.25%	1/1/97	11.00%	1/1/98	10.50%	1/1/98	10.00%
1/1/95	New tax rate												
1/1/96	11.25%												
1/1/97	11.00%												
1/1/98	10.50%												
1/1/98	10.00%												
			<p>(b) Mutual funds and real estate investment trusts (REITS) are exempted from the tax effective with 1993 income years.</p> <p>(c) The interest rate for the tax is reduced from 20% to 15%, effective with 1994 income years.</p> <p>(2) PA 93-74 and 332 provide that the unpaid loss reserve adjustment required by the federal code for non-life insurance companies shall not be deducted from gross income, effective with 1993 income years.</p> <p>(3) PA 382 provides a 5% credit for small- and a 10% credit for medium-sized companies for the increase in capital goods expenditure over the prior year, effective with 1995 income years.</p> <p>(4) PA 93-433 provides a 1-6% credit for research and development expenditures, effective with 1993 income years. The credit is subject to certain employment restrictions.</p> <p>(5) PA 93-267 creates a new form of business called Limited Liability Company (LLC), effective 10/1/93.</p> <p>(6) PA 93-311 creates entertainment districts where certain entertainment-related businesses may be eligible for the same benefits that applies to businesses located within enterprise zones.</p>										
1995	724.7	11.5, 11.25	<p>(1) PA 94-4 (May S. S.) makes the following changes:</p> <p>(a) Increases credit for apprenticeship wages from \$2.50 per hr to \$4.00 per hr and the maximum credit allowed from \$3,000 to \$4,800 per year, effective 1/1/94.</p> <p>(b) Creates a credit for 50% of the traffic management program expenses related to attainment of Clean Air Act standards, 1/1/95.</p> <p>(c) Expands the 5% credit provided by PA 93-382 for machinery and equipment expenditures to companies employing 250-500 employees is expanded to include businesses with up to 800 employees, effective 1/1/95.</p> <p>(d) Creates a credit for 100% of Property Tax paid on data processing equipment, effective with Property Tax paid on the 10/1/94 grand list.</p> <p>(2) PA 94-170 provides a credit which is equal to 50% of the cost of:</p> <p>(1) the construction of new filling stations which provide compressed natural gas, liquefied petroleum gas or liquefied natural gas, and</p> <p>(2) the conversion of motor vehicles so they can use these fuels or electricity. This credit is effective for the 1994--1998 income years.</p> <p>(3) PA 94-4 exempts cooperative housing corporations from the tax, effective with the 1990 income year.</p> <p>(4) PA 94-214 creates a credit equal to the following percentage of monies invested through a fund manager in a qualified insurance business:</p> <p>(1) 10% of the investment for tax year beginning 3 years after the date of investment to no later than 7 years after the date of investment,</p> <p>(2) 20% of the investment for tax years beginning seven years and ending 10 years from the date of investment.</p>										

CORPORATION TAX

Fiscal Revenues
Year (Millions \$)

Rate

Base Changes

The credit is applicable against the corporate income tax, insurance premiums tax, and the personal income tax.

- (5) PA 94-1 (Oct S. S.) Allows foreign banks to open certain federal- or state-licensed branches and other banking offices in Connecticut. It makes these foreign banks and other financial institutions eligible for up to \$145 million in state tax credits over 15 years if they meet certain building and job creation requirements.

1996

748.1

11.25, 10.75

- (1) PA 95-160 contains the following provisions:
- (a) The tax rate reduction schedule contained in PA 93-74 is modified as follows:
- | income years beginning on or after | Tax Rate |
|------------------------------------|----------|
| 1/1/96 | 10.75 |
| 1/1/97 | 10.50 |
| 1/1/98 | 9.50 |
| 1/1/99 | 8.50 |
| 1/1/00 | 7.50 |
- (b) Delays the Clean Air Act traffic management credit that was scheduled to take effect beginning with the 1995 income year to the 1997 income year.
- (c) Delays the credit for capital goods expenditures by small- and medium-sized firms that was scheduled to take effect beginning with the 1995 income year to the 1997 income year.
- (d) The credit against the Insurance Premiums Tax provided in PA 94-4 (MSS) for 100% of the property tax paid on data processing equipment is delayed from the 10/1/94 grand list to the 10/1/96 grand list. No change for the Corporate tax credit.
- (2) PA 95-129 modifies the 50% tax credit for firms moving into the state which construct a building of at 900,000 sq. ft. and locate 2,000 jobs in state. The Act provides a 40% credit for the location of 1,600 jobs in state or a 30% credit for 1,200 jobs located in state.
- (3) PA 95-284 provides a tax credit for firms that participate in qualified plastics trades apprenticeship programs. The credit is for up to \$4,800 per apprentice and is applicable beginning with the 1995 income year.
- (4) PA 95-327 allows corporations the option of making estimated payments based on (1) their current year's estimated liability or (2) a percentage of their prior year's estimate tax payment. The percentages for option (2) are as follows:

Income Year	%
1996	200%
1997	175%
1998	150%
1999	125%
2000	100%

- (5) PA 95-288 creates a tax credit for firms which invest in the Critical Industries Development Account.
- (6) PA 95-334 expands the definition of a manufacturing facility to include plant, buildings, or other real property for purpose of identifying a manufacturing firm located anywhere in a town within an entertainment district.

CORPORATION TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes												
			<p>(7) PA 95-283 extends the tax exemption for new and newly acquired manufacturing machinery from four to five years and makes machinery and equipment used in producing motion pictures and video and sound recordings eligible for the exemption.</p> <p>(8) PA 95-15 modifies tax credit for expenditures related to alternative vehicle fuels and extends the sunset date.</p> <p>(9) PA 95-268 modifies the Neighborhood Assistance Act and transfers responsibility from the Department of Social Services to the Department of Revenue Services.</p> <p>(a) Requires DRS to prorate the tax credits available to business if the total amount of credits exceeds the statutory \$3 million limit.</p> <p>(b) It lowers the tax credit for most programs from 50% to 40% of the amount invested.</p> <p>(c) Allows tax credit only for cash assistance.</p> <p>(d) It limits the ability to carry tax credits backwards to the two preceding years and repeals the carry forward.</p> <p>(e) Reduces the amount of investment in any one program may qualify for from \$300,000 to \$150,000.</p> <p>(10) PA 95-325 makes expenditures related to the Clean Air Act traffic management credit made between 1/1/95 and 1/1/97, eligible for the tax credit in 1997.</p>												
1997	677.9	10.75,10.50	<p>(1) PA 96-175 phases out the tax on the net income of subchapter S corporations by reducing the percentage which is taxable. The phase-out is as follows:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Beginning on or after</th> <th style="text-align: center;">% of Net Taxable Income</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">January 1, 1997</td> <td style="text-align: center;">90%</td> </tr> <tr> <td style="text-align: center;">January 1, 1998</td> <td style="text-align: center;">75%</td> </tr> <tr> <td style="text-align: center;">January 1, 1999</td> <td style="text-align: center;">55%</td> </tr> <tr> <td style="text-align: center;">January 1, 2000</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">January 1, 2001</td> <td style="text-align: center;">Exempt</td> </tr> </tbody> </table> <p>(2) PA 96-144 contained the following provisions</p> <p>(a) provides a tax credit for machinery and equipment purchased between January 1,1995 to May 30,1995 for companies who employ up to 800 employees. Companies that have up to 250 employees are eligible of a credit of 10% the equipment's purchase price, while companies with between 250 and 800 employees are eligible for a 5% credit of the purchase price. The credit must be taken against a company's 1997 liability.</p> <p>(b) extends back the credit for property tax on data processing on insurance, hospital, and medical services corporations, railroad and utility companies, and air carriers to income years starting on or after 1/1/95.</p> <p>(c) allows the carry forward of the credit for property tax on data processing equipment for five succeeding years provided the taxpayer has applied all other credits allowed by law and the property tax credit exceeds its remaining liability.</p> <p>(3) PA 96-265 requires motor carriers to apportion their income based on the relative number of miles drive in state. Effective beginning with the 1996 income year.</p> <p>(4) PA 96-252 allows biotechnology companies to carry forward the</p>	Beginning on or after	% of Net Taxable Income	January 1, 1997	90%	January 1, 1998	75%	January 1, 1999	55%	January 1, 2000	30%	January 1, 2001	Exempt
Beginning on or after	% of Net Taxable Income														
January 1, 1997	90%														
January 1, 1998	75%														
January 1, 1999	55%														
January 1, 2000	30%														
January 1, 2001	Exempt														

CORPORATION TAX

Fiscal Revenues
Year (Millions \$)

Rate

Base Changes

- existing 20% credit for research and development expenses. The credit applies to the amount a company spends on research and development that exceeds the amount it spent in the prior year. The Act allows the credit to be carried forward for up to 15 years. Effective beginning with the 1997 income year.
- (5) PA 96-197 exempts out-of-state Connecticut corporations from the state's corporation business tax if their only contact with the state is participation as a limited partner in an investment partnership.
 - (6) PA 96-253 exempts banks, insurers, and investment companies from the corporate business tax if all of their business is outside the United States, and if the company's headquarters is located within a special export zone in Hartford.
 - (7) PA 96-104 exempts out-of-state companies engaged in business with in-state printers provided the companies whose only activities in the state are related to a contract with in-state commercial printers to print and distribute printed material.
 - (8) PA 96-111 allows regulated investment companies to use a different apportionment formula to determine corporate tax liability based on the shareholder or accounts that are domiciled in Connecticut effective beginning with the 1996 income year.
 - (9) PA 96-239 contained the following provisions
 - (a) expands enterprise zone benefits to service firms located in a town with an enterprise zone within it. Firms located outside the enterprise zone would still be eligible for the benefits. The act adds telemarketer to the definition of service firms eligible for such benefits.
 - (b) provides a property tax abatement for service firms located outside enterprise zones but in the same town effective 7/1/96.
 - (c) provides a job creation credit for service firms based on the number of new hires in conjunction with the development or acquisition of their facilities.
 - (d) provides a 10 year corporate tax credit for newly created business that locates in an enterprise zone and hires zone or town residents effective 1/1/97. The credit is 100% for the first three years and 50% for next seven years.
 - (10) PA 96-139 made technical changes to effective date of the corporate tax rate reductions enacted in PA 95-160.
 - (11) PA 96-183 expands the alternative fuels credit against the corporation business tax for expenditures related to alternative fuels equipment for a LPG or LNG stations.
 - (12) PA 96-262 creates a new tax credit for business that provide parent education programs to their employees and those "investing" in child care. The credit is 40% of the amount a business spends on parenting classes. The credit is only available after the employer has exhausted the day care subsidy credit. The act also appears to create a 60% credit for businesses that invest in child care programs on top of the existing credit for when they establish day care facilities under the Neighborhood Assistance Act.
 - (13) PA 96-222 makes retail product distribution facilities eligible for certain property tax exemptions and corporate business credits relating to enterprise zones or location in towns with such zones.
 - (14) PA 96-264 extends enterprise zone benefits to certain biotechnology,

CORPORATION TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
			<p>pharmaceutical, and photonics companies to such businesses located in enterprise zone towns with major research university.</p>
1998	663.7	10.50,9.50	<p>(1) PA 97-317 allows state chartered banks to sell insurance directly or through a subsidiary.</p> <p>(2) PA 97-295 contained the following provisions in order to streamline the Corporate Business Tax</p> <p>(a) Repealed the Home Grown Cattle deduction and the following tax credits: Air Pollution, Industrial Waste, Work Education, Employee Training, and New Facilities</p> <p>(b) Provide a credit for the amount spent on fixed capital investment and also a credit for the amount spend on human capital investments. Both credits are phased in as follows: 3% for the 1998 income year, 4% for 1999, and 5% for the 2000 income year.</p> <p>(c) Provide a credit for up to \$1,000 per income year for construction trades apprenticeships.</p> <p>(d) Extend the sunset on the Corporation Tax credits for vehicles powered by alternative fuels and related expenditures and for construction of or improvements to filling stations to provide natural gas, liquefied petroleum or natural gas by two years.</p> <p>(3) PA 97-283 allows S-Corporation to take credits on the same phase-out schedule of the Corporate Business Tax on S-Corporation net income. PA 96-175 prohibited S-Corporations from using Corporate Tax credits to offset their liability during the period of the phase-out. This change is effective with the 1997 income year.</p> <p>(4) PA 97-251 increases the limit from \$3 million to \$4 million for credits available under the Neighborhood Assistance Act effective with the 1998 income year.</p> <p>(5) PA 97-309 Nexus Investigation Project (DRS Program)</p> <p>(6) PA 97-4 (June 18, 1997 Special Session) provides a single factor apportionment formula for credit card income for certain eligible institutions.</p> <p>(7) PA 97-259 increases the maximum credit from \$10,000 to \$50,000 a a business can receive under the Neighborhood Assistance Act to plan, prepare, build or acquire, as well as any equipment used, to established a child day care facility for its employees. It also increases from \$20,000 to \$50,000 the annual tax credit it can receive for building, renovating, or equipping the day care facility for its employees.</p> <p>(8) PA 97-70 authorizes single-member limited liability companies.</p> <p>(9) PA 97-164 extends the pawnbroker laws to limited liability companies in addition to people, corporations, and partnerships.</p> <p>(10) PA 97-163 accelerates the reduction in the percentage of the previous year's tax liability that a business may use to calculate estimated tax payments for the present year (safe harbor).</p>

CORPORATION TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
			<p>(11) PA 97-228 replaces the \$2,000 per year penalty on foreign (out of state) business for each year or portion of year they operate in CT without registering with the secretary of state with a \$165 per month penalty for each month they operate without registering in CT.</p> <p>(12) PA 97-193 permits DRS commissioner to disallow any credit against the corporation business tax if the company claiming the credit is more than 30 days delinquent on any state taxes, including interest and penalties, fees, or other related charges. It also allows OPM to deny an exemption from the property tax for new manufacturing machinery and equipment if the owner is delinquent in its corporation business tax payments.</p> <p>(13) PA 97-292 limits to \$15 million the amount of any tax credit that funds can take on any single business investment in an insurance business for insurance reinvestment funds established to create new jobs pursuant to PA 94-214.</p> <p>(14) PA 97-119 prohibits recipients of real estate investment trust (REIT) dividends from deducting them from gross income for the purpose of determining state corporation tax liability unless the dividend meets certain conditions.</p>
1999	619.5	9.50, 8.50	<p>(1) PA 98-110 contained the following provisions effective for the 1999 income year:</p> <ul style="list-style-type: none"> (a) Provide single apportionment formula for financial service companies and exclude financial service companies from the capital base. (b) Establishes an exemption for Passive Investment Companies (PICs). (c) Exempts domestic insurers from the tax. (d) Restricts deductibility of certain intangible expenses and certain interest expenses with a related member (e) Effective for the 2000 income year, extend the carry-forward for up to 15 years of the research and experiment credit to any corporation. (f) Effective for the 2000 income year, extend the 6% research and development credit to qualified small business, defined as firms with gross income of under \$100 million. <p>(2) PA 98-244 contained the following provisions</p> <ul style="list-style-type: none"> (a) Eliminates Corporate Income Tax payments for S-Corporations under the minimum and capital base effective with the 2000 income year. (b) Eliminate the minimum tax for foreign corporations whose sole activity in this state consists of trading stocks and securities for its own account. (c) Requires corporations eligible to claim more than one tax credit to take them in a specified order. <p>(3) PA 98-28 restructures the electric industry to allow consumers to choose their electric suppliers beginning January 1, 2000 for select groups and July 1, 2000 for all other consumers. Until competition begins, rates are capped at their December 31, 1996 levels. This will be accomplished by requiring each electric company to unbundled its electricity generation and distribution components. The generation component will be subject to competition from other suppliers. Suppliers are entitled to a one-time \$1,500 corporation tax credit starting July 1, 1998 for each dislocated worker they employ for more than six months.</p>

CORPORATION TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
2000	587.8	8.50, 7.50	<p>(1) PA 99-173 contained the following provisions:</p> <ul style="list-style-type: none"> (a) Extends the net operating loss carry-forward and net capital loss carry over provisions from 5 years to 20 years. (b) Exempts capital gains realized from the sale of open space or land to the state, a municipality, or non-profit land conservation organization or a water company where the land is permanently preserved space or as Class I or Class II watershed land. (c) Increased the cap on Neighborhood Assistance Program tax credits from \$4 million to \$5 million. (d) Extended the sunset date from 1/1/2000 to 1/1/2002 for provisions regarding Alternative Fuels and vehicles powered by alternative fuels or electricity. (e) Modified the Research and Development Expenses at Aerospace Companies tax credit for companies with more than 2,500 employees over \$3 billion in revenue provided they are located in enterprise zones. (See item number 3) (f) Transferred the administration of Opportunity Certificates created by PA 97-295 from the Department of Social Services to the Department of Labor. (g) Establishes a credit for guarantee fees paid when obtaining financing from the Small Business Administration (h) Establishes a credit for the rehabilitation of historic homes. The credit applies to expenses over \$15,000 with a cap on the credit of \$30,000 for each home. The credit is capped at \$3 million per year and can be carried forward for up to four years (i) Permits companies with sale of less than \$70 million in gross sales to sell unused Research and Experiment Credits and Research and Development Credit tax credits back to the state at 65% of their value. PA 01-6 JSS allows payment as refunds. (j) Increased the cap on the Low and Moderate Income Housing Program and Rental Housing Assistance Trust Fund credits from \$1 million to \$5 million. <p>(2) PA 99-173 and PA 99-235 establish a credit equal to 50% of the land donated to the state, its subdivision, or non profit land conservation for opens space.</p> <p>(3) PA 99-1 June Special Session clarified the amount of R&D tax credit available to businesses that have revenues in excess of \$3 billion, employing more than 2,500 employees that are headquartered in an enterprise zone for expenses of more than \$200 million is either \$5.5 million plus 6% of the excess of such expenses over \$200 million, or 3.5% of the total expenses, whichever is greater.</p> <p>(4) PA 99-203 transferred the Opportunity Certificates Tax Credit from the Department of Social Services to the Labor Department.</p> <p>(5) PA 99-83 allows subchapter S-Corporations to claim 100% of the Neighborhood Assistance Act tax credits instead of 55% for income year 1999 and 30% for income year 2000.</p> <p>(6) PA 99-121 specifies that only employees whose earnings are paid in Connecticut count toward triggering the Machinery and Equipment Tax Credit (10% for 250 or fewer permanent full-time employees and 5% for 250 to 800 employees).</p>
2001	550.5	7.50	<p>(1) PA 00-170 contained the following provisions:</p>

CORPORATION TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
			<p>(a) establishes a credit for the donation of new or used computers to local schools effective 1/1/00.</p> <p>(b) Allows manufacturers and broadcasters to use a single factor formula to apportion their income for corporate income tax purposes. Manufacturers cannot apply the new formula to their first and second estimated payments in 2001. Effective 1/1/01 for manufacturers and 10/1/01 for broadcasters. PA 01-6 JSS requires such corporations to file in writing their intent to use receipts as single factor for tax purposes.</p> <p>(c) Allows S-Corporations to take the entire credit for low- and moderate-income housing in the 1999 and 2000 income years instead as PA 99-83 (see above) originally allowed.</p> <p>(d) established a site remediation tax credit for remediation of urban sites. The amount of credit cannot exceed the amount of state revenue the Department of Economic and Community Development determines will be generated by the investment--the revenue loss from the credit is expected to be offset by the tax revenue from the new development.</p> <p>(e) expands the Manufacturer Assistance Act tax benefits to include eligible financial institutions constructing new facilities and creating new jobs.</p> <p>(f) disallow tax credits for investments made to the Insurance Reinvestment Fund made after July 1, 2000.</p> <p>(2) PA 00-192 expands the Human Capital Credit to include donations to the Individual Development Account. The Individual Development Account was created to allow certain low-income and qualified disable taxpayers to open savings accounts and receive matching funds as an incentive for saving for specific purposes. Effective 1/1/2001.</p> <p>(3) PA 00-203 creates the Charter Oak Open Space Trust Account and extends the credit for land donated to the state to be carry forward 10 years. It also clarifies use value of the land as fair market value of land at its highest and best use as determined by a certified real estate appraiser.</p>
2002	501.2 Budget Act	7.50	<p>PA 01-8 JSS sets aside \$1 million of \$5 million of the credits available on Low and Moderate Housing Program and Rental Housing Assistance Trust Fund for supportive housing pilots initiative. The supportive housing pilots initiative is to provide up to 650 units of affordable housing and support services.</p> <p>PA 01-9 JSS modifies the Urban & Industrial Site Investment Fund credit, and allows taxpayers investing any amount in eligible environmental remediation and urban site reinvestment projects through Community Economic Entities to qualify for state business tax credits.</p> <p>PA 01-6 JSS allows the exchange of unused R&D credit to be an offset to revenue. It also requires corporations that engage in financial service activities to file in writing that they are going to use receipts as the single factor for tax purposes. It also gives municipalities an extra 15 days to submit to DRS its annual list of programs to which businesses can make donations under the Neighborhood Assistance Act.</p>

CORPORATION TAX

Fiscal Revenues
Year (Millions \$)

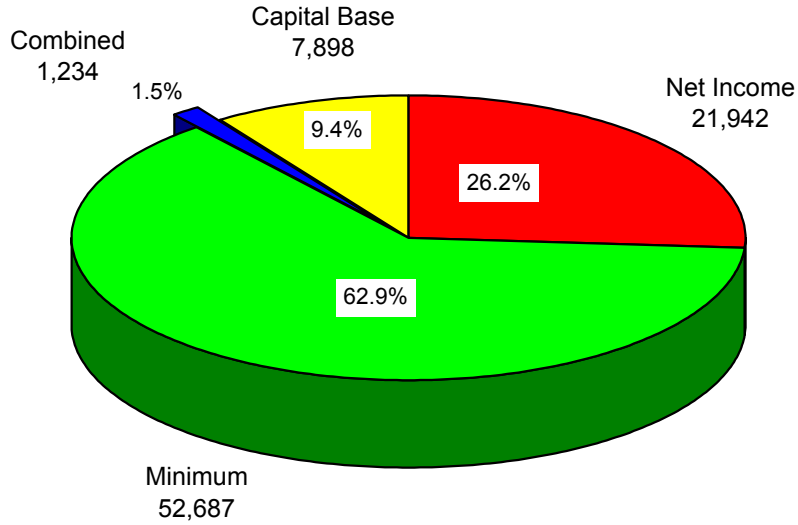
Rate

Base Changes

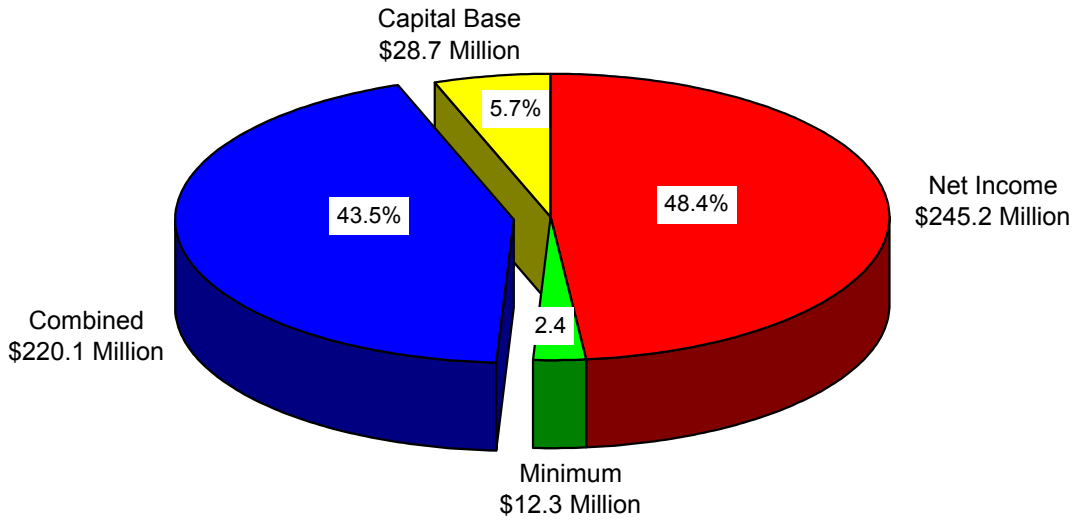
PA 01-6 JSS modifies the Insurance Reinvestment Act in a manner that the recapture of tax credits would only occur when there is a reduction in state employment levels and not when there is a decrease in the percentage of total workforce in this state due to an increase in out-of-state workforce. It also sunsets the tax credits for investments in insurance companies made after December 31, 2015.

Corporate Tax Return Statistics 1999 Income Year

Number of Returns by Type
83,761



Total Tax Liability Paid by Type of Return
\$506.4 Million



CORPORATION TAX CREDITS

Connecticut offers ten different tax credits to Corporation Business Tax payers. The table below indicates the number of returns claiming a particular tax credit and the total dollar amount claimed.

Type of Credit	Income Year			
	1987		1988	
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Neighborhood Assistance	160	\$1,004,091	158	\$1,237,261
New Facilities	50	743,979	61	229,397
Industrial Waste	11	354,408	15	87,962
Apprenticeship	14	79,560	14	62,181
Enterprise Zones	19	158,645	13	107,867
Air Pollution Abatement	9	213,940	9	261,419
Work Education	11	27,871	8	6,885
Child Day Care	14	120,212	18	153,050
Rental Housing	<u>1</u>	<u>7,350</u>	<u>15</u>	<u>299,236</u>
TOTAL	289	\$2,710,056	311	\$2,445,258

Type of Credit	Income Year			
	1989		1990	
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Neighborhood Assistance	132	\$1,124,215	105	\$679,225
New Facilities	66	402,964	46	119,958
Industrial Waste	10	91,380	7	61,634
Apprenticeship	11	45,253	14	38,070
Enterprise Zones	19	79,154	8	130,643
Air Pollution Abatement	8	108,542	No Credit Claimed for 1990	
Work Education	8	9,896	9	7,355
Child Day Care	14	34,242	25	272,762
Rental Housing	<u>25</u>	<u>392,490</u>	<u>8</u>	<u>161,647</u>
TOTAL	293	\$2,288,136	222	\$1,471,294

Type of Credit	Income Year			
	1991		1992	
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Neighborhood Assistance	114	\$853,169	226	\$1,761,292
New Facilities	50	395,068	85	935,580
Industrial Waste	8	71,140	15	331,574
Apprenticeship	14	35,518	17	52,486
Enterprise Zones	17	150,911	30	188,703
Air Pollution Abatement	4	321,210	8	118,309
Work Education	6	3,749	6	3,189
Child Day Care	17	122,053	34	799,540
Rental Housing	16	308,035	20	405,252
Clean Alternative Fuels	0	0	3	15,448
Research & Experimentation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	246	\$2,260,853	444	\$4,611,373

CORPORATION TAX CREDITS
(Continued)

Type of Credit	Income Year			
	1993		1994	
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Neighborhood Assistance	231	\$1,829,270	172	\$2,244,150
New Facilities	84	861,169	9	23,214
Manufacturing Facilities	0	0	72	913,360
Industrial Waste	9	6,972	9	491,787
Apprenticeship	19	55,568	24	109,410
Enterprise Zones	31	128,982	47	307,674
Air Pollution Abatement	11	83,271	75	208,911
Work Education	6	3,327	14	47,463
Employee Training	0	0	68	168,515
Child Day Care	29	431,027	33	389,568
Rental Housing	16	361,677	22	645,811
Employer Assisted Housing	0	0	17	696,085
Clean Alternative Fuels	5	17,725	18	1,023,475
Research Grants to Higher Ed	0	0	20	11,916
Research & Experimentation	<u>120</u>	<u>6,271,728</u>	<u>207</u>	<u>17,375,176</u>
TOTAL	561	\$10,050,716	807	\$24,656,515

Type of Credit	Income Year			
	1995		1996	
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Electronic Data Processing	2,940	\$24,177,852	4,207	\$30,702,243
Neighborhood Assistance	250	1,579,428	239	1,929,244
Manufacturing Facilities	74	880,055	97	1,438,744
Industrial Waste	8	41,385	14	48,066
Apprenticeship	21	110,053	20	144,036
Enterprise Zones	48	497,738	46	588,785
Air Pollution Abatement	48	496,013	13	175,945
Work Education	9	16,226	29	11,172
Employee Training	116	386,854	199	1,152,161
Child Day Care	33	339,092	23	355,668
Rental Housing	22	971,338	23	784,756
Employer Assisted Housing	14	525,942	8	467,425
Clean Alternative Fuels	11	913,290	6	371,450
Financial Institutions	--	--	1	250
Research Grants to Higher Ed	1	250	2	4,450
Research & Experimentation	192	21,966,634	236	21,305,092
Research & Development	<u>152</u>	<u>5,437,646</u>	<u>177</u>	<u>9,182,729</u>
TOTAL	3,939	\$58,339,796	5,340	\$68,662,216

CORPORATION TAX CREDITS
(Continued)

Type of Credit	1997		1998	
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Electronic Data Processing	4,844	\$38,083,580	5,842	\$26,132,451
Fixed Capital	-	-	4,340	\$20,416,193
Human Capital	-	-	336	\$1,501,947
Machinery and Equipment	1,737	\$12,025,481	1,662	\$9,676,278
Neighborhood Assistance	226	2,035,945	263	2,265,651
Manufacturing Facilities	96	969,638	110	954,663
Industrial Waste	10	379,098	3	3,390
Apprenticeship	52	344,055	65	960,165
Enterprise Zones	35	398,206	39	293,618
Air Pollution Abatement	9	164,124	18	29,416
Work Education(1)	20	461,762	-	-
Employee Training(1)	170	1,859,704	-	-
Child Day Care	20	504,864	17	66,155
Housing Program Contribution	26	999,297	25	992,250
Employer Assisted Housing	11	533,958	4	167,060
Clean Alternative Fuels	19	862,174	9	173,585
Financial Institutions	0	0	0	0
Opportunity Certificate	8	29,621	11	104,906
Traffic Reduction	3	10,709	4	6,366
Research Grants to Higher Ed	15	45,843	10	87,076
Research & Experimentation	229	22,745,583	215	19,863,128
Research & Development	<u>180</u>	<u>55,439,160</u>	<u>217</u>	<u>30,062,084</u>
TOTAL	7,710	\$137,892,802	13,190	\$113,756,382

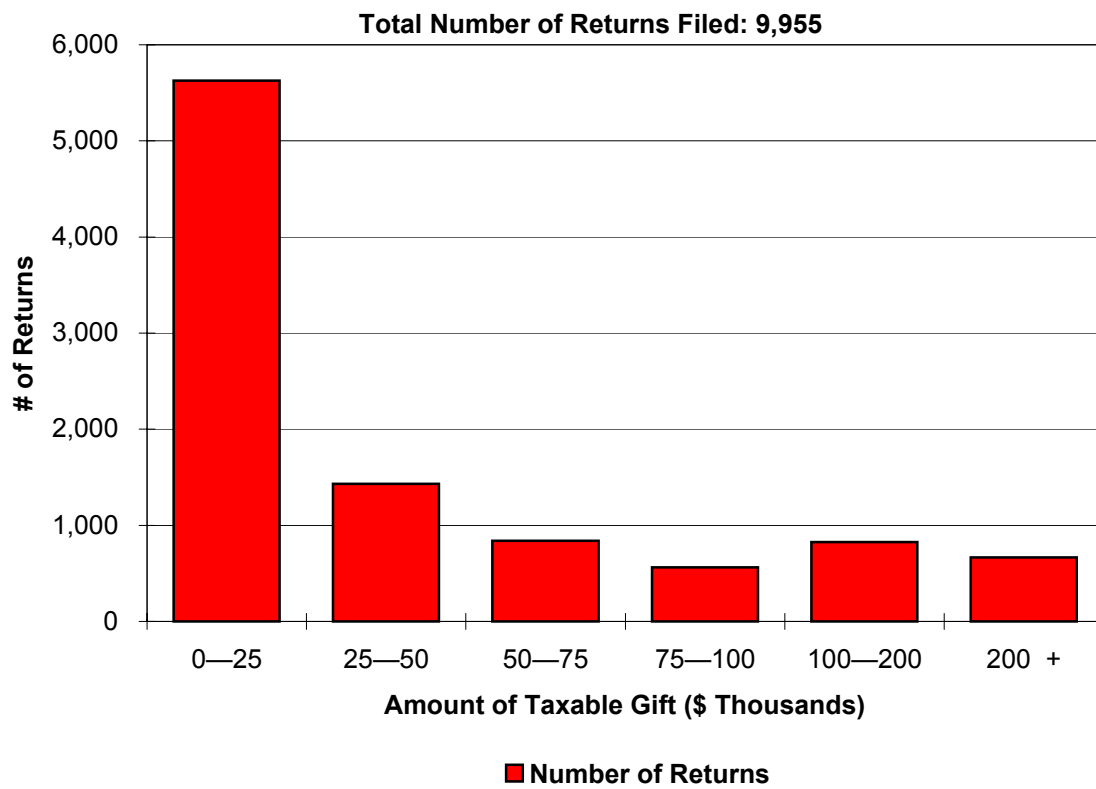
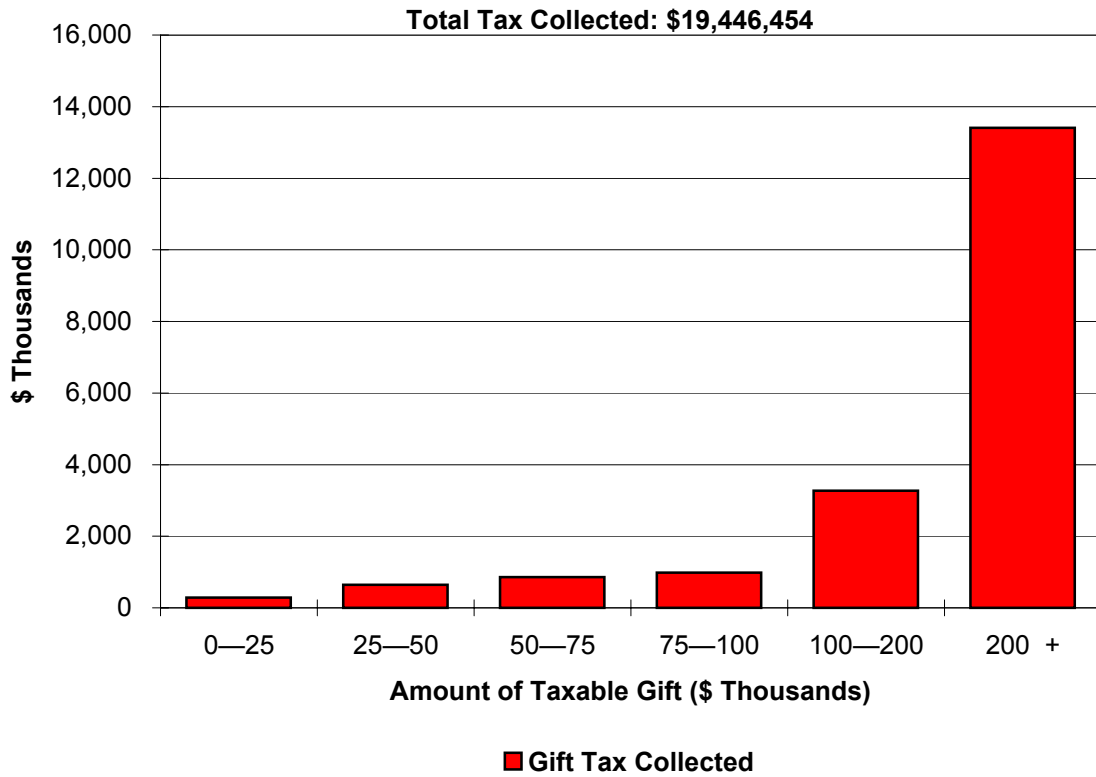
(1) Combined with Human Capital Credit.

**CORPORATION TAX CREDITS
(Continued)**

Type of Credit	1999	
	Number of Returns	Amount Claimed
Electronic Data Processing	6,329	\$29,296,541
Fixed Capital	6,055	37,374,387
Human Capital	388	2,868,128
Machinery and Equipment	1,431	7,262,009
Neighborhood Assistance	258	2,447,486
Mfg Facilites/Enterprise Zones	158	1,119,742
Apprenticeship	78	557,725
Enterprise Zones (2)	-	-
Air Pollution Abatement	11	23,649
Child Day Care	17	245,018
Housing Program Contribution	62	2,093,902
Employer Assisted Housing	15	454,850
Clean Alternative Fuels	12	267,772
Financial Institutions	-	-
Open Space Land Donation	3	86,033
Insurance Reinvestment	1	8,281
Opportunity Certificate	21	72,694
Traffic Reduction	1	12,862
Small Business Guaranty Fee	1	7,684
Research Grants to Higher Ed	1	319,005
Research & Experimentation	192	13,577,729
Research & Development	<u>279</u>	<u>15,197,525</u>
TOTAL	15,313	\$113,293,022

(2) Combined with Manufacturing Facilities

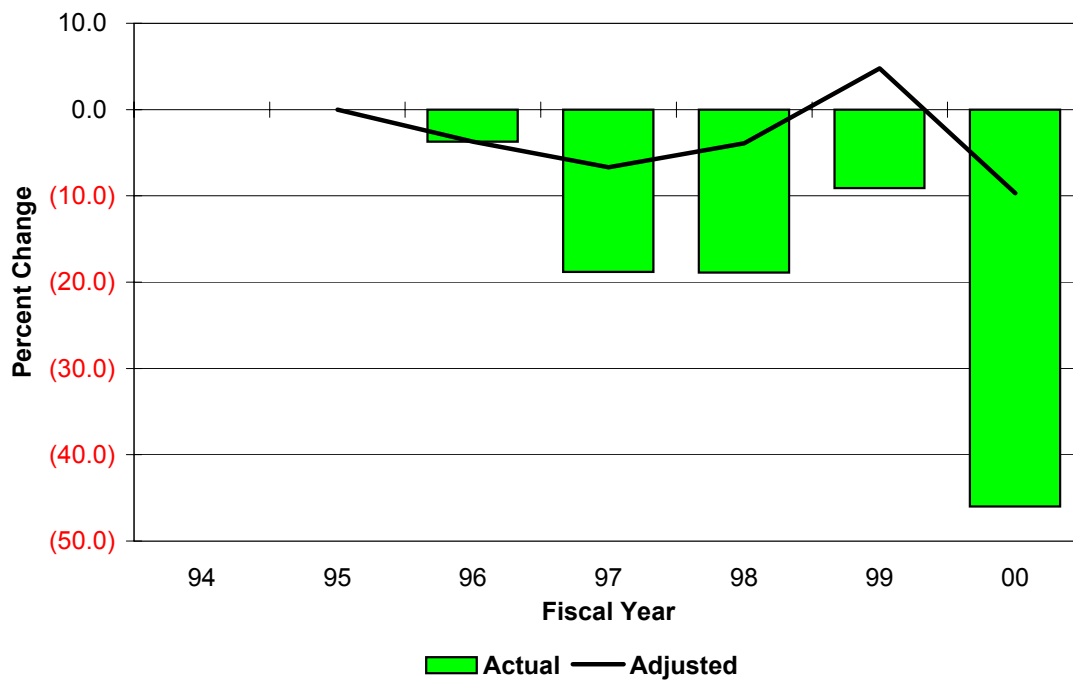
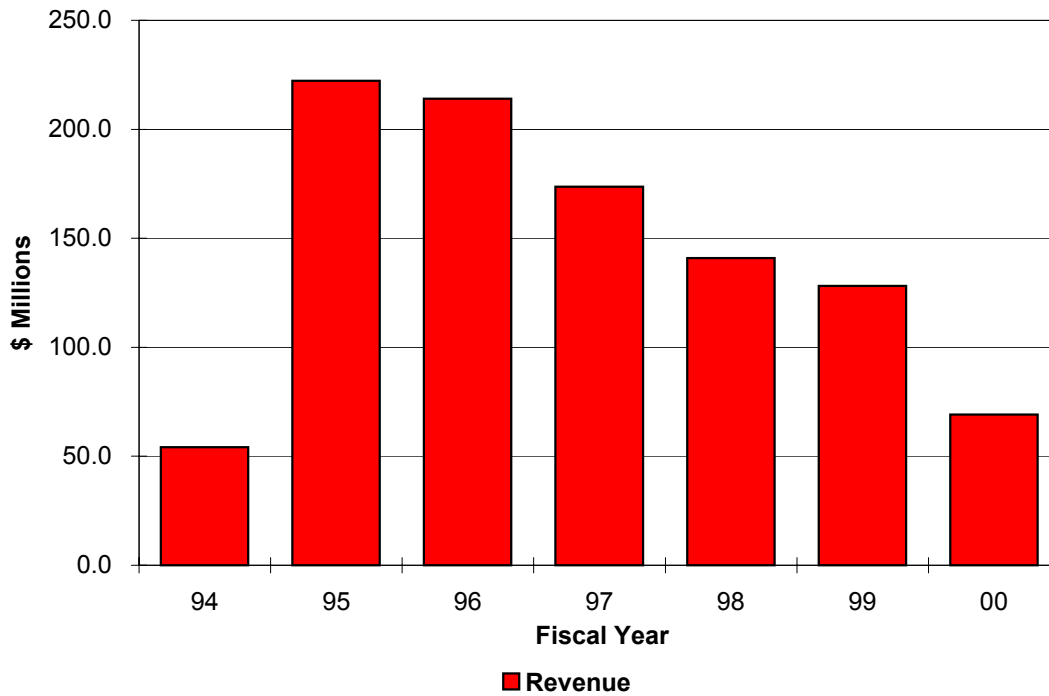
Gift Tax 2000 Income Year



GIFT TAX

Fiscal Year	Revenue (\$ Millions)	% Change	Base Changes
1992	1.3		PA 91-3 (JSS) imposes a variable tax on gifts taxable under federal law (gifts worth over \$10,000)
1993	18.0	-	PA 92-5 (MSS) imposes a 10% penalty if the tax is not paid by the April 15 deadline.
1994	15.5	-13.5%	PA 93-261 Makes the amount of Gift Tax paid a credit against the Succession (Inheritance) Tax but includes the amount of such gifts in the gross taxable estate for Succession Tax purpose.
1995	12.4	-20.2%	PA 94-5 Changes the due date of the tax for the year in which the donor dies to 9 months after death, effective with the 1994 income year. PA 94-4 (May S. S.) Requires that farm land given as a gift to the donor's lineal descendants or spouse be valued in accordance with its farm use and not at fair market value.
1996	17.4	40.7%	PA 95-27 Allows gift tax returns to be filed the day after Patriot's Day (celebrated in Massachusetts where the federal gift tax return is filed). It also limits the time period for recouping the tax differential to 10 years following the transfer of land should the land's use be changed from farm land or transferred to someone who is not a lineal descendant. The owner is liable for the difference between the tax paid and what the tax would have been paid under the fair market value.
1997	18.0	3.2%	
1998	20.3	12.7%	
1999	31.2	53.7%	
2000	32.8	5.1%	PA 00-170 Phases out the tax on gifts under \$1 million over a six-year period beginning with gifts given after 1/1/01.
2001	28.2	-13.9%	

Hospital Gross Receipts Tax (Repealed*) Collections and Growth Rates FY 94 - FY 00



Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.
*Repealed effective April 1, 2000.

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Hospital Gross Receipts					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY94	54.2	54.2	0.0		
FY95	222.3	168.1	0.0	0.0	0.0
FY96	214.0	0.0	0.0	(3.7)	(3.7)
FY97	173.7	(26.0)	0.0	(18.8)	(6.7)
FY98	140.9	(26.0)	0.0	(18.9)	(3.9)
FY99	128.1	(19.5)	0.0	(9.1)	4.8
FY00	69.2	(46.5)	0.0	(46.0)	(9.7)
FY01	0.0	(85.8)	0.0	0.0	24.0

HOSPITAL GROSS RECEIPTS TAX

Fiscal Year	Revenue (Millions \$)	Base Changes
1994	54.2	<p>PA 94-9 terminates the Uncompensated Care (UCC) pool but maintains the state's 6% sales tax on hospital patient care services and imposes a new 11% tax on each hospital's gross earnings. The act also creates a new payment program for hospitals to cover the cost of bad debts, shortfalls in reimbursement for Medicaid patients, and care for poor patients. The tax on gross receipts takes effect 4/1/94.</p> <p>PA 94-175 clarifies that tangible property transferred incidental to a hospital's "patient care services" is also subject to the state sales tax under PA 94-9. The act also prohibits a court, in an appeal concerning the revenue services commissioner's decision about the 11% hospital gross earnings tax imposed by PA 94-9, from waving the statutory interest of 1-2/3% a month for an unpaid tax.</p>
1995	222.3	<p>PA 95-160 retains the 6% sales tax on hospital patient care services and the 11% gross earnings tax. Under this act, the state is authorized, instead of required, to make payments to hospitals for uncompensated care and can receive federal matching funds for such payments. The act requires each hospital to include all applicable taxes in the price of each item in its pricemaster. It also requires final settlement of all prior Uncompensated Care Pool obligations and liabilities by 6/15/95.</p> <p>PA 95-359 reduces the interest rate on unpaid tax from 1 2/3% to 1 % per month.</p>
1996	214.0	
1997	173.7	<p>PA 96-144 reduces the tax rate from 11% to</p> <p style="padding-left: 40px;">9.25% on 10/1/96</p> <p style="padding-left: 40px;">8.25% on 10/1/97</p> <p style="padding-left: 40px;">7.25% on 10/1/98</p> <p style="padding-left: 40px;">6.25% on 10/1/99</p> <p>PA 96-238 eliminates the net revenue compliance beginning with 10/1/96 and modifies the method for compliance for the previous hospital fiscal year (10/1/95). It also prohibits hospitals from back billing for services provided between November 1, 1994 and through June 1, 1995.</p>

HOSPITAL GROSS RECEIPTS TAX

Fiscal Year	Revenue (Millions \$)	Base Changes
1998	140.9	PA 97-2 exempts the CT Children's Hospital from the hospital gross receipts tax and from sales tax imposed on hospital patient care services. The Act also eliminates the hospital net revenue compliance payments calculated for hospital fiscal year 1995 and due on or after January 31, 1997 provided that hospitals submit a satisfactory release of all present and future legal claims contesting compliance payments. It also repeals the assessment, collection, or deduction of compliance payments for hospital fiscal years 1996 and afterwards.
1999	128.1	
2000	69.2	PA 99-173 exempts the John Dempsey Hospital at the University of Connecticut from the tax. It also lowered the tax rate from 6.25% effective 10/1/99 to 4.5% effective 10/1/99 and thereafter.
2001	0.0	PA 00-170 eliminates the tax effective April 1, 2000.
	Budget Act	

HOSPITAL GROSS EARNINGS TAX

In 1991, Congress passed a law, effective in January, 1992, barring states not already operating state run pools as a means of equalizing the burden of providing hospital care for the poor from doing so in an effort to control federal Medicaid costs. That is, those states with such a pool in place before the effective date of the act were "grand fathered" into the existing Medicaid program. Those states without such a pool system were prohibited from establishing one on or after the effective date of the federal law.

In response to this federal action, the Connecticut General Assembly in December, 1991 enacted a pool system so that our state would be "grand-fathered" into the Medicaid reimbursement program and thus be eligible to collect additional federal dollars.

The 1991 legislation created an "off-budget" pool which collected money through a flat assessment on hospitals. These funds were immediately sent back to Connecticut hospitals, based on a federally-mandated distribution formula which sought to recognize those health institutions which provided greater levels of uncompensated care. At the time, uncompensated care was defined as free care, bad debt and underpayment by government programs such as Medicaid, Medicare and Champus.

This program operated in that form, by and large, until a federal court decision in 1993 struck down the pool system as violating the federal law with regard to the Employment Retirement Income Security Act (ERISA). In response to the court's order, the Legislature, in March, 1994, terminated the Uncompensated Care Pool, moved the expenditures "on-budget" into the General Fund and eliminated the assessment in favor of a gross earnings tax of 11% and a 6% sales tax (PA 94-9).

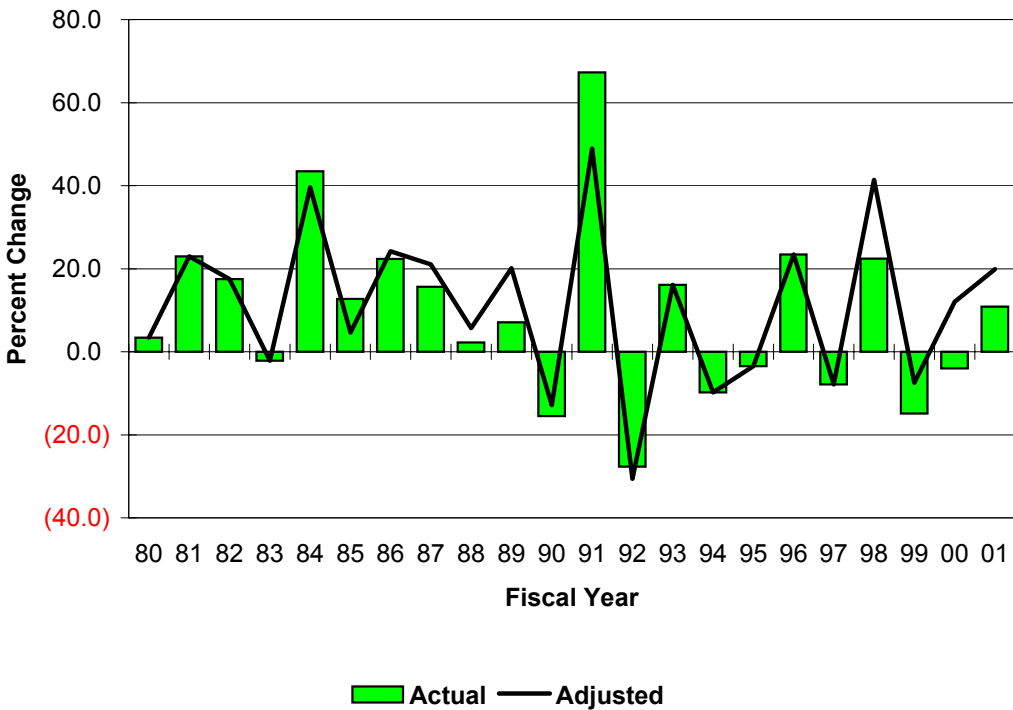
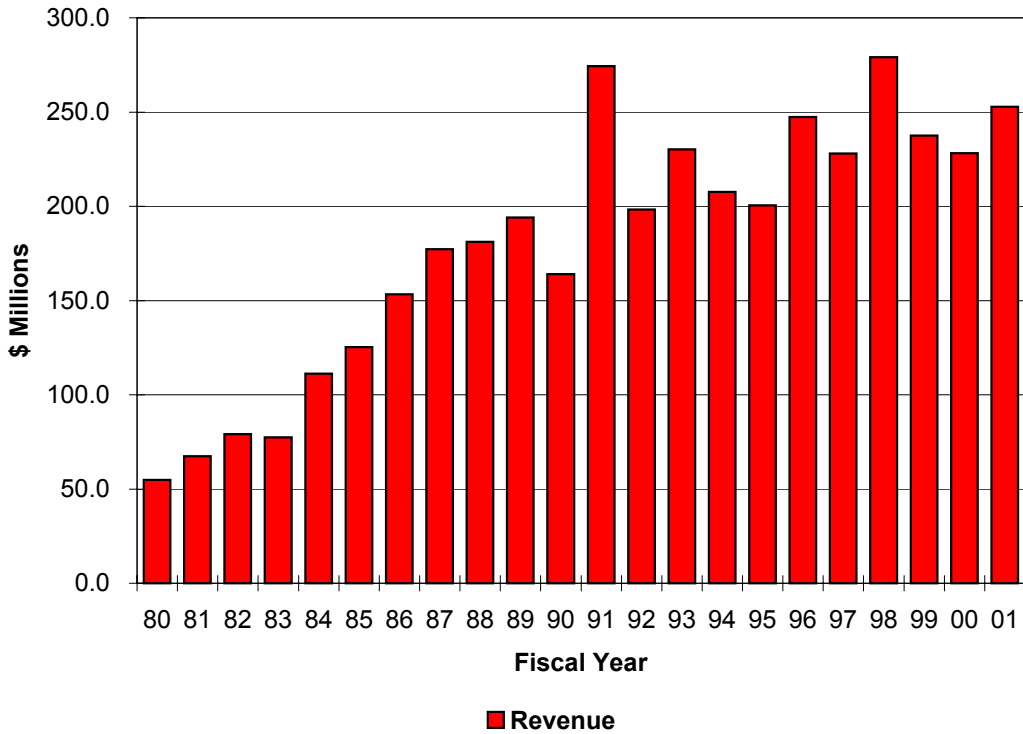
However, this legislation was struck down in November, 1994 by another federal district court judge. Nonetheless, the program continued until April, 1995, when the United States Supreme Court ruled that ERISA did not bar the operation of such state run programs. (*Travelers v. Cuomo*).

In the wake of the Supreme Court's ruling, the Legislature enacted Public Act 95-160, which sought to reaffirm the operation of the Uncompensated Care Program. Also, the 1995 legislation retained the program as an "on-budget" item and left the prior revenue system in place.

Subsequently, during the 1996 Regular Session, the gross earnings tax rate was lowered from 11% to 9.25% effective on 10/1/96, to 8.25 on 10/1/97, to 7.25% on 10/1/98 and 4.5% on and after 10/1/99 (PA 96-144 and PA 99-173).

PA 00-170 eliminated the tax effective April 1, 2000.

Inheritance and Estate Taxes Collections and Growth Rates FY 80 - FY 01



**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

	Inheritance				
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	49.7	0.0	0.0		
FY73	64.2	0.0	14.5	29.2	0.0
FY74	53.9	0.0	0.0	(16.0)	8.5
FY75	46.0	0.0	0.0	(14.7)	(14.7)
FY76	45.2	0.0	0.0	(1.7)	(1.7)
FY77	48.7	0.0	0.0	7.7	7.7
FY78	48.9	0.0	0.0	0.4	0.4
FY79	53.0	0.0	0.0	8.4	8.4
FY80	54.8	0.0	0.0	3.4	3.4
FY81	67.4	0.0	0.0	23.0	23.0
FY82	79.2	0.0	0.0	17.5	17.5
FY83	77.5	0.0	0.0	(2.1)	(2.1)
FY84	111.2	3.0	0.0	43.5	39.6
FY85	125.3	9.0	0.0	12.7	4.6
FY86	153.3	(2.3)	0.0	22.3	24.2
FY87	177.3	(8.2)	0.0	15.7	21.0
FY88	181.2	(6.2)	0.0	2.2	5.7
FY89	194.0	(23.6)	0.0	7.1	20.1
FY90	164.0	(5.0)	0.0	(15.5)	(12.9)
FY91	274.3	30.0	0.0	67.3	49.0
FY92	198.3	8.0	0.0	(27.7)	(30.6)
FY93	230.2	0.0	0.0	16.1	16.1
FY94	207.7	0.0	0.0	(9.8)	(9.8)
FY95	200.5	0.0	0.0	(3.5)	(3.5)
FY96	247.4	0.0	0.0	23.4	23.4
FY97	228.0	0.0	0.0	(7.8)	(7.8)
FY98	279.2	(43.1)	0.0	22.5	41.4
FY99	237.6	(20.7)	0.0	(14.9)	(7.5)
FY00	228.1	(38.0)	0.0	(4.0)	12.0
FY01	252.8	(20.7)	0.0	10.8	19.9

INHERITANCE TAX

Fiscal Year	Revenues (\$000)	Rate and Base Changes
1972	49.7	Inheritance - The time limit for filing succession tax returns goes to 9 months from 1 year after death. Estate - To 9 months from 18 months.
1973	64.2	
1974	53.9	
1975	46.0	
1976	45.2	
1977	48.7	
1978	48.9	
1979	53.0	Exemption levels double; Farm land valued at current use and not fair market; value of annuity exempt for servicemen
1980	54.8	
1981	67.4	
1982	79.3	An Estate Tax is established: 1) A tax of 10% is levied on net income of Estates (an exemption of \$20,000 plus all federal exemptions are allowed) 2) If estimated tax liability is in excess of \$200 an estimated payment of 50% is due in the sixth month of the Estate's income year. Final payment is due in the fourth month following end of income year (1/1/82).
1983	77.5	
1984	111.2	A surtax of 10% is added to the tax on estates established on or after 7/1/83. Transfers of farmland are exempt.
1985	125.3	(1) The transfer of land certified to be held as open space in perpetuity is exempt from Succession Tax. (2) Estate income tax: (a) Eliminates requirement that a fiduciary file an estimated tax return (b) The definition of fiduciary is expanded to include fiduciaries of non-resident estates
1986	153.3	(1) The exemption for surviving husband or wife (Class AA) is increased to \$300,000 from \$100,000 and the exemption for parents, grandparents and descendants (Class A) is increased to \$50,000 from \$20,000 (7/1/85). (2) The money which a surviving spouse initially receives from an estate when there is no will is raised to \$100,000 from \$50,000 (7/1/85). (3) Estates in which more than 35% of the value of the gross estate is comprised of interest for a closely held business may take up to ten years to pay the Succession Tax (7/1/85)

INHERITANCE TAX

Fiscal Revenues
Year (\$000)

Rate and Base Changes

1987	177.3	(1) The Inheritance Tax on Class AA (Surviving Spouse) is phased out over 3 years (7/1/86). (2) No tax is due if liability is less than \$10 (7/1/86).
1988	181.2	(1) PA 87-459 - Payments from pension plans of self-employed individuals are excluded from gross taxable estate (7/1/87). (2) PA 87-491 - Up to \$200,000 in artworks from a deceased Connecticut artist may be accepted annually as a tax credit (1/1/87).
1989	193.9	
1990	164.0	
1991	274.3	PA 92-148 - Tax payment is due with 6 months of date of death rather than 9 months (7/1/90).
1992	198.3	
1993	230.2	
1994	207.7	PA 93-261 - Gift Tax paid to the state is credited against the amount of Inheritance Tax due, applicable to gifts made on or after 7/1/93. The act also exempts gifts that are not taxable under the gift tax from the inheritance tax.
1995	200.5	PA 95-256 phases out the inheritance tax by increasing the exemption amount for each class of inheritors over a five year period. The phase out of Class A begins in 1997; Class B in 1999 and Class C in 2001. Each Class phase out is as follows:

Class A	Date
Property under \$50,000	Through 12/31/96
Property under \$250,000	1/1/97
Property under \$500,000	1/1/98
Property under \$800,000	1/1/99
Property under \$2,000,000	1/1/00
Eliminated	1/1/01
Class B	Date
Property under \$6,000	Through 12/31/98
Property under \$200,000	1/1/99
Property under \$400,000	1/1/00
Property under \$600,000	1/1/01
Property under \$1,500,000	1/1/02
Eliminated	1/1/03

INHERITANCE TAX

Fiscal Revenues
Year (\$000)

Rate and Base Changes

Class C	Date
Property under \$1,000	Through 12/31/00
Property under \$200,000	1/1/01
Property under \$400,000	1/1/02
Property under \$600,000	1/1/03
Property under \$1,500,000	1/1/04
Eliminated	1/1/05

PA 95-298 allows any person or entity to transfer any property of a decedent to his surviving spouse without getting the consent of the commissioner of DRS.

1996 247.4
 1997 228.0

1998 279.2 PA 97-165 expands the Estate Tax to include non-resident estates and establishes a State generation-skipping transfer tax. The tax is the same as the credit allowed against federal generation-skipping transfer tax.

1999 237.6 PA 98-244 classifies farmland transferred by a decedent to a partnership, corporation or trust held by family members who are Class AA, A or B, inheritors, to be valued as farmland for Succession Tax purposes.

2000 228.1 PA 99-173 and PA 99-235 repeals the requirement that land donated to be classified as open space for Inheritance and Succession Tax purposes as an incentive to for donating or discount sale of land to be preserved as open space.

2001 252.8

2002 210.0 PA 01-1 of the November 15, 2001 Special Session HB 7601
 Budget Act delays the phase-out schedule of the tax by postponing the increases in exemption amounts for Class B and Class C by one year. (The table below reflects the new schedule. The change is indicated by the asterisk*).

Class A (No Change)	Date
Property under \$50,000	Through 12/31/96
Property under \$250,000	1/1/97
Property under \$500,000	1/1/98
Property under \$800,000	1/1/99
Property under \$2,000,000	1/1/00
Eliminated	1/1/01

INHERITANCE TAX

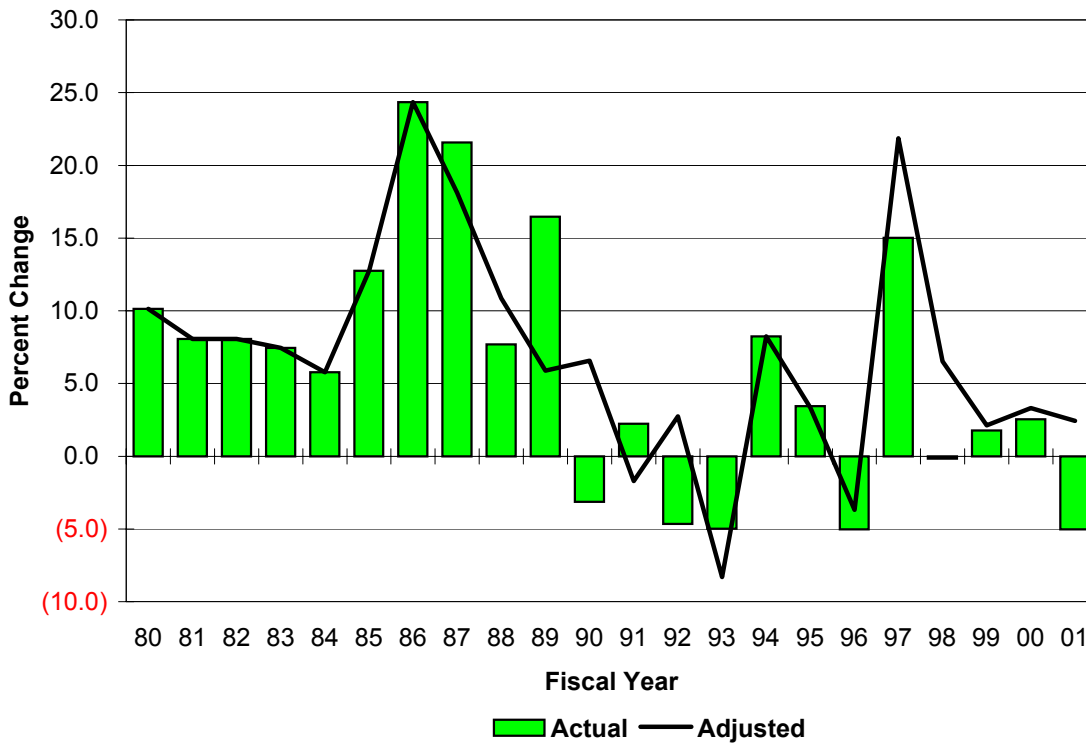
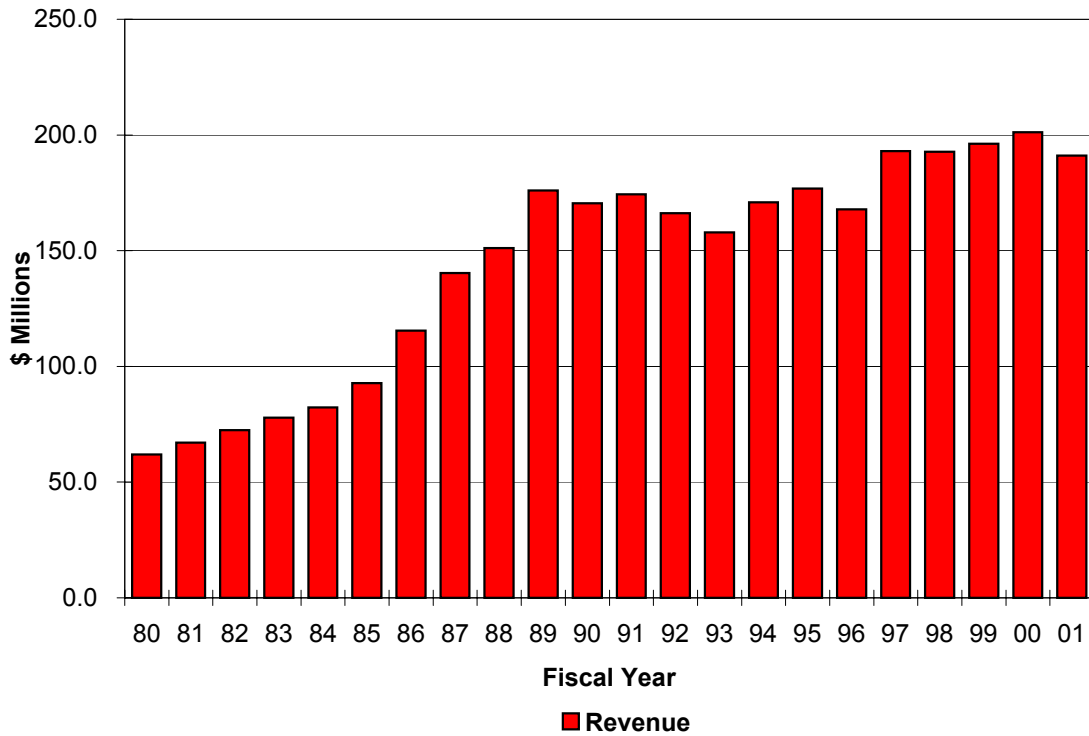
Fiscal Revenues
Year (\$000)

Rate and Base Changes

Class B	Date
Property under \$6,000	Through 12/31/98
Property under \$200,000	1/1/99
Property under \$400,000	1/1/00
Property under \$600,000	1/1/01
Property under \$1,500,000	1/1/03*
Eliminated	1/1/04*

Class C	Date
Property under \$1,000	Through 12/31/00
Property under \$200,000	1/1/01
Property under \$400,000	1/1/03*
Property under \$600,000	1/1/04*
Property under \$1,500,000	1/1/05*
Eliminated	1/1/06*

Insurance Companies Collections and Growth Rates FY 80 - FY 01



**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

	Insurance				
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	51.8	19.6	0.0		
FY73	56.7	(10.8)	0.0	9.5	30.3
FY74	44.1	(8.7)	0.0	(22.2)	(6.9)
FY75	34.0	0.0	0.0	(22.9)	(22.9)
FY76	44.2	0.0	6.0	30.0	12.4
FY77	49.0	0.0	6.0	10.9	12.6
FY78	51.7	0.0	4.0	5.5	10.9
FY79	56.3	0.0	0.0	8.9	18.0
FY80	62.0	0.0	0.0	10.1	10.1
FY81	67.0	0.0	0.0	8.1	8.1
FY82	72.4	0.0	0.0	8.1	8.1
FY83	77.8	0.0	0.0	7.5	7.5
FY84	82.3	0.0	0.0	5.8	5.8
FY85	92.8	0.0	0.0	12.8	12.8
FY86	115.4	0.0	0.0	24.4	24.4
FY87	140.3	0.0	4.0	21.6	18.1
FY88	151.1	0.0	0.0	7.7	10.9
FY89	176.0	0.0	16.0	16.5	5.9
FY90	170.5	0.0	0.0	(3.1)	6.6
FY91	174.3	0.0	6.7	2.2	(1.7)
FY92	166.2	0.0	(6.0)	(4.6)	2.7
FY93	157.9	0.0	0.0	(5.0)	(8.3)
FY94	170.9	0.0	0.0	8.2	8.2
FY95	176.8	5.2	(5.0)	3.5	3.3
FY96	167.9	(7.2)	0.0	(5.0)	(3.7)
FY97	193.1	(11.5)	0.0	15.0	21.9
FY98	192.8	(12.9)	0.0	(0.2)	6.5
FY99	196.2	(0.7)	0.0	1.8	2.1
FY00	201.2	(1.5)	0.0	2.5	3.3
FY01	191.1	(15.0)	0.0	(5.0)	2.4

INSURANCE TAX
(Millions \$)

Fiscal Year	Total Insurance Revenues	Premiums Tax		Unauthorized Insurers	Hospitals & Medical Services	Health Care Centers (HMOs)[7]
		Domestic Companies	Foreign Companies			
1976 [1]	44.2	11.9	26.0		6	
1977 [1,2]	49.0	13.7	27.9		7	
1978 [1]	51.7	15.8	27.6	NC [3]	8	
1979	56.3	17.4	30.3	NC [3]	9	
1980	62.0	19.1	33.6	0.09	9	
1981	67.0	19.3	36.9	0.3	11	
1982	72.4	19.6	40.2	0.3	12	
1983	77.8	20.2	44.5	0.3	13	
1984	82.3	19.7	48.5	0.3	14	
1985 [4]	92.8	29.1	57.8	0.3	6	
1986	115.4	43.3	71.3	0.8	0.02	
1987	140.3	47.2	91.1	2.0	0.01	
1988	151.1	48.5	100.2	2.3	0.03	
1989 [5]	176.0	59.7	114.3	2.0	[6]	
1990	170.5	58.2	110.0	2.3		
1991	174.3	60.5	111.7	2.1		
1992	166.2	47.4	116.9	1.9		
1993	157.9	35.6	119.7	2.6		
1994	170.9	43.3	125.4	2.2		
1995	176.8	39.5	125.7	2.4		9.2
1996	167.9	29.5	117.3	2.2		18.9
1997	193.1	30.4	126.5	1.8		34.4
1998 [8]	189.3	34.7	121.9	2.0		30.7
1999	196.2	33.0	131.0	1.6		30.6
2000 [9]	201.2	26.9	135.3	1.9		37.2
2001	191.1	26.3	134.1	1.8		28.9

[1] Accelerated payments of \$6.0 million in 1976 and 1977 and \$4.0 million in 1978.

[2] In FY 1977 the Comptroller included \$705,000 of self-insurance employee funds in insurance. During prior years and in subsequent years self-insurance employee funds were included in miscellaneous funds. It has been subtracted from total.

[3] No collections.

[4] Foreign insurance companies are prevented from deducting their assessments to Workers' Compensation funds from their tax liability.

[5] Includes accelerated payments of \$15.0 million.

[6] As of 1986, there are no more insurance companies operating under hospital and medical services status.

[7] PA94-4(MSS) imposes the insurance premiums tax on HMOs effective 1/1/95.

[8] PA 98-122 exempts individual health insurance plans issued to self employed people from the small employer health care plan law, including the state's premium tax, on small employer plans. PA 98-11 (JSS) exempts insurance health policies written for State Employee Health Plans from the premiums tax.

[9] PA 00-170 established a credit for HMOs providing medical coverage through HUSKY A or HUSKY B. The credit is equal to \$73.50 times the average monthly enrollment in the programs per calendar year effective 1/1/00. PA 01-6 JSS increased the credit from \$55 to \$73.50. PA 02-3 eliminated the credit and replaces the credit with supplemental payments.

[10] PA 01-30 exempt new or renewal insurance health coverage for municipal employees and non-profit organizations written after July 1, 2001.

INSURANCE PREMIUMS TAX RATES

Fiscal Year	Domestic		Foreign Premiums	Unauthorized Insurers	Hospital & Medical Services [1]	Health Care Centers (HMOs)[2]
	Life Premiums	Other Premiums				
1976	2.0%	2.0%	2.0%	3.5%	2.0%	
1977	2.0%	2.0%	2.0%	3.5%	2.0%	
1978	2.0%	2.0%	2.0%	3.5%	2.0%	
1979	2.0%	2.0%	2.0%	3.5%	2.0%	
1980	2.0%	2.0%	2.0%	4.0%	2.0%	
1981	2.0%	2.0%	2.0%	4.0%	2.0%	
1982	2.0%	2.0%	2.0%	4.0%	2.0%	
1983	2.0%	2.0%	2.0%	4.0%	2.0%	
1984	2.0%	2.0%	2.0%	4.0%	2.0%	
1985	2.0%	2.0%	2.0%	4.0%	2.0%	
1986	2.0%	2.0%	2.0%	4.0%	2.0%	
1987	2.0%	2.0%	2.0%	4.0%	2.0%	
1988	2.0%	2.0%	2.0%	4.0%	2.0%	
1989	2.0%	2.0%	2.0%	4.0%	2.0%	
1990	2.0%	2.0%	2.0%	4.0%	2.0%	
1991	2.0%	2.0%	2.0%	4.0%	2.0%	
1992	2.0%	2.0%	2.0%	4.0%	2.0%	
1993	2.0%	2.0%	2.0%	4.0%	2.0%	
1994	2.0%	2.0%	2.0%	4.0%	2.0%	
1995 [2]	2.0%/1.75%	2.0%/1.75%	2.0%/1.75%	2.0%/1.75%	2.0%/1.75%	1.75%
1996	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
1997	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
1998 [3,4]	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
1999	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
2000	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
2001	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%

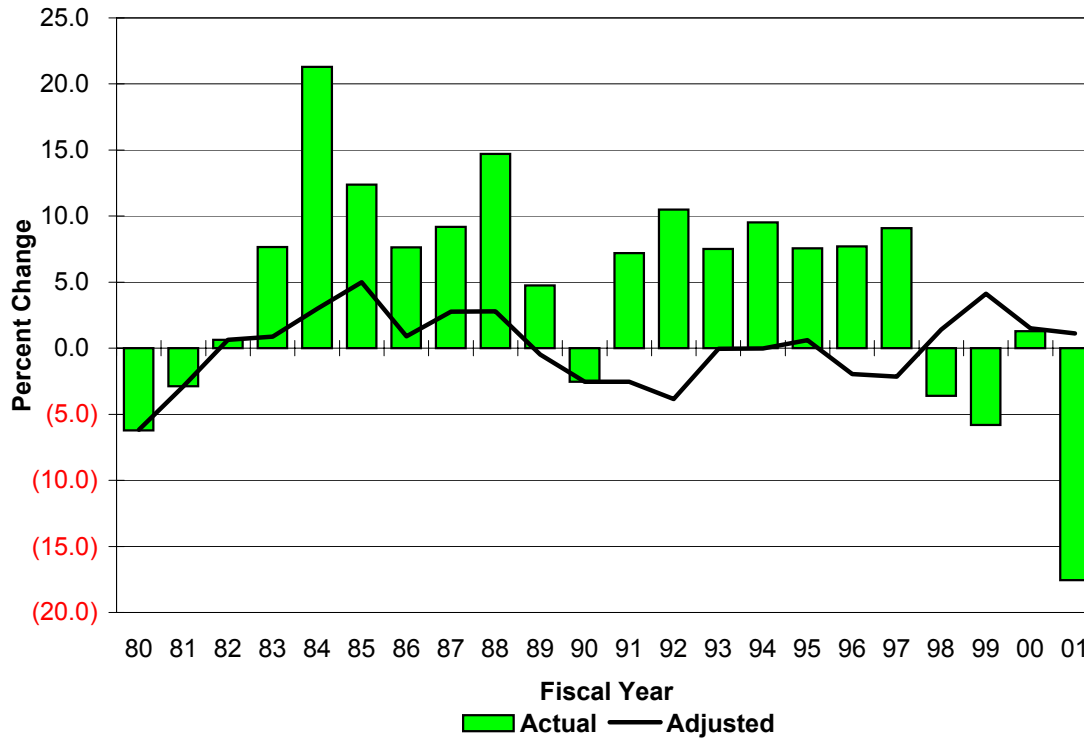
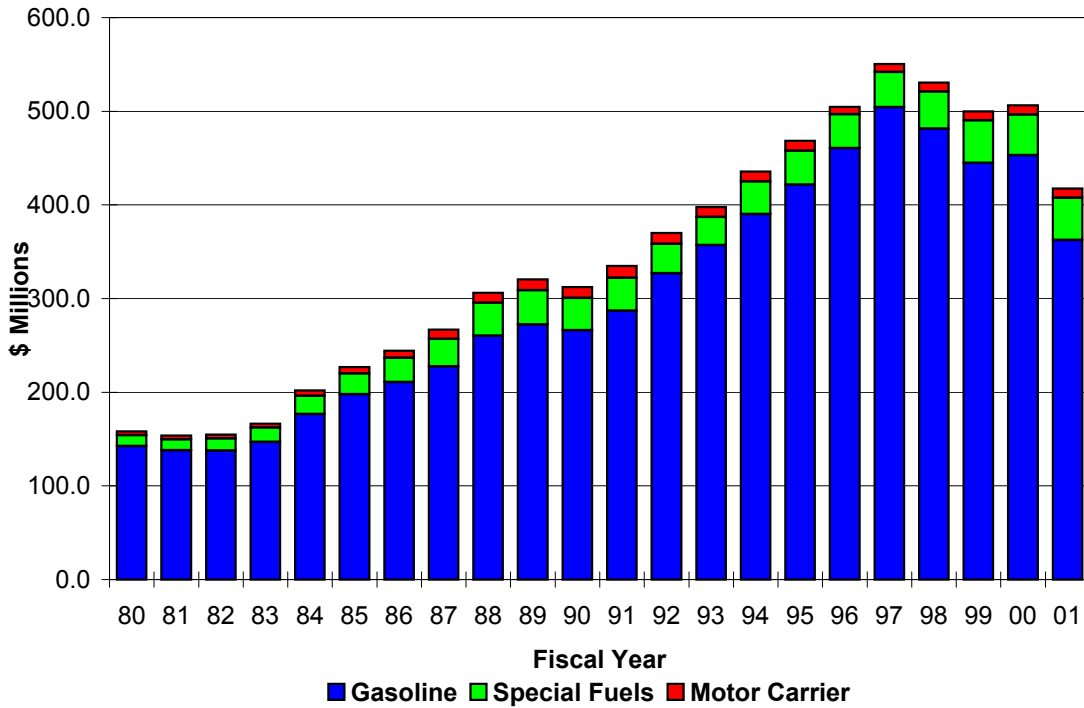
[1] As of 1986, there are no insurance companies operating under the hospital and medical service company status. Domestic insurance companies may credit corporation taxes against net premiums tax.

[2] Public Act 94-4, May Special Session, reduces the tax rate for premiums written within the state from 2.0% to 1.75% effective 1/1/95. Additionally, PA 94-4 MSS imposes the Insurance Premiums Tax at a rate of 1.75% on Health Maintenance Organizations (HMOs).

[3] Public Act 97-11, June 18, 1997 Special Session, exempts insurance health policies written for State Employee Health Plans and the federal government to cover Medicare recipients from the tax on subscriber charges.

[4] Public Act 98-110 eliminates the tax on Medicaid contracts, contracts entered to serve children enrolled in the HUSKY program, and future contracts to serve individuals on General Assistance effective 1/1/98.

Motor Fuels Excise Taxes Collections and Growth Rates FY 80 - FY 01



**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Motor Fuels					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	132.1	22.3	0.0		
FY73	143.7	4.5	0.0	8.8	5.4
FY74	141.2	(1.0)	0.0	(1.8)	(1.1)
FY75	143.1	0.0	0.0	1.3	1.3
FY76	157.6	0.0	14.0	10.2	0.4
FY77	162.8	14.6	0.0	3.3	3.2
FY78	164.5	0.0	0.0	1.0	1.0
FY79	168.8	0.0	0.0	2.6	2.6
FY80	158.3	(0.1)	0.0	(6.2)	(6.2)
FY81	153.7	0.0	0.0	(2.9)	(2.9)
FY82	154.7	0.0	0.0	0.6	0.6
FY83	166.5	10.0	0.5	7.7	0.9
FY84	202.0	31.0	0.0	21.3	3.0
FY85	227.0	14.9	0.0	12.4	5.0
FY86	244.3	15.3	0.0	7.6	0.9
FY87	266.8	15.7	0.0	9.2	2.8
FY88	306.0	31.8	0.0	14.7	2.8
FY89	320.5	16.0	0.0	4.7	(0.5)
FY90	312.4	0.0	0.0	(2.5)	(2.5)
FY91	334.9	30.4	0.0	7.2	(2.5)
FY92	370.0	48.0	0.0	10.5	(3.9)
FY93	397.8	28.0	0.0	7.5	(0.1)
FY94	435.7	38.0	0.0	9.5	(0.0)
FY95	468.6	30.2	0.0	7.6	0.6
FY96	504.7	45.3	0.0	7.7	(2.0)
FY97	550.6	56.8	0.0	9.1	(2.2)
FY98	530.7	(27.6)	0.0	(3.6)	1.4
FY99	499.9	(52.7)	0.0	(5.8)	4.1
FY00	506.4	(1.0)	0.0	1.3	1.5
FY01	417.5	(94.6)	0.0	(17.6)	1.1

MOTOR FUELS TAX

Fiscal Year	Revenue (Millions \$)	Gasoline Tax (cents per gallon)	Base Changes
1972	132.1	10 (eff. 9/1)	
1973	143.7	10	
1974	141.2	10	
1975	143.1	10	
1976	157.6	11 (eff. 6/1)	
1977	162.8	11	
1978	164.5	11	Refund of 50% of taxes paid by Connecticut taxi companies
1979	168.8	11	Gasoline tax refunds provided for vans, buses, taxicabs, livery services and buses
1980	158.3	11	Gasohol added to base (Rate: 10 cents/gallon)
1981	153.7	11	
1982	154.7	11	
1983	166.5	14 (eff. 4/1)	Tax rates increased: gasoline: from 11 to 14 cents gasohol: from 10 to 13 cents One cent per gallon is transferred to the Transportation Fund.
1984	202.0	14	
1985	227.0	15 (eff. 7/1)	1) All revenue from the motor fuels tax is transferred to the Transportation Fund from the General Fund. 2) Tax refund on fuel used in buses operated by Connecticut Motor Bus Companies is increased to 100% from 50%. 3) Fuel purchased exclusively for use in farming is exempt (a refund application was previously required).
1986	244.3	16	
1987	266.8	17	1) Motor carriers may register and pay a \$15 fee to DRS to purchase motor fuel at certain designated stations without paying motor fuel tax at the pump. The tax is due quarterly. 2) Motor carrier facilities may pay an annual \$50 fee to DRS and sell diesel fuel without immediate tax payment if the facility is located on I-84 or I-91 and is a full service facility. Effective: 10/1/87. Expires: 6/30/89.
1988	306.0	19	
1989	320.5	20	
1990	312.4	20	PA 89-251 - The sunset provision allowing certain facilities to sell diesel fuel without immediate tax payment is removed after 6/30/89.
1991	334.9	22 (eff. 7/1/90)	PA 90-140 - A refund is provided for fuel purchased in-state but consumed out-of-state (1/1/91).

MOTOR FUELS TAX

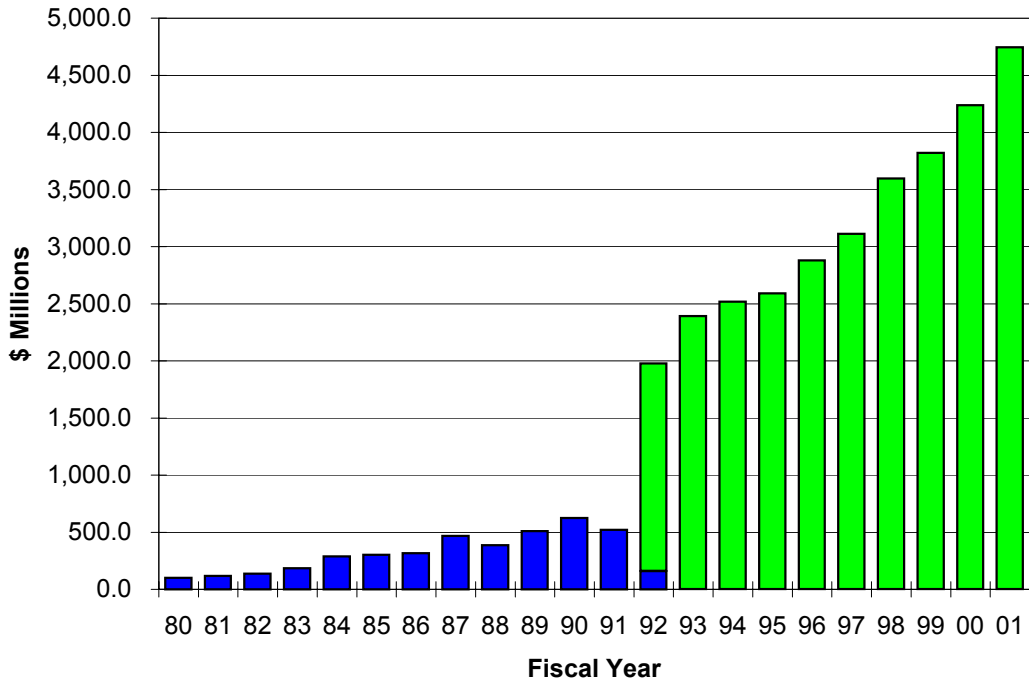
Fiscal Year	Revenue (Millions \$)	Gasoline Tax (cents per gallon)	Base Changes
1992	370.0	23 (eff. 7/1/91) 25 (eff. 9/1/91) 26 (eff. 1/1/92)	PA 91-3 (JSS) - Diesel fuel is taxed at 18 cents per gallon between 9/1/91 and 6/30/92.
1993	397.8	28 (eff. 1/1/93)	PA 92-177 (MSS) - The 6/30/92 sunset on the 18 cent per gallon rate for diesel fuel is removed.
1994	435.7	29 (eff. 7/1/93) 30 (eff. 1/1/94)	PA 93-93 - Places propane gas in the same category as diesel fuel, therefore reducing the tax to 18 cents per gallon, effective 10/1/93. PA 93-74 - Increases the motor fuels tax by 5 cents per gallon, in 1 cent increments from October 1, 1995 through January 1, 1997. (See table Summary of Enacted Tax and Fee Increases found under the Transportation Fund section of this book).
1995	468.6	31 (eff. 7/1/93) 33 (eff. 1/1/95)	PA 94-170 - Sales from compressed natural gas, liquefied petroleum gas or liquefied natural gas are exempted from the Motor Fuels Excise Tax from 7/1/94 to 6/30/99 when they are sold to fleets converted under the Federal Clean Air Act's clean fuel vehicle requirement. PA 94-4 (MSS) - Railroads are permitted to take their exemption from the Motor Fuels Tax at the pump rather than apply for a refund.
1996	504.7	34 (eff. 10/1/95) 35 (eff. 1/1/96) 36 (eff. 4/1/96)	PA 95-159 reduced the motor fuel tax rate on natural gas sold as motor vehicle fuel from 32 cents per gasoline gallon equivalent (gge) to 18 cents per gge. Effective retroactive from to 9/91.
1997	550.6	37 (eff. 7/1/96) 38 (eff. 10/1/96) 39 (eff. 1/1/97)	PA 96-183 broadens the exemption for alternative fuels by eliminating the restriction that the fuels were exempt only when sold to fleets converted under the Federal Clean Air Act's clean fuel vehicle requirement effective 7/1/96. The exemption sunsets on 7/1/99. (see PA 96-222) PA 96-222 extends the exemption from the motor fuels tax for alternative fuels for two years, until 7/1/2001, and eliminates the limitation on the exemption thus making sales of such fuel for any motor vehicle tax exempt.
1998	530.7	36 (eff. 7/1/97) 33 (eff. 7/1/98)	PA 97-309 reduces the Gasoline Tax from \$0.39 per gallon to \$0.36 effective 7/1/97 and from \$0.36 to \$0.33 effective 7/1/98.

MOTOR FUELS TAX

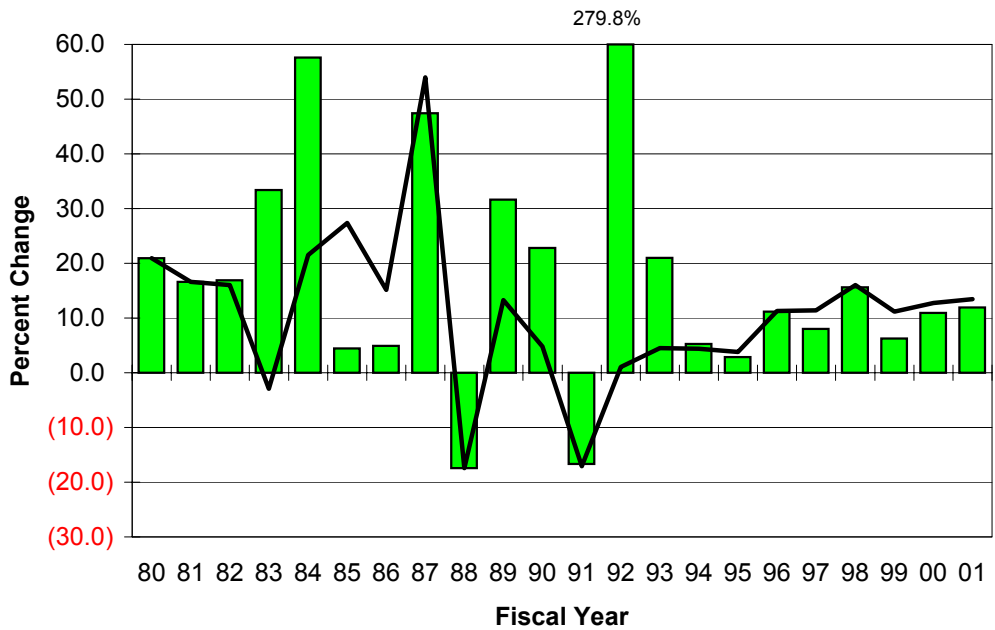
Fiscal Year	Revenue (Millions \$)	Gasoline Tax (cents per gallon)	Base Changes
			PA 97-232 exempts fuel used in vehicles to exclusively deliver meals to senior citizens associated with federally funded programs.
			PA 97-281 exempts diesel fuel that is intended for use in portable power generator systems larger than 150 kilowatts from the 18 cents per gallon fuel tax.
1999	499.9	32 (eff. 7/1/98)	PA 98-128 reduce the Gasoline Tax from \$0.33 per gallon to \$0.32 effective 7/1/98. This is in addition to the 3 cent reduction effective 7/1/98 per PA 97-309.
			PA 98-190 exempts fuel used in school busses used to transport school children to and from school from the tax.
2000	506.4	32	PA 99-232 provided the refund of fuel taxes paid by meal on wheels delivery services.
			PA 99-173 extends the sunset from 7/1/2000 to 7/1/2002 on the exemption of alternative fuels from the motor fuels tax.
2001	417.5	25 (eff. 7/1/00)	PA 00-170 reduced the Gasoline Tax from \$0.32 per gallon to \$0.25 per gallon effective 7/1/00.
2002	413.9 Budget Act	25	

Note: Motor fuels taxes are not adjusted for refunds. For your reference, a table listing Motor Fuels Tax increases is presented under the Transportation Fund section of this book.

Personal Income Taxes Collections and Growth Rates FY 80 - FY 01



■ Capital Gains, Interest & Dividends Tax ■ Personal Income Tax



■ Actual — Adjusted

**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Personal Income Tax & Capital Gains, Int. & Dividends*					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	60.9	54.0	0.0		
FY73	50.8	0.0	0.0	(16.6)	(16.6)
FY74	18.7	(29.4)	0.0	(63.2)	(5.3)
FY75	13.6	(1.0)	0.0	(27.3)	(21.9)
FY76	50.4	32.3	0.0	270.6	33.1
FY77	59.3	0.0	0.0	17.7	17.7
FY78	75.6	0.0	0.0	27.5	27.5
FY79	83.5	0.0	0.0	10.4	10.4
FY80	101.0	0.0	0.0	21.0	21.0
FY81	117.8	0.0	0.0	16.6	16.6
FY82	137.7	1.0	0.0	16.9	16.0
FY83	183.7	0.0	50.0	33.4	(2.9)
FY84	289.5	82.0	45.0	57.6	21.5
FY85	302.4	(9.0)	0.0	4.5	27.4
FY86	317.3	(30.9)	0.0	4.9	15.1
FY87	467.8	(20.8)	0.0	47.4	54.0
FY88	386.3	0.0	0.0	(17.4)	(17.4)
FY89	508.6	46.0	25.0	31.7	13.3
FY90	624.7	112.8	5.0	22.8	4.8
FY91	520.5	6.5	0.0	(16.7)	(17.1)
FY92	1,976.6	1,450.6	0.0	279.8	1.1
FY93	2,392.0	324.0	2.1	21.0	4.5
FY94	2,517.7	4.6	18.5	5.3	4.4
FY95	2,589.9	(3.0)	(0.8)	2.9	3.8
FY96	2,879.4	(11.5)	7.2	11.2	11.3
FY97	3,110.9	(88.5)	(1.1)	8.0	11.4
FY98	3,596.2	(18.7)	4.4	15.6	16.0
FY99	3,820.8	(182.1)	9.3	6.2	11.2
FY00	4,238.2	(73.6)	14.0	10.9	12.8
FY01	4,744.2	(54.9)	7.9	11.9	13.4

*Capital Gains, Interes and Dividends Tax was repealed as of 1/1/92 and replaced by the Personal Income Tax, effective 10/1/91.

PERSONAL INCOME TAXES

Capital Gains, Interest & Dividends Tax

Fiscal Year	Revenues (Millions \$)	Rate		Base Changes
		Div/Int.	CG	
1970	4.9	NA	6%	Capital gains only. There was no Capital Gains Tax prior to 1970.
1971	10.4	NA	6%	
1972	60.9	6%	6%	Dividends included (PA 8. Aug. Special Session).
1973	50.8	6%	6%	Eliminated \$5.00 minimum tax. DISC dividends excluded (1/1/73).
1974	18.7	NA	6%	Dividends tax repealed.
1975	13.6	6%	6%	
1976	50.4	7%	7%	Dividends taxed at 7% if AGI greater than \$20,000, 1/1/75.
1977	59.3	7%	7%	
1978	75.6	1-9%	7%	1-9% on dividends if AGI greater than \$20,000.
1979	83.5	1-9%	7%	
1980	101.0	1-9%	7%	
1981	117.8	1-9%	7%	Liability for CG&D Tax eliminated when amount owed is less than \$10.00.
1982	137.7	1-9%	7%	(1) Capital gains taxes paid to another state may be claimed as a credit (credit may be claimed only out-of-state property was a principal place of residence for 6 of the 12 months immediately preceding date of sale) Effective 1/1/81. (2) Income subject to Estate Income Tax is exempt from the Capital Gains & Dividends Tax.
1983	183.7	1-9%	7%	Beginning 1/1/83 individuals with estimated tax liability in excess of \$200 must make an estimated payment in the 6 month of their income year equal to 50% of their estimated tax liability.
1984	289.5	6-13%	7%	(1) 6%-13% on dividends & interest if AGI is at least \$50,000 (1/1/83). (2) Beginning 1/1/84 individuals whose estimated dividends & interest tax liability is in excess of \$200 must make an estimated payment in the sixth month of their income year equal to 50% of their estimated tax liability.
1985	302.4	6-13%	7%	(1) Shareholders in an electing small business corporation can deduct from interest income tax, the amount of interest income which was also included in the firm's net income (1/1/85).

PERSONAL INCOME TAXES

Capital Gains, Interest & Dividends Tax

Fiscal Year	Revenues (Millions \$)	Rate		Base Changes
		Div/Int.	CG	
1986	317.3	6-13%	7%	(1) Social security and railroad retirement income is excluded from AGI (1/1/85). (2) Tax rates on interest and dividends revised to 1%-13% (1/1/85). (3) Taxpayers 65 or over and having AGI less than \$10,000 (exclusive of capital gains) are exempt from capital gains tax (1/1/85). (4) A deduction for interest forfeited because of early withdrawal is allowed from interest income subject to tax. Effective 1/1/85. (5) Exempts individuals from the Capital Gains Tax if AGI is below the level necessary for filing a federal return.
1987	467.8	1-12%	7%	Tax Rate of 1%-12% on interest & dividends if AGI is at least \$54,000 (1/1/86). (Note: Revenue increase includes revenues from the initial behavioral response of taxpayers to the reduction in Federal tax rates.)
1988	386.3	1-12%	7%	(1) \$50 minimum late payment penalty eliminated (1/1/87). (2) 60% of long-term gains are excluded from the tax to offset its inclusion as a result of federal tax reform (1/1/87).
1989	508.7	1-12%	7%	
1990	624.7	1-14%	7%	(1) PA 89-16 - Estimated payment of 100% of tax due on gains in first five months of year must be paid in sixth month (1/1/89). (2) PA 89-251 (a) Long-term exclusion for gains realized on or after 2/9/89 is repealed. The maximum tax on capital gains income is limited to 5% of AGI. (b) Interest and dividends tax rates are changed from 1-12% to 1-14%. ('3) PA 89-304 - Capital gains resulting from trading or holding dealer equity options are exempt.
1991	520.5	1-14%	7%	PA 90-148 - The tax is applied to capital gains from the sale of real property by nonresidents. (1/1/90)

PERSONAL INCOME TAXES

Capital Gains, Interest & Dividends Tax

Fiscal Year	Revenues (Millions \$)	Rate		Base Changes
		Div/Int.	CG	
1992	159.0	.75-9.5%	4.75%	<p>PA 91-3 (JSS) Makes the following changes:</p> <p>(1) Rates for 1991 income years are lowered. Tax is eliminated for income years beginning on or after 1/1/92 and capital gains, interest or dividend income will be taxable under the Personal Income Tax.</p> <p>(2) Married couples eligible to file jointly for federal tax purposes must file jointly for this tax.</p>

Personal Income Tax

1992	1,817.6 (Does not include \$159 million from CGD&I)	1.5%, 4.5%	<p>PA 91-3 (JSS) An income tax is imposed on Connecticut adjusted gross income (AGI) at the rate of 1.5% for the 1991 income year and 4.5% thereafter. The tax provides a low income credit and phases out the standard deduction. Effective October 1, 1991. (See the next section for more information.)</p>
1993	2,392.0	4.5%	<p>PA 92-17 (MSS) Inter Vivos trusts are taxed on the basis of the number of beneficiaries living in state rather than the location of the trust or trustees, effective 1/1/93. The act also changes estimated payment schedule and penalties for failure to file a return.</p> <p>PA 92-5 (MSS) Expenses connected with income which is exempt from federal taxation but taxable in Connecticut may be deducted from income. Expenses connected with income that is exempt from taxation in Connecticut may not be deducted. Effective 1/1/92.</p>
1994	2,517.7	4.5%	<p>SA 93-74 Taxpayers are not subject to penalties or interest resulting from underpayment of estimated tax due for the 1992 income year.</p> <p>PA 93-74 and PA 93-332 Creates the Alternative Minimum Tax. Taxpayers are required to pay higher of their liability under the state Personal Income Tax or 23% of their federal Alternative Minimum Tax liability, effective 1/1/93.</p> <p>PA 93-74 Conforms estimated payments to the federal IRS Code and permits taxpayers to round estimates less than \$1 to the closest whole number when computing their final tax liability. Effective 1/1/93.</p>
1995	2,589.9	4.5%	<p>PA 94-4 (MSS) Makes the following changes:</p> <p>(1) Changes the structure of the low income credit, effective 1/1/95.</p> <p>(2) The percentage of Social Security benefits which is included in state adjusted gross income is limited to the percentage that was taxable under the 1993 federal income tax rules, effective 1994 income year.</p>

PERSONAL INCOME TAXES

Personal Income Tax

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
			<p>(3) A credit for the amount of Property Tax paid on privately-owned motor vehicles is phased in beginning in the 1997 income year. The credit is subject to a formula the net assessed value of the motor vehicle.</p> <p>(4) The current Alternative Minimum Tax is replaced with The Connecticut Minimum Tax. Tax liability under the new tax is the lesser of: (a) 19% of Adjusted Federal Tentative Minimum Tax or (b) 5% of adjusted federal alternative minimum taxable income. The change is effective with the 1993 income year.</p> <p>(5) The deduction of moving expenses from federal adjusted gross income is eliminated, effective 1/1/94.</p> <p>PA 94-214 creates a credit equal to the following percentage of monies invested through a fund manager in a qualified insurance business:</p> <p>(1) 10% of the investment for tax year beginning 3 years after the date of investment to no later than 7 years after the date of investment,</p> <p>(2) 20% of the investment for tax years beginning seven years and ending 10 years from the date of investment.</p> <p>The credit is applicable against the corporate income tax, insurance premiums tax, and the personal income tax.</p>
1996	2,879.4	3.0% and 4.5%	<p>PA 95-160 contained the following changes to the Personal Income tax:</p> <p>(1) The rate for the levels of taxable income, is reduced from 4.5% to 3.0% on the first \$4,500 on taxable income for a single filer; \$7,500 for Head of Household and \$9,000 for Joint filers. The new rate structure is effective 7/1/96.</p> <p>(2) A credit of up to \$100 is provided for personal and real property taxes paid on the filer's primary residence in state or a motor vehicle. The amount of credit claimed cannot exceed the filer's tax liability and may not be taken into account when calculating the amount of withholding or estimated payments due. The credit is effective for tax paid on the 10/1/95 grand list.</p> <p>PA 95-263 contained the following provisions:</p> <p>(1) Professional athletic teams are permitted to file composite returns for team members who are not state residents. The teams are also permitted to make estimated payments in lieu of withholding. Effective 1/1/96.</p> <p>(2) In lieu of quarterly estimated payments, farmers and fisherman are permitted to make two installment payments per income year. Payments are due 6/15 of the income year and 1/15 of the following income year. Effective 1/1/96.</p>

PERSONAL INCOME TAXES

Personal Income Tax

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
1997	3,110.9	3.0% and 4.5%	PA 96-206 gives unemployment compensation benefit recipients the option to have federal and state taxes withheld from their weekly benefit checks.

PA 96-253 exempts income derived from foreign residents in connection with a company located within the designated Insurance, and Financial Services Export Zone established under this Act in Hartford.

PA 96-139 specifies that the credit of up to \$100 per year for taxes paid on a primary residence or motor vehicle by a married couple filing jointly may not exceed \$100 of the aggregate property taxes they paid. The act also defines taxpayer filing categories are the same as those under federal income tax for state income tax purposes.

PA 96-221 contained the following provisions:

- (1) establishes the following order when a taxpayer can claim more than one credit against the income tax.
 - (1) the credit based on adjusted gross income
 - (2) credits for income taxes paid to other states
 - (3) credits for income tax imposed by other jurisdiction for people subject to the federal alternative minimum tax
 - (4) any other credit that cannot be carried forward, in the order that maximizes their value to the taxpayer
 - (5) other credits that can be carried forward, in order that maximizes their value to the taxpayer

No credit can be claimed more than once.
- (2) requires income tax liability, as it applies to trusts and estates, be adjusted to reflect any refunds or credit for overpayment of Connecticut income tax to the extent that is included in gross income for federal income tax purposes, and is deductible in determining federal income tax for the proceeding taxable year. Applies to all tax years starting on or after January 1, 1992.
- (3) expands the scope of the law that waives income tax deadlines for people serving in combat zones. It also extends these provisions to zones and times designated by Congress, if it provides that service are to be treated the same as service in presidentially designated zones and times effective beginning with the 1995 income year.

PERSONAL INCOME TAXES

Personal Income Tax

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
			PA 96-94 permits taxpayers to file amended 1991 personal income tax returns when the final liability for income tax paid to another state is different from the credit claimed on the taxpayer's CT return. The taxpayer must file the amended return within 30 days after the act's effective date (by June 7, 1996). This was done because PA 92-5 MSS applied only to the 1992 and subsequent income years in regards to the amended return.

1998	3,596.2	3.0% and 4.5%	PA 97-309 and PA 97-322 combined did the following: (1) Increase the levels of CT Taxable Income levels subject to the 3% tax rate as follows:
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Filing Status	Prior Law PA 965-160	Effective 1/1/97	Effective 1/1/98	Effective 1/1/99
Joint	\$9,000	\$12,500	\$15,000	\$20,000
Head of House	7,000	10,000	12,000	16,000
Singles & MFS	4,500	6,250	7,500	10,000

(2) Repeal the credit for property taxes paid on privately owned motor vehicles (PA 94-4 May Special Session).

(3) Increases the Property Tax Credit from the maximum \$100 to a maximum of \$215 effective for income year 1997 and to a maximum of \$285 effective for income year 1998 and thereafter below certain income levels.

(4) Exempts 1/2 of the 50% of Social Security Benefits subject to CT Personal Income Tax effective with the 1998 income year.

PA 97-81 raises the underpayment limit from \$200 to \$500 for the amount of estimated income tax payment before charging interest effective with the 1997 income year.

PA 97-286 changes the requirement for farmers and fishermen to make estimated income tax payments from two payments to one payment due January 15th. The change is effective with the 1997 income year. The act also allows for tax credits against CT Income Tax for certain individuals residing in another state but that keep a permanent residence in the state and is in CT more than 183 days in a taxable year. It also makes technical changes to the alternative minimum tax provisions and defines partnership and partner for state income tax purposes to conform to federal law.

PERSONAL INCOME TAXES

Personal Income Tax

Fiscal Year	Revenues (\$Millions)	Rate	Base Changes																								
			<p>PA 97-292 limits to \$15 million the amount of any tax credit that funds can take on any single business investment in an insurance business for insurance reinvestment funds established to create new jobs pursuant to PA 94-214.</p>																								
1999	3,820.8	3.0% and 4.5%	<p>PA 98-110 increase the Property Tax Credit from the maximum \$285 to a maximum of \$350 effective for income year 1998 and thereafter below certain income levels.</p> <p>PA 98-244 extends, from 30 days to 90 days the amount of time a resident who claims an income tax credit for tax paid to another jurisdiction has to report the filing of an amended return with the other jurisdiction or changes made by that jurisdiction.</p> <p>PA 98-262 contained the following provisions:</p> <ol style="list-style-type: none"> (1) Clarifies the income tax treatment of nonresident shareholder Subchapter S-Corporations. (2) In regards to the Property Tax Credit, the act excludes any interest fees and charges and specifies that the taxpayer's property tax first becomes due on the date the town designates or, if payable in two installments, on the earlier installment date if the taxpayer so chooses. 																								
2000	4,238.2	3.0% and 4.5%	<p>PA 99-173 made the following changes:</p> <ol style="list-style-type: none"> (1) Increased the standard deduction for Single Filers from \$12,000 to <table style="margin-left: 40px; border: none;"> <tr> <td>\$12,250</td> <td style="padding-left: 10px;">"</td> <td>2000</td> </tr> <tr> <td>\$12,500</td> <td style="padding-left: 10px;">"</td> <td>2001</td> </tr> <tr> <td>\$12,750</td> <td style="padding-left: 10px;">"</td> <td>2002</td> </tr> <tr> <td>\$13,000</td> <td style="padding-left: 10px;">"</td> <td>2003</td> </tr> <tr> <td>\$13,500</td> <td style="padding-left: 10px;">"</td> <td>2004</td> </tr> <tr> <td>\$14,000</td> <td style="padding-left: 10px;">"</td> <td>2005</td> </tr> <tr> <td>\$14,500</td> <td style="padding-left: 10px;">"</td> <td>2006</td> </tr> <tr> <td>\$15,000</td> <td style="padding-left: 10px;">"</td> <td>2007 and thereafter.</td> </tr> </table> <p style="margin-left: 40px;">(Note: PA 00-174 made drafting corrections)</p> (2) Increased the Property Tax Credit from the maximum \$350 to a maximum of \$425 effective for income year 1999 and to \$500 effective for income year 2000 and thereafter. (3) Beginning with the 1999 income year, the act exempted the remaining 25% of Social Security Benefits from the State Income Tax for Joint Filers with an adjusted gross income (AGI) under \$60,000 and Single Filers with an AGI under \$50,000. 	\$12,250	"	2000	\$12,500	"	2001	\$12,750	"	2002	\$13,000	"	2003	\$13,500	"	2004	\$14,000	"	2005	\$14,500	"	2006	\$15,000	"	2007 and thereafter.
\$12,250	"	2000																									
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\$13,500	"	2004																									
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\$14,500	"	2006																									
\$15,000	"	2007 and thereafter.																									

PERSONAL INCOME TAXES

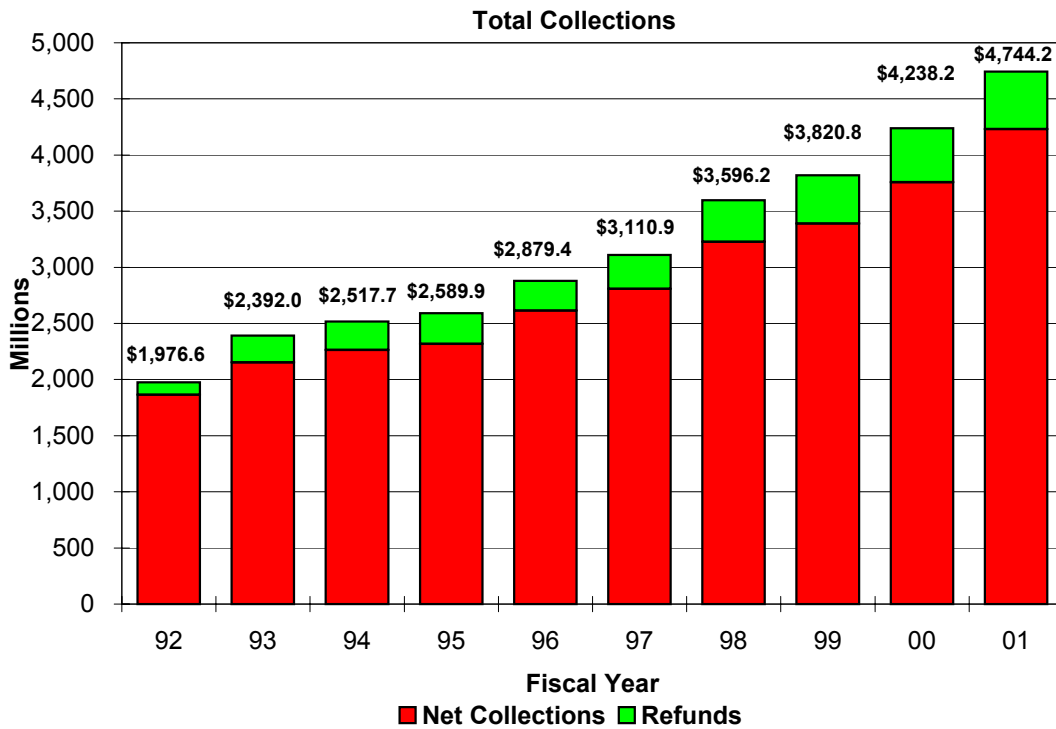
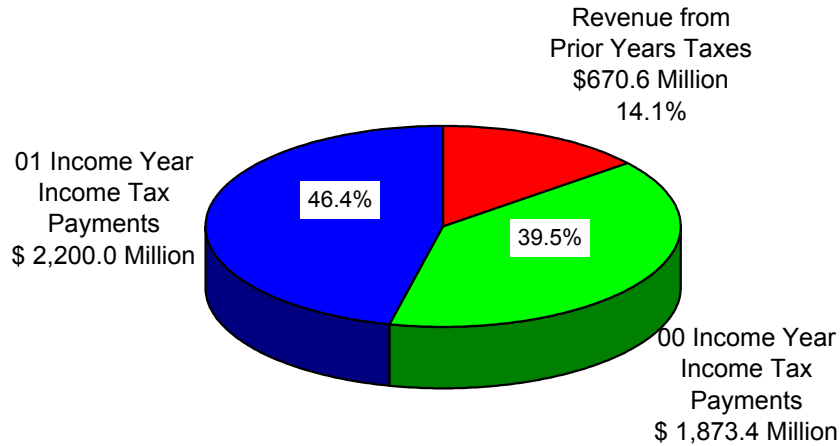
Personal Income Tax

Fiscal Year	Revenues (\$Millions)	Rate	Base Changes
2001	4,744.2	3.0% and 4.5%	<p>PA 00-82 exempts restitution payments to survivors of various human rights abuses during World War II.</p> <p>PA 00-174 corrected the standard deduction for Single Filer changes made by PA 99-173 for typographical drafting errors. It also clarifies the definition of residency for income tax purposes.</p> <p>PA 00-170 waived interest and penalties on income tax payments where an individual took into account the payment of New York non-resident commuter tax in making payments of the CT income tax.</p> <p>PA 00-192 interest earned on funds deposited in the Individual Development Account are exempted from the tax. The Individual Development Account was created by PA 00-192 to allow certain low-income and qualified disable taxpayers to open savings accounts and receive matching funds as an incentive for saving for specific purposes. Effective 1/1/2001.</p>
2002	4,841.4 Budget Act	3.0% and 4.5%	<p>PA 01-06 (JSS) imposes the income tax on a nonresident that wins the CT Lottery and allows a resident that wins an out-of-state Lottery to credit any taxes paid to other jurisdictions against their CT Income Tax final liability. It also defines that the starting point for CT AGI is Federal Adjusted Gross Income.</p>

Personal Income Tax Revenues

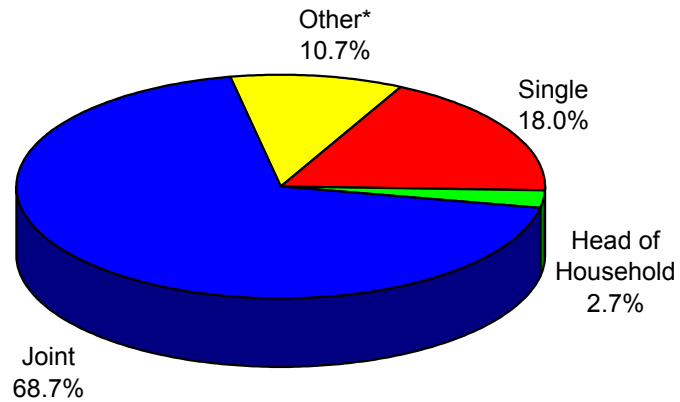
\$4,744.2 Million

FY 2001

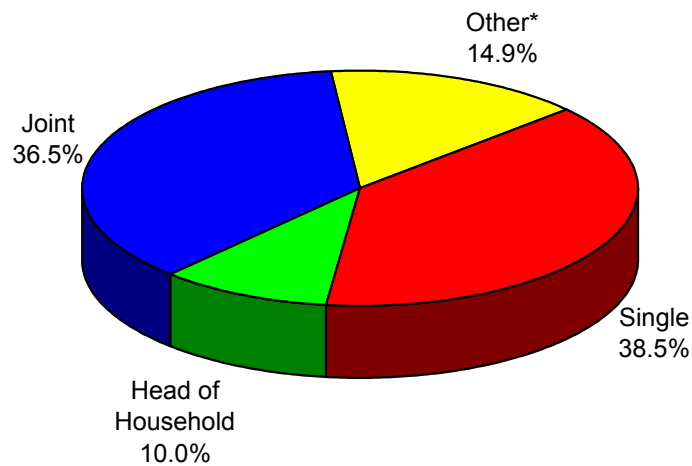


Full Year Resident Taxpayers and Other Taxpayers 2000 Income Year

Total Income Tax Paid by Type of Return
\$3,409.7 Million

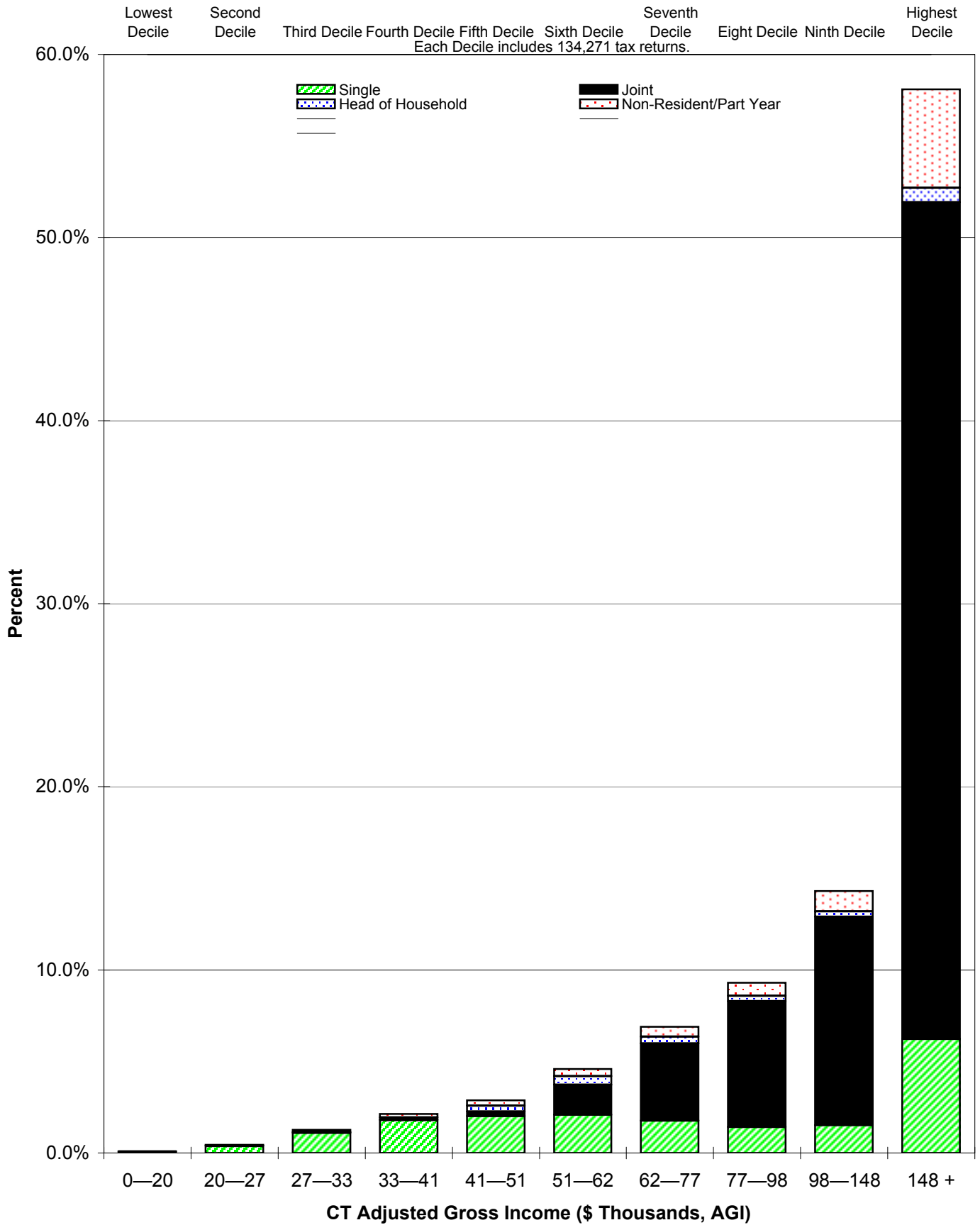


Percent of Returns by Type of Return
1.6 Million Returns Filed



***Includes Non-Resident/Part Year Resident, Trust & Estates,
S-Corporation and Group returns filed.**

All Tax Payers* Percent of Tax Paid 2000 Income Year

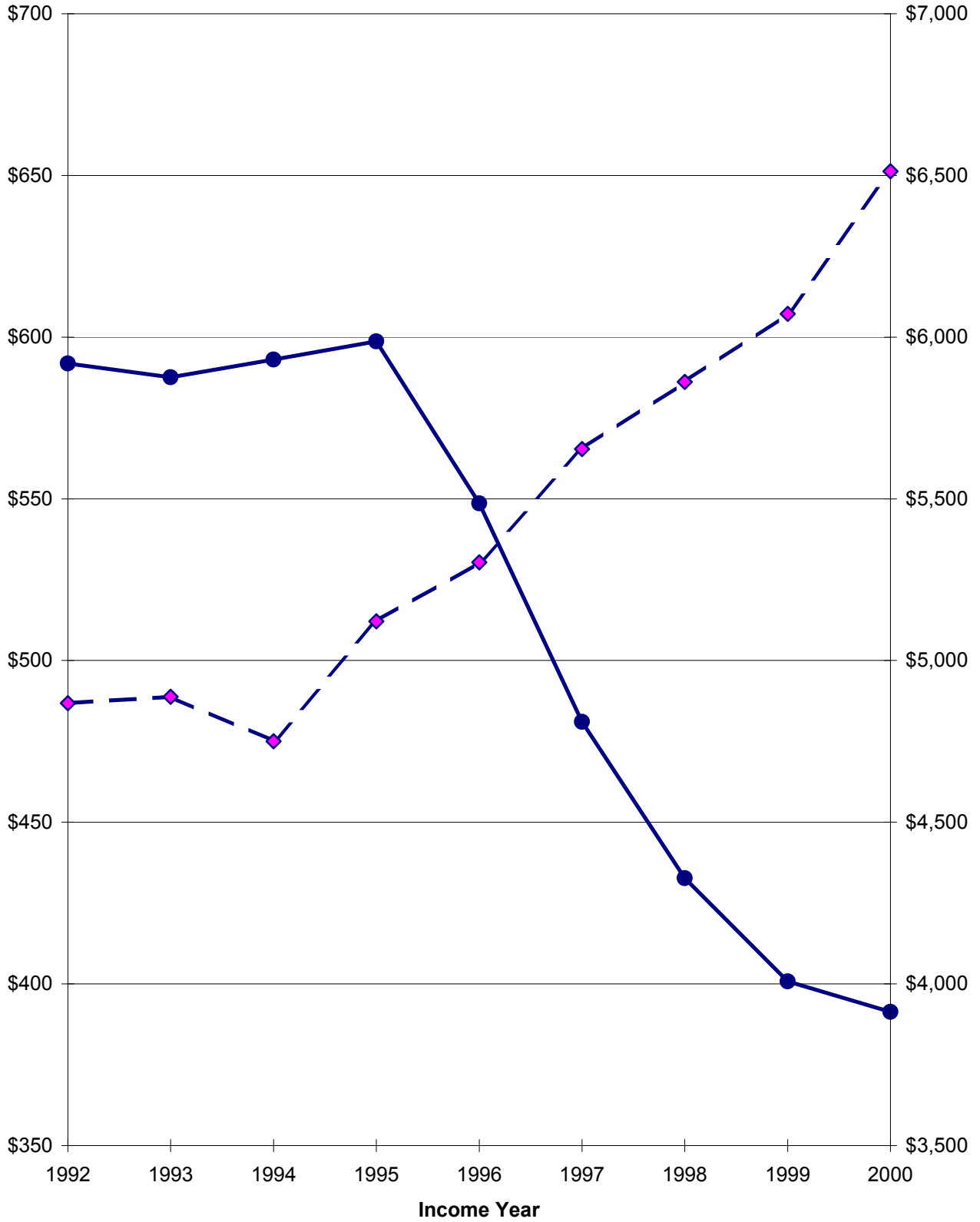


*There were 1,573,440 returns filed for 1999 income year of which 1,342,710 were taxpayers with a CT tax liability.

Average Tax Liability Resident Tax Returns 1992-2000

Under \$60,000 CTAGI

Over \$60,000 CTAGI



Under \$60,000
 Over \$60,000

**PERSONAL INCOME TAX
COMPARISON OF 1992 THROUGH 2000 INCOME YEARS
NUMBER OF RETURNS**

Resident Tax Payer CT AGI	1992	1993	1994	1995	1996	1997	1998	1999	2000
0 5,000	49,722	51,715	54,843	54,176	54,555	55,414	59,467	63,189	65,039
5,000 10,000	60,735	63,629	65,602	63,981	64,524	67,226	73,102	75,647	77,749
10,000 15,000	90,338	91,299	90,573	88,137	86,146	86,668	89,533	88,768	87,667
15,000 20,000	105,477	104,615	102,650	101,529	99,319	98,504	99,548	97,880	96,883
20,000 25,000	106,836	104,970	102,691	101,072	97,801	95,710	97,836	98,134	96,953
25,000 30,000	98,230	95,844	94,666	93,996	93,018	92,786	93,735	94,587	94,607
30,000 35,000	86,141	84,408	83,611	83,691	83,017	83,082	85,509	85,976	87,046
35,000 40,000	78,452	76,242	75,832	75,321	74,805	75,240	76,219	77,059	77,296
40,000 45,000	70,284	68,823	68,009	67,810	67,472	67,888	68,585	67,962	68,707
45,000 50,000	64,294	62,927	61,739	61,631	61,630	61,606	61,950	59,603	59,737
50,000 60,000	105,463	104,248	104,863	104,709	106,163	107,107	106,217	105,774	106,957
60,000 75,000	104,818	105,281	108,502	111,630	114,509	119,259	120,707	122,667	125,450
75,000 100,000	85,441	88,703	93,938	99,219	106,580	115,693	123,232	128,359	136,366
100,000 150,000	48,932	52,258	56,709	62,354	69,893	80,111	90,240	98,551	110,155
150,000 200,000	16,026	17,353	18,327	20,195	22,501	26,064	29,275	33,049	36,957
200,000 and Over	25,202	26,457	27,964	33,080	38,060	44,928	50,655	56,948	63,796
Total Resident	1,196,391	1,198,772	1,210,519	1,222,531	1,239,993	1,277,286	1,325,810	1,354,153	1,391,365
Non-Res./Part-Year	116,084	122,792	130,934	135,910	148,924	161,245	170,249	174,892	182,075
Total Individual	1,312,475	1,321,564	1,341,453	1,358,441	1,388,917	1,438,531	1,496,059	1,529,045	1,573,440
S Corporations	24,486	24,481	25,290	25,902	26,261	27,421	26,880	23,425	21,875
Trust & Estates	42,784	33,022	32,220	33,931	34,498	36,321	36,422	35,792	40,266
Group Filers	139	117	113	104	121	116	127	102	107
Total	1,379,884	1,379,184	1,399,076	1,418,378	1,449,797	1,502,389	1,559,488	1,588,364	1,635,688

**PERSONAL INCOME TAX
COMPARISON OF 1992 THROUGH 2000 INCOME YEARS
TOTAL TAX LIABILITY
(Millions \$)**

Resident Tax Payer CT AGI	1992	1993	1994	1995	1996	1997	1998	1999	2000
0 5,000	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.2
5,000 10,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10,000 15,000	0.8	0.8	0.7	0.7	0.3	0.3	0.3	0.3	0.3
15,000 20,000	11.4	11.1	10.8	8.9	5.3	3.4	3.1	3.1	2.9
20,000 25,000	26.8	26.2	25.6	24.5	19.1	13.5	11.3	9.7	8.9
25,000 30,000	45.6	44.5	44.5	44.2	38.2	32.4	29.3	26.0	23.3
30,000 35,000	61.2	59.9	60.1	59.8	53.2	46.7	44.5	41.4	39.8
35,000 40,000	68.0	66.6	67.4	68.4	62.4	54.6	50.4	48.4	47.7
40,000 45,000	73.6	72.6	73.1	73.6	67.2	59.3	53.9	49.4	49.3
45,000 50,000	77.7	76.6	76.4	76.9	71.1	62.9	57.6	52.5	52.1
50,000 60,000	177.0	175.7	178.1	179.2	170.6	155.7	144.1	135.4	135.2
60,000 75,000	257.8	258.9	267.6	276.6	270.0	260.4	248.8	240.5	241.9
75,000 100,000	283.7	294.6	312.1	329.7	341.6	350.1	357.4	359.1	375.3
100,000 150,000	231.9	248.3	269.2	299.4	329.0	366.4	405.5	435.2	486.0
150,000 200,000	103.5	112.4	117.1	130.8	144.3	167.1	187.7	211.7	237.6
200,000 and Over	488.1	503.5	485.0	635.4	779.4	1,038.7	1,227.8	1,422.6	1,738.0
Total Resident	\$1,907.1	\$1,951.6	\$1,987.8	\$2,208.3	\$2,351.8	\$2,611.4	\$2,821.7	\$3,035.7	\$3,438.3
Non-Res./Part-Year	\$130.5	\$136.8	\$147.6	\$165.9	\$198.6	\$234.9	\$271.0	\$310.5	\$333.3
Total Individual	\$2,037.6	\$2,088.4	\$2,135.4	\$2,374.2	\$2,550.4	\$2,846.3	\$3,092.8	\$3,346.2	\$3,771.6
S Corporations	\$0.6	\$0.5	\$0.5	\$0.7	\$0.9	\$2.2	\$3.1	\$3.0	\$3.4
Trust & Estates	\$16.3	\$14.0	\$14.7	\$20.2	\$25.9	\$65.1	\$50.0	\$55.1	\$67.6
Group Filers	\$3.0	\$4.3	\$4.2	\$4.6	\$5.3	\$6.3	\$6.5	\$5.3	\$6.6
Total	\$2,057.5	\$2,107.2	\$2,154.8	\$2,399.7	\$2,582.5	\$2,919.9	\$3,152.4	\$3,409.7	\$3,849.2

PERSONAL INCOME TAX PAID BY MUNICIPALITY
INCOME YEARS 1994 TO 2000
(Amounts in Millions)

Municipality(1)	1994	1995	1996	1997	1998	1999	2000
Andover	1.7	1.8	2.0	2.0	2.2	2.2	2.4
Ansonia	6.2	6.5	6.5	6.3	6.5	6.5	7.3
Ashford	1.8	1.8	1.9	2.0	2.1	2.1	2.4
Avon	20.1	23.8	25.2	29.4	34.3	37.1	45.1
Barkhamsted	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Beacon Falls	2.4	2.6	2.6	2.7	2.8	2.9	3.2
Berlin	11.1	11.9	12.6	13.6	13.9	15.1	16.4
Bethany	3.8	3.4	4.2	4.1	5.1	6.3	6.2
Bethel	10.4	11.1	11.4	12.2	12.8	13.6	15.0
Bethlehem	2.1	2.3	2.5	2.5	3.9	2.9	3.3
Bloomfield	13.2	14.1	14.2	15.3	15.8	15.9	17.8
Bolton	3.7	3.8	4.0	4.1	4.4	4.6	5.2
Bozrah	1.2	1.5	1.4	1.9	1.6	1.7	1.8
Branford	19.5	21.1	21.4	22.4	25.2	26.1	28.0
Bridgeport	28.1	28.9	28.5	28.1	28.4	28.5	31.0
Bridgewater	1.8	2.0	2.1	2.7	2.7	2.7	2.8
Bristol	26.4	27.6	27.6	29.0	29.5	29.5	34.1
Brookfield	11.2	12.0	12.6	14.7	14.2	16.6	16.9
Brooklyn	2.2	2.8	2.2	2.4	2.5	2.6	2.9
Burlington	6.3	6.9	7.2	7.9	8.1	9.1	10.3
Canaan	0.6	0.6	0.7	0.9	0.8	2.8	2.4
Canterbury	2.0	2.1	2.1	2.1	2.1	2.3	2.4
Canton	7.6	8.6	8.6	9.3	9.7	10.2	10.7
Chaplin	0.8	0.7	0.6	0.5	0.5	0.6	1.0
Cheshire	22.2	24.5	25.7	27.9	29.4	30.3	36.6
Chester	2.2	2.5	2.7	2.8	3.0	3.4	3.8
Clinton	6.6	7.2	7.5	7.8	8.5	8.8	9.6
Colchester	7.5	8.0	8.3	8.8	9.4	9.5	10.4
Colebrook	0.3	0.4	0.4	0.7	1.4	0.6	0.6
Columbia	3.1	3.4	3.5	3.8	3.9	3.9	4.3
Cornwall	0.6	0.6	0.9	0.8	1.1	1.0	0.9
Coventry	5.8	6.3	6.5	6.7	7.0	7.2	7.8
Cromwell	8.0	8.5	9.0	9.1	10.1	10.4	11.6
Danbury	30.1	32.5	33.1	36.7	36.9	38.7	38.0
Darien	29.8	37.1	42.2	56.4	61.6	65.1	76.3
Deep River	2.6	2.7	2.7	3.5	3.2	3.3	3.6
Derby	5.0	5.2	5.1	5.1	5.2	5.3	5.8
Durham	4.9	5.3	5.7	6.5	6.7	6.4	7.8
Eastford	0.6	0.6	0.7	0.7	0.8	0.8	0.9
East Granby	3.3	3.6	3.7	3.8	4.2	4.0	4.7
East Haddam	3.9	4.2	4.3	4.6	4.9	6.1	5.7
East Hampton	7.3	7.3	7.3	7.7	8.2	8.4	9.7
East Hartford	17.2	17.5	17.3	16.9	17.1	17.3	19.2
East Haven	10.3	11.9	11.5	12.0	11.9	12.3	13.2
East Lyme	10.4	11.0	11.4	12.3	13.5	15.1	16.1
Easton	8.9	10.4	11.7	13.6	16.7	17.5	18.7

PERSONAL INCOME TAX PAID BY MUNICIPALITY
INCOME YEARS 1994 TO 2000
(Amounts in Millions)

Municipality(1)	1994	1995	1996	1997	1998	1999	2000
East Windsor	4.3	4.6	4.7	4.8	4.9	5.3	5.7
Ellington	6.3	7.0	7.3	8.2	8.7	10.1	10.8
Enfield	17.5	18.4	18.3	18.8	18.6	19.2	21.2
Essex	5.6	6.9	7.1	7.2	8.4	10.4	12.0
Fairfield	52.3	60.0	67.6	81.4	90.6	101.5	119.6
Farmington	22.4	23.8	25.3	29.4	31.8	33.8	37.8
Franklin	0.9	1.1	1.1	1.1	1.1	1.1	1.2
Glastonbury	30.7	33.9	35.7	40.9	42.8	48.3	56.9
Goshen	1.6	1.8	2.0	2.2	2.5	2.5	2.8
Granby	7.9	8.6	9.3	9.9	10.3	10.6	12.4
Greenwich	102.8	139.4	166.4	223.6	241.4	257.1	333.4
Griswold	2.5	2.7	2.7	2.7	2.8	2.8	3.1
Groton	9.9	10.7	10.9	11.0	12.1	12.0	14.2
Guilford	21.2	20.9	22.4	24.0	26.2	27.9	33.3
Haddam	4.8	5.3	5.4	5.6	6.2	6.6	6.9
Hamden	29.7	32.3	32.7	33.2	34.7	43.9	39.3
Hampton	0.9	1.0	1.0	1.1	1.1	1.2	1.5
Hartford	22.1	21.7	20.5	22.2	21.3	22.2	26.1
Hartland	0.9	1.0	1.0	1.0	1.1	1.1	1.2
Harwinton	3.4	3.7	3.9	4.3	4.7	4.6	5.9
Hebron	5.3	5.7	6.0	6.4	7.1	8.6	12.4
Kent	1.7	1.9	1.8	2.0	2.7	2.7	4.3
Killingly	4.8	5.0	4.9	4.8	4.8	4.8	5.4
Killingworth	4.0	4.5	4.9	5.0	5.9	6.6	7.2
Lebanon	3.1	3.3	3.4	3.5	4.0	4.0	4.5
Ledyard	8.5	9.2	9.1	9.7	10.0	10.8	11.9
Lisbon	1.3	1.3	1.4	1.3	1.4	1.4	1.6
Litchfield	6.3	6.9	7.5	8.5	8.7	9.5	10.3
Lyme	0.8	1.7	1.5	2.6	4.6	5.4	6.0
Madison	16.7	18.8	20.2	23.1	25.7	27.7	31.5
Manchester	26.0	27.6	27.3	28.9	30.0	30.9	33.9
Mansfield	7.1	7.8	8.2	8.5	8.9	9.3	10.1
Marlborough	4.5	4.9	5.6	5.3	5.4	6.0	7.0
Meriden	22.0	22.8	22.8	22.9	22.9	23.3	24.9
Middlebury	6.3	6.8	8.1	8.6	8.4	10.2	10.4
Middlefield	2.5	2.6	2.7	2.8	3.1	3.4	3.6
Middletown	19.2	20.3	20.6	21.9	23.1	23.3	25.9
Milford	27.9	30.6	31.8	33.1	35.5	37.5	44.8
Monroe	13.5	15.0	16.1	17.5	18.8	20.3	22.1
Montville	7.1	7.6	7.4	7.5	7.7	8.0	8.7
Morris	1.0	1.1	1.1	1.7	1.6	1.5	2.1
Naugatuck	12.1	12.8	12.9	12.8	12.9	13.1	14.5
New Britain	18.6	19.2	18.8	19.1	18.9	18.4	19.7
New Canaan	36.7	51.3	57.4	69.6	79.1	110.7	106.5
New Fairfield	7.3	8.6	9.5	9.5	10.5	10.5	11.6
New Hartford	4.2	4.5	4.7	5.1	5.2	6.0	8.5

PERSONAL INCOME TAX PAID BY MUNICIPALITY
INCOME YEARS 1994 TO 2000
(Amounts in Millions)

Municipality(1)	1994	1995	1996	1997	1998	1999	2000
New Haven	30.6	30.6	30.1	31.0	32.1	32.8	36.8
Newington	16.6	17.7	17.8	18.0	18.3	18.7	20.1
New London	6.7	6.9	6.9	6.7	7.0	6.9	7.9
New Milford	13.0	14.2	14.5	15.5	16.1	17.7	18.7
Newtown	18.2	20.4	22.0	24.9	27.3	31.3	36.0
Norfolk	1.0	1.1	1.2	1.3	1.3	1.3	1.6
North Branford	8.1	9.0	9.4	9.6	10.0	10.1	10.9
North Canaan	1.1	1.2	1.2	1.4	1.5	0.4	0.4
North Haven	15.7	17.1	17.3	18.5	19.9	20.3	21.6
North Stonington	2.5	2.6	3.0	2.8	3.4	3.6	3.9
Norwalk	46.4	49.3	52.8	59.2	60.8	69.5	75.4
Norwich	13.9	14.2	14.3	14.9	14.5	14.5	15.7
Old Lyme	7.4	7.9	9.5	10.2	12.1	12.1	12.9
Old Saybrook	6.5	7.2	8.1	8.9	9.8	9.7	10.4
Orange	12.4	13.6	13.5	14.5	15.8	17.0	19.1
Oxford	5.6	5.6	7.0	6.1	7.2	7.6	8.9
Plainfield	3.7	4.0	3.9	3.9	3.9	4.2	4.4
Plainville	8.2	8.4	8.3	8.4	8.8	10.3	9.5
Plymouth	4.9	5.0	5.1	5.1	5.2	5.3	5.8
Pomfret	1.9	2.1	2.1	2.5	2.4	2.8	2.9
Portland	5.3	5.6	5.8	6.2	6.4	7.2	7.1
Preston	1.9	2.2	2.3	2.1	2.5	2.4	2.6
Prospect	4.7	5.3	5.3	5.5	5.9	6.3	6.9
Putnam	2.2	2.4	2.2	2.3	2.5	2.4	2.6
Redding	9.4	11.4	12.0	14.4	16.1	16.7	18.9
Ridgefield	23.5	27.4	31.7	40.7	40.6	47.5	63.1
Rocky Hill	11.0	11.6	11.8	12.6	15.4	14.6	15.7
Roxbury	2.1	2.1	2.3	2.7	2.7	3.1	3.7
Salem	2.2	2.4	2.4	2.4	2.8	3.0	3.1
Salisbury	2.6	2.7	3.0	3.8	3.7	3.8	5.1
Scotland	0.3	0.4	0.4	0.4	0.4	0.4	0.6
Seymour	7.4	8.1	7.9	8.4	8.1	8.4	9.2
Sharon	1.6	2.0	2.3	2.7	3.2	3.6	4.7
Shelton	22.9	25.3	26.3	27.3	28.6	30.8	34.1
Sherman	2.8	3.1	2.6	3.2	2.9	3.9	3.8
Simsbury	24.6	27.1	28.4	33.8	33.8	37.2	43.0
Somers	4.9	5.4	5.6	6.1	6.4	6.6	7.2
Southbury	12.4	13.7	14.8	16.6	17.3	18.5	21.3
Southington	23.1	25.0	26.2	28.1	29.4	30.1	32.5
South Windsor	17.4	18.8	19.2	20.4	21.9	22.7	25.1
Sprague	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Stafford	4.0	4.1	4.2	4.3	4.4	4.5	4.9
Stamford	73.1	83.4	88.8	97.9	109.2	115.0	132.5
Sterling	0.7	0.7	0.7	0.7	0.7	0.7	0.8
Stonington	14.2	15.7	16.4	17.5	19.9	22.6	26.9
Stratford	25.1	27.1	27.1	26.6	1.1	29.1	31.6

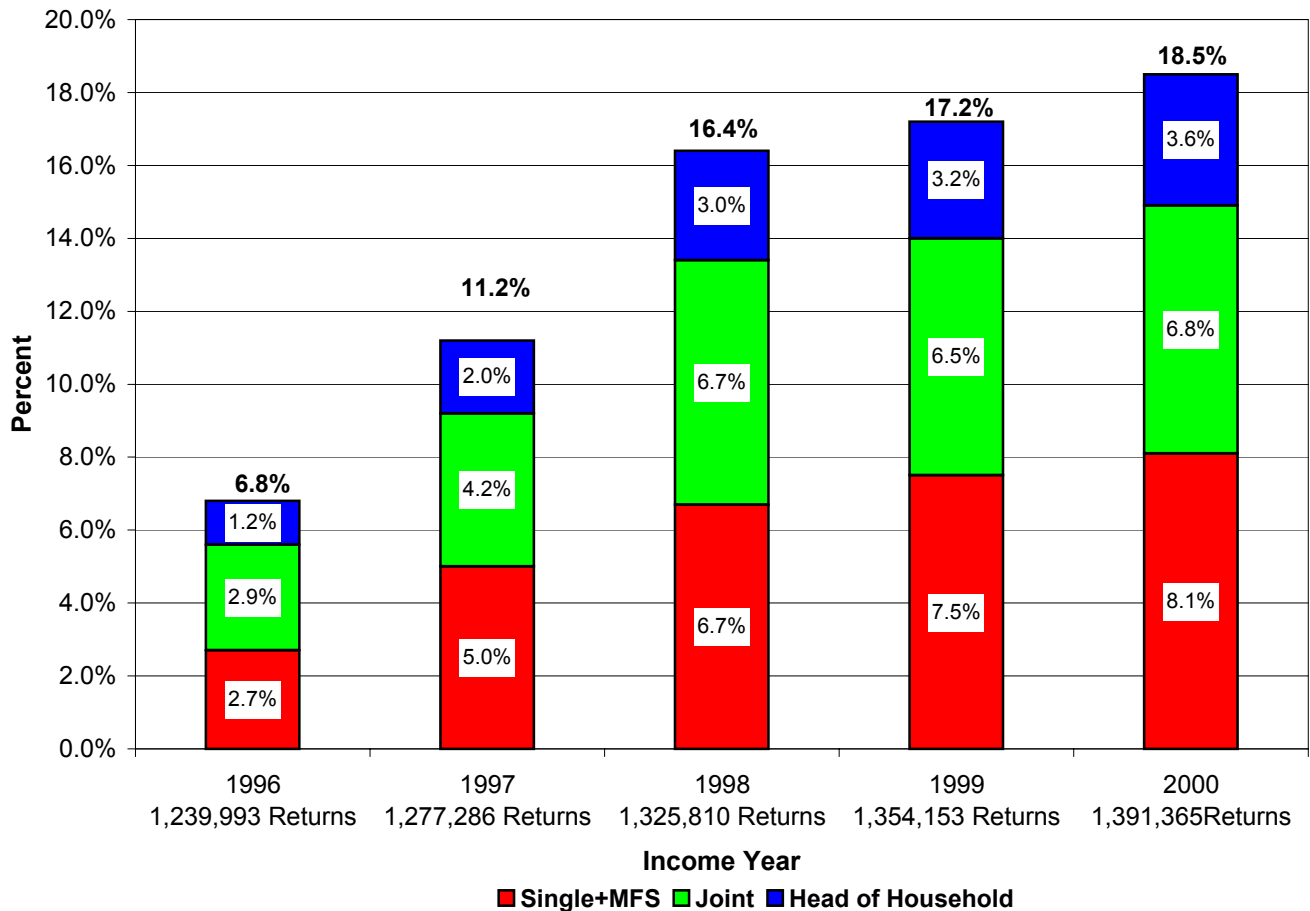
PERSONAL INCOME TAX PAID BY MUNICIPALITY
INCOME YEARS 1994 TO 2000
(Amounts in Millions)

Municipality(1)	1994	1995	1996	1997	1998	1999	2000
Suffield	7.6	8.4	8.8	9.6	10.5	11.0	12.7
Thomaston	3.3	3.5	3.7	3.6	3.7	3.8	4.5
Thompson	1.8	1.9	2.2	2.2	2.3	2.3	2.5
Tolland	8.4	9.2	9.6	10.7	11.4	12.0	13.3
Torrington	13.7	14.2	14.3	14.2	14.4	15.3	16.3
Trumbull	27.3	30.1	31.3	32.4	35.9	38.4	45.2
Union	0.3	0.4	0.5	0.8	0.6	0.6	0.7
Vernon	14.3	15.0	15.0	15.3	15.8	15.9	17.5
Voluntown	1.3	1.4	1.5	1.6	1.5	1.6	1.7
Wallingford	22.8	24.6	25.5	26.5	27.9	29.5	33.5
Warren	0.9	1.0	1.2	1.3	1.1	1.4	1.6
Washington	3.7	4.1	4.8	5.9	9.2	6.6	6.5
Waterbury	30.0	30.8	30.4	30.1	29.7	29.7	31.7
Waterford	11.0	11.8	12.3	12.7	13.6	14.3	15.2
Watertown	11.4	12.1	12.6	13.4	13.4	14.1	15.1
Westbrook	2.9	3.2	3.3	3.4	4.0	4.5	5.0
West Hartford	60.7	62.3	66.4	70.7	73.3	76.0	90.5
West Haven	16.6	18.3	18.1	18.3	20.1	19.0	21.2
Weston	15.4	20.1	23.4	26.9	31.3	35.7	44.2
Westport	40.9	48.3	55.9	66.2	77.3	90.0	90.8
Wethersfield	17.5	19.4	19.7	20.8	21.3	21.6	23.9
Willington	2.9	3.1	3.2	3.3	3.4	3.6	3.9
Wilton	23.1	27.6	33.1	38.3	45.5	51.9	77.5
Winchester	5.4	5.7	5.8	5.9	6.1	6.1	5.4
Windham	6.2	6.6	6.4	6.6	6.4	6.4	6.8
Windsor	16.6	17.2	17.8	18.1	18.8	19.1	20.8
Windsor Locks	5.2	5.4	5.9	5.6	5.7	5.7	6.2
Wolcott	7.2	8.0	8.2	8.7	8.8	10.0	9.8
Woodbridge	13.7	16.7	16.4	19.3	22.6	20.6	23.2
Woodbury	7.2	8.0	8.7	10.2	10.8	11.7	12.8
Woodstock	2.8	2.9	3.0	3.2	3.4	3.6	4.1
Unknown Zip Code(2)	0.5	1.1	2.3	3.3	29.3	0.5	0.5
No Longer in CT(3)	69.0	77.4	96.9	112.6	146.1	160.2	173.1
Total Resident	1,987.8	2,208.3	2,351.8	2,611.4	2,821.7	3,035.7	3,438.3

Notes:

- (1) Tax returns filed with a valid postal zip code for CT municipalities.
- (2) Resident tax returns filed with an incorrect postal zip code. Therefore it cannot be determined in which municipality such taxpayers reside.
- (3) No longer a CT address but taxpayer filed a resident tax return and indicated CT residency. However current address the Department of Revenue Services has is an out of state address and therefore cannot be attributed to any one of the 169 municipalities.

Percent of Resident Tax Returns where the CT Income Tax Liability is Eliminated by the combined effect of the Property Tax Credit and the 3% Tax Rate for certain income levels



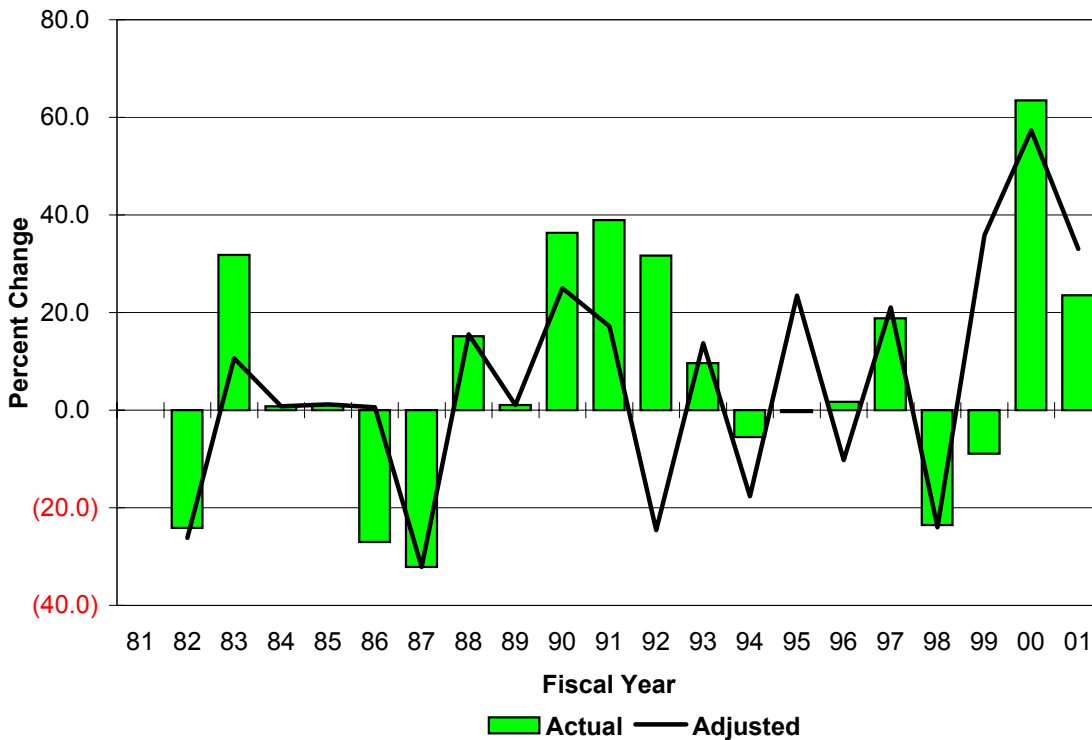
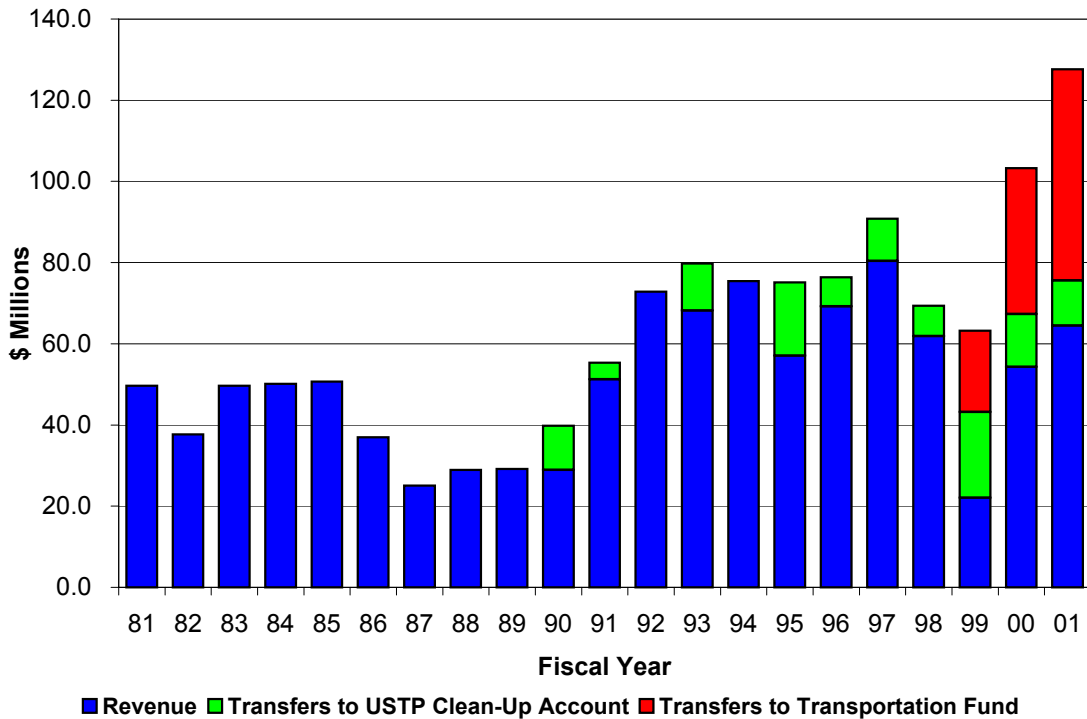
The table below presents the CT Adjusted Gross Income levels where the final income tax liability is eliminated or zeroed out by the application of the Property Tax Credits in conjunction with the effect of the taxable income levels subject to the 3% tax rate for income years 1999 and 2000 respectively.

CT Income Tax Liability Eliminated for CT Adjusted Gross Income Levels by Tax Filing Status

	Joint	Married Filing Sep.	Single	Head of Household
1999 Income Year				
\$425 w/3% Tax Rate	\$24,000 to \$41,500	\$12,000 to \$25,000	\$12,000 to \$25,000	\$19,000 to \$35,500
(Taxable Income Levels \$7,500 for Single & MFS, \$15,000 for Joint, and \$12,000 for Head of Household Filers)				
2000 Income Year				
\$500 w/3% Tax Rate	\$24,000 to \$41,500	\$12,000 to \$25,000	\$12,250 to \$26,350	\$19,000 to \$35,500
(Taxable Income Levels \$7,500 for Single & MFS, \$15,000 for Joint, and \$12,000 for Head of Household Filers)				

- Notes:
- (1) Married Filing Separate (MFS) is combined with Single Filers for comparison purposes.
 - (2) For the 1997 and subsequent income years taxpayers beyond certain income levels are eligible for a maximum \$100 credit for property taxes paid. (For explanation, see previous section.)
 - (3) Single Filers' standard exemption amount is increased from \$12,000 to \$15,000 beginning with the 2000 income year.
 - (4) Assumes taxpayer claims up to the maximum credit allowed.

Petroleum Companies Tax Collections and Growth Rates FY 81 - FY 01



**Adjusted for Legislative Base and Rate changes.
Net of transfers to the Underground Storage Taxes Petroleum Clean-Up Account**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Petroleum Companies					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY81	49.7	49.7	0.0		
FY82	37.7	1.0	0.0	(24.1)	(26.2)
FY83	49.7	8.0	0.0	31.8	10.6
FY84	50.1	0.0	0.0	0.8	0.8
FY85	50.7	0.0	0.0	1.2	1.2
FY86	37.0	(14.0)	0.0	(27.0)	0.6
FY87	25.1	0.0	0.0	(32.2)	(32.2)
FY88	28.9	(0.1)	0.0	15.1	15.5
FY89	29.2	0.0	0.0	1.0	1.0
FY90	39.8*	14.2	(10.9)	36.3	25.0
FY91	55.3*	0.0	(4.1)	38.9	17.2
FY92	72.8	28.0	0.0	31.6	(24.6)
FY93	79.8*	9.0	(12.0)	9.6	13.7
FY94	75.4	(0.2)	0.0	(5.5)	(17.6)
FY95	75.1*	0.0	(18.0)	(0.4)	23.5
FY96	76.4*	0.0	(7.2)	1.7	(10.2)
FY97	90.8*	0.0	(10.4)	18.8	21.1
FY98	69.4*	0.0	(7.5)	(23.6)	(24.0)
FY99	63.2*	(20.2)	(21.1)	(8.9)	35.9
FY00	103.3*	(16.2)	(13.1)	63.4	57.3
FY01	127.6*	(10.2)	(17.1)	23.5	33.1

*Gross before transfers to USTP and Transportation Fund

PETROLEUM COMPANIES TAX

Fiscal Year	Gross Revenues (Millions \$)	Rate	Base Changes
1981	49.7	2%	Levied on gross earnings of petroleum companies engaged in refining and distributing petroleum products to whole-sale and retail dealers for distribution in state.
1982	37.7	2%	Firm is subject to tax when product is first sold in state (tax credit provided if and when product is subsequently sold out of state). Eff 5/1/82.
1983	49.7	2%	
1984	50.1	2%	
1985	50.7	2%	
1986	37.0	2%	1) Gross receipts from sales of home heating fuel are exempt from the tax (7/1/85). 2) The Emergency Spill Response Fund received \$1.5 million from FY 1986 tax receipts.
1987	25.1	2%	
1988	28.9	2%	Sales of propane gas used for residential heating purposes is exempt.
1989	29.2	2%	PA 89-313 - Rate raised from 2 to 3% to fund the Underground Storage Tank Petroleum Clean-up Acct[1].
1990	39.8	3%	
1991	55.3	5%	PA 91-3 (JSS) - The rate is increased 10/1/91.
1992	72.8	5%	PA 92-17 - Bunker fuel oil, intermediate marine diesel fuel oil, and marine gas used in vessels displacing 4,000 deadweight tons is exempted from Petroleum Tax.
1993	79.8	5%	PA 93-74 - Exempts Kerosene used for home heating.
1994	75.4	5%	PA 94-4 (MSS) - Changes the definition of gross receipts for service stations along state highways pursuant to a contract with DOT to base it on the wholesale price of fuel, effective 1/1/88.
1995	75.1	5%	PA 95-172 - Earnings from sales of propane used as motor vehicle are exempt from the tax, effective 7/1/95. Sales of propane for heating purposes is extended to all sales, not just limited to residential heating as prior law did.
1996	76.4	5%	

PETROLEUM COMPANIES TAX

Fiscal Year	Gross Revenues (Millions \$)	Rate	Base Changes
1997	90.8	5%	PA 96-183 - Number 2 Oil sold to be used in commercial fishing vessels is exempt from the petroleum gross earnings tax.
1998	69.4	5%	PA 97-309 - Transfer revenue generated from tax on petroleum products to the Transportation Fund. (\$20 Million in FY99 and \$36 Million in FY 00 and on.) PA 97-281 - Phases out the 5% tax on gross earnings by 1% per year over five years on fuel used in vessels primarily engaged in interstate commerce and on #6 fuel used by industrial customers (SIC 2000-3000) effective 7/1/98.
1999	63.2	5%	
2000	103.3	5%	
2001	127.6	5%	PA 00-170 increased the transfer to the Transportation Fund by \$10 million to \$46 million in FY 01 (see PA 97-309). PA 00-174 exempted paraffin and microcrystalline waxes from the tax.
2002	125.8 Estimate	5%	PA 01-1 JSS transfers \$6 million in FY 01 and \$8 million in FY 02 and FY 03 to the USTF. PA 01-6 JSS makes the following changes: 1) transfer \$1 million in FY 03 to the Conservation Fund Fisheries Account (one time). 2) extends the sunset for the exemption of propane and natural gas when sold as a motor fuel to June 30, 2002. 3) changes the threshold for when a company must pay the tax from \$100,000 to \$3,000 worth of products per quarter.

PETROLEUM COMPANIES TAX

Calculation of General Fund Petroleum Companies Tax Revenue (Amounts in thousands)

	Gross Revenues	Transfers to USTP Clean-Up Account[1]	Transfers Transportation and Other Funds[2,3]	General Fund Revenues	
FY 90	39,766	10,926		28,840	
FY 91	55,290	4,074		51,216	
FY 93	79,846	11,555		68,291	
FY 95	75,056	18,027		57,029	
FY 96	76,359	7,182		69,177	
FY 97	90,809	10,447		80,362	
FY 98	69,393	7,535		61,858	
FY 99	63,234	21,085	20,000	22,149	
FY 00	103,338	13,054	36,000	54,284	
FY 01	127,568	11,070	52,000	64,497	
Est-FY 02	125,800	10,000	54,000	61,800	Budget Act

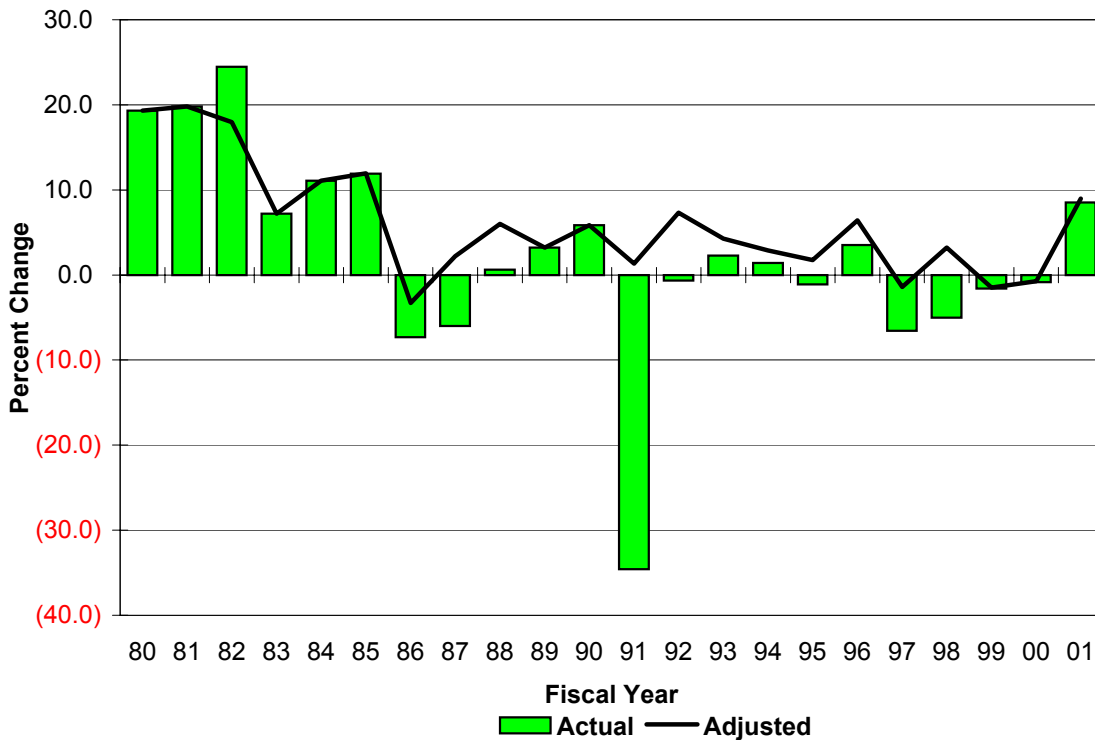
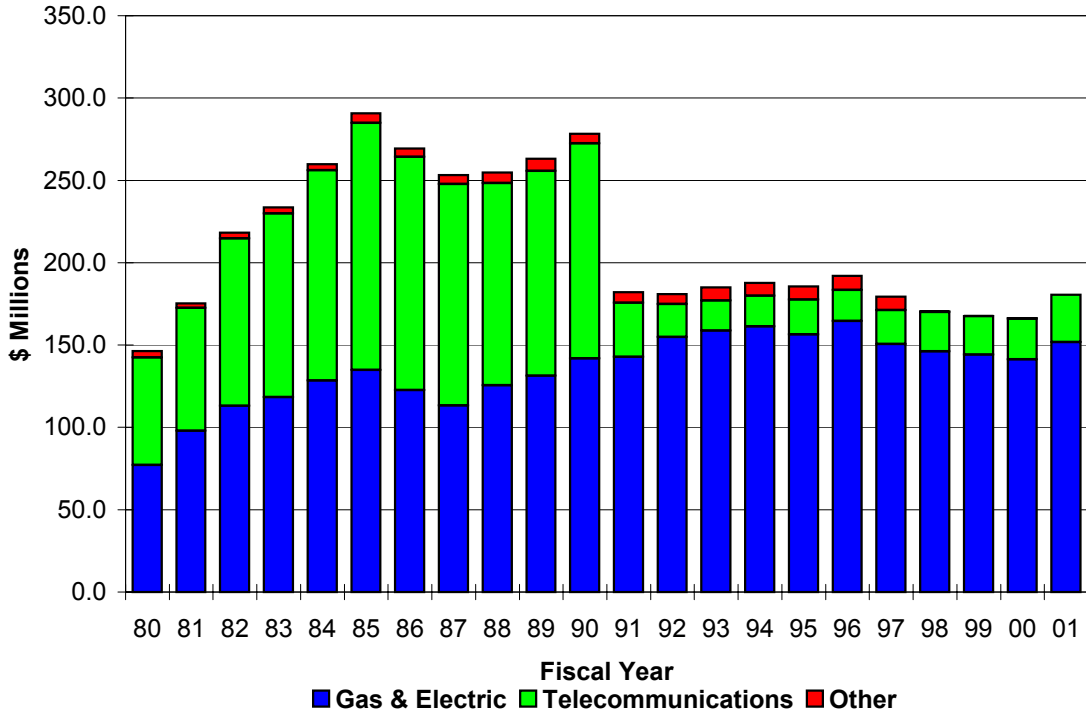
[1] The Underground Storage Tank Petroleum Clean-Up Account within the Environmental Quality Fund reimburses responsible parties for costs incurred due to leaking petroleum underground storage tank systems. The fund balance is maintained between \$5 and 15 million through transfers from tax receipts.

[2] PA 97-309 Transfers \$20 million in FY 99 and \$36 in FY 00 and thereafter to the Transportation Fund. PA 00-170 increased the transfer by \$10 million to \$46 million in FY 01 and thereafter.

[3] PA 01-1 JSS Transfers \$6 million in FY 01 and \$8 in FY 02 and FY 03 to the Environmental Quality Fund spill account. PA 01-6 JSS transfers \$1 million FY 03 to Conservation Fund Fisheries Account (one-time).

Source: Department of Revenue Services Annual Report, various years and
The Annual Report of the State Comptroller, various years.

Public Service Corporations Collections and Growth Rates FY 80 - FY 01



Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Public Service Corporations					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	52.9	15.0	0.0		
FY73	61.7	0.0	0.0	16.6	16.6
FY74	68.7	0.0	0.0	11.3	11.3
FY75	82.8	0.0	0.0	20.5	20.5
FY76	92.7	0.0	0.0	12.0	12.0
FY77	131.2	0.0	30.6	41.5	8.5
FY78	108.3	0.0	0.0	(17.5)	7.7
FY79	122.6	(0.1)	0.0	13.2	13.3
FY80	146.3	0.0	0.0	19.3	19.3
FY81	175.3	0.0	0.0	19.8	19.8
FY82	218.2	11.4	0.0	24.5	18.0
FY83	233.9	0.0	0.0	7.2	7.2
FY84	259.8	0.0	0.0	11.1	11.1
FY85	290.7	(0.1)	0.0	11.9	11.9
FY86	269.4	(11.7)	0.0	(7.3)	(3.3)
FY87	253.2	(22.1)	0.0	(6.0)	2.2
FY88	254.8	(13.6)	0.0	0.6	6.0
FY89	263.0	0.0	0.0	3.2	3.2
FY90	278.4	0.0	0.0	5.9	5.9
FY91	182.1	(100.0)	0.0	(34.6)	1.3
FY92	180.9	(18.0)	3.5	(0.7)	7.3
FY93	185.0	0.0	0.0	2.3	4.3
FY94	187.6	(2.7)	0.0	1.4	2.9
FY95	185.5	(5.4)	0.0	(1.1)	1.8
FY96	192.0	(5.4)	0.0	3.5	6.4
FY97	179.4	(9.9)	0.0	(6.6)	(1.4)
FY98	170.4	(14.8)	0.0	(5.0)	3.2
FY99	167.7	(0.2)	0.0	(1.6)	(1.5)
FY00	166.3	(0.2)	0.0	(0.8)	(0.7)
FY01	180.5	(0.7)	0.0	8.5	9.0

PUBLIC SERVICE CORPORATION TAX

Fiscal Year	Revenue (Millions \$)	Base and Rate Changes
1972	52.9	
1973	61.7	
1974	68.7	
1975 [1]	82.8	
1976	92.8	
1977	131.7	(accelerated payments)
1978	108.3	
1979 [2]	122.6	
1980	146.3	
1981	175.3	
1982	218.2	
1983	233.9	(1) Electric & gas companies may deduct revenues derived from energy conservation loan programs from gross earnings. (2) Various tax credits are provided to firms engaging in community service activities (see corporation tax).
1984	259.8	(1) The Department of Revenue Services rules that the tax on cable companies (CATV) applies to premium services as well as basic services. (2) In response to the Federal break-up of the American Telephone and Telegraph Corporation (AT&T), the definition of telecommunication services subject to the is revised.
1985	290.7	
1986	269.4	(1) The sales of gas or electricity to residential consumers is reduced to 4% from 5 (10/1/85). (2) The 3% gross earnings tax on Railroad Car companies is repealed (1/1/85). (3) The 9% tax on the gross receipts from sales of interstate telecommunications services is extended to 12/31/85 (1/1/85). (4) Railroad Companies are allowed an alternative method for determining gross receipt in Connecticut. Investments in additional areas are eligible as offsetting tax credits (10/1/85).
1987	253.2	(1) (a) Telecommunication services which are not rate regulated by the DPUC are subject to a 6.5% gross receipts tax. The tax is applied to revenues from services: (1) Rendered entirely within Connecticut (2) Which originate or terminate in Connecticut and are billed to Connecticut (7/1/86). (b) Companies providing rate regulated service will pay two-ninths of their annual tax as a grant to towns. The payments is in proportion to the number of access lines in each town to the total number of access lines statewide (4/1/87).
1988	254.8	(1) (a) Telecommunications companies subject to both the 6.5% tax and the 9% tax (i.e., companies providing competitive and regulated services) may pay their entire annual tax by April 1 (1/1/87) (b) Competition in the provision of certain telecommunications services - resale, private lines and coin operated telephones is allowed (7/1/87)

PUBLIC SERVICE CORPORATION TAX

Fiscal Year	Revenue (Millions \$)	Base and Rate Changes
		(c) One-third of the tax from regulated non-competitive telecommunications services will be paid to a special fund for payment of a grant to towns (the grant is increased from two-ninths to one-third).
1989	263.0	
1990	278.4	(1) PA 89-251 (a) Tax rate on community antenna television companies reduced from 9% to 5% (b) Tax on regulated and nonregulated telecommunications allowed to expire 1/1/90
1991	182.1	
1992	180.9	
1993	185.0	
1994	187.6	PA's 93-74 and 93-322 phases out the 5% tax on electricity and natural gas to manufactures (SIC 2000-3999) by 1% each year beginning 1/1/94.
1995	185.5	PA 94-4 (MSS) makes the following changes: (1) Exempts private water companies from the tax effective 7/1/96. (2) Provides a credit for 100% of the Property Tax paid on data processing equipment, effective with Property Tax paid on the 10/1/94 grand list. PA 94-101 exempts natural gas sold as motor vehicle fuel from the Public Service Taxes, effective 7/1/94
1996	192.0	PA 95-160 delays the effective date of: (1) The credit provided in PA 94-4 (MSS) for 100% of the property tax paid on data processing equipment from the 10/1/94 grand list to the 10/1/96 grand list. (2) The repeal of the tax on water companies from 7/1/96 to 7/1/97. PA 95-172 - Earnings from the sale of propane used as motor vehicle fuel are exempt from the tax. Effective 7/1/95. PA 95-114 - Extends the utility companies tax on natural gas marketers. Marketers do not include gas companies, municipal gas utilities, gas pipeline companies or gas transmission companies. The act makes natural gas marketers eligible for the same exemptions allowed for gas and other utility companies subject to the tax. PA 95-359 - Specifies that natural gas marketers are subject to the tax only with regard to their sales of natural gas, bases their tax liability on the proportion of sales to retail customers that occur in the state, and exempts sales for resale from marketers from the tax
1997	179.4	PA 96-144 - Reinstates the credit provided by PA 94-4 (MSS) for 100% of the Property Tax paid on data processing equipment. The credit was delayed by PA 95-160 from the 10/1/94 grand list to the 10/1/96 grand list.

PUBLIC SERVICE CORPORATION TAX

Fiscal Year	Revenue (Millions \$)	Base and Rate Changes
		PA 96-205 - The 5% tax on Steam Companies is phased out as follows:
		Effective Date
		7/1/96
		7/1/97
		7/1/98
		7/1/99
		7/1/00
		Phased Out
		4%
		3%
		2%
		1%
		Eliminated
1998	170.4	
1999	167.7	PA 98-28 restructures the electric industry to allow consumers to choose their electric suppliers beginning January 1, 2000 for select groups and July 1, 2000 for all other consumers. Until competition begins, rates are capped at their December 31, 1996 levels. This will be accomplished by requiring each electric company to unbundle its electricity generation and distribution components. The generation component will be subject to competition from other suppliers. The Act eliminates the gross earnings tax on the generation services as of July 1, 2000.
2000	166.3	PA 99-173 provides a tax credit for expenses related to rehabilitating historic homes effective 1/1/00. The credit applies to expenses over \$15,000 with a cap on the credit of \$30,000 for each home. The credit is capped at \$3 million per year and can be carried forward for up to four years. The credit is available under the Corporate Business Tax, Insurance Premiums Tax and other taxes.
2001	180.5	
2002	189.7	PA 01-6 JSS extends the sunset for the exemption of propane and natural gas when sold as a motor fuel to June 30, 2002.
	Budget Act	

[1] Beginning with FY 1965 20% of all Public Service tax receipts went to the Public Service Tax Sinking Fund. The Fund was abolished in FY 75 and all revenues went to the General Fund.

[2] An exemption is provided for Railroads whose net operating income is less than 12% of their gross earnings.

Note: see following chart "Public Services Corporation Taxes" for the individual components of total revenue.

PUBLIC SERVICE CORPORATION TAX RATES

Fiscal Year	Community			Water[7], Gas, Steam		Railroad Car Co's.	Railroad Co's.	Express Co's.
	TV & Ant.	Telephone	Telecomm.	Electric Power	Telegraph & Cable			
1972	NA	8.00%		5.00%	4.50%	3.00%	2%-3.5%	2.00%
1973	8.00%	8.00		5.00	4.50	3.00	2 - 3.5	2.00
1974	8.00	8.00		5.00	4.50	3.00	2 - 3.5	2.00
1975	8.00	8.00		5.00	4.50	3.00	2 - 3.5	2.00
1976	8.00	8.00		5.00	4.50	3.00	2 - 3.5	2.00
1977	8.00	8.00		5.00	4.50	3.00	2 - 3.5	2.00
1978	8.00	8.00		5.00	4.50	3.00	2 - 3.5	2.00
1979	8.00	8.00		5.00	4.50	3.00	2 - 3.5	2.00
1980	8.00	8.00		5.00	4.50	3.00	2 - 3.5	2.00
1981	9.00	9.00		5.00	4.50	3.00	2 - 3.5	2.00
1982	9.00	9.00		5.00	4.50	3.00	2 - 3.5	2.00
1983	9.00	9.00		5.00	4.50	3.00	2 - 3.5	2.00
1984 [1]	9.00	9.00		5.00	4.50	3.00	2 - 3.5	2.00
1985	9.00	9.00		5.00	4.50	Repealed	2 - 3.5	2.00
1986 [2]	9.00	9.00		5.00	4.50		2 - 3.5	2.00
1987 [3]	9.00	9.00	6.50%	5.00	4.50		2 - 3.5	2.00
1988	9.00	9.00	6.50	5.00	4.50		2 - 3.5	2.00
1989	9.00	9.00	6.50	5.00	4.50		2 - 3.5	2.00
1990	5.00	Eliminated [4]		5.00	4.50		2 - 3.5	2.00
1991	5.00			5.00	4.50		2 - 3.5	2.00
1992	5.00			5.00	4.50		2 - 3.5	2.00
1993	5.00			5.00	4.50		2 - 3.5	2.00
1994 [5]	5.00			5.00	4.50		2 - 3.5	2.00
1995	5.00			5.00	4.50		2 - 3.5	2.00
1996	5.00			5.00	4.50		2 - 3.5	2.00
1997 [6]	5.00			5.00	4.50		2 - 3.5	2.00
1998 [7]	5.00			5.00	4.50		2 - 3.5	2.00
1999	5.00			5.00	4.50		2 - 3.5	2.00
2000	5.00			5.00	4.50		3 - 3.5	2.00
2001	5.00			5.00	4.50		3 - 3.5	2.00

[1] The 5% tax on water companies is only levied on water companies as defined under DPUC regulations issued 7/1/84.

[2] The tax on sales of gas or electricity to residential customers is reduced from 5% to 4%.

[3] The tax rate on interstate firms is reduced to 6.5% and applies to revenues from services: (1) rendered entirely in Connecticut and; (2) which originated or terminate in Connecticut and are billed to Connecticut. Intrastate firms must pay one-third of their annual tax as a grant to towns. The grant amount is based upon the number of access lines in each town to the total number statewide.

[4] The tax on regulated and nonregulated telecommunications service was repealed 1/1/90.

[5] The 5% tax on electricity and natural gas to manufacturers is phased out by 1% each year beginning 1/1/94.

[6] The tax on steam companies is phased out by 1% each year beginning 7/1/96

[7] The tax on private water companies was repealed 7/1/97.

PUBLIC SERVICE CORPORATION TAXES BY SOURCE

(\$000)

Fiscal Year	Community TV & Ant.	Telephone (repealed)	Telecomm. (repealed)	Electric & Power Cos.	Gas	Gas, Electric & Steam	Water (repealed)	Telegraph & Cable (repealed)	Railroad Car Co's.	Railroad Co's.	Express Co's.
1972	0	26,645		4,553	3,451	16,222	1,965	28.8	12	37	2.1
1973	9	30,810		5,838	3,838	18,997	2,135	30.5	14	45	2.0
1974	91	34,903		6,466	3,858	20,679	2,227	472.0	15	26	2.0
1975	119	37,119		9,603	4,804	28,403	2,378	249.8	10	61	0
1976	553	40,996		10,535	5,556	32,268	2,592	154.4	6	47	0
1977	971	45,131		17,547	10,981	52,049	4,323	155.3	8	71	0
1978	1,468	46,734		12,526	8,667	35,363	3,217	157.5	11	122	0
1979	2,028	57,185		13,877	6,989	38,873	3,347	174.5	11	92	0
1980	2,748	62,395		18,699	10,186	48,228	3,755	204.0	12	31	0
1981	3,490	70,962		23,692	12,574	61,640	2,675	216.9	11	9	0
1982	5,634	95,620		25,716	16,619	70,828	3,542	232.9	10	0.10	0
1983	6,947	114,467		24,632	17,624	76,037	3,969	223.4	8	0.08	0
1984	13,502	114,141		28,476	17,362	82,554	3,605	178.2	6	0.14	0
1985	14,409	135,318		30,118	17,450	87,345	5,857	171.8	5	0.15	0
1986	16,743	124,701		27,604	15,964	79,076	5,184	157.2	1	0.12	0
1987	16,613	97,845	19,818	25,725	13,926	73,684	5,483	126.9	0	0.18	0
1988	21,611	73,514	27,690	27,035	15,001	83,439	6,378	115.1	0	0.14	0
1989	24,123	71,781	28,395	27,594	15,203	88,500	7,345	94.6	0	0.08	0
1990	29,927	74,966	25,603	29,495	27,113	85,191	5,975	104.0	0	0.50	0
1991[1]	16,230	0	16,605	32,122	26,752	83,892	6,460	65.5	0	0.10	0
1992	16,479	3,467	17	31,180	30,264	93,414	6,049	9.9	0	0.20	0
1993	18,389	0	0	32,683	33,432	92,704	7,948	0.0	0	0.20	0
1994	18,316	0	177	32,695	35,171	93,511	7,770	0.0	0	0.10	0
1995	21,116	0	10	31,388	32,912	92,119	7,699	0.0	0	298	0
1996	18,743	0	5	31,553	35,899	97,173	8,355	0.0	0	239	0
1997	20,515	0	0	28,849	33,523	88,289	8,090	0.0	0	101	0
1998[2]	23,897	0	0	26,775	29,591	89,769	278	0.0	0	109	0
1999	23,260	0	0	27,907	29,375	87,007	4	0.0	0	152	0
2000	24,699	0	0	28,376	32,858	80,114	0	0.0	0	216	0
2001	28,640	0	0	27,865	50,592	73,394	0	0.0	0	56	0

[1] The tax on regulated and nonregulated telecommunications service was repealed 1/1/90.

[2] The tax on private water companies was repealed 7/1/97.

Source: Comparative Statement of State Tax Revenue in Connecticut, Department of Revenue Services, various years.

**RATE CHANGES GRANTED TO MAJOR PUBLIC UTILITIES
BY THE DEPARTMENT OF PUBLIC UTILITY CONTROL**

Final Decision Date:	Utility	Amount [1] (\$ Millions)
1977 October	CL&P	22.6
	HELCO	12.4
December	SNET	33.8
1979 January [2]	CL&P	6.6
	HELCO	3.6
June	CL&P	53.7
	HELCO	32.3
1980 October	SNET	85.3
	CL&P	81.6
	HELCO	43.0
November	SNET	16.3
1981 November	CL&P	123.5
	HELCO	62.5
1982 November	SNET	89.2
December [3]	CL&P	101.7
1983 December	CL&P	99.4
1984 December	UI	23.0
1985 October [4]	CL&P	(1.6) ^(10/85 -6/86)
	UI	(0.5) ^(10/85 -6/86)
1986 July	CL&P	Rates would remain unchanged
	UI [6]	until 1/1/88 [5]
1987 August	SNET [7]	
1988 February	CL&P [8]	Rates remain unchanged
1988 December	CL&P	27.3
	CNG	1.4
1989 August	UI	640.0 [9]
	CNG	13.5
1990 January	UI	55.7
March	SCG	8.4
September	CL&P	39.0
November	YG	14.3
December	CL&P	20.0 [10]
1991 March	SNET	47.7 [11]
June	SNET	New rate structure
		approved eff. (7/21/91)
August	CL&P	77.2
1992 August	YG	12.8
December [12]	UI	33.1
1993 June [13]	CL&P	141.3
July	SNET	39.4
December	SCG	13.4
1994 January [14]	UI	17.3
July [15]	CL&P	47.1
1995 July [16]	CL&P	48.2
November	CNG	8.9
1996 March	SNET	0.0 [17]
December	UI	0.0 [18]
1997 No rate changes for CL&P and UI		
July	YG	0.0 [23]
1998 February	CL&P	(30.5) [19]
April	CL&P	0.0 [20]
1999 February	CL&P	(95.8) [21]
2000 January	CL&P	0.0 [22]
	UI	0.0 [22]
	SCG	0.5
May	CNG	(0.1)
September	CNG	0.8 [24]
2001 June	CL&P	0.0 [25]
September	CL&P	0.0 [25]
2002 January	YG	4.0

CL&P - Connecticut Light and Power
CNG - Connecticut Natural Gas
HELCO - Hartford Electric Light Company
SCG - Southern Connecticut Gas

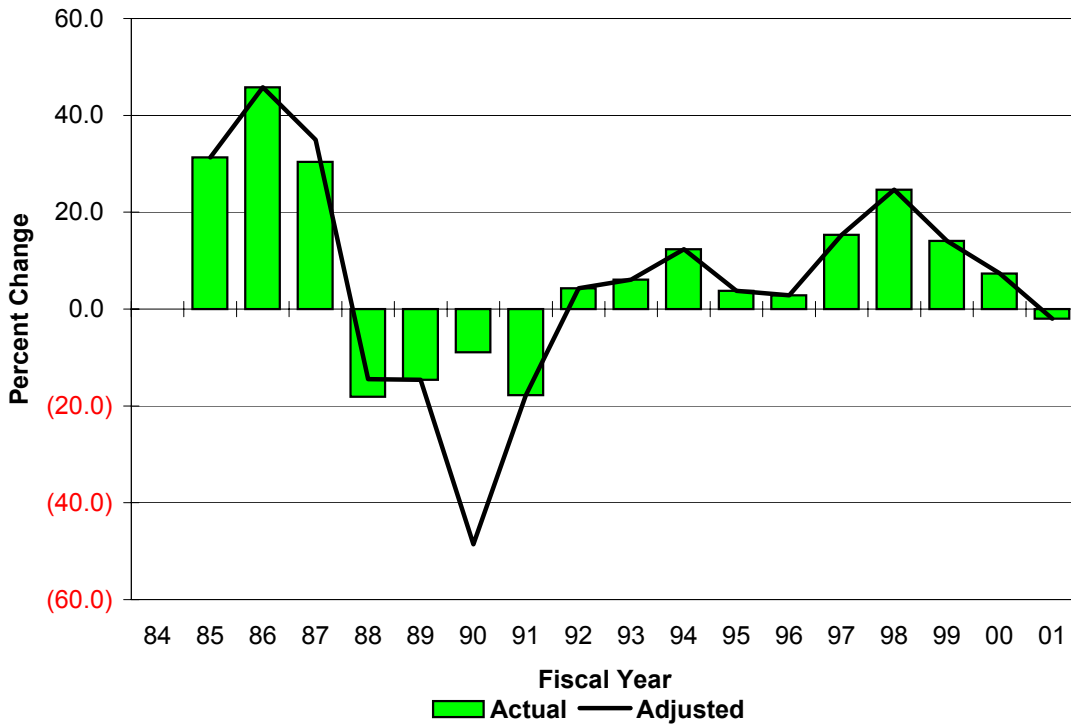
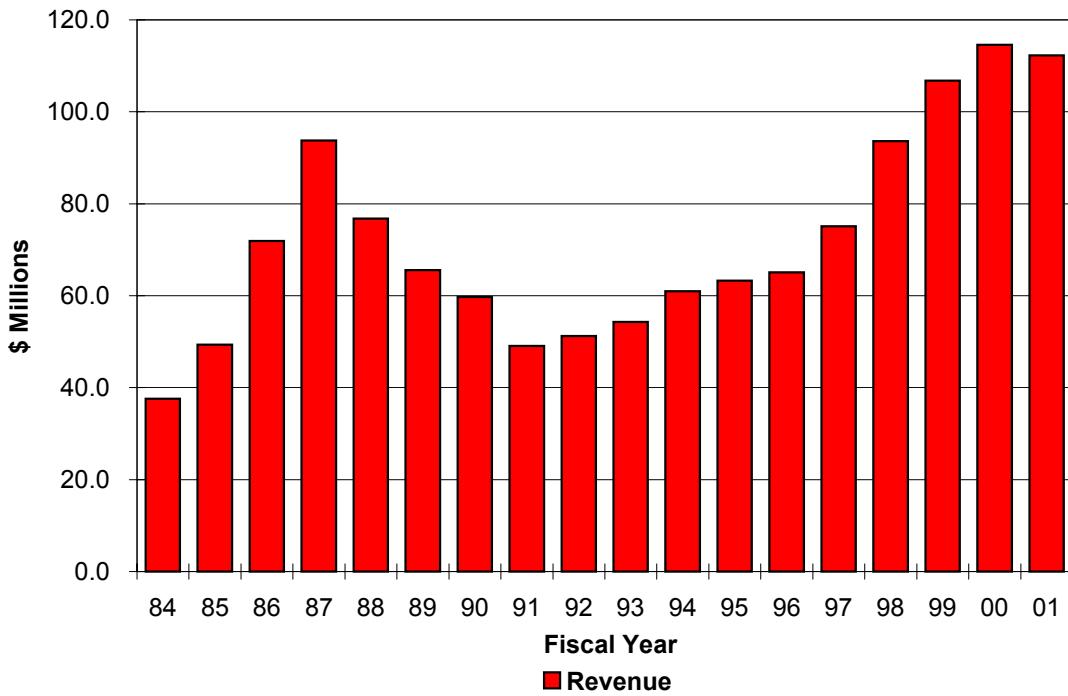
SNET - Southern New England Telephone
UI - United Illuminating
YG - Yankee Gas

Notes:

- [1] The total revenue increase for the utility resulting from the rate decision.
- [2] The CL&P and HELCO rate increases are surcharges resulting from a court case.
- [3] HELCO merged with CL&P.
- [4] CL&P and UI requested that the DPUC decrease its rates to reflect the decrease in the gross earnings tax authorized under PA 85-159. This act reduced the tax on sales of gas gas or electricity to residential customers from 5% to 4% (eff. 10/1/85).
- [5] Electric: Fuel adjustment revenues of \$103.8 million are folded into base rates and million from ratepayer fund to be refunded to customers during 7/1/87 - 12/3/87. Gas: Reduction of gas revenues of \$1.8 million.
- [6] (a) No general rate proceeding since 12/84.
(b) In 1986 a fuel adjustment totaling \$66.4 million is reflected as a credit on customer's bills. The credit reflects declining fossil fuel costs since the base period.
- [7] Rate credits to consumers over the period 7/87-12/88: \$23 million; reduced toll rates over the period 7/87-12/88: \$31.5 million.
- [8] Electric: Fuel adjustment revenues of \$42.29 million are folded into base rates and a one-time \$10 million credit is issued to all electric customers. Deferred return on Millstone 3 reduced by \$54.14 million. Gas: A one-time \$10.35 million credit issued to gas firms.
- [9] UI is permitted to phase in the \$640 million investment in Seabrook I over 5 years according to the following schedule:
- | Effective Date | (\$ Million) |
|----------------|--------------|
| Aug. 23, 1989 | 48.2 |
| Jan. 1, 1990 | 275.2 |
| Jan. 1, 1991 | 68.3 |
| Jan. 1, 1990 | 5.1 |
| Jan. 1, 1992 | 174.8 |
| Jan. 1, 1993 | 68.4 |
- [10] Temporary surcharge to be collected only until permanent new rate approved.
- [11] Temporary surcharge of 12.8% to be collected from 3/20/91 to 7/21/91 pending final decisions on new rate structures.
- [12] Part of first year phase-in authorized in late 1993 two year phase-in.
- [13] Part of first year phase-in authorized in mid 1993 three year phase-in.
- [14] Part of second year phase-in authorized in late 1993 two year phase-in.
- [15] Part of second year phase-in authorized in mid 1993 three year phase-in.
- [16] Part of third year phase-in authorized in mid 1993 three year phase-in.
- [17] No future rate changes are anticipated as deregulation takes effect, prices will be determined in the market. Filed pursuant to PA 94-83 and CGS 16-247k.
- [18] Department approved a Rate Plan providing 3-5% in total customer bill credits from 1997-2001.
- [19] Annual reduction associated with removing Millstone Unit 1 from the rate base. Subject to true up for actual capacity and energy costs.
- [20] Adjustment to CL&P's revenue requirements for the period of time Millstone Unit 2 and 3 are out of the rate base are done on a non-cash basis.
- [21] Decision also ordered non-cash adjustments to CL&P's revenue requirements of (\$63.2) million for September 28, 1998, February 5, 1999, and (\$136.1) million for rate year 1999. Millstone Unit 1 credit is ended. Millstone Unit 2 continues out of rate base on a non-cash basis.
- [22] Public Act 98-28, An Act Concerning Electric Restructuring, requires that, effective 1/1/00, electric rates be 10% lower than 7/1/96 levels. Due to interim decreases, CL&P rates were reduced by 6% and UI's by about 6.5%. Revenues were not reduced, but deferred for future collection.
- [23] Annual overearnings of \$3.2 million identified during a four year financial review applied to regulatory assets.
- [24] Result of a reopening of the May 2000 Decision in CNG's rate case.
- [25] In separate Decisions in June and September, transmission and distribution rates and system benefits charge were reduced a total of \$42.4 million and the generation service charge was increased a total of \$42.4 million. An earnings sharing mechanism was also put in place.

Source: The Department of Public Utility Control.

Real Estate Conveyance Tax Collections and Growth Rates FY 84 - FY 01



**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

Real Estate Conveyance Tax					
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY84	37.6	37.7	0.0		
FY85	49.3	0.0	0.0	31.3	31.3
FY86	71.9	0.0	0.0	45.8	45.8
FY87	93.7	(3.3)	0.0	30.4	35.0
FY88	76.8	(3.4)	0.0	(18.1)	(14.5)
FY89	65.6	0.0	0.0	(14.6)	(14.6)
FY90	59.7	26.0	0.0	(8.9)	(48.6)
FY91	49.1	0.0	0.0	(17.8)	(17.8)
FY92	51.2	0.0	0.0	4.3	4.3
FY93	54.3	0.0	0.0	6.1	6.1
FY94	61.0	0.0	0.0	12.3	12.3
FY95	63.3	0.0	0.0	3.8	3.8
FY96	65.1	0.0	0.0	2.8	2.8
FY97	75.1	0.0	0.0	15.4	15.4
FY98	93.6	0.0	0.0	24.6	24.6
FY99	106.8	0.0	0.0	14.1	14.1
FY00	114.6	(0.1)	0.0	7.3	7.4
FY01	112.3	0.0	0.0	(2.0)	(2.0)

REAL ESTATE CONVEYANCE AND STOCK TRANSFERS TAX

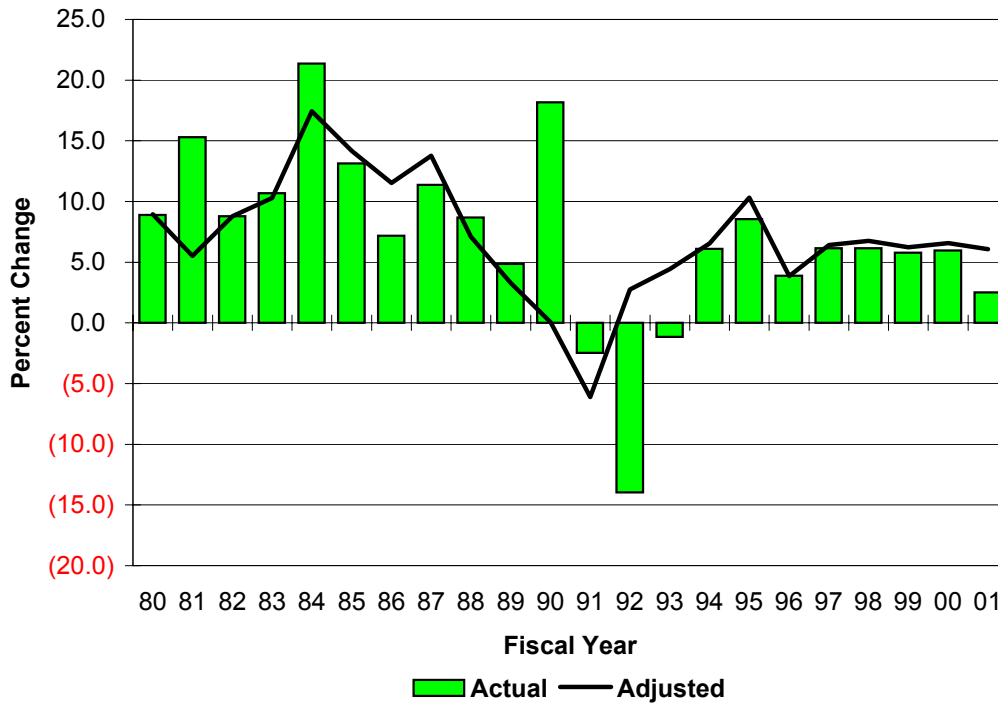
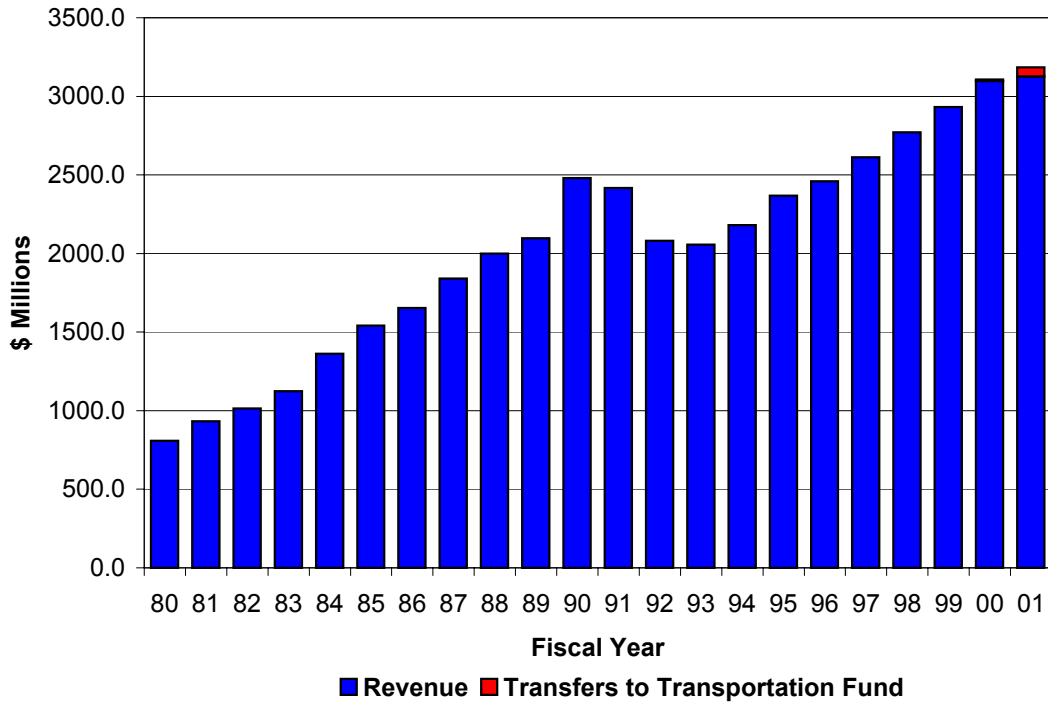
Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
1984	\$37.6	0.5%	The tax became effective on 7/1/83. The tax rate is one-half of one percent (or \$5 per \$1,000) and is levied on the selling price of real estate. The tax is payable by the seller. Exemptions: Real estate conveyances within Enterprise zones.
1985	\$49.3	0.5	Exemptions: (a) Conveyances by recipients of elderly tax relief for homeowners (7/1/85) (b) Conveyances which occur as a result of a superior court decree and transfers in which no consideration is offered. Base Increase: Resale of mobile homes from 10/1/85 to 6/30/86.
1986	\$71.9	0.5	
1987	\$93.7	0.45	The resale of mobile manufactured homes located in mobile home parks or single-family lots are subject to tax (7/1/86). Rate Decrease: PA 86-397 reduced the rate from .5% to .045% effective 1/1/87.
1988	\$76.8	0.45	Base Decrease: Tax is eliminated for conveyances valued at less than \$2,000 (7/1/87).
1989	\$65.6	0.45	Rate Increase: Residential and vacant land sales: .5% on portion of purchase price below \$800,000 and 1.0% for portion above \$800,000. Nonresidential land sales: 1.0% Base Increase: Controlling Interest Transfer Tax - 1.0% tax on the value of real property when controlling interest is transferred through the sale of stock
1990	\$59.7	.5-1.0	
1991	\$49.1	.5-1.0	Base Decrease: PA 90-315 - Real property transfers between affiliated federally tax-exempt corporations are exempt if one corporation owns the other or a third entity owns both (7/1/90)
1992	\$51.2	.5-1.0	PA 91-356 - Rate reduced from 1% to 0.5% on transfers to regulated lending institutions of property worth more than \$800,000 when mortgage is at least 6 months delinquent. (effective 7/1/91)

REAL ESTATE CONVEYANCE AND STOCK TRANSFERS TAX

Fiscal Year	Revenues (Millions \$)	Rate	Base Changes
			PA 91-403 - Transfers between certain tax-exempt corporations are exempt. Transfers to nonprofit organizations which hold land in trust for conservation and recreational purposes is also exempt. (eff 7/1/91).
1993	\$54.3	.5-1.0	PA 92-57 - The 0.5% rate on transfers to regulated lending institutions for property at least 6 months delinquent is extended to subsidiaries of these institutions. (effective 7/1/92)
1994	\$61.0	.5-1.0	
1995	\$63.3	.5-1.0	
1996	\$65.1	.5-1.0	PA 95-62 - This act exempts conveyance of burial rights in cemeteries from the real estate conveyance tax.
1997	\$75.1	.5-1.0	
1998	\$93.6	.5-1.0	
1999	\$106.8	.5-1.0	PA 98-244 - This act eliminates the ownership or control requirement in regards to transfers between certain tax-exempt affiliated corporations.
2000	\$114.6	.5-1.0	PA 99-173 - Farm land development rights sold to the State under farmland preservation program are exempted.
2001	\$112.3	.5-1.0	PA 00-140 - Exempt deeds of property for the Adrian's Landing site or the stadium facility site.
2002	\$110.0	.5-1.0	
	Budget Act		

Note: The tax is collected by towns and remitted to the state monthly.

Sales and Use Taxes Collections and Growth Rates FY 80 - FY 01



**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

	Sales				
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	358.4	64.0	0.0		
FY73	465.9	64.9	0.0	30.0	11.9
FY74	451.4	(55.2)	0.0	(3.1)	8.7
FY75	425.5	(27.4)	0.0	(5.7)	0.3
FY76	542.9	97.4	1.3	27.6	4.4
FY77	583.7	(28.5)	0.0	7.5	13.0
FY78	654.2	(4.1)	0.0	12.1	12.8
FY79	742.8	(8.7)	0.0	13.5	14.9
FY80	808.9	(0.3)	0.0	8.9	8.9
FY81	932.7	79.2	0.0	15.3	5.5
FY82	1,014.6	(0.1)	0.0	8.8	8.8
FY83	1,123.1	4.1	0.0	10.7	10.3
FY84	1,362.9	44.0	0.0	21.4	17.4
FY85	1,542.0	(14.0)	0.0	13.1	14.2
FY86	1,652.6	(67.1)	0.0	7.2	11.5
FY87	1,840.6	(39.6)	0.0	11.4	13.8
FY88	2,000.3	28.8	0.0	8.7	7.1
FY89	2,097.6	19.7	12.0	4.9	3.3
FY90	2,479.0	392.0	0.0	18.2	0.1
FY91	2,417.8	90.5	0.0	(2.5)	(6.1)
FY92	2,080.2	(381.0)	(23.3)	(14.0)	2.8
FY93	2,056.2	(138.5)	(2.3)	(1.2)	4.4
FY94	2,181.5	(22.8)	11.1	6.1	6.5
FY95	2,368.1	(13.8)	(12.2)	8.6	10.3
FY96	2,460.1	(6.7)	(5.5)	3.9	3.9
FY97	2,611.5	(5.6)	(6.5)	6.2	6.4
FY98	2,772.1	(18.8)	(4.1)	6.1	6.8
FY99	2,932.2	(14.2)	(2.5)	5.8	6.2
FY00	3,106.8*	(37.4)	16.6	6.0	6.6
FY01	3,185.2*	(88.5)	(4.2)	2.5	6.1

*Gross before transfers to Transportation Fund.

SALES AND USE TAX

Fiscal Year	Gross Revenue (\$Millions)	Rate	Base Changes
1972	358.4	6.5%	Sales tax on utilities services (first \$20 exempt) (\$6.9 million revenue gain). Exempt: Needles and syringes and flyable aircraft manufactured in the state.
1973	465.9	7.0%	Sales tax exemption on utility services lowered to \$10 (\$20.6m)
1974	451.4	6.5%	
1975	425.5	6.0%	Repealed: Sales Tax on utility services
1976	542.9	7.0%	Renting or leasing business tangible personal property and services added to base
1977	583.7	7.0%	Tax rate on business services and manufacturing machinery reduced to 3.5 from 7.0%
1978	654.2	7.0%	1) Tax rate on manufacturing machinery reduced to 2.5% from 3.5% 2) Tax rate on farm machinery reduced to 2.5% from 7.0%. 3) Exempt: sales of solar collectors (until 9/30/82).
1979	742.8	7.0%	1) The 2.5% tax on manufacturing or farm machinery is repealed. 2) Qualifying municipalities may retain 4.5% of the 7% state sales tax collected on hotel or lodging house receipts. Under prior law, one-half of the amusement tax receipts collected on the sale of admission tickets was retained by municipalities. The addition of the sales tax provision allows the municipality the option of retaining amusement tax receipts or sales tax receipts. 3) Exemption for newspapers circulated without charge.
1980	808.9	7.0%	Exemptions: a) Sale of walkers for use by invalids or handicapped. b) Sales of tangible personal property and services to senior citizen centers. c) Motor vehicles driving service related to driving outside the state. d) Solar energy systems. e) Computer programming, sign construction, photofinishing, duplicating and photocopying (tax is applied to ultimate product of such services). f) Motor fuel for van pool vehicles and high-occupancy commuter vehicles.
1981	932.7	7.5%	1) Cigarettes added to tax base. 2) Exempt: Special equipment used by deaf or blind in communicating by telephone.
1982	1,015.0	7.5%	1) Municipalities may form a district of at least 85,000 in population, establish a convention and visitors commission, and receive a portion of sales tax collections on lodging (approximately 4.5%) \$50,000 (A description of these commissions is included in this section). 2) Exemptions: a) Replacement parts for machinery for firms located in enterprise zones. b) Sale of boats and ancillary equipment used for commercial fishing. c) Sales of services for testing health consequences of consuming a product. d) Purchase of aircraft held for resale and used for other than retention, demonstration or display. (Gross receipts from air taxi and flight instruction are subject to tax)
1983	1,123.1	7.5%	1) A municipal district's share of sales tax receipts from hotels and lodging is reduced from 4.5% to 1.5% 2) Exemptions: a) An exemption is provided for materials and equipment sold to radio or television stations when used directly in the productions and transmission of programs to the public (10/1/82)

SALES AND USE TAX

Fiscal Year	Gross Revenue (\$Millions)	Rate	Base Changes
			<p>b) Any vessel transferred to the owner of a business from that business is exempt from tax if last sale was subject to tax.</p> <p>3) Exemptions Repealed:</p> <p>a) Seed and fertilizer not used in agricultural production (4/1/83)</p> <p>b) Definition for meals under \$1.00 (4/1/83)</p> <p>4) Definition of a retailer liable for collection and payment of tax is clarified.</p> <p>5) Any corporate officer responsible for filing and paying taxes due is personally liable for willful nonpayment of taxes</p>
1984	1,362.9	7.5%	<p>1) Tax rate on business services increased to 7.5 from 3.5 (8/1/83)</p> <p>2) Retailers are entitled to a credit on items when a partial return is given</p> <p>3) Exemptions:</p> <p>a) Gold or silver bullion or the legal tender of any nation are exempt if total purchases exceeds \$1,000</p> <p>b) Vessels brought into state between October 1 and April 30 exclusively for storage, maintenance or repair</p>
1985	1,542.0	7.5%	<p>Exemptions:</p> <p>a) Exemption for renewable energy systems is extended to FY 1986 (7/1/84)</p> <p>b) Companies which voluntarily contract with a firm to clean up hazardous waste site are exempt from services tax (7/1/84)</p> <p>c) Home delivered meals to elderly, disabled and homebound individuals (7/1/84)</p> <p>d) Clothing less than \$50 enacted during the 1985 session but effective 4/1/85</p>
1986	1,652.6	7.5%	<p>1) Exemptions:</p> <p>a) Clothing less than \$50 (4/1/85)</p> <p>b) Clothing less than \$75 (10/1/85)</p> <p>c) Sales of non-prescription drugs (7/1/85)</p> <p>d) Sales of seeds and fertilizer (4/1/86)</p> <p>e) The value of construction equipment or machinery used in trade-ins is allowed as a deduction for purposes of determining the price subject to tax (10/1/85)</p> <p>f) The leasing or rental of motion pictures for display at a theater (7/1/85)</p> <p>g) Sales of renewable energy source systems is extended from 7/1/86 to 7/1/91.</p> <p>h) From 10/1/85 to 6/30/86 the resale of mobile manufactured homes will be subject to real estate conveyance tax instead of sales tax</p> <p>i) The price of items exempt from the tax is increased from \$2 to \$5, when sold by schools or charitable organizations to support youth activities (7/1/85)</p> <p>2) Rate reduction: Aviation fuel is reduced from 7.5% to 2% for sales occurring between 7/1/85 and 6/30/87</p> <p>3) Base Increase: Sale of new mobile manufactured homes 12 or more feet wide (10/1/85 to 6/30/86)</p>
1987	1,840.6	7.5%	<p>1) Exemptions and base reductions:</p> <p>a) Meals under \$2 are exempt (7/1/86)</p> <p>b) Cloth and fabric for non-commercial sewing and used in making clothing are exempt (7/1/86)</p> <p>c) Disposable pads (adult diapers) are exempt (7/1/86)</p> <p>d) Diabetic required testing equipment (test strips, lancets, and glucose monitoring equipment) are exempt (7/1/86)</p> <p>e) First \$2,500 of funeral expenses are exempt (7/1/86)</p> <p>f) Sales under \$15 by non-profit nursing or convalescent home gift shops are exempt (7/1/86)</p>

SALES AND USE TAX

Fiscal Year	Gross Revenue (\$Millions)	Rate	Base Changes
			<ul style="list-style-type: none"> g) Services provided by corporations participating in a joint venture, and related to the production or development of new or experimental products or systems are exempt. The exemption is permitted for up to 10 years. (7/1/86) h) Refund for repair and replacement parts which are used directly in a manufacturing or agricultural production process. The total refund per year per firm may not exceed \$7,500 (1/1/86) i) Items purchased with federal food stamps are exempt (10/1/86) j) Sales taxes collected at Bradley from sale of aviation fuel is transferred to the Bradley Airport Revenue Fund from the General Fund (7/1/86)
			<ul style="list-style-type: none"> 2) The rate for repair or replacement parts for machinery used directly in a manufacturing or agricultural production process is reduced from 7.5% to 5%. 3) The taxable basis for new mobile manufactured homes is reduced from 100% to 70% of the manufacturer's sales price. (7/1/86)
1988	2,000.4	7.5%	<p>Exemptions and base reductions:</p> <ul style="list-style-type: none"> a) Aviation Fuel used in experimental testing of any product is exempt (7/1/87) b) Non-alcoholic beverages are included within the definition of meals for purposes of the exemption for meals costing less than \$2.00 (7/1/87) c) Sales of eye medications are exempt (7/1/86) d) The exemption for sales at non-profit nursing homes, convalescent homes or adult day care centers is increased from items costing less than \$15 to items costing less than \$100 (7/1/87) e) Sales of ambulances operating under a certificate or license issued by the Office of Emergency Medical Services are exempt (4/1/87). f) An exemption is provided for business services to a company that is 100% owned or between companies that are both 100% owned by another company. The exemption covers transactions during the period 7/1/82 through 6/30/88. Companies having paid the tax will be allowed to file for a refund (Passage). g) The tax on the services of collection agencies is eliminated (7/1/87).
1989	2,097.6	7.5%	<ul style="list-style-type: none"> 1) The state may collect revenue from out-of-state mail order houses, in the event that Federal legislation over turns the Bellas-Hess decision. 2) The sunset provision for the exemption for business services provided between affiliated companies is eliminated.
1990	2,479.0	8.0%	<ul style="list-style-type: none"> 1) The exemption for meals under \$2 is eliminated 2) Base Increases: <ul style="list-style-type: none"> a) The tax is imposed on natural gas, electricity and oil provided to businesses. Utilities used in manufacturing and agriculture are excluded. An exemption is provided for the first \$150 per month of electrical usage. b) The enumerated services base was expanded. c) The tax was imposed on telecommunications services. d) The tax was imposed on community antenna. (1/1/90)
1991	2,417.8	8.0%	<p>1) Exemptions and base decreases: (effective 7/1/90)</p> <ul style="list-style-type: none"> a) Consignment fees on sales of art works or clothing are exempt. b) Lodging at facilities operated by nonprofit charities are exempt. c) Environmental-maintenance equipment used in computer disk production are exempt. d) The price of items exempt from the tax is increased from \$5 to \$20, when sold by schools or charitable organizations to support youth activities. e) Materials and equipment used for medical or surgical training program production and transmission are exempt.

SALES AND USE TAX

Fiscal Year	Gross Revenue (\$Millions)	Rate	Base Changes
			<ul style="list-style-type: none"> f) Molds, dies, patterns and sand-handling equipment used in metal casting sold after 4/1/85 are exempt. g) The definition of consulting services is narrowed. h) Cash-basis taxpayers may claim a credit for sales occurring after 7/1/89 if the account receivable is deemed worthless. (effective upon passage) 2) Out-of-state retailers owned or controlled by a firm owning an in-state business in a similar type of business are required to collect the tax (7/1/90)
1992	2,080.2	6.0%	<p>1) Exemptions and base decreases: (effective 10/1/91)</p> <p>(eff. 10/1/91)</p> <ul style="list-style-type: none"> a) Architectural, building engineering, planning or design services, including landscape architecture b) Interior decorating and design services c) Direct mail advertising services d) Commercial trucks with over 26,000 lbs gross vehicle weight or used exclusively for interstate freight transport e) Component parts used in manufacturing processes f) Materials and equipment used in a printing process g) Equipment associated with operating natural gas-powered vehicles purchased between 10/1/91 and 1/1/93 h) Property management services: 95% of the amount charged for separately-stated compensation, fringe benefits, workers' compensation, and payroll taxes and assessments paid on behalf of employees is excluded from the definition of sales price, applicable to sales made on or after 1/1/86 <p>2) Base Increase: (effective 10/1/91)</p> <ul style="list-style-type: none"> a) Amusement & recreation services b) Boatslip rentals for noncommercial vessels c) Extended warranties d) International phone calls e) 900 phone calls f) House painting & wallpapering services g) Miscellaneous personal services h) Motor vehicle repairs to consumers i) Motor vehicle parking except seasonal lots j) Paving services to consumers k) Roofing, siding & sheet metal working services l) Tax preparation services m) Transportation services except taxis n) Used vehicles taxed at book value <p>3) Rate Change: (effective 10/1/91)</p> <ul style="list-style-type: none"> a) Hotel rooms taxed at 12% b) Boats taxed at the lesser of Connecticut or destination state 4) Other: Taxpayers may use cash basis accounting if they use it for federal purposes (effective 10/1/91)j
1993	2,056.2	6.0%	<p>1) Exemptions and base reductions: (effective 7/1/92 unless noted)</p> <ul style="list-style-type: none"> a) Amusement & recreation services subject to Admissions or Dues Taxes are exempt b) Receipts from parking lots owned or leased by employers for sole use by their employees are exempt c) Dance lesson services are exempt d) Land surveyor services are exempt e) Receipts from commercial passenger vehicles carrying more than 16 people are exempt

SALES AND USE TAX

Fiscal Year	Gross Revenue (\$Millions)	Rate	Base Changes
			<ul style="list-style-type: none"> f) Special equipment installed in autos for physically disable persons are exempt g) Returnable containers used for dairy products are exempt h) Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil used in vessels displacing more than 4,000 tons of dead weight are exempt i) Licensed massage therapist services are exempt (license program begins 7/1/93) j) Aviation fuel is exempt from the tax at 2.5% k) Aviation repair parts and service are exempt (effective 7/1/93) l) The property management service exemption for employee salaries, fringe benefits, etc. is changed from 95% to 100% m) Exemption for commercial fishing vessels and equipment is broadened to cover vessels with coastwise fishing certificates from US Coast Guard (eff 10/1/92) n) Computer and data processing services rendered by retailer who acquired the data processing facility after 7/1/91 from customer receiving services are exempt. (eff 7/1/93) o) The manufacturing exemption is broadened. p) Out-of-state boat purchasers are required to sign an affidavit regarding residency to be able to pay the lower of the CT or the destination state's rate
			<p>2) Base Increase: (effective 7/1/92 unless otherwise noted)</p> <ul style="list-style-type: none"> a) Tax on recreation & amusement services is expanded to include participative sports, except swimming, provided to persons over age 19 by government, nonprofit hospitals and charitable or religious organizations b) Golf services at municipally-owned golf courses are taxable after 1/1/93 c) Use Tax is imposed on raw materials used in building components assembled out of state but used in state. d) The 12% Room Occupancy Tax is applied to campgrounds (effective 7/1/93)
1994	2,181.5	6.0%	<p>1) Exemptions and base reductions: (effective 1/1/94 unless noted)</p> <ul style="list-style-type: none"> a) Amusement and recreation services are exempt b) Apnea monitors are exempt c) Repairs to hearing aids are exempt d) Car wash services are exempt e) Wigs or hairpieces for permanent hair loss due to disease are exempt f) Winter boat storage from 11/1 to 4/30 is exempt g) Sales under \$100 by long-term care facilities are exempt h) Auction services for wholesale auto auctions are exempt i) Airport valet parking services are exempt j) Sales of commercial motor vehicles which derive 75% of their revenue from out-of-state trips are exempt k) Sales to UConn Educational Properties, Inc for use at the technology park are exempt l) Landscaping and horticultural services, window cleaning and maintenance services provided to disabled persons are exempt m) Equipment used to transmit films or tapes of accredited medical or surgical training are exempt n) Tax preparation services to businesses are exempt (effective 1/1/95) o) Sales to nonprofit organizations which are partially funded by the state or a municipality are exempt p) Public and private campground rentals are excluded from the tax (eff 7/1/93) q) Sales to nonprofit nursing homes, rest homes and homes for the aged are exempt r) Employee compensation for long-term leasing services, but not temporary employment services, are exempt (effective 7/1/93) s) The agricultural exemption is broadened to include contract farmers (eff 10/1/93)

SALES AND USE TAX

Fiscal Year **Gross Revenue (\$Millions)** **Rate**

Base Changes

- t) Equipment, tools and materials used exclusively in the manufacture of optical lenses are exempt (effective 7/1/93)
- u) Sample drugs available by prescription, given to physicians for no consideration are exempt, effective 1/1/90
- 2) Base Expansion: Freight and delivery charges must be included in the sales price for the purpose of calculating tax liability (effective 7/1/93)
- 3) Business analysis, management or managing consulting services rendered by general partners to a limited partnership are taxable under certain circumstances
- 4) PA 93-44 imposed the sales tax on hospital patient care services and earmarked the revenues to the Uncompensated Care Pool Fund effective 4/23/93.

1995 2,368.1 6.0%

1) Exemptions and base reductions: (effective 7/1/96 unless noted)

- a) Hazardous waste removal services (effective 7/1/89)
- b) Environmental consulting services (effective 7/1/89)
- c) Health Clubs (effective 1/1/95)
- d) Compensation for general partners
- e) Puzzle magazines
- f) Manufacturing quality control and testing equipment
- g) Tax preparation services
- h) Auctioneer services
- i) Safety apparel
- j) Sales to private water companies
- k) Aircraft trade-ins
- l) The tax on computer and data processing services is phased out as follows:

Effective Date	Tax Rate
7/1/96	5%
7/1/97	4%
7/1/98	3%
7/1/99	2%
7/1/00	1%
7/1/01	eliminated

- 2) PA 94-21 Sale of services for resale is exempt from the sales tax if the services are an integral, inseparable component part of a service that the purchaser subsequently resells to a consumer.
- 3) PA 94-82 Business services provided between affiliates participating in the implementation of the community economic development program established by PA 93-404 are exempted from the tax.
- 4) PA 94-9 Maintains the sales tax on hospital patient care services, but effective 4/1/94, the revenue is to be deposited in the General Fund.

1996 2,460.1 6.0%

PA 95-160 makes the following modifications:

1) Exemptions and base reductions: (effective 7/1/97 unless noted)

- a) Repair Services for hearing aids (7/1/95)
- b) Sales for certain computer and data processing services and equipment (7/1/95)
- c) Rare and antique coins (7/1/96)
- d) Fuel for interstate vessels
- e) Sales to Conn. Resource Recovery Authority
- f) Services for off-duty police officers at construction sites
- g) Parking at municipal-owned railroad facilities in Clear Air Act nonattainment areas
- h) Electrologist services (PA 01-109 changed the term from hypertrichologist to electrologist.)

SALES AND USE TAX

Fiscal Year	Gross Revenue (\$Millions)	Rate	Base Changes
			<ul style="list-style-type: none"> i) Book sales at library support groups j) Remove \$5 limit on municipal publications and person property sold by libraries k) Food sold in vending machines l) Sales of motion picture & video production and sound recording equipment and film, record or video production. <p>2) Delays exemptions following categories: (New effective date 7/1/97)</p> <ul style="list-style-type: none"> a) Tax preparation services b) Auctioning services c) Sales of safety apparel d) purchases by private water companies e) Aircraft trade-ins f) Phase out of tax on computer and data processing services <p>PA 95-327 creates an exemption for trade-in allowances on remanufactured core components for trucks with gross vehicle rating of 26,000 pounds.(eff. 7/1/95)</p> <p>PA 95-359 contains the following provisions: The exemption for the sale of oxygen, blood, or blood plasmas expanded to include medical use in animals. (eff. 7/1/95)</p> <p>Permits the transfer a farmer's tax permit to a new purchasing owner(s). (eff. 7/1/95)</p> <p>Establishes a limit of one year after purchase, during which vehicles must be used for exempt purposes under the Sales and Use Tax exemptions for (1) commercial trucks and tractor trailers and (2) commercial vehicles and buses deriving 75% of their revenue from out-of-state trips.</p> <p>Clarifies the definition of charitable and religious organizations for sale and use tax exemptions.</p> <p>PA 95-294 imposes a 3% surcharge on motor vehicles rented for less than 31 days. The surcharge is to be used to pay property taxes, and licensing and titling fees on rented motor vehicles. Any excess revenue after these expenses have covered by a municipality must be remitted for deposit into the State's General Fund.</p> <p>PA 95-260 exempts sales of motor vehicles that have been declared a total loss by the insurance company and subsequently rebuilt by the owner, who was the same owner subject to the vehicle's last taxable sale. (eff. 7/1/95)</p>
1997	2,611.5	6.0%	<p>PA 96-252 exempts the sales of machinery, equipment, tools, materials, supplies and fuel purchased by biotechnology technology companies. (eff. 7/1/96)</p> <p>PA 96-253 exempts banks, insurers, and investment companies from paying the sales and use tax if all of their business is outside the United States, and if the company's headquarters is located within a special export zone in Hartford.</p>

SALES AND USE TAX

Fiscal Year **Gross Revenue (\$Millions)** **Rate**

Base Changes

PA 96-232 reduces the rate on repairs or maintenance services on all form of water transportation, except seaplanes by the following schedule.

<u>Period</u>	<u>New Rate</u>
July 1,1997 to July 1, 1998	4%
July 1,1998 to July 1, 1999	2%
Beginning on July 1, 1999	Exempt

PA 96-104 exempts services provided by out-of-state printing companies whose only activities in the state are related to a contract with in-state commercial printers to print and distribute printed material.

PA 96-172

- 1) extends to motor buses the exemption for the trade-in allowance on remanufactured truck core parts and components for certain large trucks to motor buses.
- 2) exempts machinery, equipment, tools, and materials used exclusively in commerical processing of photographic film and paper.

PA 96-165 extends the exemption on transportation services to include livery services, including limousine and sedan car services. A federal law terminating the Interstate Commerce Commission (PL 104-88) prohibits states from taxing interstate transportation services.

PA 96-139 made technical change on the effective date of the phase-down of sales tax on data processing equipment enacted by PA 95-160.

1998 2,772.1 6.0%

- PA 97-315 with PA 97-243 and PA 97-4 (June 18, 1997 Special Session)
- 1) allocates \$150,000 from fiscal year 1997-98 lodging tax revenue to the Connecticut Film, Video and Media Office.
 - 2) extends the sales tax exemption to services provided to any low- and moderate-income housing facility sponsored by a Mutual Housing Association at a site conveyed to it by the US Department of Housing and Urban Development before Sept 1, 1995.

PA 97-243 extends the exemption for services provided to MHA-sponsored facilities to sales occuring on or after September 1, 1995. PA 97-4 (June 18, 1997 Special Session) extends the sales tax exemption for certain services in construction, renovation, but not operation, of low- and moderate-income housing facilities retroactively to Jan 1, 1997)

PA 97-316 makes the following modifications:

- 1) Exemptions and base reductions: (effective 7/1/97 unless noted)**
- a) services and tangible personal property sold to solid waste-to-energy facilities
 - b) services and tangible personal property sold to tourism districts facilities applicable to sales occuring on or after May 28, 1996
 - c) sales of vegetable seeds and yarn for non-commercial use
 - d) sales, storage, use rental or lease of broadcast equipment used by television or radio stations
 - e) sales of personal property by non-profit organizations at bazaars, fairs, picnics, and tax sales to the extent of five such events of a day's duration held during any calendar year
 - f) sale of tangible personal property by historical societies
 - g) sales of personal property and services by the Connecticut Development Authority
 - h) computer and data processing services rendered in connection with the World Wide Web

SALES AND USE TAX

Fiscal Year	Gross Revenue (\$Millions)	Rate	Base Changes
			<ul style="list-style-type: none"> i) expand the exemption for services provided by off-duty police officers from just limited to construction sites and add the services of off-duty firefighters j) exclude from the sales tax the amount charged for separately-stated compensated, fringe benefits, workers' compensation and payroll taxes or assessments paid to or on behalf of leased employees k) extend the sales tax exemption for oxygen equipment purchased or leased for the use by veterinarians on animals l) exempt the sale, use or storage of aircraft with a maximum takeoff weight of 6,000 pounds or more l) extend the sales tax exemption for aircraft replacement parts and services to all aircraft with a certified maximum takeoff weight of 6,000 pounds or more <p>PA 97-309 Nexus Investigation Project (DRS). Funding was provided to enhance tax compliance on non-resident and out-of-state businesses.</p> <p>PA 97-243 makes the following modifications: 1) Exemptions and base reductions: (effective 7/1/97 unless noted) a) creates an exemption for property purchased by a business person or entity to be delivered out of state or to be incorporated into property that will be delivered out of state b) phases out the use tax on computer and dataprocessing services to be consistent with the existing phase-out of the sales tax on these services. c) extends the exemption for services provided to MHA-sponsored facilities to sales sales occurring on or after September 1, 1995. d) makes various technical changes to the sales and use tax.</p> <p>PA 97-2 exempts the CT Childrens Hospital from the hospital sales tax imposed on hospital patient care services.</p>
1999	2,932.2	6.0%	<p>PA 98-128 transfers Sales Tax collected by the Department of Motor Vehicle on motor vehicle sales between individuals to the Transportation Fund of amounts of \$10 million in FY 00, \$20 million in FY 01, \$30 million in FY 02 and \$40 million in FY 03 and thereafter.</p> <p>PA 98-110 makes the following modifications: 1) Exemptions and base reductions: (effective 7/1/98 unless noted) a) exempts newspapers sold over the counter b) exempts trade-ins of like kind c) exempts coupons and discounts from subject to the sales tax d) exempts state mandated deposits e) exempts repair and replacement parts effective 1/1/99. f) exempts shipping charges for tax exempt items</p> <p>PA 98-262 extends the three year limit for crediting a retailer's sales tax return for writeoffs of bad consumer debt. It also deletes vending machines from the Sales Tax definition of eating establishments and thus making it consistent with law exempting sale of food from coin operated machines from the Sales Tax.</p>
2000	3,106.8 See Note [1]	6.0%	<p>PA 99-173 makes the following modifications: 1) Exemptions and base reductions: (effective 7/1/99 unless noted) a) exempt inclined stairway chairlifts and repair and replacement parts of equipment for persons with disabilities</p>

SALES AND USE TAX

Fiscal Year	Gross Revenue (\$Millions)	Rate	Base Changes
			<ul style="list-style-type: none"> b) expanded the exemption of nonprescription drugs and medicines to include all drugs and medicines used in humans c) exempted the repair and replacement parts of glucose monitoring equipment used in care of diabetes d) exempted the replacement parts of equipment installed in motor vehicles for persons with disabilities e) exempted the sale of firearm safety devices which include safes, lock boxes, trigger and barrel locks and other items designed to enhance home firearm safety. f) exempted the sales of bicycle helmets g) extended the sunset date from 7/1/2000 to 1/1/2002 for the sales of motor vehicles powered by clean alternative fuels, equipment used in converting vehicles to use alternative fuels, and equipment associated with compressed natural gas filling stations h) exempted diesel fuel to be used exclusively in portable power system generators that are greater than 150 kilowatts i) expand the exemption to include sales between business, other interest, other than corporations, where the same interest owns 100% of each business j) exempts telecom services and CATV services rendered between parent companies and wholly-owned subsidiaries k) exempts shoe repair services l) exempts calibration services and ISO services m) exempts "Call Before You Dig" services n) expanded exemption of the sale or repair of vessels to include labor services o) reduces the sales tax rate to 5 3/4% levied on patient care services p) exempts the John Dempsey Hospital from the tax q) expands the exemption for low and moderate income housing organizations to include for profit organizations r) expanded the sales tax exemption for motor vehicles purchased but not registered in this state by a person who is not a resident of this state to include vessels s) phase-out the tax on renovation and repair on residential real property. The tax rate is reduced from 6% to 4% effective 7/1/99, 2% effective 7/1/00 and exempted effective 7/1/01. The exemption is for sales of renovation and repair services of paving of any sort, painting or staining, wallpapering, roofing, siding and exterior sheet metal work other than industrial, commercial or income producing real property. t) exempted railroad locomotives, track ballasts, ties, machinery and equipment used to maintain the railroad right-of-way which is used or operated exclusively for the carriage of freight. v) expanded the exemption of services related to personnel, management or research when a company rendering service and recipient are participating in a joint venture for purposes of research and new product development from 10 to 30 years.
2001	3,185.2 See Note [2]	6.0%	<p>PA 00-01 June 30th Special Session permits the retail sales of alcohol on Sundays preceding Christmas and New Years Days.</p> <p>PA 00-198 legalized the sale of sparklers and other non-explosive fireworks.</p> <p>PA 00-227 exempts fulfillment companies from any requirement to collect and pay sales tax on items it stores or ships for an unaffiliated out-of-state retailer.</p> <p>PA 00-170 makes the following modifications: 1) Exemptions and base reductions: (effective 7/1/00 unless noted) a) exempted items sold through vending machines costing 50 cents or less. b) increases the clothing and footwear exemption from \$50 to \$75 per item</p>

SALES AND USE TAX

Fiscal Year	Gross Revenue (\$Millions)	Rate	Base Changes
			<ul style="list-style-type: none"> c) exempted sales of passanger cars, occuring prior to 7/1/02, that have an estimated highway gasoline mileage of at least 50 miles per gallon. d) exempted child car seats and college text books. e) transfer all of the sales tax collected on automobile sales by DMV to the Transportation Fund (See PA 98-128 for previous transfers) f) extended an existing sales tax exemption for leased employees wages and benefits to employees paid under professional employee agreements. g) established a sales tax free week on items of clothing and footwear costing less than \$300 beginning on the 3rd Sunday in August until the next succeed Saturday. <p>2) Exemptions and base reductions: (effective 7/1/01 unless noted)</p> <ul style="list-style-type: none"> a) exempted television equipment used as a reading aid by persons who are visually impaired. b) exempted canes and support hoses specially designed to aid blod circulation c) exempted caskets for burial in addition to the current exemption for the first \$2,500 of personal property services. d) exempted specially formulated gum, inhalants, or similar product designed to aid in the cessation of smoking. e) exempted the sales of equipment to a telecommunications company or CATV company that is used to provide high speed data transmission or broadband internet services f) accelerate the phase-out on internet services access charges effective 7/1/01 from 1% to 0%. g) established a pilot program of a credit against the sales and use tax for the purchase of computer equipment to be used in electronic commerce for business making qualified investments in higher education institutions for electronic commerce. The credit is capped at \$2 million per year. PA 01-6 JSS increased the cap to \$4 million <p>PA 00-174 makes the following modifications, effective 7/1/00:</p> <ul style="list-style-type: none"> a) changed when the tax is applied to pre-paid phone cards. b) clarified the exemption of candy and non-alcoholic beverages sold at educational institutions. c) clarified the exemption of nonprescription drugs and medicines for use on animals. PA 99-173 expanded the exemption for nonprescription durgs but unintentionally restricted the exemption to the human body. d) changed the farmers' sales tax exemption and conformed the commercial fishermen exemption to the farmers' sales tax exemption. e) exempted from the Use Tax property removed by retailers from their inventory and donated to charaties or government agencies. <p>PA 00-174 and PA 00-1 of the June 30th Special Session clarified the definition of patient care services and computer data processing service and canned and custome software.</p>
2002	3,248.9 Estimate[2]	6.0%	<p>PA 01-6 JSS makes the following modifications</p> <ul style="list-style-type: none"> a) exempt parking at railroad parking facilities owned or operatd by the state from the tax. b) suspend the sales tax on hospital patient care services from 7/1/01 to 6/30/03 c) increased the pilot tax credit against the sales and use tax for the purchase of computer equipment to be used in electronic commerce for business making qualified investments in higher education institutions for electronic commerce from \$2 million to \$4 million cap per year effective 7/1/2003. d) material, equipment, tools fuel and machinery used by fuel cell manufacturing facility. e) extended the sunset date from 1/1/2002 to 7/1/2002 for the sales of motor vehicles powered by clean alternative fuels, equipment used in converting vehicles to use alternative fuels, and equipment associated with compressed natural gas filling stations

SALES AND USE TAX

Fiscal Year **Gross Revenue (\$Millions)** **Rate**

Base Changes

- f) exempt caskets used for cremation.
- h) changes the criteria for applying the sales tax on cell phone calls to conform to federal law.
- l) extend the business tax exemptions for services rendered between parent companies and wholly-owned subsidiaries to to Indian tribes.

PA 02-3 applies the sales tax exemption to services for which hospital are paid rather than when they are provided. The change excludes hospitals from having to remit taxes for services rendered in May and June 2001 (services rendered in May and June are remitted in July and August).

[1] Includes \$10 million transferred to the Transportation Fund for Sales Tax collected by the Department of Motor Vehicles on motor vehicle sales between individuals.

[2] PA 98-128 & PA 00-170 transfers Sales Tax collected by the Department of Motor Vehicles on motor vehicle sales between individuals to the Transportation Fund.

Amounts in Millions				
	Gross	Transfers to	Net	
	Revenues	Transportation Fund	Revenues	
FY 00	3,106.8	10.0	3,096.8	
FY 01	3,185.2	60.1	3,125.1	
Est-FY 02	3,248.9	55.2	3,193.7	Budget Act FY 2002 (Net Revenue)

**Sales Tax Exemptions
Revenue Loss (\$ Millions)**

Exemption	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
Resale-Labor/Services	\$35.2	\$36.2	\$42.2	\$48.7	\$50.9	\$56.6	\$66.5	\$77.9	\$78.3	\$81.7
Resale-Lease/Rent	28.3	36.8	46.4	60.3	60.1	75.9	80.3	79.5	85.8	88.5
Resale-Sale of Goods	1,965.8	2,046.1	2,316.1	2,725.7	2,728.5	2,877.8	3,092.5	3,002.1	3,369.4	3,722.3
Subscription and Newspapers[10]	7.7	8.2	9.9	13.7	17.9	19.8	29.5	32.1	93.3	77.1
Children's Clothing	5.5	-	-	-	-	-	-	-	-	-
Clothing/Footwear [1][2]	106.3	105.3	100.1	98.4	102.4	95.4	106.0	110.2	114.8	140.3
Livestock, Fertilizer, Feed[3]	2.4	-	-	-	-	-	-	-	-	-
Food for Human Consumption--Food Stamp	239.3	256.5	261.5	256.3	255.1	231.1	237.1	247.0	243.2	252.5
Electricity/Gas/Heating Fuel for Residential Use	76.2	82.6	83.4	76.2	88.1	88.8	79.9	78.3	89.2	103.6
Electricity (\$150 Month. Exemp.)	2.8	3.0	2.7	2.9	2.8	2.8	3.0	3.0	3.4	3.4
Utilities used in Manufacturing or Agricultural Production	26.4	27.9	29.0	28.5	31.4	30.3	22.0	20.9	23.7	27.6
Fuel for Motor Vehicles	138.7	128.4	127.6	131.8	132.5	156.3	143.2	118.1	149.6	172.4
Aviation Fuel	2.1	1.7	1.3	1.2	1.6	1.8	1.5	1.2	1.7	2.3
Connecticut Aircraft Sales [8]	0.05	0.08	0.01	0.2	0.4	0.01	-	-	-	-
Repair/Replacement Parts/Services to Aircraft [6]	-	-	1.2	1.8	2.1	3.6	3.3	5.1	2.7	4.1
Sales Tangible Personal Property to Farmers	7.1	7.9	5.6	5.7	4.9	6.6	5.3	6.4	5.3	6.2
Machinery, Materials, Tools & Fuel used in Mfg. Production	74.7	94.9	94.0	93.7	100.4	103.5	116.0	108.9	122.1	124.2
Machinery, Materials, Tools & Fuel used in Cmml Fishing	8.9	11.5	10.4	7.5	6.8	4.5	11.6	8.9	11.4	4.9
Machinery Used in Printing [4]	1.3	4.0	2.7	4.1	4.7	5.5	5.7	6.8	4.7	4.0
Out-of-State Sales Labor/Services	168.5	179.0	195.6	208.2	248.6	303.0	343.6	343.3	348.5	367.5
Out-of-State Sales Leases/Rentals	32.5	23.0	22.1	32.2	28.6	33.0	31.4	33.5	36.5	35.4
Out-of-State Sales of Goods	1,239.7	1,438.0	1,418.8	1,432.0	1,699.0	1,735.6	1,888.2	1,922.2	1,891.3	2,049.3
Sales of Motor Vehicles, Vessels to Nonresidents	9.9	8.7	12.3	13.5	12.5	13.5	15.6	18.2	20.1	26.3
Prescription Medicines	41.0	42.5	49.5	55.8	60.9	74.7	85.7	101.1	116.6	97.8
Non-prescription Medicines	9.1	7.9	7.5	9.6	9.6	9.8	10.1	13.3	12.2	12.0
Charitable & Governmental Labor/Services	105.0	110.4	118.4	112.0	133.4	147.0	174.3	214.4	172.8	328.5
Charitable & Governmental Leases/Rental	14.9	7.9	9.2	9.7	13.1	10.8	9.4	13.3	24.8	18.6
Charitable & Governmental Sale of Goods	351.7	354.2	375.3	338.0	324.5	314.5	288.9	335.2	299.1	193.2
Cogeneration Tech. [3]	2.8	0.0	-	-	-	-	-	-	-	-
Pollution Abatement Sale of Goods/Leases/Rentals	4.4	1.4	2.3	2.2	2.4	2.1	1.8	3.3	6.2	8.8
Non-taxable Labor/Services	207.2	236.6	280.7	312.2	351.6	401.6	458.2	481.0	539.2	605.8
Bus. Services/Parent-Owned Subs.	6.1	8.9	8.9	9.3	13.9	19.6	46.4	34.5	52.7	31.3
Repair Serv. to Nonbusiness M.Veh. [3]	3.2	-	-	-	-	-	-	-	-	-
Horses[3]	0.3	-	-	-	-	-	-	-	-	-
Trade-Ins (Motor Veh., Construction Equip., etc.)	20.3	21.5	24.2	28.9	31.8	32.3	33.3	35.4	39.6	41.1
Taxed Goods Returned w/in 90 days	6.4	8.0	7.7	8.8	8.6	9.0	9.7	9.0	9.0	9.0
Taxed Goods Returned w/in 90 days @ 5.5% [8]	0.03	0.02	0.02	0.2	0.1	0.1	-	-	-	-
Lease/Rental Canceled w/in 90 days [8]	0.1	0.02	0.02	0.01	0.02	0.03	-	-	-	-
Oxygen, Plasma, etc. - Sales of Goods/Lease/Rental	5.7	6.2	7.5	7.8	9.3	8.6	8.2	6.6	10.4	8.8
Print for Future Deliv. Out-of-State	1.4	1.6	2.6	1.8	2.4	1.3	1.4	2.8	2.2	1.6
Non-Profit Ambulance Sale/Lease/Rent [3]	0.1	-	-	-	-	-	-	-	-	-
Ambulance-Certif/License	0.0	-	-	-	-	-	-	-	-	-
Material/Cloth/Non-Commercial	1.8	1.2	0.8	0.9	0.7	1.2	1.0	0.5	0.5	0.5
Low-Moderate Housing-Sale of Goods [8]	0.05	0.08	0.1	0.1	0.1	0.1	-	-	-	-
Low-Moderate Housing-Lease/Rental [8]	0.02	0.02	0.03	0.05	0.08	0.04	-	-	-	-
Funeral Expenses	2.9	2.9	2.9	2.9	3.2	3.32	3.3	3.2	3.0	3.3
Certain Machinery-Mfg Recovery Act '92 [5]	-	0.02	1.3	1.5	2.0	2.8	3.4	4.7	2.6	3.0
Outsourcing Computer & Data Proc Services [5]	-	0.05	0.3	0.1	0.2	0.1	-	-	-	-
Trucks, GRVW Over 26,000 pounds or Interstate Freight [4,8]	1.6	4.3	5.6	5.9	7.8	8.0	9.0	10.6	12.7	10.9
Computer and Data Processing Services [9]	-	-	-	-	-	-	4.8	16.4	32.2	44.7
Sales of Machinery, Equip., Tools, etc. to Biotech Industry [9]	-	-	-	-	-	-	0.4	0.7	1.2	1.7
Sales of Repair and Maintenance Service to Vessels [9]	-	-	-	-	-	-	0.5	1.3	2.0	2.4
Renovation and Repair Services for Residential Real Property	-	-	-	-	-	-	-	-	3.1	7.1
Hospital Patient Care Services (lower rate)	-	-	-	-	-	-	-	-	8.0	9.6
College Textbooks [11]	-	-	-	-	-	-	-	-	-	0.9
Other Adjustments	<u>848.4</u>	<u>503.0</u>	<u>461.9</u>	<u>634.8</u>	<u>644.3</u>	<u>662.2</u>	<u>738.9</u>	<u>829.5</u>	<u>856.0</u>	<u>863.8</u>
Total Tax Exemption	\$5,813.9	\$5,818.5	\$6,149.7	\$6,785.2	\$7,199.3	\$7,554.6	\$8,170.9	\$8,340.4	\$8,901.1	\$9,598.0

[1] Effective at \$50 from 4/1/85 - 9/30/85, after which it increased to \$75.

[2] The exemption on Clothing/Footwear, including children's, was lowered to \$50 (Effective 10/1/91).

[3] Repealed, effective 10/1/91.

[4] Effective 10/1/93.

[5] Effective 1/1/93.

[6] Effective 7/1/93

Source: Department of Revenue Services, Annual Report, Various Years.

[7] Figure not available for 1989-1990 due to legislative changes

[8] Combined with Other Adjustments FY98.

[9] Effective 7/1/97

[10] Newspapers effective 7/1/98

[11] Sales of college textbooks 7/1/00

n.m. = nominal

TOURISM DISTRICTS

In the 1992 Session, the Legislature passed PA 92-184 which creates a two-tiered structure consisting of (1) a tourism office in the Department of Economic Development with an 11-member council and (2) 11 regional districts covering the entire state, established as of 7/1/93. It also establishes a special nonlapsing fund to finance tourism promotion and award challenge grants. The fund is supported by a \$1 surcharge on passenger motor vehicles rented or leased for less than 30 days.

The tourism districts are funded by allocating a portion of the 12% Sales Tax paid on hotel and motel room occupancy receipts based on the population of towns in the district. The district keeps 1.5% of the gross receipts in towns under 65,000, 3.5% in towns between 65,000 and 75,000, and 4.5% in towns over 75,000. An exception is made for towns under 65,000 which the state tourism office determines has the most popular tourist attraction in the state. The district in which this town is located can keep 3.5% of the gross receipts in that town. The districts are:

Greater Fairfield: Bridgeport, Darien, Easton, Fairfield, Greenwich, Monroe, New Caanan, Norwalk, Stamford, Stratford, Weston, Westport and Wilton

Greater Waterbury: Beacon Falls, Middlebury, Naugatuck, Oxford, Seymour, Thomaston, Waterbury, Watertown and Wolcott

Greater New Haven: Ansonia, Bethany, Derby, East Haven, Hamden, Milford, New Haven, North Branford, North Haven, Orange, Prospect, Shelton, Trumbull, West Haven and Woodbridge

Connecticut Valley: Branford, Chester, Clinton, Cromwell, Deep River, Durham, East Haddam, East Hampton, Essex, Guilford, Haddam, Killingworth, Madison, Meriden, Middlefield, Middletown, Old Saybrook, Portland, Wallingford and Westbrook

Southeastern Connecticut: Bozrah, Colchester, East Lyme, Franklin, Griswold, Groton, Ledyard, Lisbon, Lyme, Montville, New London, North Stonington, Norwich, Old Lyme, Preston, Salem, Sprague, Stonington, Voluntown and Waterford

Litchfield Hills: Barkhamsted, Bethlehem, Bristol, Caanan, Colebrook, Cornwall, Goshen, Hartland, Harwinton, Kent, Litchfield, Morris, New Hartford, New Milford, Norfolk, North Caanan, Plymouth, Roxbury, Salisbury, Sharon, Southbury, Torrington, Warren, Washington, Winchester and Woodbury

Central Connecticut: Berlin, Cheshire, New Britain, Plainville and Southington

Greater Hartford: Andover, Avon, Bolton, Burlington, Canton, East Hartford, Ellington, Farmington, Glastonbury, Hartford, Hebron, Manchester, Marlborough, Newington, Rocky Hill, Simsbury, South Windsor, Vernon, Tolland, West Hartford and Wethersfield

Northeast Connecticut: Ashford, Brooklyn, Canterbury, Chaplin, Columbia, Coventry, Eastford, Hampton, Killingly, Lebanon, Mansfield, Plainfield, Pomfret, Putnam, Scotland, Sterling, Thompson, Union, Willington, Windham and Woodstock

Housatonic Valley: Bethel, Bridgewater, Brookfield, Danbury, New Fairfield, Newtown, Redding, Ridgefield and Sherman

Tobacco Valley: Bloomfield, East Granby, East Windsor, Enfield, Granby, Somers, Stafford, Suffield, Windsor and Windsor Locks

The act requires the following convention and coliseum authorities to receive a portion of the lodgings tax revenue returned to their respective tourism districts (CGS Section 32-305).

Capital City Economic Development Authority (90% of the amount attributable to room occupancy tax receipts from sales in Hartford);

Greater Hartford Arts Council (10% of the amount attributable to room occupancy tax receipts from sales in Hartford);

New Haven Coliseum Authority (75% of the amount attributable to room occupancy tax receipts from sales in New Haven)

Stamford Center for the Arts (75% of the amount attributable to room occupancy tax receipts from sales in Stamford); and

Maritime Center Authority (75% of the amount attributable to room occupancy tax receipts from sales in Norwalk.)

**DISBURSEMENTS TO TOURISM DISTRICTS
AND OTHER RELATED ENTITIES
(\$ Millions)**

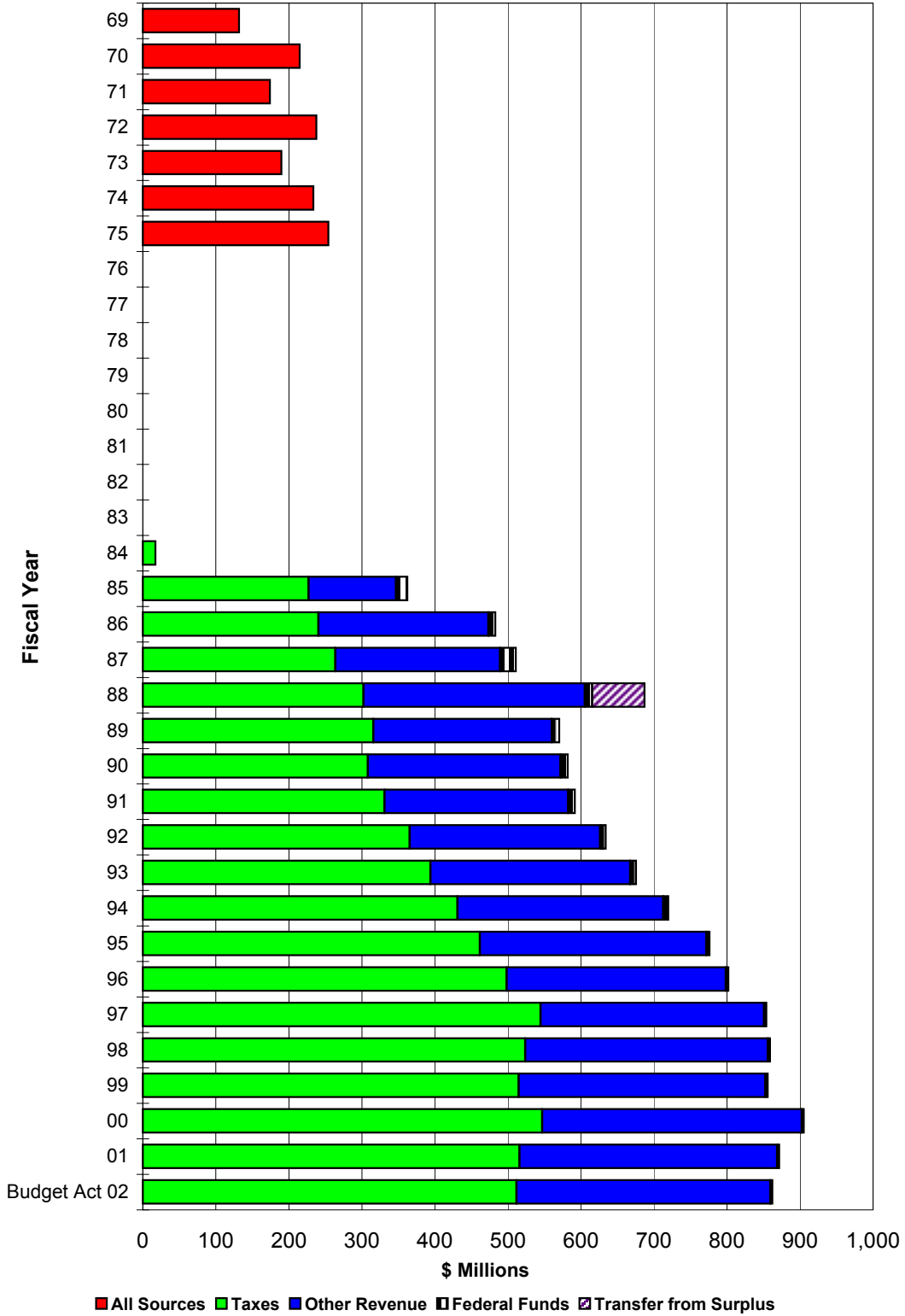
District and/or Entity	FY 96	FY 97	FY 98*	FY 99	FY 00	FY 01
Greater Fairfield District	\$1.1	\$1.3	\$1.4	\$1.6	\$1.8	\$1.9
Greater Waterbury District	0.4	0.4	0.5	0.5	0.6	0.6
Greater New Haven District	0.6	0.7	0.8	0.9	1.0	1.1
Connecticut Valley District	0.5	0.5	0.5	0.7	0.7	0.8
Southeastern CT District	1.3	1.4	1.5	1.5	1.8	1.9
Litchfield Hills District	0.3	0.4	0.5	0.4	0.4	0.4
Central Connecticut District	0.1	0.1	0.1	0.1	0.2	0.2
Greater Hartford Tourism District	0.6	0.6	0.7	0.9	1.0	1.1
Northeast CT Visitors District	0.07	0.08	0.09	0.08	0.09	0.11
Housatonic Valley District	0.7	0.8	0.8	1.0	1.1	1.2
CT North Central Tourism Bureau	0.5	0.5	0.6	0.6	0.7	0.7
CT Convention Center Authority	0.9	1.0	1.2	-	-	-
Greater Hartford Arts Council	-	-	-	0.1	0.2	0.2
New Haven Coliseum Authority	0.4	0.4	0.5	0.6	0.8	0.8
Stamford Center for the Arts	1.2	1.5	1.8	2.0	2.4	2.5
Norwalk Maritime Center Authority	0.4	0.4	0.4	0.7	0.8	0.8
Capital City Economic Dev. Authority**	-	-	-	1.2	1.3	1.5
Total Revenue to District/Entities	\$8.8	\$10.0	\$11.4	\$13.0	\$14.7	\$15.7
Total Hotel Occupancy Tax Revenue	\$45.0	\$50.2	\$55.8	\$61.7	\$68.8	\$72.9

*During FY 98, \$150,000 was given to the CT Film, Video and Media Office pursuant to CGS 31-305. The monies were allocated based upon each district and entity's pro-rata share of funding. Therefore, the amounts reflected above represent the net disbursement actually received by the districts and entities for FY 98.

**Public Act 99-241 created the Capital City Economic Development Authority (CGS 32-305). Effective for FY 99, the Authority receives 90% of the amount from gross room occupancy receipts from sales in Hartford. The remaining 10% is used to fund the Greater Hartford Arts Council.

Public Act 01-6 JSS caps the total amount of funds allocated to the tourism districts at FY 01 levels for FY 02 and FY 03 and intercepts funds to the CT Historical Commission, CT Film Office, State Commission on

Transportation Fund Revenues* FY 69 - FY 75 and FY 84 - FY 02**



*FY 76 - FY 83 included as part of the General Fund.

**Budget Act FY 2002

TRANSPORTATION FUND

Fiscal Year	Total Revenues (Millions \$)	Fund Breakdown (Millions \$)	Base Changes
1972	237.5		
1973	189.5		
1974	233.4		
1975	254.0		The Highway Fund became the Transportation Fund on 7/1/74
1976	NA		Transportation Fund was eliminated on 6/30/75. All activities were transferred to General Fund accounts.
1984	17.5		1) PA 83-30 established a Special Transportation Fund for the maintenance and construction of state roads and bridges. Revenues are derived from a set aside of one cent of the State Motor Fuels Tax (currently 14 cents/gallon Gasoline and 13 cents/gallon - gasohol). State Treasurer may utilize fund revenues as part of the State's Short Term Investment Fund. 2) PA 83-1 (October Special Session) appropriated \$3.333 million of the FY 84 General Fund surplus from operations to the Special Transportation Fund. The appropriated amount is included in the total.
1985	362.6	Taxes 227.0 Other 119.9 Federal 15.7	Special Transportation Fund expanded to include all highway-related state and federal revenues (except tolls).
1986	482.9	Taxes 240.6 Other 232.7 Federal 9.6	1) PA 85-529 changes various motor vehicle fees. 2) PA 85-413 revises surcharges on motor vehicle related fines and penalties.
1987	511.2	Taxes 263.6 Other 225.9 Federal 21.7	1) PA 86-383 changes various motor vehicle registration fees. 2) PA 86-271 increases fees associated with the transfer of a motor vehicle because of a business partial liquidation or reorganization (7/1/86). 3) PA 86-352 allows motor carriers registered with DRS to purchase fuel at designated stations without paying Motor Fuels Tax at the pump. The tax is paid quarterly (10/1/86).
1988	615.6	Taxes 302.3 Other 303.0 Federal 10.3	1) PA 87-329 postpones the motor vehicle fee increase scheduled for 1988 until 1992 and eliminates another increase scheduled for 1992. The fees would had increased 12.9% in 1988 and 14.3% in 1992.
1989	570.4	Taxes 315.7 Other 244.4 Federal 10.3	1) PA 88-249 requires mandatory registration for all motor carriers, in-state and out-of-state, and payment of an annual registration fee of \$10. 2) PA 88-320 sets fines for not stopping at truck weighing areas and littering
1990	582.1	Taxes 308.1 Other 264.0 Federal 10.0	

TRANSPORTATION FUND

Fiscal Year	Total Revenues (Millions \$)	Fund Breakdown (Millions \$)	Base Changes
1991	591.9	Taxes 330.9 Other 251.8 Federal 9.2	
1992	634.2	Taxes 365.6 Other 260.5 Federal 8.1	1) PA 91-13 (June Special Session) changes various motor vehicle and transportation-related fees.
1993	675.6	Taxes 393.9 Other 273.4 Federal 8.3	1) PA 92-177 (May Special Session) changes various motor vehicle and transportation-related fees. 2) PA 92-136 establishes a motor carrier decal program. 3) PA 92-13 (May Special Session) requires employers in severe air pollution areas to pay fees when filing traffic-management compliance plans.
1994	719.8	Taxes 430.9 Other 281.8 Federal 7.1	1) Towns with aircrafts on their grand list are required to exempt them from the property tax and implement a registration program. Towns will be reimbursed for the tax that would have been collected from aircrafts on their 1992 grand list, less the fees collected under the registration program from the Transportation Fund at 100% in FY 94 and FY 95 and in subsequent years at 90%, 70%, 50%, 30%, 10%.
1995	776.4	Taxes 461.6 Other 310.1 Federal 4.7	PA 94-189 changes various motor vehicle and transportation related fees.
1996	802.2	Taxes 498.4 Other 299.8 Federal 4.0	PA 95-126 eliminates the regulation of the motor carrier industry by the Department of Transportation, except for carriers of household goods. PA 95-35 redefines a motor carrier subject to the state motor carrier road tax to adopt the definition used under the International Fuel Tax Agreement (IFTA). It requires motor carriers to display two identification markers.
1997	854.2	Taxes 544.6 Other 306.0 Federal 3.6	PA 96-222 makes technical changes to numerous laws to reflect the termination of the federal Interstate Commerce Commission (ICC) and transfer of some of its former functions to other entities. PA 96-31 eliminates the regulation of certain household goods in the motor carrier industry by the Department of Transportation. Only carriers transporting personal effects and property for homeowners remain regulated. PA 95-126 eliminated the regulation of motor carriers industry except for household goods carriers.
1998	858.9	Taxes 523.9 Other 331.9 Federal 3.1	PA 97-309 transfers revenues generated from tax on petroleum products to the Transportation Fund. (20 Million in FY 99 and 36 Million in FY 00 and subsequent fiscal years)

TRANSPORTATION FUND

Fiscal Year	Total Revenues (Millions \$)	Fund Breakdown (Millions \$)	Base Changes
			<p>PA 97-309 and PA 97-226 waive the \$5 safety fee and \$11 transfer fee for stolen or mutilated motor vehicle marker plates effective 7/1/98. It also transfers funds from the Emission Enterprise Fund (2.5 Million per fiscal year) and transfers certain fees collected by Motor Vehicle Department and Consumer Protection to the Transportation Fund.</p> <p>PA 97-1 (July 21, 1997 Special Session) eliminates earmarking of Bond Forfeiture Fund.</p> <p>PA 97-236 transfers funds to the Automobile Insurance Enforcement Fund (\$100,000 per fiscal year).</p>
1999	855.8	Taxes 514.7 Other 338.0 Federal 3.1	<p>PA 98-128 transfers Sales Tax collected by the Department of Motor Vehicle on motor vehicle sales between individuals to the Transportation Fund of amounts of \$10 million in FY 00, \$20 million in FY 01, \$30 million in FY 02 and \$40 million in FY 03 and thereafter.</p> <p>PA 98-95 Reduces the fees charged for returned checks as uncollectible by the Department of Motor Vehicle.</p> <p>PA 98-182 eliminates the \$20 late fee if a motor vehicle has been transferred to a new owner after the 30-day expiration period for emissions testing. It also exempts from emission inspection requirement motor vehicles 25 years or older or vehicles driven by a licensed dealer or repairer.</p>
2000	905.4	Taxes 547.0 Other 355.4 Federal 3.0	
2001	871.8	Taxes 516.1 Other 352.4 Federal 3.3	<p>PA 00-170 makes the following modifications:</p> <p>(a) transfer all of the sales tax collected on automobile sales by DMV to the Transportation Fund (See PA 98-128 for previous transfers)</p> <p>(b) transferred an additional \$10 million per year from the petroleum products to \$46 in FY 01 (see PA 97-309).</p> <p>(c) transferred funds of \$1 million per year to the Conservation Fund.</p> <p>PA 00-180 provide a waiver from emission testing for vehicles less than four years old no later than July 1, 2002.</p>
2002	862.4 Budget Act	Taxes 511.8 Other 347.6 Federal 3.0	<p>PA 01-6 JSS makes motor vehicle operator licenses valid for six years rather than four years and increases the fees by a proportionate amount for six years. It also increases the clean air assessment fee on motor vehicle registrations from \$4 to \$10 and split the fee between the Transportation Fund and Clean Air Account.</p>

Note: Changes to the Motor Fuels tax may be found in the Excise Tax section.

SUMMARY OF ENACTED TAX AND FEE CHANGES

	Motor Fuels Tax Per Gallon Increase/ (Decrease)	Gasoline Tax	Motor Vehicles Receipts (% Increase) [1]	License Permits & Fees (% Increase) [2]
7/84	1 cent	\$0.15		
7/85	1 cent	0.16	25%	0
7/86	1 cent	0.17	0	50%
7/87	2 cents	0.19	24%	0
7/88	1 cent	0.20	0	0
7/90	2 cents	0.22	0	50%
7/91	1 cent	0.23	0	0
9/91	2 cents	0.25	0	0
1/92	1 cent	0.26	0	0
7/92	0	0.26	0	25%
1/93	2 cents	0.28	0	0
7/93	1 cent	0.29	12.9%	0
1/94	1 cent	0.30	0	0
7/94	1 cent	0.31	0	25%
1/95	2 cents	0.33	0	0
10/95	1 cent	0.34 [3]	0	0
1/96	1 cent	0.35	0	0
4/96	1 cent	0.36	0	0
7/96	1 cent	0.37	0	0
10/96	1 cent	0.38	0	0
1/97	1 cent	0.39	0	0
7/97	(3 cents)	0.36 [4]	0	0
7/98	(4 cents)	0.32 [5]	0	0
7/00	(7 cents)	0.25 [6]	0	0

[1] The percentage increase compares the increased fee rates to the rates in effect during the previous State fiscal year. Included in Motor Vehicle Receipts are motor vehicle registration fees, motor vehicle and motorcycle operator's license fees, certain business license fees, and some DMV administrative fees. PA 87-329 postponed the 12.9% increase originally scheduled for July 1, 1988 and eliminated the 14.3% increase scheduled for July 1, 1992. In addition, PA 91-13 of the June Special Session scheduled for July 1, 1992. In addition, PA 91-13 of the June Special Session and PA 92-177 imposed and increased certain motor vehicle fees. These increase are not reflected in the percentages listed in the table above.

[2] Included in Licenses, Permits and Fees are business license and registration fees (for dealers, repairers, junk yards, etc.), permits (motorcycle learner's permit, etc.), various administrative fees (vehicle inspection fees, title fees, driver's license information, etc.), surcharges on motor vehicle-related fines, and penalties. Not included are fees for which federal law establishes a maximum, such as the motor carrier registration fee.

[3] PA 93-74 increases the motor fuels tax by 5 cents per gallon, in 1 cent increments from 10/1/95 through 1/1/97.

PA 85-413 repealed the surcharge on motor vehicle fines and penalties scheduled to go into effect July 1, 1985 and reduced other surcharges scheduled to become effective July 1, 1989, 1991, and 1993. However, the increases listed above still apply for other Licenses, Permits and Fees.

[4] PA 97-309 reduced the Gasoline Tax from \$0.39 per gallon to \$0.36 effective 7/1/97 & from \$0.36 to \$0.33 effective 7/1/98.

[5] PA 98-128 reduced the Gasoline Tax from \$0.33 per gallon to \$0.32 effective 7/1/98. This is in addition to the 3 cent reduction effective 7/1/98 per PA 97-309.

[6] PA 00-170 reduced the Gasoline Tax from \$0.32 per gallon to \$0.25 effective 7/1/00.

THE TRANSPORTATION INFRASTRUCTURE PROGRAM

In 1984, the State adopted legislation establishing a transportation infrastructure program and authorizing special tax obligation (STO) bonds to finance the program. The infrastructure program is a continuous program for planning, construction and improvement of state highways and bridges, projects on the interstate highway system, alternate highway projects in the interstate highway substitution program, waterway facilities, mass transportation and transit facilities, aeronautic facilities (excluding Bradley International Airport), the highway safety program, maintenance garages and administrative facilities of the Department of Transportation and payment of the state's share of the costs of the local bridge program established under the act. The infrastructure program is administered by the Department of Transportation.

The cost of the infrastructure program for state fiscal years 1985-2006, which is to be met from federal, state and local funds, is currently estimated at \$15.6 billion. The state's share of such cost, estimated at \$5.9 billion, is to be funded from transportation related taxes, fees and revenue deposited in the Special Transportation Fund, as described below, and from the proceeds of STO bonds. The portion of state program costs not financed by STO bonds is estimated at \$0.6 billion and includes the expenses of the infrastructure program which either are not sufficiently large or do not have a long enough life expectancy to justify the issuance of long-term bonds. Such expenses include resurfacing and restoring state highways, improving certain highways in urban areas, providing safety improvements along the state roads, and completing certain other transportation improvements.

The state has established a Transportation Fund for the purpose of budgeting and accounting for all transportation related taxes, fees and revenues credited to such fund and securing the STO bonds. STO bonds are payable solely from revenues of the Special Transportation Fund. The aggregate of motor fuels taxes, motor vehicle receipts, motor vehicle related licenses, permits and fees, and portions of the oil companies tax and sales tax on motor vehicles and other transportation related revenues sources, including enacted adjustments to all foregoing sources, are intended to cover the cost of the state's share of the infrastructure program, including debt services requirements. After providing for debt service requirements, the balance of the receipts from such revenue sources may be applied to the payment of general obligation bonds of the state issued or previously authorized and to be issued for transportation purposes and for the payment of annually budgeted expenses of the department of Transportation, the Department of Motor Vehicles and certain expenses related to the highway patrol function of the Department of Public Safety for FY 94 through FY 98.

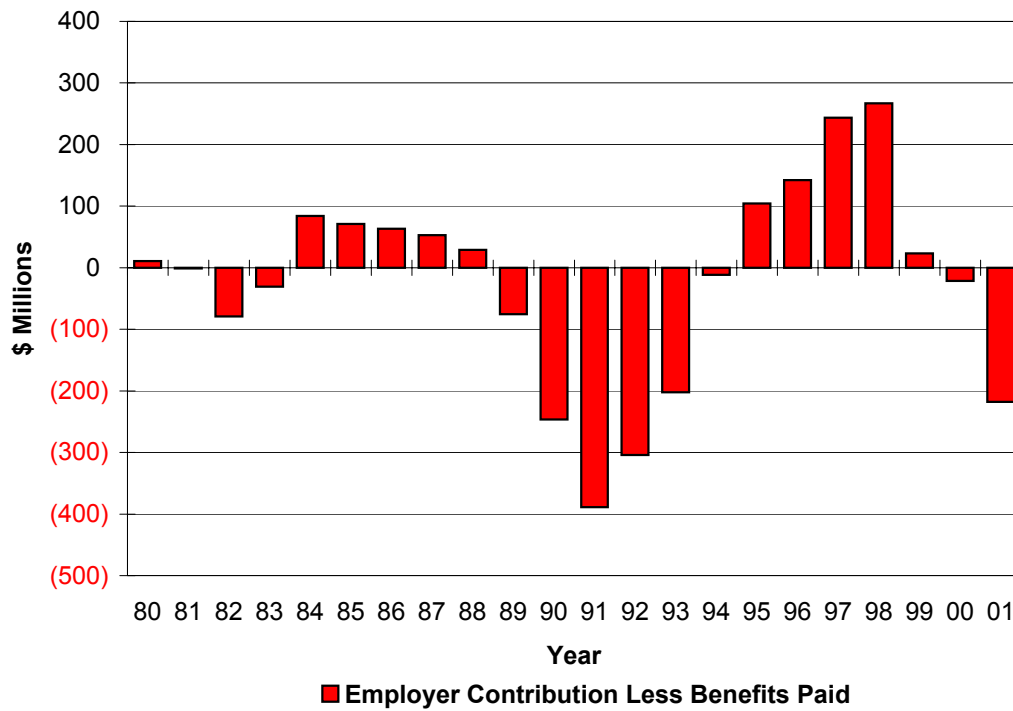
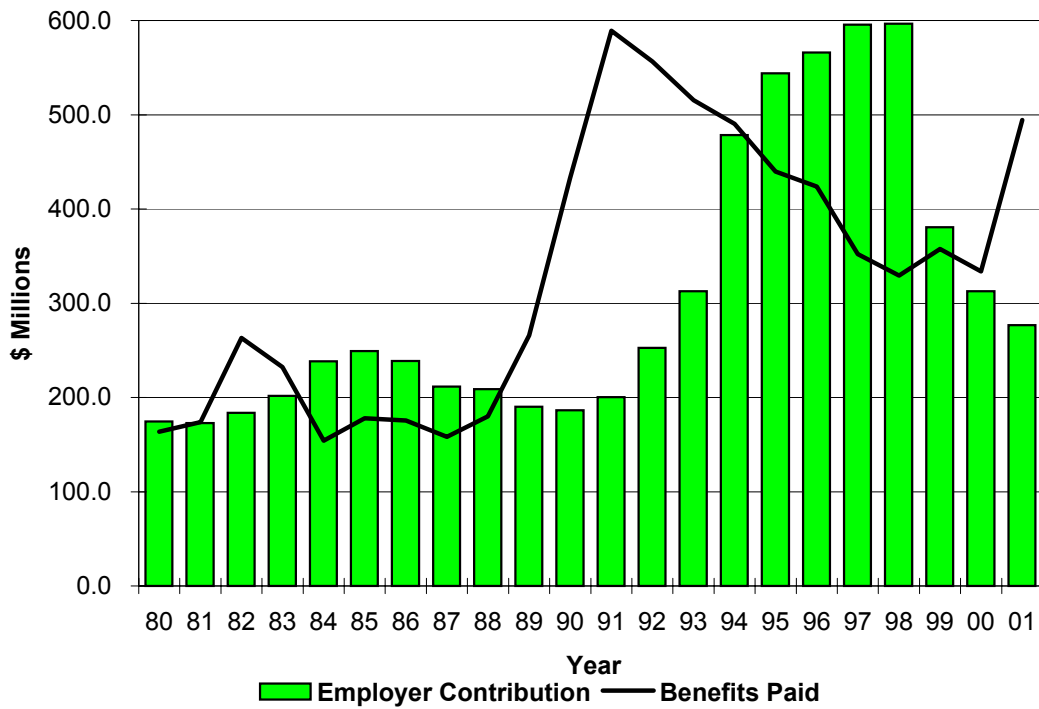
**THE INFRASTRUCTURE RENEWAL PROGRAM
TRANSPORTATION FUND
(\$ MILLIONS)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
Beginning Balance	0.3																
Motor Fuels Taxes, Receipts, Fees	\$339.5	\$422.0	\$473.3	\$523.8	\$542.3	\$547.3	\$556.6	\$593.7	\$640.7	\$689.8	\$729.2	\$764.0	\$814.8	\$824.5	\$799.9	\$809.3	\$729.0
Statutory Transfers from Gen. Fund [1]															20.0	46.0	106.1
UMTA Grants	15.7	9.6	21.7	10.3	10.3	10.0	9.2	8.1	8.3	7.1	4.7	4.1	3.6	3.1	3.1	3.0	3.3
Interest Income	7.4	11.6	9.4	13.6	22.7	29.1	30.1	36.8	29.9	25.8	35.2	40.7	42.0	35.4	38.5	37.7	43.9
Transfer - General Fund Surplus	0.0	25.0	10.0	0.0	0.0	0.0	0.0	0.0	0.6	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer - General Fund Tolls	0.0	18.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer - Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)	(0.2)	(0.2)	(0.5)	(2.0)	(3.0)
Release from Reserve Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.3	0.0	0.0	3.0	0.0	16.8	0.0
Total - Revenues	362.9	486.5	514.4	547.7	575.3	586.4	595.9	638.6	679.5	724.7	783.4	808.6	860.2	865.8	861.0	910.8	879.3
Refunds of Taxes	0.0	(3.7)	(3.2)	(3.7)	(4.9)	(4.3)	(4.0)	(4.4)	(3.8)	(4.9)	(7.0)	(6.4)	(6.0)	(6.7)	(5.2)	(5.4)	(7.5)
Total - Net Resources	362.9	482.8	511.2	544.0	570.4	582.1	591.9	634.2	675.7	719.8	776.4	802.2	854.2	859.1	855.8	905.4	871.8
Debt Service & Expenditures:																	
Special Tax Obligation Bonds	12.6	26.5	38.9	57.0	91.2	126.4	163.9	204.1	238.5	253.7	271.0	290.7	313.6	341.1	319.6	344.3	366.1
Debt Service Reduction-PA 97-309													(9.7)	(31.4)	(51.9)		
General Obligation Bonds	105.3	117.0	113.9	94.7	98.9	86.9	85.0	73.0	73.6	49.7	59.3	54.8	45.0	46.4	44.8	31.4	29.2
Total - Debt Service	117.9	143.5	152.8	151.7	190.1	213.3	248.9	277.1	312.1	303.4	330.3	345.5	348.9	356.1	312.5	375.7	395.3
DOT Expenditures:	209.0	225.5	240.4	260.8	312.9	329.9	314.3	298.4	268.4	262.0	255.2	283.1	269.5	271.4	289.3	306.2	296.8
Program Costs paid from current operation	33.5	82.1	60.8	122.9	57.9	58.4	45.6	18.4	10.3	14.2	10.0	10.2	18.8	19.6	20.5	60.3	16.0
DMV Budgeted Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.7	36.0	39.5	40.4	43.2	43.7	43.6	57.9	49.1	49.6
Highway Patrol Budgeted Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.5	39.1	41.1	41.8	46.0	0.0	0.0	0.0
Other Budgeted Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.4	55.6	54.4	58.3	68.0	79.2	59.6	71.8	43.9	68.6
Defeasance Transfer [1]	0.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total - Expenditures	242.5	307.6	301.2	433.7	370.8	388.3	359.9	364.9	370.3	407.6	403.0	445.6	453.0	440.2	439.5	459.5	431.0
Projected Excess (Deficiency)	2.5	31.7	57.2	(41.4)	9.5	(19.5)	(16.9)	(7.8)	(6.7)	8.8	43.1	11.1	42.9	31.4	51.9	70.2	45.5

[1] Transfers from the Oil Companies Tax per PA 97-309 and from the Sales and Use Taxes per PA 98-128.

[2] In FY 1988, \$50 million of cumulative excess in Transportation Fund was set aside to redeem outstanding bonds, callable in 1995, from a 1984 issue.

Unemployment Compensation Trust Fund 1980 - 2001



Source: Connecticut Department of Labor

**UNEMPLOYMENT COMPENSATION FUND
1972 - 2001
(\$ Millions)**

Calendar Year	Benefits Paid	Employer Contribution	Federal Loans	Repayments	U. C. Trust Fund Res.	Loan Balance
1972	174.6	92.7	31.8		23.0	31.8
1973	117.6	114.2	21.7		40.8	53.5
1974	163.3	124.9	8.5		11.8	62.0
1975	298.4	140.9	203.0	12.9	20.5	252.1
1976	238.0	164.9	137.0	26.0	21.3	363.1
1977	193.2	177.7	75.0	27.3	26.7	410.8
1978	138.4	189.9	37.0	37.3	76.3	410.5
1979	114.9	181.4		39.6	103.5	370.9
1980	163.6	174.4			108.5	370.9
1981	173.7	172.8		46.6	98.6	324.3
1982	263.0	183.7		49.5	18.0	274.8
1983	232.3	201.6	63.8	54.0	53.5	284.6
1984	154.2	238.5		88.3	109.9	196.3
1985	177.9	249.1		94.0	152.3	102.3
1986	175.6	238.7		104.6	187.8	0.0
1987	158.3	211.4			262.2	0.0
1988	179.8	208.7			315.0	0.0
1989	265.8	190.3			262.3	0.0
1990	432.9	186.4			29.7	0.0
1991	589.1	200.2	501.5	147.7	0.0	353.8
1992	556.5	252.5	502.5	203.0	0.0	653.3
1993	515.3	312.9	362.5	1015.7 **	1.0	0.0
1994	490.3	478.5	168.4	168.4	0.0	0.0
1995	439.8	544.0	124.1	124.1	109.0	0.0
1996	423.7	566.0			298.2	0.0
1997	352.1	595.6			523.8	0.0
1998	329.3	596.5			813.9	0.0
1999	357.6	380.8			847.8	0.0
2000	333.9	312.7			840.7	0.0
2001	494.5	276.9			624.0	0.0

**** PA 93-243, An Act Modifying Eligibility For Unemployment Compensation, authorized the issuance of tax-exempt bonds for the purpose of paying the State's debt owed to the Federal Unemployment Compensation Fund as of September 1, 1993, and to provide advances to pay unemployment benefits until revenue from employer taxes is sufficient to support benefit payouts. During 1993 the State issued \$1.02 billion in Connecticut Unemployment Revenue Bonds of which \$780.3 million of the proceeds was used to repay a portion of the outstanding federal advances.**

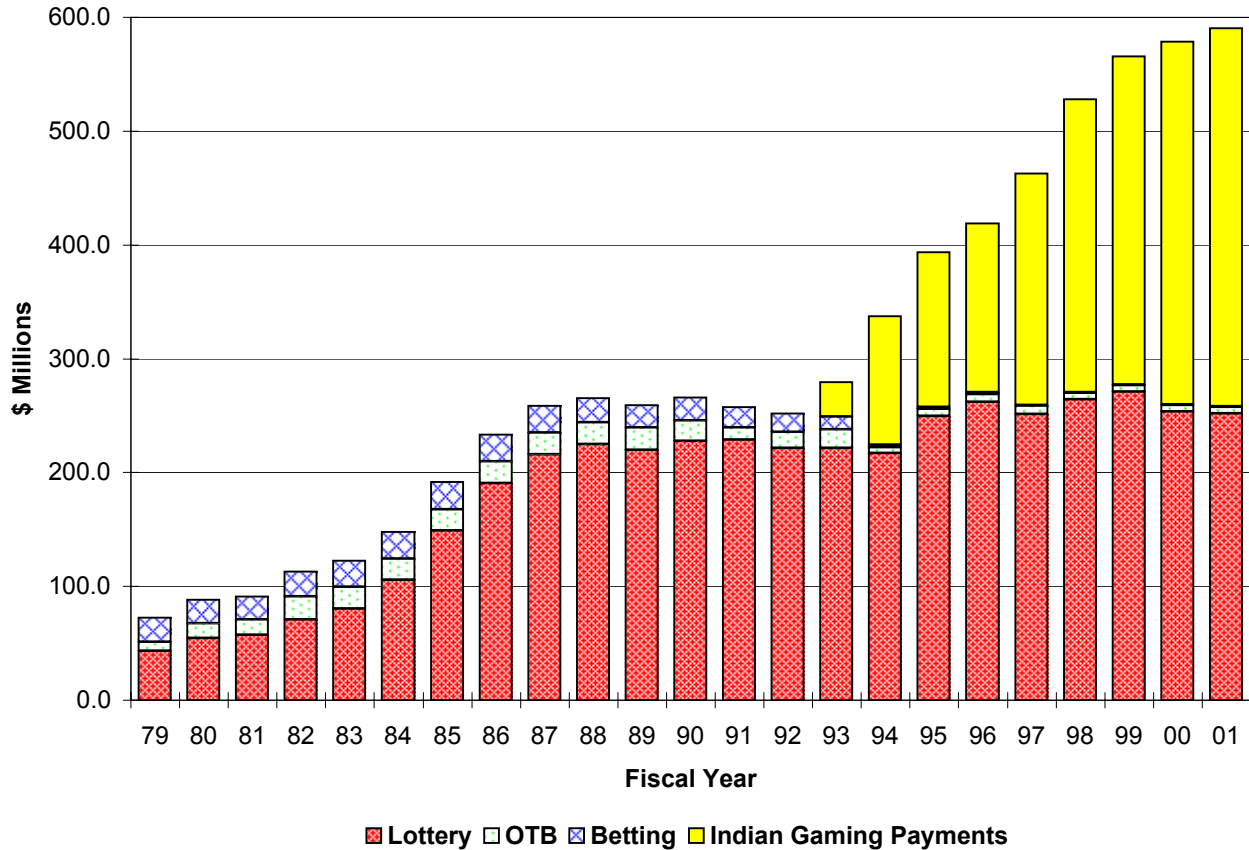
Source: Connecticut Department of Labor

UNEMPLOYMENT COMPENSATION BONDS OUTSTANDING

Outstanding Balance as of:	Amount (\$ Millions)
June 30, 1994	\$1,020.7
June 30, 1995	990.7
June 30, 1996	911.5
June 30, 1997	814.5
June 30, 1998	689.8
June 30, 1999	544.8
June 30, 2000	369.0
June 30, 2001	-

Source: Comptroller's Annual Report, various years

Annual Gambling Revenues By Source FY 1979 - FY 2001



**GENERAL FUND REVENUES SINCE INCEPTION
(Millions \$)**

Fiscal Year	Total Gambling	Lottery						Betting			Indian Payments
		Weekly	Daily	Instant	Cash Lotto	Lotto	Power Ball	Off-Track Betting	Dog Racing	All Jai-Alai	
1979	72.8	3.9	21.0	18.2	NA	NA	NA	7.8	7.9	14.0	NA
1980	88.2	3.5	33.3	17.7	NA	NA	NA	13.1	7.1	13.5	NA
1981	91.1	1.5	34.6	21.5	NA	NA	NA	13.5	7.5	12.5	NA
1982	112.8	2.4	46.8	21.8	NA	NA	NA	20.2	8.1	13.5	NA
1983	122.5	4.1	53.6	22.8	NA	NA	NA	19.0	9.3	13.7	NA
1984	148.0	3.0	59.0	24.7	NA	18.8	NA	18.8	9.8	13.9	NA
1985	191.8	NA	64.5	31.3	NA	53.0	NA	18.7	9.9	14.4	NA
1986	233.5	NA	67.7	30.5	NA	92.6	NA	18.9	9.7	14.1	NA
1987	258.8	NA	73.1	33.6	NA	109.4	NA	18.7	9.2	14.8	NA
1988	265.2	NA	78.9	31.0	NA	115.1	NA	18.8	8.2	13.2	NA
1989	259.1	NA	84.2	30.1	NA	105.4	NA	19.6	7.9	11.9	NA
1990	265.8	NA	90.0	39.0	NA	98.7	NA	18.3	7.0	12.8	NA
1991	257.3	NA	85.5	47.9	NA	95.2	NA	10.9	5.9	11.9	NA
1992	252.2	NA	88.2	38.7	1.2	93.2	NA	14.4	5.3	11.2	NA
1993	279.3	NA	93.5	33.2	10.9	84.2	NA	16.2	2.6	8.7	30.0
1994	337.6	NA	91.1	49.4	12.0	64.8	NA	4.9	0.7	1.7	113.0
1995	393.4	NA	88.0	76.3	14.5	70.8	NA	6.1	0.6	1.4	135.7
1996	419.0	NA	81.6	86.7	17.4	59.0	17.3	6.6	0.7	1.0	148.7
1997 [3]	462.9	NA	77.2	98.1	16.9	37.6	21.7	6.9	0.4	0.5	203.6
1998	528.0	NA	73.8	105.4	20.1	38.9	26.1	5.4	0.3	0.4	257.6
1999	565.9	NA	70.4	110.3	15.7	19.3	55.6	5.5	0.3	0.3	288.5
2000	578.7	NA	71.4	116.1	18.6	17.1	30.4	5.6	0.2	0.3	319.0
2001	590.6	NA	72.5	126.1	14.8	14.8	23.8	5.7	0.2	0.3	332.4

Note on audits:

1. The Division of Special Revenue audits "non" state-owned facilities only (i.e., Plainfield dog track and Jai-Alai Frontons)
2. The State's auditors audit OTB and the Division itself each 2 years (Including lotteries). However certain segments of OTB are audited on an ongoing basis to facilitate the more detailed audit every two years
3. Lottery revenue figures are net of operating expense. Prior to FY 96, revenues were reported before operating were accounted

GAMBLING REVENUES

Fiscal Year	Amount (Millions \$)	Yearly % Change	Base/Rate Changes
1972	8.2	-	Weekly lottery established.
1973	16.5	102.5	
1974	16.0	(3.0)	
1975	15.0	(6.3)	
1976	30.0	100.2	Instant lottery added to fund education equalization grants
1977	55.8	85.8	(1) Daily lottery game established and mandated that \$1 million be allocated to the Department of Social Services for an Emergency Food Relief Program for persons eligible under AFDC (The \$1 million allocation was repealed by PA 77-3 and 77-517. (2) Jai Alai and dog racing added.
1978	72.2	29.4	(1) Off-track betting added: tax of 17% on feature bets, 25% on exotics. (2) Rates on Jai Alai and dog racing handles increased: (a) Tax rate on Jai Alai increases to 6.75% from 5.25%. (b) Tax rate on dog racing is changed from a graduated schedule (ranging from 5.75% to 8.25%) to a flat rate of 8%. (c) The percentage that hosting towns receive increases to: (1) 1% from .25% for towns with population of 50,000 and over and (2) .5% from .25% for towns with population under 50,000. (d) Take-out percentage (amount not returned to bettors) increases to 18% from 17%. (3) Instant lottery proceeds are directed into the General Fund. (The direct tie-in of of instant lottery proceeds with the educational equalization grand is removed and proceeds from the instant lottery go into the General Fund (as do all other gaming revenues). A General Fund appropriation of a like amount is made for the equalization grant.
1979	72.8	0.9	The Commission on Special Revenue is given statutory power to collect delinquent accounts of lottery agents. A 10% penalty on the delinquent amount is provided as well as an interest rate charge of 1% per month on the delinquent amount until paid.
1980	88.3	21.2	
1981	91.2	3.3	
1982	112.8	23.8	(1) Sundays are included in the meeting dates for racing and Jai Alai (with approval of legislative body of towns). Facilities can open no more than six days per week. (2) An accounting change results in direct operating expenses within the Personal Services, Other Expenses, and Equipment accounts within the Daily and Instant Lottery funds being paid with General Funds appropriations. Direct operating expenses from the OTB fund will also be paid with General Fund appropriations (effective 1/1/81).
1983	122.5	8.5	(1) The takeout on feature bets at OTB is increased to 19% from 17%. (2) The tax on dog racing increased to 8.25% from 8%, with the .25% going to the dog owners. (3) Interest from late payments from lottery agents and other gaming licenses is increased to 1.5% per month from 1.25% per month. A minimum fee of \$10 is also established.

GAMBLING REVENUES

Fiscal Year	Amount (Millions \$)	Yearly % Change	Base/Rate Changes
			<ul style="list-style-type: none"> (4) Licensing and registration fees administered by the Division are increased. (5) The game of Lotto is added as a state lottery beginning 11/83.
1984	148.0	20.8	<ul style="list-style-type: none"> (1) Increase the takeout from 18.5% to 19%. (2) Increase the amount of gross wagering receipts paid to state from 8.25% to 8.5%. (3) Increase the amount of gross wagering receipts allocated to purses from .25% to .5%. (4) Treatment program for chronic gamblers ends 12/31/84 (funding mechanism 6/30/84). Funding mechanism is through fees: <ul style="list-style-type: none"> (a) \$135 on each licensee for each performance of jai alai or dog racing, maximum \$45,000 per year per licensee. (b) \$25 on each supplier of pari-mutuel equipment to teletrack facilities. (5) Municipal share of revenues from OTB increases to .4% from .25%. (6) Sunday OTB is permitted on harness or thoroughbred racing events. (7) The Saturday evening performances of Jai Alai or racing events may conclude by 1 a.m. Sunday without municipal approval. (8) A statement indicating the chances of winning when advertising state lottery tickets is limited to advertisements in newspapers, magazines, brochures and posters, and television and radio ads at least 30 seconds in duration. (9) The moratorium on new gambling facilities and pari-mutuel licenses is extended from July 1, 1983 to June 30, 1985. Pari-mutuel license renewals and new betting facilities contracted prior to 5/23/79 are not affected
1985	191.8	29.6	
1986	234.1	22.0	<ul style="list-style-type: none"> (1) The moratorium on new gambling facilities and pari-mutuel licenses is extended from July 1, 1985 to June 30, 1987 (7/1/85). (2) Wagering on make-up performances at off-track betting facilities, including tele-track, is allowed when requested by the facility and authorized by the Executive Director (7/1/85). (3) A special fund is established to pay for the testing of greyhound urine by UCONN's lab. The Fund will receive 1/4 of 1% of all money wagered at dog racing events (previously these costs were paid by the Plainfield Track). Any revenue exceeding actual costs (as determined by an audit every two years) will be returned to the General Fund, (7/1/85). (4) The Weekly lottery game is eliminated effective 7/1/85. (5) As of April, 1986, rules of the Lotto game was changed to reflect a choice of six numbers from a field of 40. (6) There was an increase in weekly drawings from one on Friday evening to two (one on Tuesday and one on Friday evenings). (7) A prize was established in Lotto for matching three numbers.
1987	257.7	10.1	<ul style="list-style-type: none"> (1) The authority to regulate bingo, bazaars, raffles and games of chance is transferred from the Commissioner of Public Safety to the Division of Special Revenue. The following is also provided for: <ul style="list-style-type: none"> (a) A 5% tax on gross receipts from bingo is established and payable annually by organizations having annual gross receipts in excess of \$25,000, (10/1/87).

GAMBLING REVENUES

Fiscal Year	Amount (Millions \$)	Yearly % Change	Base/Rate Changes
			<ul style="list-style-type: none"> (b) The municipal share of gross receipts from bingo is 0.25%. Bingo permit fees are decreased (10/1/87). (c) The sale of sealed tickets by bingo permittees is legalized. Nonprofit organizations with liquor permits may also sell sealed tickets for a one year trial period (10/1/87). (d) Volunteer fire companies conducting bazaars are allowed to award cash prizes not exceeding \$25 for money-wheel games, (10/1/86). (e) A legalized gambling investigative unit is created within the Division of State Police.
			(2) The municipal share of revenue from OTB is increased to 1% from four-tenths of one percent of the gross amount wagered. (1/1/87)
			(3)(a) Eliminates the separate daily and instant lottery funds and creates one lottery fund.
			(b) Changes the transfer of funds from the lottery fund to "from time to time" rather than December and June.
			(c) Authorities may permit games of chance in the same location twice, rather than once, every three weeks.
			(d) The Chronic Gamblers' Program and the funding mechanism are made permanent (see 1984 (4) above for fees).
1988	265.2	2.9	<p>PA 87-528 - Extended the moratorium on new gambling facilities until 6/30/89. The Division is authorized to substantially upgrade one OTB branch facility. The total number of OTB branch facilities is reduced to 18 from 20 facilities.</p> <p>PA 87-542 - A number of changes regarding the use and payment of proceeds from dog racing are made as follows:</p> <ul style="list-style-type: none"> (a) Tax rate reduced to 7.25% from 8.5%. (b) Increases the amount that licenses must allocate to purses by one-half of one percent of total money wagered to 3.5% from 3.0%. (c) Requires licensees to allocate one-quarter of one percent of the handle to capital expenditures and one-quarter of one percent of the handle to promotional marketing. (Quarterly financial statements to the division are required) (7/1/87). <p>PA 87-121 - The state's OTB vendor is authorized to accept wagering on any type of racing event and not just thoroughbred and harness horse racing. Different types of racing may be offered in the same program.</p>
1989	259.1	(2.3)	PA 88-363 - A number of changes concerning the operation of bingo and sealed tickets are made.
1990	265.7	2.6	<p>PA 89-390 - Extended the moratorium on new gambling facilities to 6/30/91. In addition, the Division was authorized to provide simulcasting in a total of three OTB OTB branch facilities (including the Windsor Locks Teletheater).</p> <p>PA 89-214 - New fees were established for equipment dealers for games of chance and for organizations to sell sealed tickets.</p>

GAMBLING REVENUES

Fiscal Year	Amount (Millions \$)	Yearly % Change	Base/Rate Changes
			<p>PA 89-355 - Provided that a total of \$1 million will be transferred from the Unclaimed Lottery Prize Fund to the Department of Education for the Interdistrict Co-operation Grant Program (\$700,000) and for a pilot program in training paraprofessionals for teaching (\$300,000).</p> <p>A change was made in the Lotto game to increase the field of number from 40 to 44.</p> <p>The number of instant games per year will be increased from two to four per year with two games operating concurrently in the Spring and then again, in the Fall.</p>
1991	257.3	(3.2)	<p>PA 90-325 - Legalized the use of animals for cow-chip bingo but because of statutory restrictions, permits must be issued for each event and no cash prizes may be awarded.</p>
1992	252.2	(2.0)	<p>PA 91-281 mandates lottery agents to deposit collections from lottery sales into a special account in DRS's name, and file reports documenting lottery receipts and transactions to DRS.</p> <p>PA-309 makes various changes in the laws concerning dog track operations.</p> <ul style="list-style-type: none"> (a) Authorizes the conversion of one of current operating Jai Alai frontons into a dog track. (b) Authorizes a simulcasting theater at Plainfield's dog track. (c) Increases the takeout rate from 19% to 20%. (d) Replaces the fixed 7.25% tax rate on gross wagers with a sliding scale ranging from 5.0%-8.5%. (e) Beginning in fiscal year 1992-93 Plainfield's municipal share increases from .5% to .8% and provides .2% to the Northeast Economic Alliance. <p>PA 91-320 removes location limitations on towns wishing to host Las Vegas nights.</p> <p>PA 91-366 extends the moratorium on new gambling facilities and para-mutual licenses for an additional two years, until June 30, 1993.</p> <p>PA 91-409 subjects gambling winnings to state capital gains tax laws.</p>
1993	249.2	(1.2)	<p>PA 92-17(MSS) expands or changes a number of gaming laws and regulations.</p> <ul style="list-style-type: none"> (a) Creates a Class C bingo permit which allows between 15-40 games per year. (b) Makes permanent the temporary moratorium on additional OTB facilities and authorizes one additional simulcasting facility at the current Bridgeport site. (c) Increases the Jai Alai takeout rate from 18% to 20% until June 1994, after which it reverts back to 18%. (d) Establishes a task force to study the feasibility of authorizing additional casino gambling in the state.

GAMBLING REVENUES

Fiscal Year	Amount (Millions \$)	Yearly % Change	Base/Rate Changes
1994	225.4	(9.6)	<p>PA 93-332:</p> <ul style="list-style-type: none"> (a) Instructed the DSR to sell the right to operate the state's off-track betting system to a private licensee. A 3.5% (1% to the host municipality) tax is imposed on the licensee based on the total amount wagered, effective 7/1/93. (b) The tax rate on Jai Alai is reduced from a flat rate of 6.75% to a sliding scale ranging from 2% - 4%, effective 7/1/93. (c) The tax rate on Dog Racing is reduced from 5% - 8.5% to 2% - 4% (Bridgeport Dog Track will be taxed a flat 2% when opened), effective 7/1/93 <p>PA 93-13 increases the limit that a special bingo grand prize can accumulate from from 12 weeks or a maximum of \$1,500 to 16 weeks or a maximum of \$2,000, effective 10/1/93.</p>
1995	257.8	14.4	<p>PA 94-223 allows the State's OTB facilities to accept wagering on jai alai games.</p> <p>PA 94-1(MSS) levies a fee of \$25 per performance on the State's four teletheaters for the Chronic Gamblers Treatment Fund.</p>
1996	270.4	4.9	<p>PA 95-160:</p> <ul style="list-style-type: none"> (a) Allows the state to participate in multi-state lottery games (Powerball) (b) Required the Office of Policy and Management and the Division of Special Revenue to prepare a plan for partial or total privatization of the state lottery. <p>PA 95-59:</p> <ul style="list-style-type: none"> (a) Allows organizations conducting a bazaar to hold the event in a municipality other than the one that granted it. (b) Clarifies duck-race raffles and requires the division to adopt regulations that establish duck racing procedures. Duck racing raffles are defined as one in which artificial ducks (usually the yellow species) are numbered consecutively to correspond to the tickets sold. The ducks are placed in a naturally moving stream of water at the designated starting point. The winning ticket is the one corresponding to the first duck to pass the designated finish line. (c) Allows organizations to apply for a bazaar or raffle permit after six months existence instead of one year. <p>PA 95-61 exempts crane game machines or devices and redemption machines from the prohibition of gambling devices.</p>
1997	258.7	(4.3)	<p>PA 96-102 allows bazaar and raffle permittees to rent equipment from a dealer who does not have a principal business place in Connecticut provided the dealer is registered with the Department of Special Revenue and an in-state dealer is unavailable. Under prior law permittees could rent bazaar and raffle equipment from only a dealer registered with the Department of Special Revenue and with a principal business place in state. The annual registration fee continues to be \$300.</p>

GAMBLING REVENUES

Fiscal Year Amount (Millions \$) Yearly % Change

Base/Rate Changes

PA 96-151:

- (a) Eliminates certain restrictions on the operating hours and days of jai alai, racing, and off-track betting (OTB) facilities. Allows operation 7 days a week.
- (b) Allows jai alai and dog track licensees to keep unclaimed prize money instead of paying it to the Department of Special Revenue for deposit into the General Fund.
- (c) Requires dog track licensees to submit annual, instead of quarterly, financial statements showing allocation of money for purses, capital improvements and promotional marketing.

PA 96-212 transferred Lottery operations to the newly created Connecticut Lottery Corporation (CLC) on July 1, 1996. The CLC is a quasi-public corporation established to operate the State's Lottery subject to Division of Special Revenue Regulations. All revenue generated from the Lottery sales net of prizes and expenses will be transferred to the State's General Fund.

PA 96-236 prohibits anyone from assigning lottery winnings except to (1) the estate of the deceased winner, (2) anyone entitled to such winnings as specified by judicial order, or (3) for satisfaction of a delinquent child support obligation.

1998 267.3 3.3

PA 97-277:

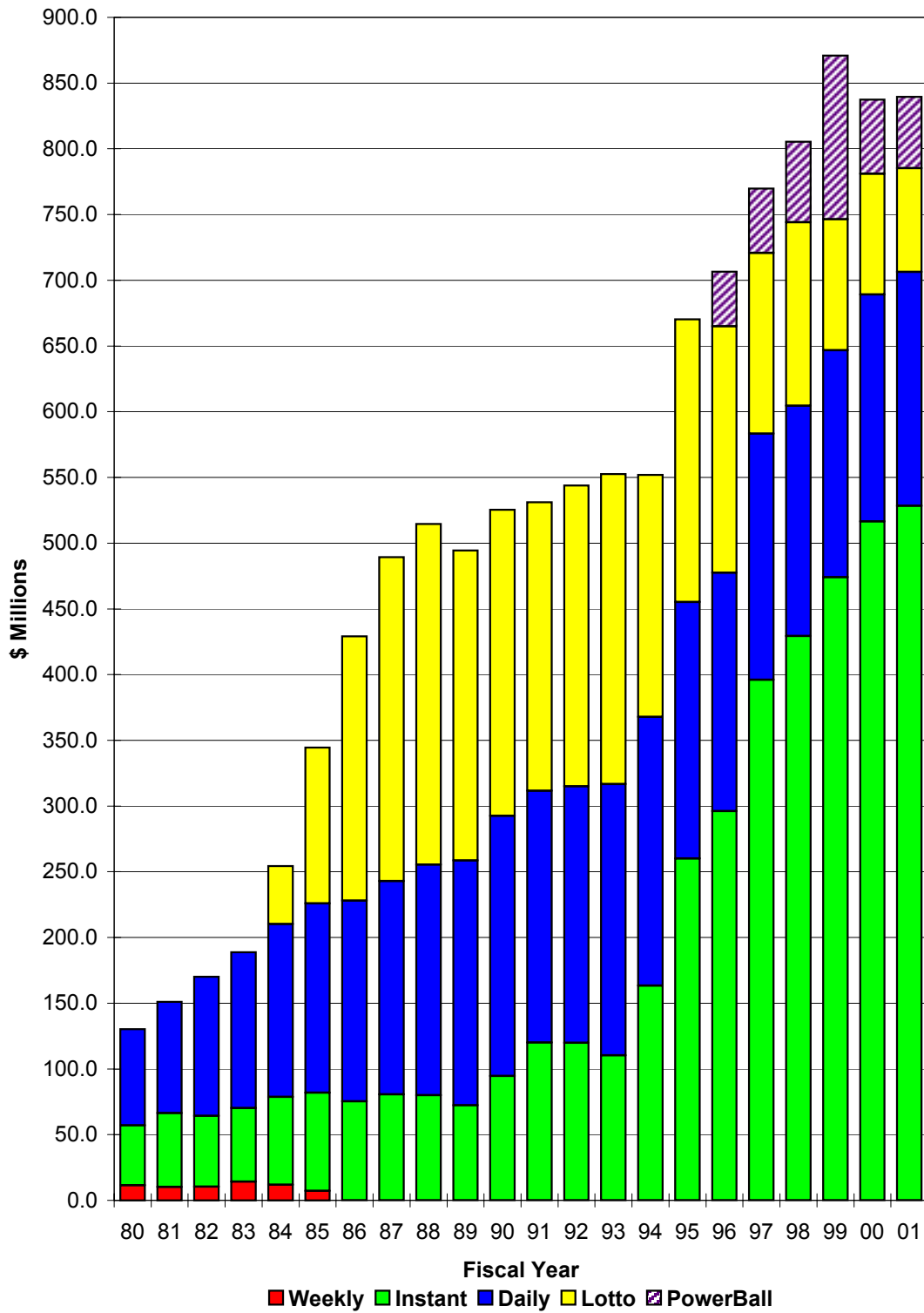
- (a) increases, from four to eight, the number of the 18 currently authorized OTB branch facilities that may simulcast OTB or jai alai games.
- (b) prohibits locating simulcasting facilities in any zone of protection negotiated between the OTB system operator and any parimutuel betting facility.
- (c) allows simulcasting facilities to be located within 35 miles of the Windsor Locks teletheater by removing the zone of protection around that facility.
- (d) increases from 1% to 1.6% of wagers, the amount the DSR must pay towns with an OTB facility and requires DSR to pay New Haven and Windsor Locks an additional .5% of the wagers from any facility equipped for simulcasting after October 1, 1997 and located within 15 miles of the teletheaters in these towns.
- (e) sets the OTB takeout rate on multiple forms of wagering on three or more animals at 23% of the amount in the betting pool and eliminates the Gaming Policy Board's mandate to set it between 17% and 25%.
- (f) gives the operators of the state's dog racing and jai alai facilities the option of separate takeout rates for win, place, or show pools (maximum 18%) and other other pools (maximum 23%) or the existing rate of 20% for all pools on any given day.
- (g) requires employees of the Connecticut Lottery Corporation to be licensed by the DSR.

PA97-233 requires DSR to assign to the Connecticut Lottery Corporation all annuities the state purchased to pay lottery prizes before the state lottery was transferred to the CLC (7/1/96). It makes the CLC solely responsible for paying all lottery prizes, not just those awarded since it took over the lottery.

GAMBLING REVENUES

Fiscal Year	Amount (Millions \$)	Yearly % Change	Base/Rate Changes
1999	280.5	4.9	PA 98-137 and PA 98-219 establish a procedure for the voluntary assignment of all, or some, of any lottery winnings paid in installments.
2000	259.8	(7.4)	PA 00-129 increases Plainfield's municipal share of gambling revenue from .8% to 1% and eliminates the .2% payment to the Northeast Economic Alliance effective 7/1/01.
2001	258.2	(0.6)	
2002	265.2 Budget Act	2.7	PA 01-06 (JSS) imposes the income tax on a nonresident that wins the CT Lottery and allows a resident that wins an out-of-state Lottery to credit to any taxes paid to other jurisdictions against their CT Income Tax final liability. It also defines that the starting point for CT AGI is Federal Adjusted Gross Income.

Annual Lottery Sales By Type of Game FY 80 - FY 01



**LOTTERY REVENUES
COMPARISON OF GROSS SALES WITH AMOUNTS
TRANSFERRED TO THE GENERAL FUND
(Millions \$)**

<u>Fiscal Year</u>		<u>Gross Sales</u>	<u>Transfers to General Fund</u>	<u>Percent</u>
1971-72	Weekly	\$17.20	\$8.10	47.1
1972-73	Weekly	34.7	16.5	47.6
1973-74	Weekly	30.8	16.0	51.9
1974-75	Weekly	30.9	15.0	48.5
1975-76	Weekly	29.5	13.5	45.8
	Instant	<u>41.9</u>	<u>18.4</u>	<u>43.9</u>
		71.4	31.9	44.7
1976-77	Weekly	25.8	9.4	36.4
	Instant	23.8	11.7	49.2
	Daily	<u>13.1</u>	<u>4.2</u>	<u>32.1</u>
		62.7	25.3	40.4
1977-78	Weekly	19.2	8.2	42.7
	Instant	41.9	18.2	43.4
	Daily	<u>46.4</u>	<u>15.4</u>	<u>33.2</u>
		107.5	41.8	38.9
1978-79	Weekly	12.9	3.9	30.2
	Instant	49.8	18.2	36.5
	Daily	<u>58.2</u>	<u>21.0</u>	<u>36.1</u>
		120.9	43.1	35.6
1979-80	Weekly	11.5	3.5	30.4
	Instant	45.5	17.7	38.9
	Daily	<u>73.2</u>	<u>33.3</u>	<u>45.5</u>
		130.2	54.5	41.9
1980-81	Weekly	10.1	1.5	14.9
	Instant	56.2	21.5	38.3
	Daily	<u>84.7</u>	<u>34.6</u>	<u>40.9</u>
		151.0	57.6	38.1
1981-82	Weekly	10.4	2.4	23.1
	Instant	53.8	21.8	40.5
	Daily	<u>105.8</u>	<u>46.8</u>	<u>44.2</u>
		170.0	71.0	41.8
1982-83	Weekly	14.2	4.1	28.9
	Instant	56.0	22.8	40.7
	Daily	<u>118.5</u>	<u>53.6</u>	<u>45.2</u>
		188.7	80.5	42.7

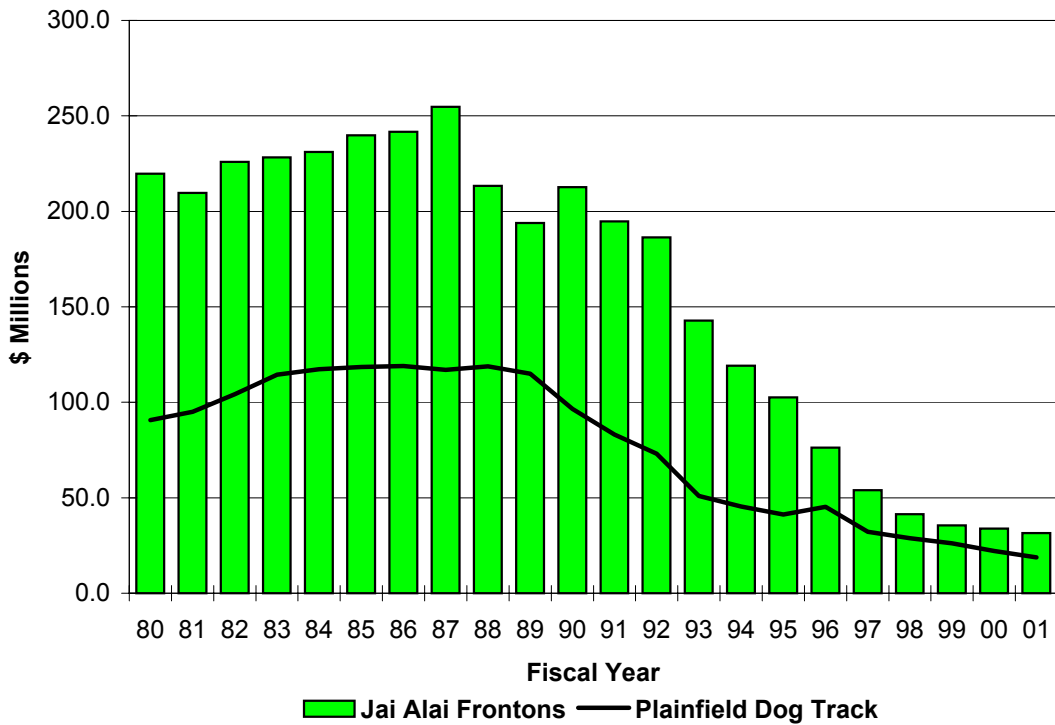
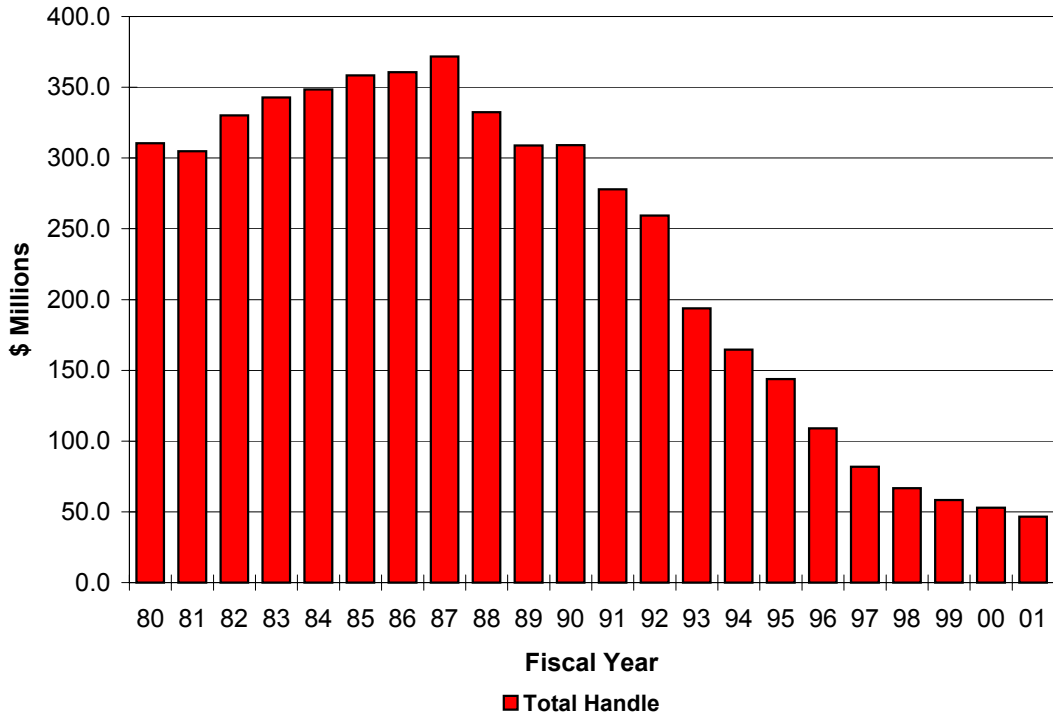
<u>Fiscal</u> <u>Year</u>		<u>Gross Sales</u>	<u>Transfers to</u> <u>General Fund</u>	<u>Percent</u>
1983-84	Weekly	11.8	3.0	25.4
	Instant	67.0	24.7	36.9
	Daily	131.5	59.0	44.9
	Lotto	<u>44.1</u>	<u>18.8</u>	<u>42.6</u>
		254.4	105.5	41.5
1984-85	Weekly[1]	7.3	0.0	0.0
	Instant	74.4	31.3	42.1
	Daily	144.2	64.5	44.7
	Lotto	<u>118.5</u>	<u>53.0</u>	<u>44.7</u>
		344.4	148.8	43.2
1985-86	Instant	75.4	30.5	40.5
	Daily	152.5	67.7	44.4
	Lotto	<u>201.2</u>	<u>92.6</u>	<u>46.0</u>
		429.1	190.8	44.5
1986-87	Instant	80.8	33.6	41.6
	Daily	162.1	73.1	45.1
	Lotto	<u>246.4</u>	<u>109.4</u>	<u>44.4</u>
		489.3	216.1	44.2
1987-88	Instant	80.0	31.0	38.8
	Daily	175.3	78.9	45.0
	Lotto	<u>259.3</u>	<u>115.1</u>	<u>44.4</u>
		514.6	225.0	43.7
1988-89	Instant	72.3	30.1	41.6
	Daily	186.2	84.2	45.2
	Lotto	<u>236.0</u>	<u>105.4</u>	<u>44.7</u>
		494.5	219.7	44.4
1989-90	Instant	94.7	39.0	41.2
	Daily	197.8	90.0	45.5
	Lotto	<u>233.0</u>	<u>98.7</u>	<u>42.4</u>
		525.5	227.7	43.3
1990-91	Instant	120.0	47.9	39.9
	Daily	191.6	85.5	44.6
	Lotto	<u>219.5</u>	<u>95.2</u>	<u>43.4</u>
		531.1	228.6	43.0
1991-92	Instant	119.8	38.7	32.3
	Daily	195.2	88.2	45.2
	Lotto	219.9	93.2	42.4
	Cash Lotto	<u>8.9</u>	<u>1.2</u>	<u>13.5</u>
		543.8	221.3	40.7

<u>Fiscal</u> <u>Year</u>		<u>Gross Sales</u>	<u>Transfers to</u> <u>General Fund</u>	<u>Percent</u>
1992-93	Instant	110.2	33.2	30.1
	Daily	206.5	93.5	45.3
	Lotto	202.6	84.2	41.6
	Cash Lotto	<u>33.3</u>	<u>10.9</u>	<u>32.7</u>
		552.6	221.8	40.1
1993-94	Instant	163.4	49.4	30.2
	Daily	204.4	91.1	44.6
	Lotto	153.5	64.8	42.2
	Cash Lotto	<u>30.7</u>	<u>12.0</u>	<u>39.1</u>
		552.0	217.3	39.4
1994-95	Instant	260.1	76.3	29.3
	Daily	195.1	88.0	45.1
	Lotto	170.1	70.8	41.6
	Cash Lotto	<u>45.0</u>	<u>14.5</u>	<u>32.2</u>
		670.3	249.6	37.2
1995-96	Instant	296.2	86.7	29.3
	Daily	181.2	81.6	45.0
	Lotto	139.5	59.0	42.3
	Cash Lotto	48.1	17.4	36.2
	Power Ball	<u>41.6</u>	<u>17.3</u>	<u>41.6</u>
		706.6	262.0	37.1
1996-97 *	Instant	396.0	98.1	24.8
	Daily	187.4	77.2	41.2
	Lotto	90.1	37.6	41.7
	Cash Lotto	47.3	16.9	35.7
	Power Ball	<u>49.0</u>	<u>21.7</u>	<u>44.3</u>
		769.8	251.5	32.7
1997-98 *	Instant	429.3	105.4	24.6
	Daily	175.2	73.8	42.1
	Lotto	81.0	38.9	48.0
	Cash Lotto	58.5	20.1	34.4
	Power Ball	<u>61.5</u>	<u>26.1</u>	<u>42.4</u>
		805.5	264.3	32.8
1998-99 *	Instant	474.0	110.3	23.3
	Daily	172.7	70.4	40.8
	Lotto	51.3	19.3	37.6
	Cash Lotto	48.4	15.7	32.4
	Power Ball	<u>124.6</u>	<u>55.6</u>	<u>44.6</u>
		871.0	271.3	31.1

<u>Fiscal Year</u>	<u>Gross Sales</u>	<u>Transfers to General Fund</u>	<u>Percent</u>
1999-2000 * Instant	516.6	116.1	22.5
Daily	172.6	71.4	41.4
Lotto	47.3	18.6	39.3
Cash Lotto	44.5	17.1	38.4
Power Ball	<u>56.5</u>	<u>30.4</u>	<u>53.8</u>
	837.5	253.6	30.3
2000-2001 * Instant	528.3	126.1	23.9
Daily	178.0	72.5	40.7
Lotto	37.2	14.8	39.8
Cash Lotto	41.8	14.8	35.4
Power Ball	<u>54.3</u>	<u>23.8</u>	<u>43.8</u>
	839.6	252.0	30.0

* Beginning with the 1996-97 fiscal year revenue transferred to the General Fund are net of lottery operating expenses. Prior to the 1996-97 fiscal year revenue was transferred before operating expenses.

Jai Alai and Dog Track Handle FY 80 - FY 01



**JAI ALAI AND DOG TRACK REVENUES
COMPARISON OF HANDLE WITH AMOUNTS
TRANSFERRED TO THE GENERAL FUND**

	Take Out Rates		Tax Rates	
	Jai Alai	Dog Track	Jai Alai	Dog Track
1977	18.00%	18.00%	5.25%	5.75%-8.25%
1978	18.00	18.00	6.75	8.00
1979	18.00	18.00	6.75	8.00
1980	18.00	18.00	6.75	8.00
1981	18.00	18.00	6.75	8.00
1982	18.00	18.00	6.75	8.00
1983	18.50	18.00	6.75	8.25
1984	19.00	18.00	6.75	8.50
1985	19.00	18.00	6.75	8.50
1986	19.00	18.00	6.75	8.50
1987	19.00	18.00	6.75	8.50
1988	19.00	18.00	6.75	7.25
1989	19.00	18.00	6.75	7.25
1990	19.00	18.00	6.75	7.25
1991	19.00	18.00	6.75	7.25
1992	19.00	20.00	6.75	5.0-8.50
1993	20.00	20.00	6.75	5.0-8.50
1994	20.00	20.00	2.0-4.00	2.0-4.00
1995	20.00	20.00	2.0-4.00	2.0-4.00
1996	20.00	20.00	2.0-4.00	2.0-4.00
1997	20.00	20.00	2.0-4.00	2.0-4.00
1998 [1]	18.00 -23.00	18.00 -23.00	2.0-4.00	2.0-4.00
1999	18.00 -23.00	18.00 -23.00	2.0-4.00	2.0-4.00
2000	18.00 -23.00	18.00 -23.00	2.0-4.00	2.0-4.00
2001	18.00 -23.00	18.00 -23.00	2.0-4.00	2.0-4.00

[1] PA 97-277 gives operators the option of a 20% takeout rate for all wagers or split rate which cannot exceed 18% for win, place, or show pools and 23% for all other pools.

**JAI ALAI AND DOG TRACK REVENUES
COMPARISON OF HANDLE WITH AMOUNTS
TRANSFERRED TO THE GENERAL FUND**

<u>Fiscal Year</u>	<u>Facility</u>	Amounts in Millions		% of Handle Transferred to the General Fund
		<u>Handle</u>	<u>Transfers To General Fund [1]</u>	
1975-1976	Bridgeport	\$8.8	\$0.2	2.3
	Hartford	11.8	0.4	3.4
	Plainfield	<u>64.9</u>	<u>4.9</u>	<u>7.6</u>
		\$85.5	\$5.5	6.4
1976-1977	Bridgeport	\$143.3	\$7.5	5.2
	Hartford	82.0	4.2	5.1
	Milford	22.9	0.9	3.9
	Plainfield	<u>125.6</u>	<u>9.9</u>	<u>7.9</u>
	\$373.8	\$22.5	6.0	
1977-1978	Bridgeport	\$80.4	\$4.6	5.7
	Hartford	74.9	4.6	6.1
	Milford	74.8	4.5	6.0
	Plainfield	<u>98.0</u>	<u>8.0</u>	<u>8.2</u>
	\$328.1	\$21.7	6.6	
1978-1979	Bridgeport	\$85.3	\$5.3	6.2
	Hartford	72.9	4.3	5.9
	Milford	78.6	4.4	5.6
	Plainfield	<u>100.4</u>	<u>7.9</u>	<u>7.9</u>
	\$337.2	\$21.9	6.5	
1979-1980	Bridgeport	\$79.2	\$4.7	5.9
	Hartford	66.3	4.1	6.2
	Milford	74.3	4.7	6.3
	Plainfield	<u>90.7</u>	<u>7.1</u>	<u>7.8</u>
	\$310.5	\$20.6	6.6	
1980-1981	Bridgeport	\$77.8	\$4.6	5.9
	Hartford	64.3	3.9	6.1
	Milford	67.5	4.0	5.9
	Plainfield	<u>95.1</u>	<u>7.5</u>	<u>7.9</u>
	\$304.7	\$20.0	6.6	
1981-1982	Bridgeport	\$74.9	\$4.5	6.0
	Hartford	82.6	4.9	5.9
	Milford	68.4	4.1	6.0
	Plainfield	<u>104.2</u>	<u>8.1</u>	<u>7.8</u>
	\$330.1	\$21.6	6.5	

**JAI ALAI AND DOG TRACK REVENUES
COMPARISON OF HANDLE WITH AMOUNTS
TRANSFERRED TO THE GENERAL FUND**

<u>Fiscal Year</u>	<u>Facility</u>	Amounts in Millions		% of Handle Transferred to the General Fund
		<u>Handle</u>	<u>Transfers To General Fund [1]</u>	
1982-1983	Bridgeport	\$73.8	\$4.4	6.0
	Hartford	80.7	4.8	5.9
	Milford	73.8	4.5	6.1
	Plainfield	<u>114.4</u>	<u>9.3</u>	<u>8.1</u>
		\$342.7	\$23.0	6.7
1983-84	Bridgeport	\$76.0	\$4.5	5.9
	Hartford	80.2	4.9	6.1
	Milford	74.9	4.5	6.0
	Plainfield	<u>117.3</u>	<u>9.8</u>	<u>8.4</u>
		\$348.4	\$23.7	6.8
1984-85	Bridgeport	\$73.3	\$4.4	6.0
	Hartford	86.4	5.2	6.0
	Milford	80.1	4.8	6.0
	Plainfield	<u>118.5</u>	<u>9.9</u>	<u>8.4</u>
		\$358.3	\$24.3	6.8
1985-86	Bridgeport	\$90.6	\$5.3	5.8
	Hartford	86.1	5.0	5.8
	Milford	64.9	3.8	5.9
	Plainfield	<u>119.0</u>	<u>9.7</u>	<u>8.2</u>
		\$360.6	\$23.8	6.6
1986-87	Bridgeport	\$83.8	\$4.9	5.8
	Hartford	90.0	5.2	5.8
	Milford	81.3	4.7	5.8
	Plainfield	<u>117.0</u>	<u>9.2</u>	<u>7.9</u>
		\$372.1	\$24.0	6.4
1987-88	Bridgeport	\$52.3	\$3.4	6.5
	Hartford	73.9	4.5	6.1
	Milford	87.2	5.3	6.1
	Plainfield	<u>118.9</u>	<u>8.2</u>	<u>6.9</u>
		\$332.3	\$21.4	6.4
1988-89	Bridgeport	\$60.4	\$3.6	6.0
	Hartford	53.8	3.4	6.3
	Milford	79.7	4.9	6.1
	Plainfield	<u>114.9</u>	<u>7.9</u>	<u>6.9</u>
		\$308.8	\$19.8	6.4

**JAI ALAI AND DOG TRACK REVENUES
COMPARISON OF HANDLE WITH AMOUNTS
TRANSFERRED TO THE GENERAL FUND**

<u>Fiscal Year</u>	<u>Facility</u>	Amounts in Millions		% of Handle Transferred to the General Fund
		<u>Handle</u>	<u>Transfers To General Fund [1]</u>	
1989-90	Bridgeport	\$63.2	\$3.8	6.0
	Hartford	71.5	4.3	6.0
	Milford	78.1	4.7	6.0
	Plainfield	<u>96.5</u>	<u>7.0</u>	<u>7.3</u>
		\$309.3	\$19.8	6.4
1990-91	Bridgeport	\$61.4	\$3.7	6.0
	Hartford	64.9	3.9	6.0
	Milford	68.5	4.2	6.1
	Plainfield	<u>83.1</u>	<u>5.9</u>	<u>7.1</u>
		\$277.9	\$17.7	6.4
1991-92	Bridgeport	\$56.9	\$3.4	6.0
	Hartford	66.3	4.0	6.0
	Milford	63.2	3.8	6.0
	Plainfield	<u>73.0</u>	<u>5.3</u>	<u>7.3</u>
		\$259.4	\$16.5	6.4
1992-93	Bridgeport	\$42.8	\$2.6	6.1
	Hartford	48.5	3.0	6.2
	Milford	51.5	3.1	6.0
	Plainfield	<u>51.0</u>	<u>2.6</u>	<u>5.1</u>
		\$193.8	\$11.3	5.8
1993-94	Bridgeport	\$30.4	\$0.4	1.3
	Hartford	37.1	0.5	1.3
	Milford	51.7	0.7	1.4
	Plainfield	<u>45.4</u>	<u>0.7</u>	<u>1.5</u>
		\$164.6	\$2.3	1.4
1994-95	Bridgeport	\$23.9	\$0.4	1.7
	Hartford	29.4	0.4	1.4
	Milford	49.2	0.6	1.2
	Plainfield	<u>41.3</u>	<u>0.6</u>	<u>1.5</u>
		\$143.8	\$2.0	1.4
1995-96	Bridgeport [2]	\$12.6	\$0.2	1.6
	Hartford [3]	4.1	0.1	2.4
	Milford	59.6	0.9	1.5
	Plainfield	<u>32.6</u>	<u>0.5</u>	<u>1.5</u>
		\$108.9	\$1.7	1.6

**JAI ALAI AND DOG TRACK REVENUES
COMPARISON OF HANDLE WITH AMOUNTS
TRANSFERRED TO THE GENERAL FUND**

<u>Fiscal Year</u>	<u>Facility</u>	Amounts in Millions		% of Handle Transferred to the General Fund
		<u>Handle</u>	<u>Transfers To General Fund [1]</u>	
1996-97	Bridgeport	\$4.3	\$0.05	1.2
	Milford	49.6	0.5	1.0
	Plainfield	<u>27.9</u>	<u>0.3</u>	<u>1.1</u>
		\$81.8	\$0.9	1.0
1997-98	Bridgeport	\$3.5	\$0.04	1.1
	Milford	37.9	0.4	1.1
	Plainfield	<u>25.3</u>	<u>0.3</u>	<u>1.2</u>
		\$66.7	\$0.7	1.1
1998-99	Bridgeport	\$3.3	\$0.04	1.2
	Milford	32.2	0.3	0.9
	Plainfield	<u>22.9</u>	<u>0.3</u>	<u>1.3</u>
		\$58.4	\$0.6	1.1
1999-2000	Bridgeport	\$3.1	\$0.04	1.3
	Milford	30.7	0.3	1.0
	Plainfield	<u>19.0</u>	<u>0.2</u>	<u>1.1</u>
		\$52.8	\$0.5	1.0
2000-2001	Bridgeport	\$3.6	\$0.04	1.1
	Milford	27.9	0.3	1.1
	Plainfield	<u>15.1</u>	<u>0.2</u>	<u>1.3</u>
		\$46.6	\$0.5	1.2

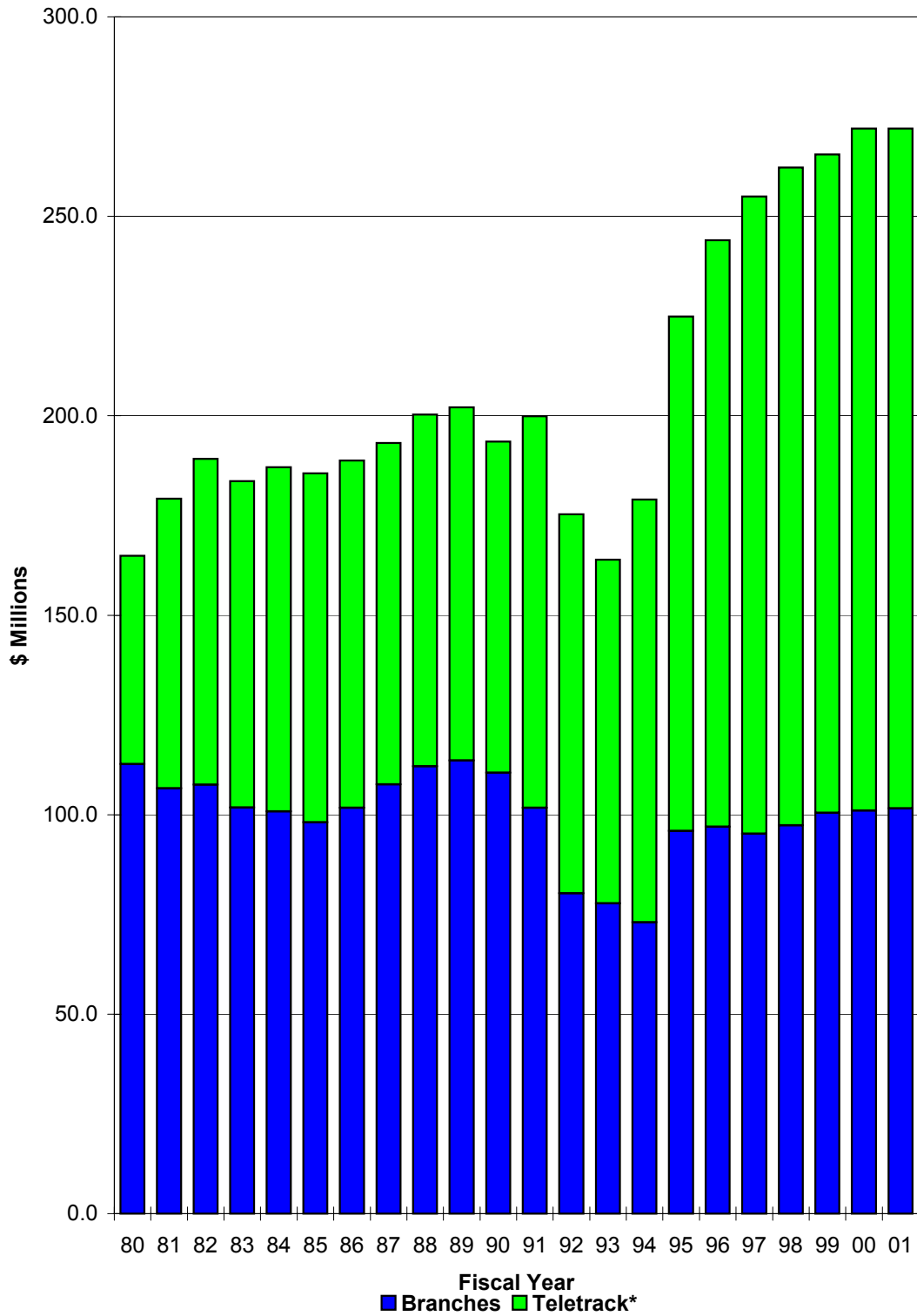
[1] Transfer of money to the state occurs monthly

[2] Bridgeport Jai Alai Fronton converted to a dog track.

Dog track operations began November 1995.

[3] Hartford Jai Alai Fronton closed September 1995.

Annual Off-Track Betting Sales FY 80 - FY 01



*Teletrack includes Windsor Locks Theater, New Haven Teletrack and Bridgeport and Plainfield Simulcast.

OTB SALES AND TRANSFERS OF REVENUE TO THE GENERAL FUND

Fiscal Year		Gross Sales (\$ Millions)	Transfers To General Fund (\$ Millions)	Transfers as a Percent of Gross Sales
1975-76 [1]	Branches & Telephone	\$11.3	-	-
1976-77	Branches & Telephone	\$94.0	\$8.0	8.5%
1977-78	Branches & Telephone	\$108.0	\$8.8	8.1%
1978-79	Branches & Telephone	\$118.5	\$7.8	6.6%
1979-80	Branches & Telephone Teletrack [2]	\$112.7 <u>52.2</u> \$164.9	\$13.1	7.9%
1980-81	Branches & Telephone Teletrack	\$106.6 <u>72.6</u> \$179.2	\$13.5	7.5%
1981-82	Branches & Telephone Teletrack	\$107.5 <u>81.7</u> \$189.2	\$20.2	10.7%
1982-83	Branches & Telephone Teletrack	\$101.8 <u>81.8</u> \$183.6	\$19.0	10.4%
1983-84	Branches & Telephone Teletrack	\$100.8 <u>86.3</u> \$187.1	\$18.8	10.1%
1984-85	Branches & Telephone Teletrack	\$98.1 <u>87.5</u> \$185.6	\$18.7	10.1%
1985-86	Branches & Telephone Teletrack	\$101.7 <u>87.1</u> \$188.8	\$18.9	10.0%
1986-87	Branches & Telephone Teletrack	\$107.6 <u>85.6</u> \$193.3	\$18.7	9.7%
1987-88	Branches & Telephone Teletrack	\$112.1 <u>88.2</u> \$200.3	\$18.8	9.4%

OTB SALES AND TRANSFERS OF REVENUE TO THE GENERAL FUND

Fiscal Year		Gross Sales (\$ Millions)	Transfers To General Fund (\$ Millions)	Transfers as a Percent of Gross Sales
1988-89	Branches & Telephone Teletrack	\$113.6 <u>88.5</u>		
		\$202.1	\$19.6	9.7%
1989-90	Branches & Telephone Teletrack	\$110.5 <u>83.0</u>		
		\$193.4	\$18.3	9.5%
1990-91	Branches & Telephone Teletrack Windsor Locks [3]	\$101.6 65.9 <u>32.4</u>		
		\$199.9	\$10.9	5.5%
1991-92	Branches & Telephone Teletrack (Old) Teletrack (Coliseum) [4] Windsor Locks Plainfield [5]	\$80.3 34.8 6.7 44.0 <u>9.6</u>		
		\$175.3	\$14.4	8.2%
1992-93	Branches & Telephone New Haven Teletrack Windsor Locks Plainfield Bridgeport [6]	\$77.8 18.3 43.9 12.1 <u>11.8</u>		
		\$163.9	\$16.2	9.9%
1993-94	Branches & Telephone New Haven Teletrack Windsor Locks Plainfield Bridgeport	\$73.0 16.0 45.0 15.0 <u>30.0</u>		
		\$179.0	\$4.9*	2.7%
1994-95	Branches & Telephone New Haven Teletrack Windsor Locks Plainfield Bridgeport	\$95.9 23.0 51.0 18.0 <u>37.0</u>		
		\$224.9	\$6.1	2.7%

*The State sold right to operate OTB system to private sector; therefore General Fund transfers are net of expenses.

OTB SALES AND TRANSFERS OF REVENUE TO THE GENERAL FUND

Fiscal Year		Gross Sales (\$ Millions)	Transfers To General Fund (\$ Millions)	Transfers as a Percent of Gross Sales
1995-96	Branches & Telephone	\$97.0		
	New Haven Teletrack	45.0		
	Windsor Locks	53.0		
	Plainfield	18.0		
	Bridgeport	<u>31.0</u>		
			\$244.0	\$6.6
1996-97	Branches & Telephone	\$95.2		
	New Haven Teletrack	53.2		
	Windsor Locks	57.3		
	Plainfield	18.9		
	Bridgeport	<u>30.4</u>		
			\$255.0	\$6.9
1997-98	Branches & Telephone	\$97.3		
	New Haven Teletrack	53.7		
	Windsor Locks	55.9		
	Plainfield	21.1		
	Bridgeport	<u>34.3</u>		
			\$262.2	\$5.4
1998-99	Branches & Telephone	\$100.5		
	New Haven Teletrack	56.5		
	Windsor Locks	54.4		
	Plainfield	18.1		
	Bridgeport	<u>36.0</u>		
			\$265.5	\$5.5
1999-2000	Branches & Telephone	\$101.0		
	New Haven Teletrack	60.1		
	Windsor Locks	58.3		
	Plainfield	15.1		
	Bridgeport	<u>37.5</u>		
			\$272.0	\$5.6

OTB SALES AND TRANSFERS OF REVENUE TO THE GENERAL FUND

Fiscal Year		Gross Sales (\$ Millions)	Transfers To General Fund (\$ Millions)	Transfers as a Percent of Gross Sales
2000-2001	Branches & Telephone	\$101.6		
	New Haven Teletrack	61.6		
	Windsor Locks	58.5		
	Plainfield	15.3		
	Bridgeport	<u>37.5</u>		
		\$274.5	\$5.7	2.1%

[1] FY 1975-1976 covers the period from April 29, 1976 through June 30, 1976.

[2] First year operations for Teletrack are October 24, 1979 - June 30, 1980

[3] Windsor Locks (Bradley Teletheater) opened on 10/24/90.

[4] The New Haven Teletrack moved into its existing sight, the New Haven Coliseum, on 3/1/92.

[5] PA 91-309 authorized a simulcast theater at Plainfield's dog track. Simulcasting at Plainfield began on 11/1/91.

[6] PA 92-17 (MSS) authorized a simulcast theater at the Bridgeport facility. Simulcasting at Bridgeport began 12/26/

Source: OTB Revenues, Comparison of Gross Sales with Amounts Transferred to the General Fund, The Division of Special Revenue.

**SUMMARY OF PAYMENTS TO MUNICIPALITIES
OFF-TRACK BETTING AND PARI-MUTUELS**

Fiscal Year	Off Track Betting[1]			Pari-mutuel [2]			Grand Total
	Total OTB	Branches	Teletheaters	Total Pari-mutuel	Jai Alai	Dog Track	OTB and Pari-mutuels
1979	\$292,645	\$292,645	\$0	\$2,870,499	\$2,368,389	\$502,110	\$3,163,144
1980	410,667	278,136	132,531	2,651,053	2,197,691	453,362	3,061,720
1981	445,094	263,131	181,963	2,571,554	2,096,112	475,442	3,016,648
1982	470,236	265,657	204,579	2,780,300	2,259,099	521,201	3,250,536
1983 [3,4]	474,547	264,539	210,008	2,855,650	2,283,441	572,209	3,330,197
1984	756,795	410,703	346,092	2,897,883	2,311,193	586,690	3,654,678
1985	750,577	399,622	350,955	2,990,578	2,398,071	592,507	3,741,155
1986	763,615	414,065	349,550	3,011,431	2,415,729	595,702	3,775,046
1987 [5]	2,026,622	1,420,722	605,900	3,135,500	2,551,119	584,381	5,162,122
1988	2,028,253	1,142,652	885,601	2,729,241	2,134,241	595,000	4,757,494
1989	2,045,946	1,157,595	888,351	2,512,539	1,938,038	574,501	4,558,485
1990	1,957,983	1,068,503	889,480	2,610,166	2,127,883	482,283	4,568,149
1991	2,020,450	1,034,651	985,799	2,363,786	1,948,360	415,426	4,384,236
1992 [6]	1,753,079	871,190	881,889	2,228,645	1,863,685	364,960	3,981,724
1993 [7]	1,638,314	1,031,866	606,448	1,835,565	1,427,451	408,114	3,473,879
1994	1,782,472	661,734	1,120,738	1,645,679	1,191,887	453,792	3,428,151
1995	2,217,434	902,593	1,314,841	1,438,771	1,025,445	413,326	3,656,205
1996	2,440,071	1,460,160	979,911	1,089,532	637,431	452,101	3,529,603
1997	2,549,469	1,276,486	1,272,983	818,038	495,854	322,184	3,367,507
1998	4,260,559	2,202,120	2,058,439	666,124	378,767	287,357	4,926,683
1999	4,337,167	2,219,699	2,117,468	597,724	322,697	275,027	4,934,891
2000	4,445,523	1,617,693	2,827,830	528,157	307,236	220,921	4,973,680
2001	4,484,936	1,625,889	2,859,047	430,590	279,260	151,330	4,915,526

[1] Municipal share of revenue from OTB is 1.0% (effective 1/1/87).

[2] The tax rates for the Pari-mutuel facilities are as follows:

Jai Alai - 1% of daily handle

Greyhound - 1/2% of daily handle

[3] Municipal share of revenue from OTB increased to .4% from .25%, effective June, 1983.

[4] The Off-Track Betting Parlors in New Haven and Meriden were closed on March 31, 1983 and November 30, 1984, respectively.

[5] Effective January, 1987 the Municipal share increases to 1% from .4%.

[6] Includes simulcast figures from Plainfield Dog Track.

[7] Between 7/1/92 and 6/30/01 Plainfield received .8% and the Northeast Economic Alliance received .2%. Effective 7/1/01 Plainfield receives .1% and the payment to the Alliance is eliminated.

Note: The municipal share is paid from the amount retained by the state but is levied on total wagers. The transfer of funds to municipalities occurs monthly.

Source: Statement I and OTB statement of sales and payments to municipalities.

**MUNICIPAL SHARE OF REVENUES
FROM STATE GAMBLING [1]**

Fiscal Year	Dog Track/Jai Alai Population		OTB	
	Under 50,000	Over 50,000		
1981	0.50%	1.00%	0.25%	
1982	0.50%	1.00%	0.25%	
1983	0.50%	1.00%	0.25%	
1984	0.50%	1.00%	0.40%	
1985	0.50%	1.00%	0.40%	
1986	0.50%	1.00%	0.40%	
1987	0.50%	1.00%	1.00%	(eff. 1/1/87)
1988	0.50%	1.00%	1.00%	
1989	0.50%	1.00%	1.00%	
1990	0.50%	1.00%	1.00%	
1991	0.50%	1.00%	1.00%	
1992	0.50%	1.00%	1.00%	
1993 [2]	0.50%	1.00%	1.00%	
1994	0.5%/0.8%	1.00%	1.00%	
1995	0.5%/0.8%	1.00%	1.00%	
1996	0.5%/0.8%	1.00%	1.00%	
1997	0.5%/0.8%	1.00%	1.00%	
1998	0.5%/0.8%	1.00%	1.60%	[3]
1999	0.5%/0.8%	1.00%	1.60%	
2000	0.5%/0.8%	1.00%	1.60%	
2001	0.5%/0.8%	1.00%	1.60%	

[1] Municipal share is based on total money wagered.

[2] Between 7/1/92 and 6/30/01 Plainfield received .8% and the Northeast Economic Alliance received .2%. Effective 7/1/01 Plainfield receives .1% and the payment to the Alliance are eliminated.

[3] PA 97-277 increased the payments to municipalities from 1% to 1.6%, effective July 1, 1997. Additionally, the Act provides that the city of New Haven and town of Windsor Locks will each receive one-half of the 1% total handle any facility equipped with screens for simulscasting located within a 15 mile radius of each facility effective 10/1/97.

Source: Division of Special Revenue

**PAYMENTS TO MUNICIPALITIES BY TOWN
OFF-TRACK BETTING
(FISCAL YEARS)**

Town	1995	1996	1997	1998	1999	2000	2001
Meriden (closed 11/84, Reopened 6/87, closed again 8/31/99)	70,600	57,765	49,167	65,735	57,637	10,074	-
Bridgeport	440,686	491,557	363,378	633,084	653,309	674,873	677,397
Torrington	42,055	38,055	37,410	57,095	52,414	56,085	54,669
Waterbury[1]	102,050	100,915	100,433	155,679	157,984	153,005	147,079
West Haven	79,188	43,364	35,973	50,085	48,027	49,519	47,311
Bristol	51,602	48,521	67,368	134,664	149,303	157,398	168,642
Norwalk	100,967	107,368	116,190	188,268	182,465	193,894	192,225
East Haven	70,630	52,617	55,826	80,988	71,853	64,892	67,478
New Britain	75,896	87,592	102,803	204,610	244,327	272,807	277,783
Telephone Betting-- (New Haven)	40,836	239,890	244,757	-	-	-	-
Subtotal	1,074,510	1,267,644	1,173,305	1,570,208	1,617,319	1,632,547	1,632,584
Teletrack-(New Haven)	361,514	445,512	454,548	1,098,797	1,157,574	1,224,402	1,255,669
Windsor Locks	500,243	534,399	573,678	959,642	959,894	1,026,124	1,024,804
Plainfield (Simulcast)	181,752	176,236	188,492	336,727	290,489	240,836	243,060
Hartford (Jai Alai Branch)	73,845	120,605	139,595	268,052	286,281	298,566	295,724
Milford (Jai Alai Branch)	25,570	22,062	19,851	27,133	25,610	23,048	20,862
Total	2,217,434	2,566,458	2,549,469	4,260,559	4,337,167	4,445,523	4,472,703

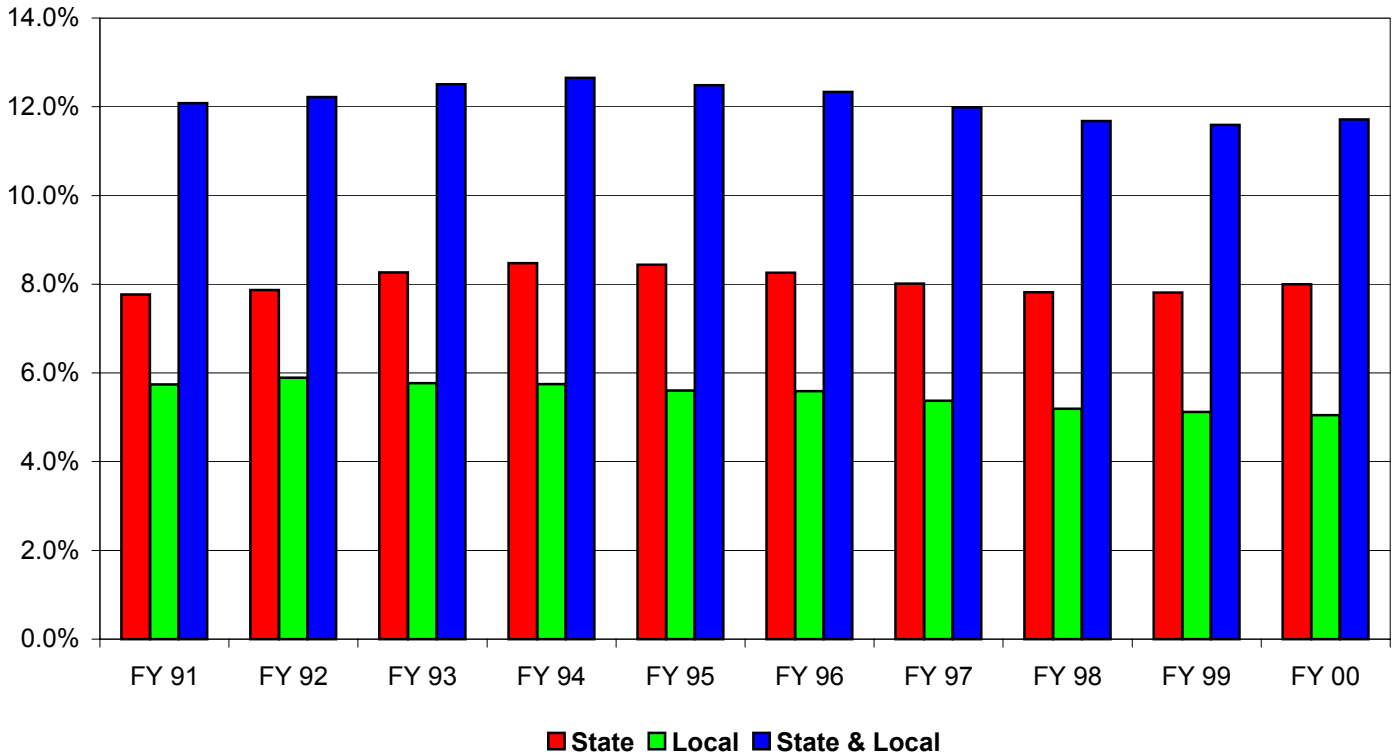
Source: The Division of Special Revenue.

[1] New London, Waterbury #12, Norwich, and Derby were all closed effective 5/30/91.

[2] Killingly closed effective 10/27/91.

[3] Newington opened on 10/1/92. Closed 5/94.

State and Local Government Expenditures as a Percent of Gross State Product FY 91 - FY 00



**Connecticut's Gross State Product
and Government Expenditures
(Millions \$)**

**State and Local Government Expenditures
As a Percent of Gross State Product.**

	<u>GSP(1)</u>	<u>State</u>	<u>Local</u>	<u>State & Local(2)</u>	<u>State</u>	<u>Local</u>	<u>State & Local</u>
FY 91	100,395	7,706	5,696	11,978	7.8%	5.7%	12.1%
FY 92	103,794	7,962	5,963	12,355	7.9%	5.9%	12.2%
FY 93	107,924	8,694	6,068	13,160	8.3%	5.8%	12.5%
FY 94	112,395	9,298	6,310	13,884	8.5%	5.8%	12.7%
FY 95	118,645	9,790	6,503	14,490	8.4%	5.6%	12.5%
FY 96	124,157	10,023	6,779	14,967	8.3%	5.6%	12.3%
FY 97	134,968	10,399	6,971	15,552	8.0%	5.4%	12.0%
FY 98	143,191	10,839	7,193	16,183	7.8%	5.2%	11.7%
FY 99	151,779	11,414	7,484	16,941	7.8%	5.1%	11.6%
FY 00	158,813	12,405	7,829	18,168	8.0%	5.0%	11.7%

(1) GSP=Gross State Product, Nominal \$.

(2) To avoid double counting Grants to Municipalities amounts have been removed from the State expenditures to derive State and Local Expenditures

FUNDING THE FY 90-91 DEFICIT

Public Act 91-3 of the June Special Session established the Economic Recovery Note Debt Retirement Fund for the purpose of financing the cumulative FY 1990-91 General Fund deficit. The sum of \$965.71 million was to be financed over 5 years through the issuance of General Obligation notes.

In the Fall of 1991, the Treasurer issued \$640.71 million in fixed rate notes and \$325 million in variable rate notes with the following maturity schedule:

	Fixed Rate (\$ million)	Variable Rate (\$ million)	Total Principal Payment (\$ million)
FY 92	\$50.0	\$0	\$50.0
FY 93	125.0	75.0	200.0
FY 94	150.0	100.0	250.0
FY 95	150.0	0	150.0
FY 96	<u>165.7</u>	<u>150.0</u>	<u>315.7</u>
Total	\$640.7	\$325.0	\$965.7

Section 127(f) of PA 91-3 JSS required that any General Fund surplus up to \$205 million be used to accelerate retirement of the Economic Recovery Fund Notes. Because the General Fund ended FY 92 with an un-appropriated surplus of \$110.1 million, \$10.1 million of the \$75 million variable rate notes due to mature 6/1/93 were retired and \$100 million fixed rate notes were retired. Of the \$100 million fixed rate notes, \$50 million was due to mature 12/1/93 and \$50 million in 6/1/94. This left \$89.9 million to be refinanced instead of the \$100 million authorized in the FY 93 Appropriations Act. (SA 92-13, the Appropriations Act, authorized the State Treasurer to refinance \$100 million of Economic Recovery notes due in FY 93.) The Treasurer refinanced the \$25 million fixed rate notes due 6/15/93, with \$25 million variable rate notes due 12/1/94. In addition, \$64.9 million variable rate notes due 6/1/93 were refinanced with \$64.9 million due 6/1/95.

PA 93-80, the 1993-95 Budget Act, altered the provision for any FY 93 General Fund un-appropriated surplus, directing instead that any surplus be dedicated to payment of debt service in FY 94. Section 43(a) of PA 94-1 MSS appropriated the estimated FY 94 General Fund surplus of \$149.6 million for payment of the Economic Recovery Fund Notes due in FY 95. The remaining monies to pay the \$263.5 million in Economic Recovery Fund Notes due in FY 95 came from: (1) a revenue intercept of \$106.6 million, and (2) use of \$7.3 million in old bond fund balances.

Sections 36 and 37 of PA 95-160 authorized the re-issuance of a portion of the \$315.71 million of Economic Recovery notes due in FY 96. The notes were issued with \$79 million maturing in FY 97 and FY 98 and an additional \$78.1 million maturing in FY 99.

Section 59 of SA 97-21 earmarks \$166.7 million of the FY 97 budget surplus for payment of principal and interest on the Economic Recovery Notes in FY 98 and FY 99.

The following revised schedule shows principal payments and interest costs, including the use of surplus and refinancing authorized by SA 92-13 and PA 95-160:

	Principal (\$ million)	Interest (\$ million)	Total Debt Service (\$ million)
FY 92	\$50.0	\$36.1	\$86.1
FY 93	100.0	36.7	136.7
Use of surplus	110.1	0	110.1
FY 94	150.0	36.0	186.0
FY 95	239.9	27.1	267.0
FY 96	79.6	14.3	93.9
FY 97	79.0	10.5	89.5
FY 98	79.0	6.8	85.8
FY 99	<u>78.1</u>	<u>2.8</u>	<u>80.9</u>
Total	\$965.7	\$170.3	\$1,136.0

**CONDITION OF THE GENERAL FUND
FY 92 - FY 01**

	Amount (millions)	Percent
FY 91-92		
Retirement of Economic Recovery Notes Issued to Fund Deficit	\$110.1	
Other Uses	<u>0.0</u>	
Total Surplus	\$110.1	
FY 92-93		
Appropriated for FY 93-94 Debt Service	\$52.0	26.3%
Appropriated for FY 94-95 Debt Service	32.0	16.2
Unappropriated surplus earmarked for FY 93-94 Debt Service	<u>113.5</u>	<u>57.5</u>
Total Surplus	\$197.5	100.0
FY 93-94		
Appropriated for Economic Recovery Notes Debt Service Due in FY 94-95	\$149.6	88.4%
Appropriated for FY 94-95 Debt Service	<u>19.7</u>	<u>11.6</u>
Total Surplus *	\$169.3	100.0
* Of the \$169.3 million FY 93-94 surplus, \$113.5 million is in effect the carry forward of the previous year's unappropriated surplus, thereby making the surplus from operations \$55.8 million in FY 93-94.		
FY 94-95		
Budget Reserve Fund	<u>80.5</u>	<u>100.0%</u>
Total Surplus	\$80.5	100.0
FY 95-96		
Appropriated for Economic Recovery Notes Debt Service Due in FY 96-97	\$89.5	35.8%
Budget Reserve Fund	<u>160.5</u>	<u>64.2</u>
Total Surplus	\$250.0	100.0
FY 96-97		
Appropriated for Economic Recovery Notes Debt Service Due in FY 97-98 and FY 98-99	\$166.7	63.5%
Budget Reserve Fund	<u>95.9</u>	<u>36.5</u>
Total Surplus	\$262.6	100.0

**CONDITION OF THE GENERAL FUND
FY 92 - FY 01**

	Amount (millions)	Percent
FY 97-98		
Tax Rebate Program and Related Costs	\$124.5	22.1%
Year 2000 Information Technology Conversions	80.0	14.2
Property Tax Relief	40.0	7.1
School Library Books	3.0	0.5
UCONN Endowment	1.8	0.3
Budget Reserve Fund	161.7	28.8
Debt Retirement (Unappropriated Surplus)	<u>151.2</u>	<u>26.9</u>
Total Surplus	\$562.2	100.0
FY 98-99		
Tax Rebate 99	\$96.2	14.5%
27th Payroll	90.0	13.6
Stadium Construction	80.0	12.1
Medicaid Managed Care Capitation Payments	78.0	11.8
State Employee Health Insurance Claims	60.0	9.0
School Construction Costs	55.0	8.3
Higher Education Endowment	21.3	3.2
Lawsuit Litigation and Settlements	20.2	3.0
Local Capital Improvement Funds	20.0	3.0
Y2K - Year 2000 Computer Compliance	15.0	2.3
Loans for and a Study of Distressed Hospitals	9.0	1.4
School Library Books Grants	6.3	1.0
Arts Grants	6.0	0.9
All Other Items	34.2	5.2
Budget Reserve Fund	30.5	4.6
Debt Retirement (Unappropriated Surplus)	<u>41.3</u>	<u>6.2</u>
Total Surplus	\$663.0	100.0
FY 99-00		
School Construction Grants (includes \$255.5m from U	\$296.9	59.8%
One-Time Surplus Revenue Sharing to Towns	34.0	6.8
School Wiring (includes \$10m from Unappropriated Su	20.0	4.0
Deficit Reduction for UConn Health Center	20.0	4.0
CT Education Technology Initiatives	12.0	2.4
Charter Oak Open Space Trust Account	10.0	2.0
Arts Grants	9.0	1.8
Core Financial Systems	7.5	1.5
New Facility Move for Department of Information Tech	6.0	1.2
ECS Hartford Supplemental School Aid	5.7	1.1
Operation Sail 2000	5.5	1.1
Magnet Schools	5.0	1.0
All Other Items	30.3	6.1
Budget Reserve Fund	<u>34.9</u>	<u>7.0</u>
Total Surplus	\$496.8	100.0

**CONDITION OF THE GENERAL FUND
FY 92 - FY 01**

	Amount (millions)	Percent
FY 00-01		
School Construction Grants	\$100.0	20.1%
Transportation Strategy Board	32.0	6.4
Municipal Revenue Sharing/Impact Aid	31.0	6.2
Transfer Workers' Compensation Claims Liabilities	28.2	5.7
Hospital Finance Restructuring Funding	27.4	5.5
Energy Contingency	25.3	5.1
Medicaid Excess Cost	23.5	4.7
Community Mental Health Strategic Investment Fund	21.5	4.3
Higher Education State Matching Fund Grant	18.7	3.8
Grants to Towns - Mash. Pequot & Mohegan Fund	15.0	3.0
Arts, Recreation & Culture Grants	9.0	1.8
Supportive Housing	8.1	1.6
Lease Option for Adriaen's Landing	7.5	1.5
Relocate Hartford City Offices	6.1	1.2
Capital Projects Revolving Fund Deficit Payment	5.3	1.1
Residential Underground Storage Tank Clean-up	5.0	1.0
All Other Items	83.6	16.8
Budget Reserve Fund	<u>30.7</u>	<u>6.2</u>
Total Dedicated Surplus Remaining *	\$477.9	100.0
Surplus Appropriation Reductions (Nov. Sp. Session)	<u>129.0</u>	
Total Surplus	\$606.9	

* after the November 15, 2001 Special Session

BUDGET RESERVE FUND HISTORY

(Amounts in Millions)

Surpluses from:	
FY 84	\$165.2
FY 85	27.3
FY 86	16.2
FY 87	104.8
Plus interest earnings[1]	<u>6.1</u>
Balance as of 9/01/87	\$319.6
Less: Transfer to General Fund as Revenue for FY 89 (per Sec. 14 of SA 88-20)	<u>-73.7</u>
Balance as of 7/02/88	\$245.9
Less: Transfer to General Fund to cover FY 88 Deficit	<u>-115.6</u>
Balance as of 9/01/88	\$130.3
Less: Transfer to General Fund to cover FY 89 Deficit	<u>-28.0</u>
Balance as of 9/01/89	\$102.3
Less: Transfer to General Fund to cover FY 90 Deficit[2]	<u>-102.3</u>
Balance as of 9/01/90	\$0.0
(Surpluses from FY 92, FY 93 & FY 94 were used to make Economic Recovery Fund (ERF) payments or for Debt Service payments.)	
Surplus from:	
FY 95	80.5
Balance as of 9/01/95	\$80.5
Surplus from FY 96 of \$250 million less transfer of \$89.5 million to the Economic Recovery Fund (ERF)	<u>160.5</u>
Balance as of 9/01/96	\$241.0
Surplus from FY 97 of \$262.6 million less transfer of \$166.7 million to the Economic Recovery Fund (ERF) for Debt Service payments in FY 98 and FY 99	<u>95.9</u>
Balance as of 9/01/97	\$336.9
Surplus from FY 98 of \$312.9 million less transfer of \$151.2 million to Debt Retirement	<u>161.7</u>
Balance as of 9/01/98	\$498.6
Surplus from FY 99 of \$71.8 million less transfer of \$41.3 million to Debt Retirement	<u>30.5</u>
Balance as of 9/01/99[3]	\$529.1
Surplus from FY 00 of \$300.4 million less transfer of \$10 million to School Wiring and \$255.5 million to School Construction	<u>\$34.9</u>
Balance as of 9/01/00[4]	\$564.0
Surplus from:	
FY 01	<u>\$30.7</u>
Balance as of 9/01/01[5]	\$594.7

[1] Since 7/01/85, interest earned has been deposited in the General Fund.

[2] The remaining \$157.2 million of the deficit was carried over and added to the FY 91 deficit and then financed with Economic Recovery Fund (ERF) notes (\$965.7 million total).

[3] The balance is equal to 5% of Net General Fund appropriations for FY 00 as permitted under current law (CGS Sec. 4-30a).

[4] The balance is equal to 5% of Net General Fund appropriations for FY 01 as permitted under current law (CGS Sec. 4-30a).

[5] The balance is equal to 5% of Net General Fund appropriations for FY 02 as permitted under current law (CGS Sec. 4-30a).

**A HISTORY OF GENERAL FUND LAPSE
BUDGETED VS. ACTUAL**

Fiscal Year	Budgeted Lapse/Savings	Actual Lapse	Additional Lapse (col. 2 - 1)	Percentage Budgeted is of Actual	Percentage Actual Lapse is of Total Budget [1]
1981-82	49,551,000 [2]	59,933,046	10,382,046	82.7	1.9
1982-83	36,250,000	59,865,121	23,615,121	60.6	1.8
1983-84	54,500,000	51,238,457	(3,261,543)	106.4	1.4
1984-85	49,000,000	136,626,063	87,626,063	35.9	3.6
1985-86	60,000,000	85,416,471	25,416,471	70.2	2.1
1986-87	70,000,000	62,323,445	(7,676,555)	112.3	1.4
1987-88	79,200,000	73,243,535	(5,956,465)	108.1	1.5
1988-89	82,060,000	152,141,379 [3]	70,081,379	53.9	2.7
1989-90	118,642,638 [4]	101,594,498	(17,048,140)	116.8	1.6
1990-91	95,674,353	129,935,922	34,261,569	73.6	1.9
1991-92	458,723,753 [5]	587,582,508	128,858,755	78.1	7.9
1992-93	223,377,102 [6]	279,301,940	55,924,838	80.0	3.8
1993-94	82,000,000 [7]	223,401,236 [8]	141,401,236	36.7	2.8
1994-95	82,000,000 [7]	256,770,833 [9]	174,770,833	31.9	3.0
1995-96	103,200,000 [10]	158,809,284 [9]	55,609,284	65.0	1.8
1996-97	110,725,000 [11]	118,297,448 [9]	7,572,448	93.6	1.3
1997-98	191,912,000 [12]	128,199,482 [13]	(63,712,518)	149.7	1.3
1998-99	147,450,000 [14]	178,233,228 [15]	30,783,228	82.7	1.8
1999-00	160,600,000 [16]	109,000,000 [17]	(51,600,000)	147.3	1.0
2000-01	120,000,000 [18]	96,254,644 [19]	(23,745,356)	124.7	0.8
20 Year Average	\$118,743,292	\$152,408,427	\$33,665,135	85.5	2.3

[1] Total budget equals Gross General Fund Appropriations plus General Fund Deficiency Appropriations.

[2] This reflects the budgeted lapse of \$30,000,000, plus \$19,551,000 designated "not to be expended".

[3] Includes the \$50,000,000 in pension funds that were directed to lapse via legislative act.

[4] Includes an estimated lapse of \$68,342,638 plus \$50,300,000 in other mandated savings.

[5] Includes an estimated lapse of \$77,659,540 plus \$381,064,213 in other mandated savings.

[6] Includes an estimated lapse of \$73,377,102 plus \$150,000,000 in "collective bargaining savings".

[7] Includes an estimated lapse of \$70,000,000 plus \$12,000,000 in mandated Other Expenses savings.

[8] Includes \$103,490,562 lapse from surplus appropriated to the Debt Service Account.

[9] Includes \$19,654,737 lapse from surplus appropriated to Debt Service Account.

[10] Includes an estimated lapse of \$72,200,000 plus \$12,000,000 in mandated Other Expenses savings, plus \$19,000,000 in savings from a statewide hiring freeze.

[11] Includes an estimated lapse of \$86,725,000 plus \$12,000,000 in mandated Personal Services savings and \$12,000,000 in mandated Other Expenses savings.

[12] Includes an estimated lapse of \$64,250,000 plus \$104,662,000 in Early Retirement Incentive Program (ERIP) savings, \$11,000,000 in mandated Personal Services savings and \$12,000,000 in mandated Other Expenses savings.

[13] Primarily reflects \$58,020,309 in lower savings from the Early Retirement Incentive Program (ERIP). The original budgeted savings for ERIP was \$104,662,000, whereas \$46,641,691 was realized.

[14] Includes an estimated lapse of \$74,450,000, plus \$11,000,000 in mandated Personal Services savings and \$12,000,000 in mandated Other Expenses savings, plus \$50,000,000 in estimated savings from state Information Technology (IT) privatization.

[15] Primarily reflects an additional net lapse of \$91,400,000 in the Department of Social Services (DSS), partially offset by the loss of \$50,000,000 in savings due to the unsuccessful effort to privatize state Information Technology (IT) operations and an unrealized savings of \$13,800,000 in Personal Services (PS) and Other Expenses (OE) Reductions for which \$23,000,000 had been anticipated in the budget. The DSS lapse resulted primarily from declining Medicaid expenditures and welfare expenditures.

[16] Includes an estimated lapse of \$86,000,000, plus \$13,600,000 in mandated Personal Services savings and \$11,000,000 in mandated Other Expenses savings, plus \$50,000,000 in estimated savings from state Information Technology (IT) privatization.

[17] Primarily reflects the loss of \$50,000,000 in savings due to the unsuccessful effort to privatize state Information Technology (IT) operations.

[18] Includes an estimated lapse of \$89,400,000, plus \$13,500,000 in mandated Personal Services savings and \$11,000,000 in mandated Other Expenses savings, plus \$6,100,000 in estimated savings from a statewide hiring freeze.

[19] Primarily reflects the transfer of \$47.4 million in lapses to cover a portion of FY 01 General Fund deficiencies.

**A HISTORY OF GENERAL FUND
DEFICIENCY APPROPRIATIONS OR TRANSFERS**

<u>Fiscal Year</u>	<u>Deficiency Appropriations or Transfers</u>	<u>% Deficiency is of Original Net Appropriations</u>
1981-82	40.6	1.4
1982-83	71.0	2.2
1983-84	27.1	0.8
1984-85	43.1	1.2
1985-86	10.2	0.3
1986-87	47.9 [1]	1.1
1987-88	38.8 [2]	0.8
1988-89	54.0	1.0
1989-90	110.0	1.8
<hr/>		
1990-91	222.5	3.5
1991-92	13.1	0.2
1992-93	33.6	0.5
1993-94	83.5	1.1
1994-95	10.5 [3]	0.1
<hr/>		
1995-96	66.9	0.8
1996-97	137.1	1.5
1997-98	108.6	1.2
1998-99	27.7 [3]	0.3
1999-00	6.7 [4]	0.1
2000-01	108.9 [5]	1.0
20 Year Average	\$63.1	1.0
10 Year Average	\$59.7	0.7
5 Year Average	\$77.8	0.8

[1] Does not include \$10 million deficiency for the Educational Excellence Trust Fund.

[2] Does not include \$3.5 million deficiency for the Educational Excellence Trust Fund.

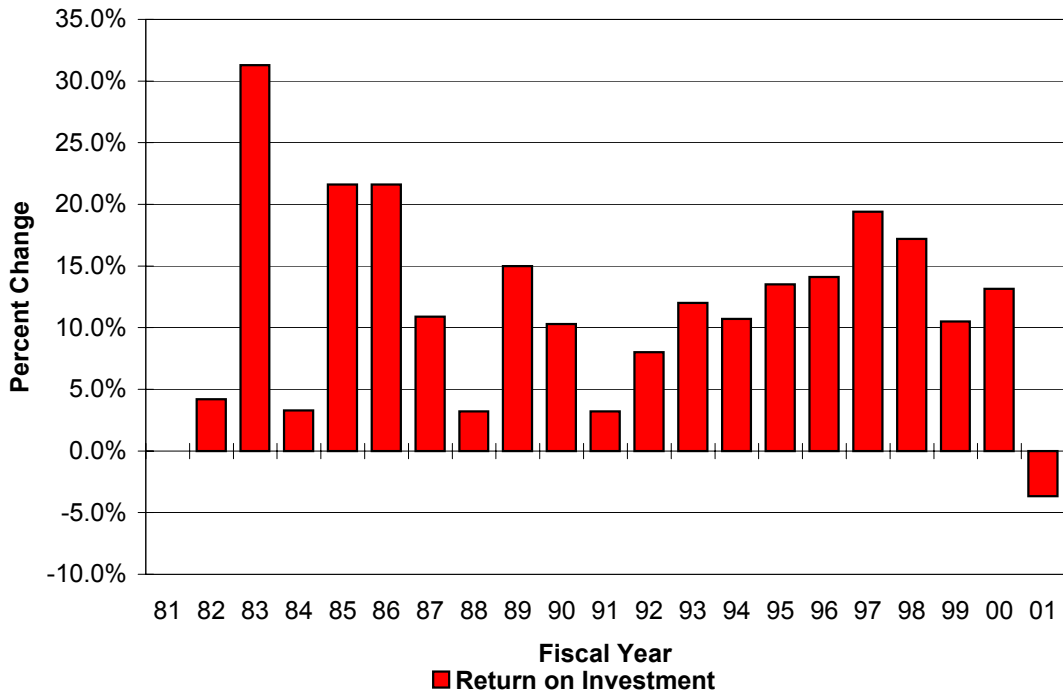
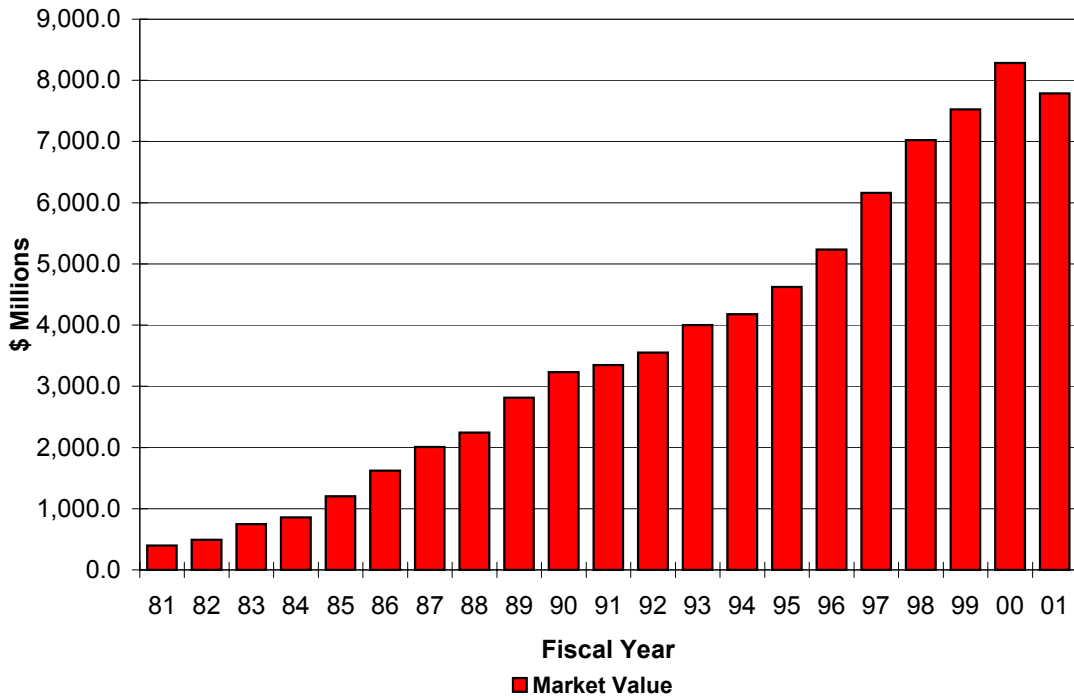
[3] This sum was transferred from the Medicaid account, rather than being provided as an additional appropriation.

[4] The General Fund total for sHB 5216 is \$66.7 million. However, this is on a semi-gross basis, a departure from past practice. OFA estimates that on the typical net basis for deficiencies used in the past, only \$6.7 million would be required.

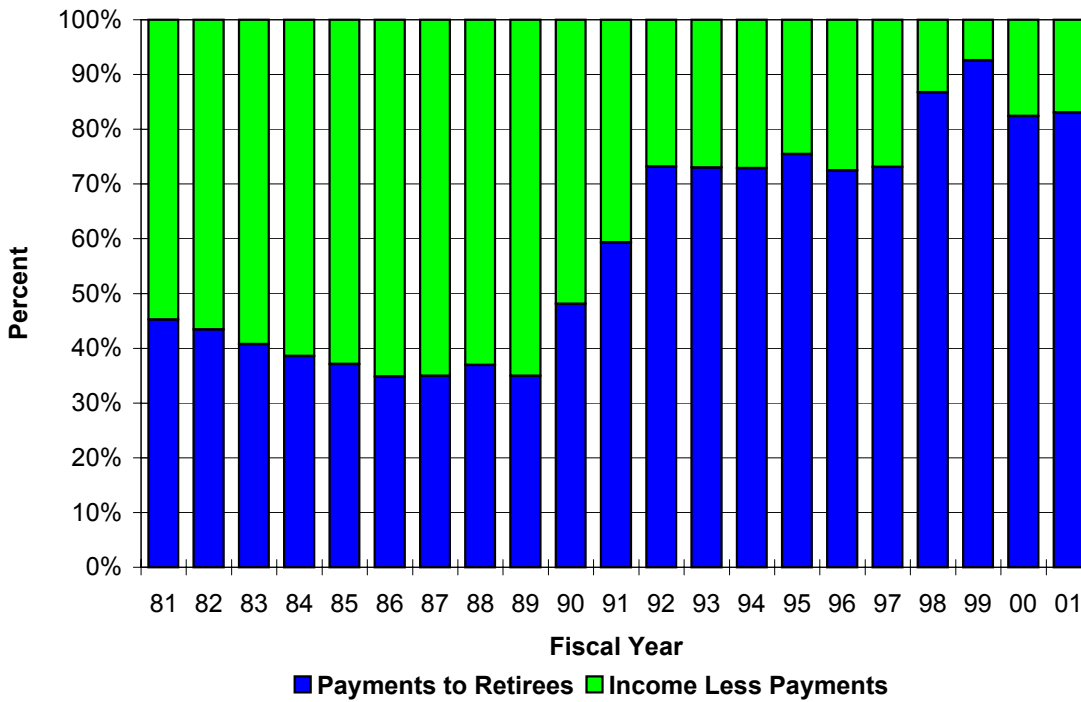
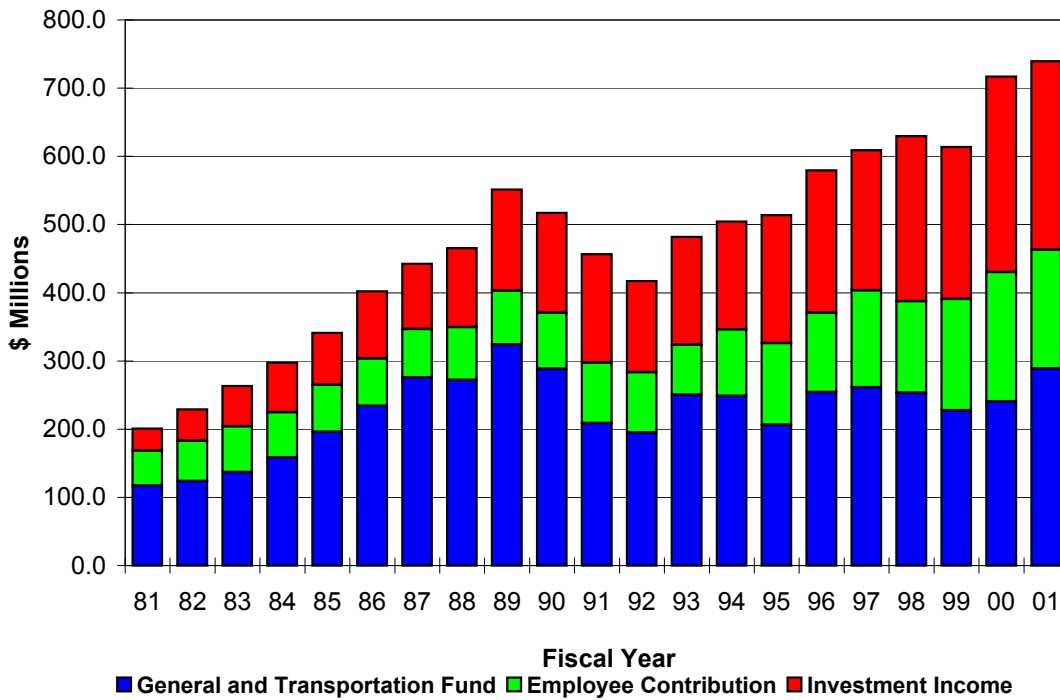
Note: Had the \$50 million in "IT Savings" been achieved in FY 99 and FY 00, there would have been the potential for the savings in an individual agency to be transferred to a deficient account in the agency to further reduce the agency's deficiency, on a net basis.

[5] This amount was covered by \$61.5 million in deficiency appropriations contained within 3 separate bills and a \$47.4 million transfer of lapses.

State Employees' Retirement Fund Assets FY 81 - FY 01



State Employees' Retirement Fund Income FY 81 - FY 01



**STATE EMPLOYEES'
RETIREMENT FUND
(\$ Millions)**

Fiscal Year	Return on Investment	Market Value	Sources of Income				Total Income	Payment to Retirees	Income Less Payments	
			General Fund	Trans. Fund	Federal and Other Reimb. (1)	Employee Contrib.				Investment Income
1981		396.3	117.3		26.0	25.2	32.1	200.6	90.8	109.8
1982	4.2%	492.4	123.9		33.4	25.7	45.9	228.9	99.4	129.5
1983	31.3%	750.4	136.8		40.2	27.1	59.1	263.2	107.2	156.0
1984	3.3%	858.4	158.8		37.1	29.0	72.6	297.5	114.8	182.7
1985	21.6%	1,204.0	196.2		38.6	30.1	76.0	340.9	126.5	214.4
1986	21.6%	1,620.1	234.2		38.7	30.5	98.5	401.9	140.1	261.8
1987	10.9%	2,007.5	275.8		43.0	27.8	95.7	442.3	154.7	287.6
1988	3.2%	2,243.0	272.2		49.3	28.0	116.0	465.5	171.9	293.6
1989	15.0%	2,815.7	294.3	30.0	50.0	28.7	148.5	551.5	192.8	358.7
1990	10.3%	3,233.7	262.0	26.4	53.0	29.2	146.7	517.3	248.7	268.6
1991	3.2%	3,346.1	192.2	16.6	55.0	33.8	159.0	456.6	270.8	185.8
1992	8.0%	3,553.1	162.1	33.2	55.0	33.2	133.5	417.0	305.1	111.9
1993	12.0%	3,998.5	223.9	26.8	40.1	32.9	158.4	482.1	351.8	130.3
1994	10.7%	4,180.0	227.6	20.9	61.8	35.8	158.2	504.3	367.4	136.9
1995	13.5%	4,624.7	180.5	26.1	84.1	35.5	187.7	513.9	387.7	126.2
1996	14.1%	5,235.6	223.1	31.3	80.6	35.9	208.6	579.5	420.0	159.5
1997	19.4%	6,161.9	228.0	33.5	104.2	37.8	205.7	609.2	445.5	163.7
1998	17.2%	7,022.8	227.6	25.7	98.9	35.4	242.3	629.9	546.4	83.5
1999	10.5%	7,524.3	199.3	28.4	124.1	38.9	222.9	613.6	567.9	45.7
2000	13.1%	8,284.9	212.9	27.6	145.9	43.8	286.7	716.9	590.9	126.0
2001	-3.7%	7,785.1	257.8	31.3	128.1	46.1	276.1	739.4	614.1	125.3

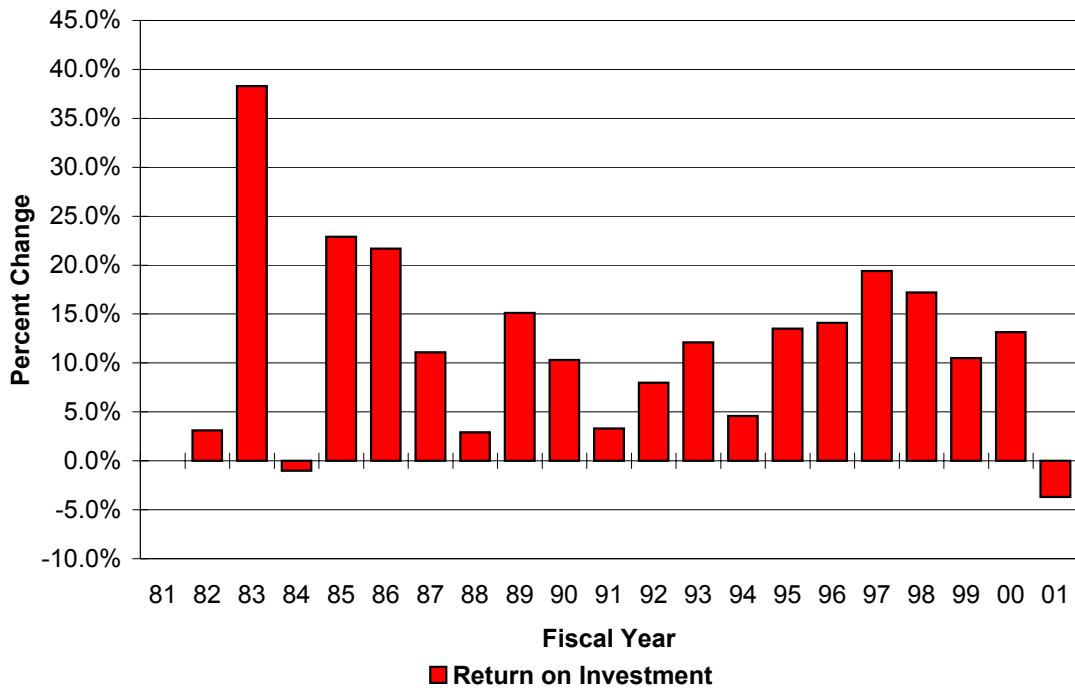
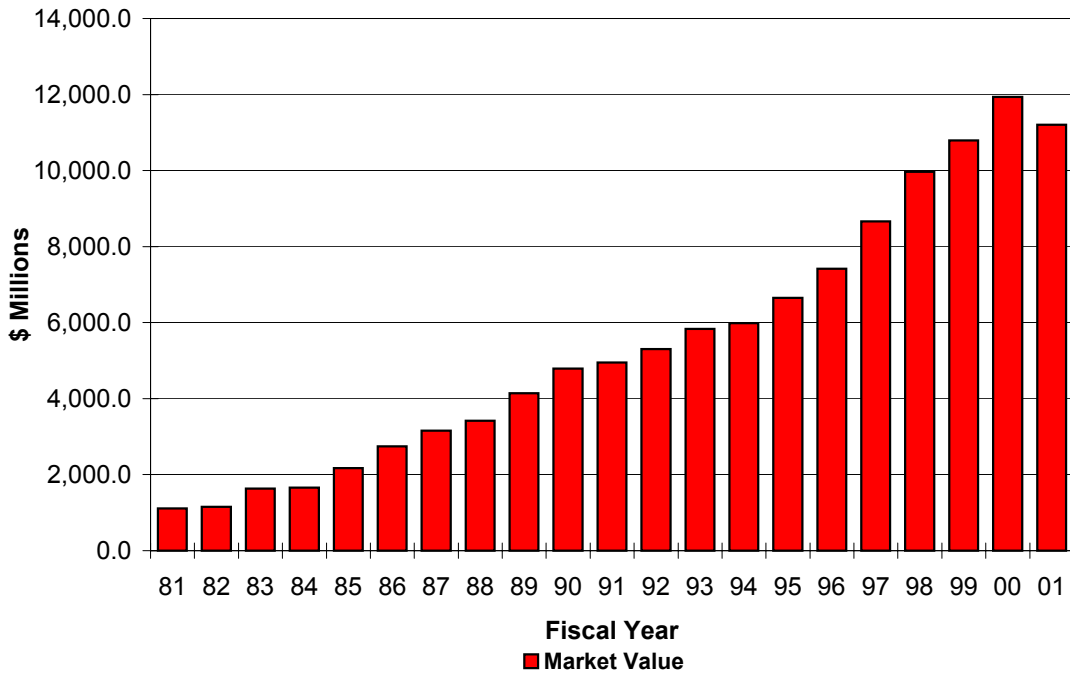
(1) Other Reimbursement - Any Reimbursement from funds other than General Fund or Special Transportation Fund which pay for Personal Services. Below is a list of some of the Funds:

- Higher Education Operation Fund
- Unemployment Compensation
- Consumer Counsel and Public Utility Control Fund
- Banking Fund
- Insurance Fund

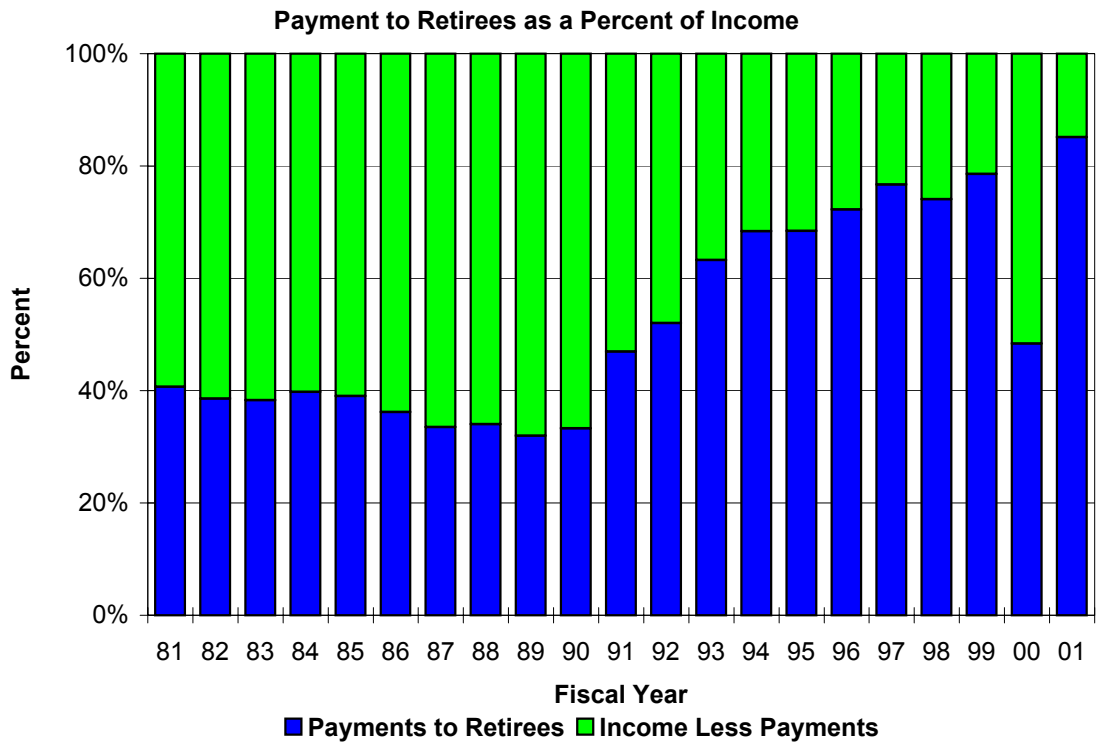
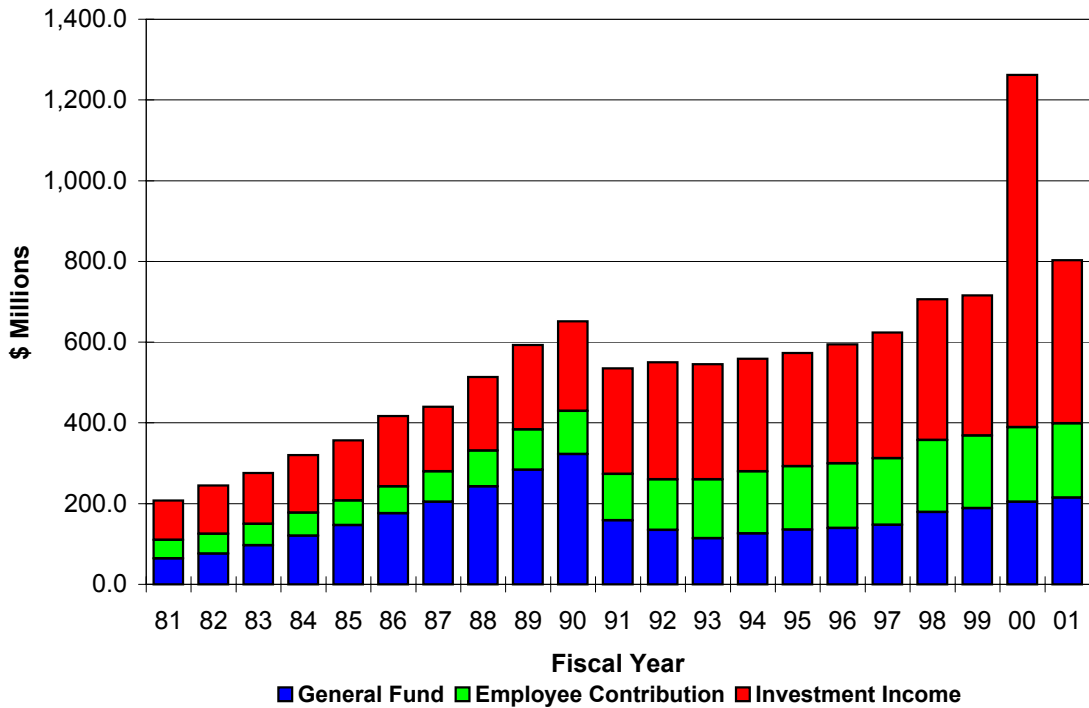
Source: State Treasurer & Comptroller

The State Employees' Retirement Fund (SERF) is administered by the State Employees' Retirement Commission. Payments into the SERF are made through General and Transportation Fund Appropriations, Federal contributions or by contributions by individual employees. Income is also generated as a result of activity in the Fund's assets. The table above shows these amounts as well as the payments made to the beneficiaries of the fund. The data also indicate the return on investment as calculated by the State's Treasurer.

Teachers' Retirement Fund Assets FY 81 - FY 02



Teachers' Retirement Fund Income FY 81 - FY 02



**TEACHERS'
RETIREMENT FUND
(\$ Millions)**

Fiscal Year	Return on Investment	Market Value	Sources of Income			Total Income	Payment to Retirees	Income Less Payments
			General Fund	Employee Contrib.	Investment Income			
1981		1,110.1	64.2	46.0	97.6	207.8	84.6	123.2
1982	3.1%	1,155.9	75.9	49.1	119.6	244.6	94.3	150.3
1983	38.3%	1,634.4	96.8	53.1	126.1	276.0	105.7	170.3
1984	-1.0%	1,660.1	120.5	56.7	143.3	320.5	127.4	193.1
1985	22.9%	2,168.6	146.4	61.1	149.3	356.8	139.3	217.5
1986	21.7%	2,740.8	175.8	67.1	174.2	417.1	151.0	266.1
1987	11.1%	3,157.9	204.6	75.5	159.8	439.9	147.5	292.4
1988	2.9%	3,419.9	242.6	88.7	182.1	513.4	174.5	338.9
1989	15.1%	4,138.9	284.2	99.1	210.0	593.3	189.6	403.7
1990	10.3%	4,790.9	323.0	106.9	222.0	651.9	217.0	434.9
1991	3.3%	4,949.5	158.4	115.0	261.5	534.9	251.1	283.8
1992	8.0%	5,305.9	134.9	124.9	290.6	550.4	286.4	264.0
1993	12.1%	5,832.2	114.3	145.8	285.5	545.6	345.0	200.6
1994	4.6%	5,985.1	126.4	153.4	278.9	558.7	382.1	176.6
1995	13.5%	6,646.8	135.2	157.2	281.1	573.5	392.6	180.9
1996	14.1%	7,419.5	139.9	159.7	295.2	594.8	429.9	164.9
1997	19.4%	8,661.3	147.8	164.5	311.3	623.6	478.3	145.3
1998	17.2%	9,971.0	179.4	178.1	348.8	706.3	523.0	183.3
1999	10.5%	10,792.9	188.3	180.7	347.2	716.2	562.9	153.3
2000	13.1%	11,940.2	204.4	184.9	872.8	1,262.1	610.5	651.6
2001	-3.7%	11,204.0	214.7	184.1	403.9	802.7	683.1	119.6

Source: State Treasurer & Teacher's Retirement Board

The Teachers' Retirement Fund (TERF) is administered by the Teachers' Retirement Board. The Fund pays benefits to teachers and administrators of Connecticut's public school system. Although municipalities set salary levels for teachers and administrators, they are not required to make contributions to the fund on behalf of their employees. Payments into TERF are made through General Fund appropriations and as a result of employee contributions. Income is also generated as a result of activity in the Fund's assets. The table above shows these amounts as well as the payments made to the beneficiaries of the fund. The data also indicate the return on investment as calculated by the State's Treasurer.

**STATE PENSION SYSTEMS
RATE OF RETURN ON INVESTMENTS ASSUMPTIONS**

In determining the actuarial accrued liability for the State Employees Retirement System (SERS) and the Teacher's Retirement System (TERS), the actuaries determine the excess of pension fund liabilities over assets. This value is calculated using various assumptions, including an annual assumption for the rate of return on pension fund investments. The annual pension fund contribution the State is required to make is inversely related to the rate of return assumption.

STATE EMPLOYEES RETIREMENT SYSTEM (SERS)

The SERS rates of return assumptions are as follows:

<u>Fiscal Year</u>	<u>Rate of Return Assumption</u>	<u>Determined By</u>
1980	6.5%	Actuary
1981	6.5%	Actuary
1982	6.5%	Actuary
1983	6.5%	Actuary
1984	6.5%	Actuary
1985	7.5%	Actuary
1986	7.5%	Actuary
1987	8.5%	Actuary
1988	8.5%	Actuary
1989	8.5%/9.5%	Collectively Bargained (1)
1990	9.5%	Collectively Bargained
1991	8.5%	Collectively Bargained
1992	8.5%	Collectively Bargained
1993	8.5%	Collectively Bargained
1994	8.5%	Collectively Bargained
1995	8.5%	Actuary
1996	8.5%	Actuary
1997	8.5%	Actuary
1998	8.5%	Actuary
1999	8.5%	Actuary
2000	8.5%	Actuary
2001	8.5%	Actuary

(1) During the 1990 Legislative Session, the rate of return assumption was increased from 8.5% to 9.5%, effective January 1, 1990. This change was implemented by a Memorandum of Understanding amending the 1989 Pension Arbitration Award between the State of Connecticut and the State Employees Bargaining Agent Coalition (SEBAC). This agreement also provided a formula for calculating the rate of return assumption from FY 1990-91 through FY 1993-94.

TEACHERS' RETIREMENT SYSTEM (TERS)

The TERS rates of return assumptions are as follows:

<u>Fiscal Year</u>	<u>Rate of Return Assumption</u>	<u>Determined By</u>
1980	8.0%	Actuary
1981	8.0%	Actuary
1982	8.0%	Actuary
1983	8.0%	Actuary
1984	8.0%	Actuary
1985	8.0%	Actuary
1986	8.0%	Actuary
1987	8.0%	Actuary
1988	8.0%	Actuary
1989	8.5%	Actuary
1990	8.5%	Actuary
1991	9.5%	Legislature (1)
1992	9.5%	Legislature
1993	8.5%	Actuary
1994	8.5%	Actuary
1995	8.5%	Actuary
1996	8.5%	Actuary
1997	8.5%	Actuary
1998	8.5%	Actuary
1999	8.5%	Actuary
2000	8.5%	Actuary
2001	8.5%	Actuary

(1) In the absence of legislative action, the actuary for the Teachers' Retirement Board sets the assumptions for the rate of return on pension fund investments. During the 1990 Session, the Legislature increased the rate of return from 8.5% to 9.5% for FY 1990-91 and during the 1991 Session, the rate of return was increased from 8.5% to 9.5% for FY 1991-92. In both cases the change was accomplished through the Appropriation Act.

UNFUNDED ACCRUED LIABILITY
1992-2000
(Millions)

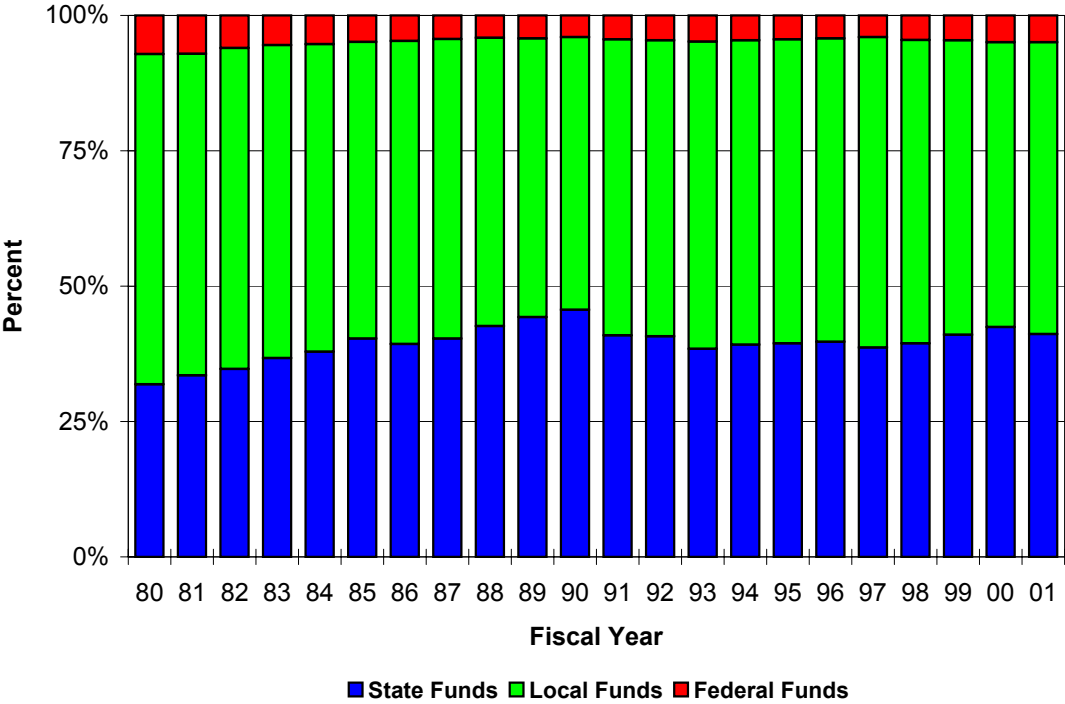
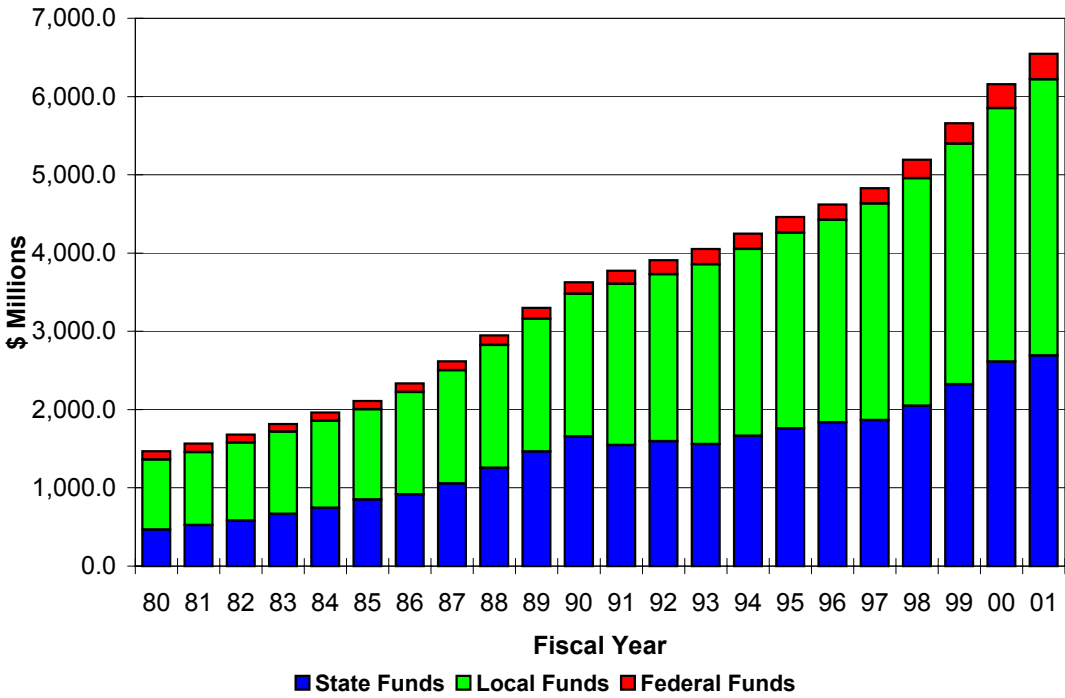
Valuation Date	State Employees' Retirement Fund
June 30, 1992	3,242.8
June 30, 1993	3,493.5
June 30, 1994	3,384.7
June 30, 1995	3,629.0
June 30, 1996	3,730.9
June 30, 1997	3,702.2
June 30, 1998	3,922.5
June 30, 1999*	-
June 30, 2000	4,316.1

	Teachers' Retirement Fund
June 30, 1992	2,430.2
June 30, 1993*	-
June 30, 1994	2,620.5
June 30, 1995*	-
June 30, 1996	2,978.6
June 30, 1997*	-
June 30, 1998	3,249.0
June 30, 1999*	-
June 30, 2000	2,191.7

	State Judges and Workers' Compensation Commissioners Retirement Fund
September 30, 1992	78.6
September 30, 1993	84.1
September 30, 1994	84.8
September 30, 1995	84.2
September 30, 1996	83.7
September 30, 1997	79.7
June 30, 1998	69.9
June 30, 1999	-
June 30, 2000	58.3

* No valuations were performed as of June 30, 1993, 1995, 1997, 1999 and 2001.
The next valuation will be available June 30, 2002.

Sources of Funds for Primary and Secondary Education Expenditures FY 1980 - FY 2001*



*FY 2001 based on unaudited data.

**SOURCES OF FUNDS
FOR PUBLIC ELEMENTARY AND SECONDARY EDUCATION
EXPENDITURES
(\$ Millions)**

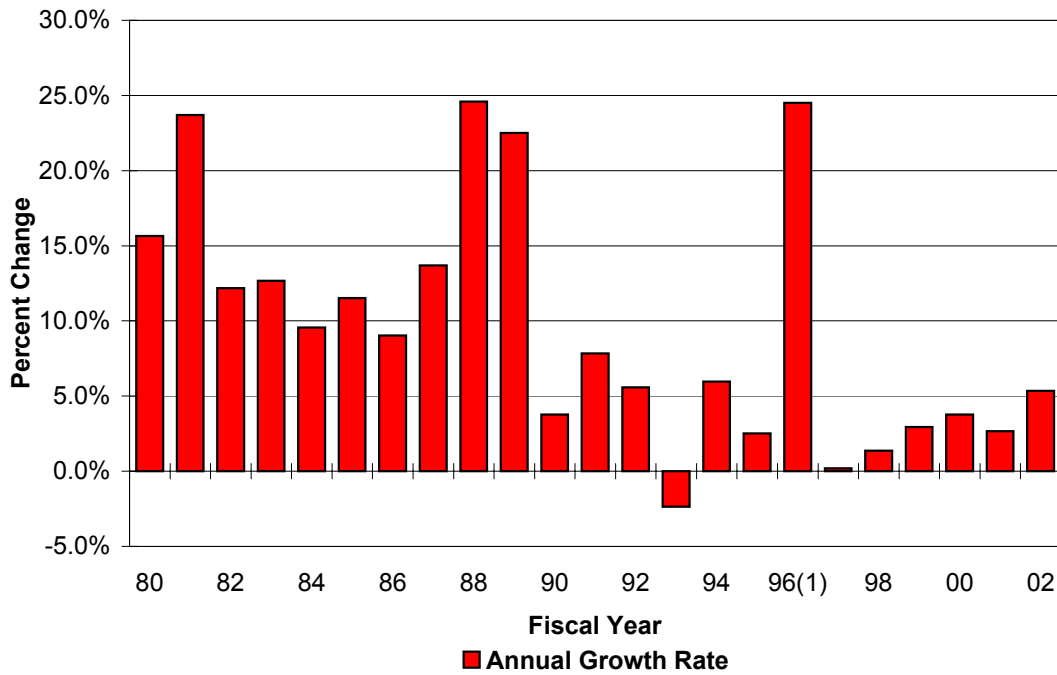
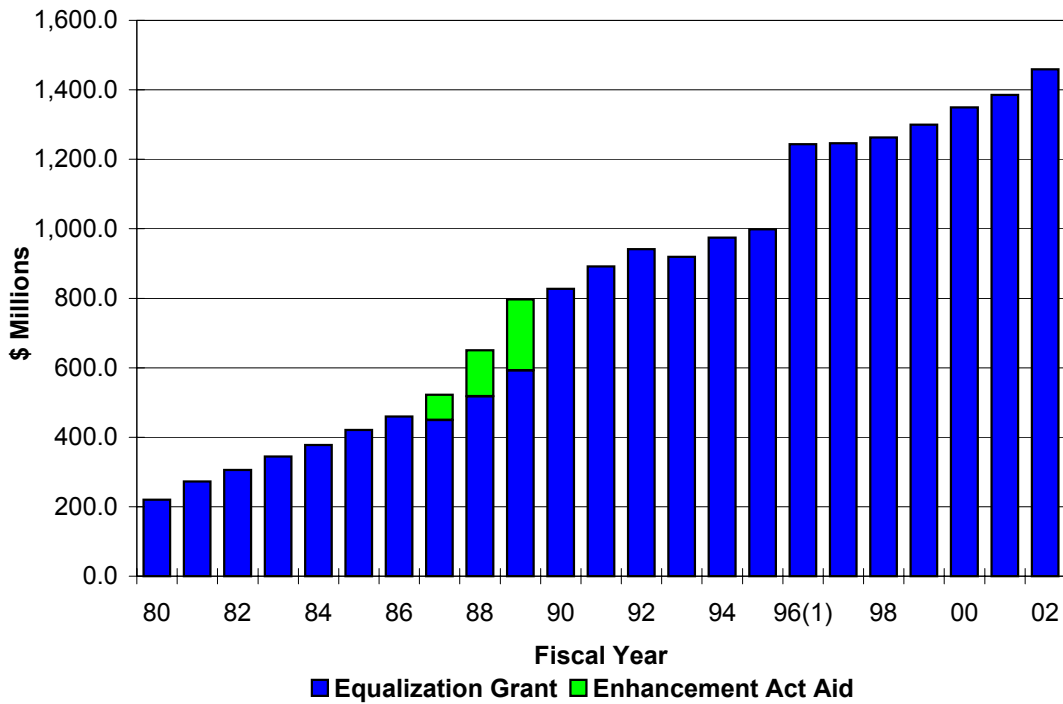
Fiscal Year	State Funds	Local Funds	Federal Funds	Other Funds	Total Funds
1979 - 1980	466.9	894.4	104.8	7.5	1,473.6
1980 - 1981	525.1	930.9	110.7	9.4	1,576.1
1981 - 1982	582.1	995.7	101.1	8.3	1,687.2
1982 - 1983	666.1	1,049.7	99.4	7.8	1,823.0
1983 - 1984	743.1	1,114.5	104.3	7.4	1,969.3
1984 - 1985	850.2	1,154.5	103.9	7.6	2,116.2
1985 - 1986	917.5	1,305.4	110.6	6.1	2,339.6
1986 - 1987	1,055.2	1,447.1	114.9	5.8	2,623.0
1987 - 1988	1,255.2	1,569.0	122.6	6.5	2,953.3
1988 - 1989	1,462.3	1,698.7	140.6	7.8	3,309.4
1989 - 1990	1,654.0	1,825.5	145.8	8.3	3,633.6
1990 - 1991	1,544.4	2,062.0	167.2	9.6	3,783.2
1991 - 1992	1,593.3	2,136.8	180.6	9.0	3,919.7
1992 - 1993	1,557.1	2,298.2	197.4	9.8	4,062.5
1993 - 1994	1,664.9	2,386.9	195.6	11.1	4,258.5
1994 - 1995	1,756.8	2,505.6	196.5	11.6	4,470.5
1995 - 1996	1,834.1	2,590.9	196.3	11.7	4,633.0
1996 - 1997	1,865.9	2,767.2	195.0	11.8	4,839.9
1997 - 1998	2,047.7	2,909.6	236.5	16.3	5,210.1
1998 - 1999	2,321.8	3,076.8	262.2	19.4	5,680.2
1999 - 2000*	2,611.2	3,241.6	304.5	19.4	6,176.7

Source: Connecticut State Department of Education

***These figures reflect all state expenditures on behalf of public elementary and secondary education, including state grants and bond funds, and Department expenditures. The latter include the Vocational-Technical Schools, teachers' retirement costs and unified (state) school district expenditures.**

***FY01 based on unaudited data.**

Education Equalization Grants to Towns FY 1980 - FY 2002*



(1) PA 95-226 combines ECS aid with regular special education aid.
*Budget Act FY 2002

EDUCATION EQUALIZATION GRANTS TO TOWNS

Fiscal Year	Total (Millions \$)	Equalization Expenditure (Millions \$)	ADM Grant (Millions \$)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (Millions \$)	Legislative Changes to Education Equalization Grant Program
1976[2]	\$169.8	\$6.9	\$162.9	NA	\$7.1	PA 75-341: 1) Established new procedures and formulas for determining additional school aid for towns that had above average tax rates and relatively low levels of tax capacity. 2) Limited amount of increased aid to a town under GTB to 5% of state ADM grant. 3) All equalization grants were initially paid from funds acquired through the state's Instant Lottery (see PA 77-540) below.
1977	170.4	10.1	160.4	NA	10.0	PA 76-387: 1) Raised the limit on the amount of increased aid a town received under GTB to 7.3% from 5% of the ADM grant received by town (see "a" of PA 77-579 below).
1978	176.1	19.9	156.2	NA	9.9	PA 77-540: 1) The \$19.939 million was comprised of \$9.939 million appropriated from the General Fund and \$10.0 million earmarked from proceeds of the Instant Lottery. The Educational Equalization program in subsequent years was funded only by General Fund appropriations, not Lottery proceeds. PA 77-579: 1) Eliminated the 7.3% cap on the amount of GTB funds a town may receive. 2) Altered the method of computing a town's total population for calculating its wealth for GTB ranking. 3) Changed GTB distribution formula.
1979	190.7	40.0	150.7	NA	40.0	

EDUCATION EQUALIZATION GRANTS TO TOWNS

Fiscal Year	Total (Millions \$)	Equalization Expenditure (Millions \$)	ADM Grant (Millions \$)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (Millions \$)	Legislative Changes to Education Equalization Grant Program								
1980[3]	220.5	75.9	144.6	56.00%	393.8	<p>PA 79-128:</p> <p>1) Required the state to appropriate 100% of the amount needed to provide for full entitlement to each town in FY 1984 beginning with a phase in as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>56% of full funding</td> <td>1980</td> </tr> <tr> <td>67%</td> <td>1981</td> </tr> <tr> <td>78%</td> <td>1982</td> </tr> <tr> <td>89%</td> <td>1983</td> </tr> </table> <p>These promised phase-in percents were amended each year by bills to implement the budget. For the actual percents phased-in, see the chart - Footnote 1.</p> <p>2) Repealed the average daily membership grant which provided a flat \$250 per pupil although town's ineligible for equalization still received a minimum, "hold-harmless" grant of \$250 per pupil in ADM the preceding year.</p>	56% of full funding	1980	67%	1981	78%	1982	89%	1983
56% of full funding	1980													
67%	1981													
78%	1982													
89%	1983													
1981	272.8	146.0	126.8	66.53%	410.0	<p>PA 80-6:</p> <p>1) Clarified the mathematical formula originally drafted in PA 79-553 by specifying that the formula's first factor, the population of the last decennial census, be added to the product of the remaining factors.</p>								
1982	306.0	167.4	138.6	72.86%	420.0	<p>PA 81-31: [4]</p> <p>1) Made adjustments in the distribution of GTB aid for FY 1981 only by requiring that one-half of the "hold-harmless" aid to eligible towns be withheld from the April, 1981 payment.</p> <p>2) Validated the mistake made by the State Department of Education in calculating the FY 1981 grants. \$10.7 million was over paid in FY 1981 because the Department had mistakenly counted school nutrition programs as part of local education expenses when they should have been considered a state or federal expenditure.</p>								

EDUCATION EQUALIZATION GRANTS TO TOWNS

Fiscal Year	Total (Millions \$)	Equalization Expenditure (Millions \$)	ADM Grant (Millions \$)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (Millions \$)	Legislative Changes to Education Equalization Grant Program
						<p>PA 81-413:</p> <p>1) Substituted an appropriation of a flat \$306 million for the 78% of full funding required by statute. This in effect represents a reduction in the percentage to approximate 72% of full funding.</p> <p>2) The minimum grants which "wealthy" towns receive was reduced (see Footnote [4]).</p>
1983	344.8	0	0	82.00%	419.7	<p>PA 82-91:</p> <p>1) Decreased the percentage of full funding to be appropriated to 81% from 89% for FY 1983. Towns paid a "hold-harmless" grant also receive a lower per student grant: \$203 from \$223 (or \$233 from \$245 in Regional Districts.)</p> <p>PA 82-275:</p> <p>1) Required the Department of Education to submit to the Auditors of Public Accounts for review proposed changes in the method of calculating GTB grants.</p>
1984	377.8	0	0	90%	419.7	<p>PA 83-4:</p> <p>1) Reduced the GTB grant to 90% of full-funding instead of 100% and delayed full funding until FY 1985 ("hold-harmless" grants are therefore lowered from \$250 to \$225 (or \$275 to \$248 for regional districts).</p>
1985	421.3	0	0	95%	443.4	<p>PA 84-490:</p> <p>1) Reduces the GTB grant to 95% of full-funding from 100% and delays full-funding until FY 1986.</p> <p>2) Alters the timing of grant payments so that 25% of grant is paid in October, 25% in January, and the final 50% in April. (Under prior law two installments of 50% each in October and April were made). This change was made to improve the match of state payments to state revenue, reducing the state's use (and interest cost) of short-term debt.</p>

EDUCATION EQUALIZATION GRANTS TO TOWNS

Fiscal Year	Total (Millions \$)	Equalization Expenditure (Millions \$)	ADM Grant (Millions \$)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (Millions \$)	Legislative Changes to Education Equalization Grant Program
1986	459.3	0	0	100%	459.3	<p>PA 85-180:</p> <p>1) Changed the way towns' net current local expenditures (NCLE) are calculated for purposes of the "effort" portion of the GTB grant. The change will be used to calculate grants for FY 88.</p> <p>2) Allowed towns to be eligible for an alternate minimum expenditure requirement (MER) instead of a full MER. The alternate MER allows towns below the state median in wealth and above the state median in school tax rate to match the previous year's expenditures in education and devote all GTB aid to education.</p> <p>PA 85-550:</p> <p>1) Allowed any town which would not be spending a minimum amount per pupil (as required by law under the GTB formula) to increase their net current expenditures by at least 12% and still be eligible for GTB aid.</p> <p>2) Allowed the city of Waterbury to make corrections in its 1982-83 data and receive a corrected GTB grant for FY 1986.</p>
1987	449.7	0	0	100%	449.7	
1988	518.1	0	0	100%	518.1	
1989	592.2	0	0	100%	592.2	<p>PA 88-358:</p> <p>1) Replaced the GTB grant program and the grants established under the Education Enhancement Act (EEA) with a new program, the Education Cost Sharing (ECS) grant beginning in FY 1989-90. [6]</p>
1990	827.0	0	0	21.50%	1,074.3	<p>PA 89-355:</p> <p>1) Decreased both the guaranteed wealth level and hold harmless provisions provided in PA 88-358. The original guaranteed wealth level was defined as twice the median town's wealth. The new level is defined as 1.833 times the median. The original hold harmless levels were 1% and 5%. The new levels are 1/2% and 4 1/2%. [6]</p>

EDUCATION EQUALIZATION GRANTS TO TOWNS

Fiscal Year	Total (Millions \$)	Equalization Expenditure (Millions \$)	ADM Grant (Millions \$)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (Millions \$)	Legislative Changes to Education Equalization Grant Program
1991	891.9	0	0	45%	1,053.2	<p>PA 90-225</p> <p>1) Decreases both the guaranteed wealth level and hold harmless provisions. The new guaranteed wealth level is defined as 1.6651 times the median town's wealth, while the new hold harmless levels are 4% and 0% (level funding).</p> <p>2) Redefines eligibility for each hold harmless level. Previous law had set eligibility based on old GTB data. This act set eligibility by current wealth rank. The sixteen wealthiest towns (except Stamford) are now level funded, while all others receive 4% increases.</p>
1992	941.6	0	0	71%	1,050.0	<p>PA 91-7 JSS</p> <p>1) Decreased hold harmless funding levels by providing that hold harmless towns receive only a sliding scale portion of their hold harmless aid based on AFDC levels and mastery performance rather than guaranteed increases or flat funding.</p>
1993	919.5	0	0	100%	919.5	<p>PA 92-262</p> <p>1) Decreases both the guaranteed wealth level and hold harmless provisions. The new guaranteed wealth level is defined as 1.5361 times the median town's wealth. Hold harmless funding is reduced from a sliding scale portion to decreased levels based on actual AFDC and mastery percentages.</p>
1994	974.3	0	0	100%	974.3	<p>PA 93-145</p> <p>1) Maintained the foundation level of spending at \$4,800 and continued to hold towns harmless to their previous years grants.</p>
1995	998.8	0	0	100%	998.8	<p>PA 94-6 MSS</p> <p>1) Provided that Hartford, New Haven and Bridgeport receive at least a \$1.0 million increase in ECS aid.</p>

EDUCATION EQUALIZATION GRANTS TO TOWNS

Fiscal Year	Total (Millions \$)	Equalization Expenditure (Millions \$)	ADM Grant (Millions \$)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (Millions \$)	Legislative Changes to Education Equalization Grant Program
1996	1,243.5	0	0	100%	1,243.5	PA 95-226 1) Combined ECS aid with regular special education aid and redefined definition of town wealth to include income. Began a phase-out of hold harmless aid.
1997	1,245.8	0	0	100%	1,245.8	PA 96-178 1) Reduced grants to the 42 wealthiest towns by 1.02% and reduced all other towns by 0.56%.
1998	1,262.9	0	0	100%	1,262.9	PA 97-318 1) provided that no priority school district town receives less than it receives in the previous year or 70% of its formula aid whichever was greater.
1999	1,300.0	0	0	100%	1,300.0	PA 98-168 1) increased the foundation from \$5,711 to \$5,775 2) increased the cap on increases from 2% to 5% 3) decreased the cap on decreases from 9% to 5%
2000	1,349.1	0	0	100%	1,349.1	PA 99-217 1) increased the foundation from \$5,775 to \$5,891 2) increased the cap on increases from 5% to 6% 3) decreased the cap on decreases from 5% to 0% 4) increased the minimum base aid ratio from 0% to 6% 5) set a minimum aid percentage for transitional school districts at 40% 6) provided that no priority school district could receive less per pupil than the previous year 7) froze the poverty measure (AFDC) at the previous year's level 8) provided that density aid would be at least equal to the previous year's aid
2001	1,385.0	0	0	100%	1,385.0	PA 00-187 1) Eliminated a \$6.0 million addition to Hartford's calculated grant 2) Increased the regional bonus from \$25 to \$100 per student

EDUCATION EQUALIZATION GRANTS TO TOWNS

Fiscal Year	Total (Millions \$)	Equalization Expenditure (Millions \$)	ADM Grant (Millions \$)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (Millions \$)	Legislative Changes to Education Equalization Grant Program
2002	1,459.0	0	0	100%	1,459.0	PA 01- 01, JSS 1) Provided a pro rated share of \$25 million to each capped town in FY 02 and \$50 million in FY 03. 2) Provided a cost-of-living minimum requirement in both FY 20 and FY 03.

Endnotes:

[1] Because of budgetary constraints, the GTB formula was not fully funded until 1986.

Fiscal Year	Legislated Phase-In	Actual Phase-In
1980	56%	56%
1981	67%	67%
1982	78%	72%
1983	89%	81%
1984	100%	90%
1985	100%	95%
1986	100%	100%

[2] The state Superior Court found the method of school financing unconstitutional in 1974 (Horton vs. Meskill) because the state had delegated responsibility for financing public schools to individual towns creating disparities among towns in terms of revenues raised to support education. The ruling was upheld by the state Supreme Court in 1977.

[3] PA 79-128 was passed in response to the 1977 Supreme Court ruling in the Horton vs. Meskill suit. The court established that there was a relationship between funding and equity for purposes of the state's school finance system and that the state was in violation of the equal protection and free public education provisions of the State Constitution.

[4] Under prior law the difference between the minimum grant, \$250 per pupil for towns or \$275 per pupil for regional districts and what a town received under the GTB formula (if less than the minimum) was known as "hold-harmless" aid. Towns that receive less than the minimum grant under GTB were entitled to the entire minimum grant amount.

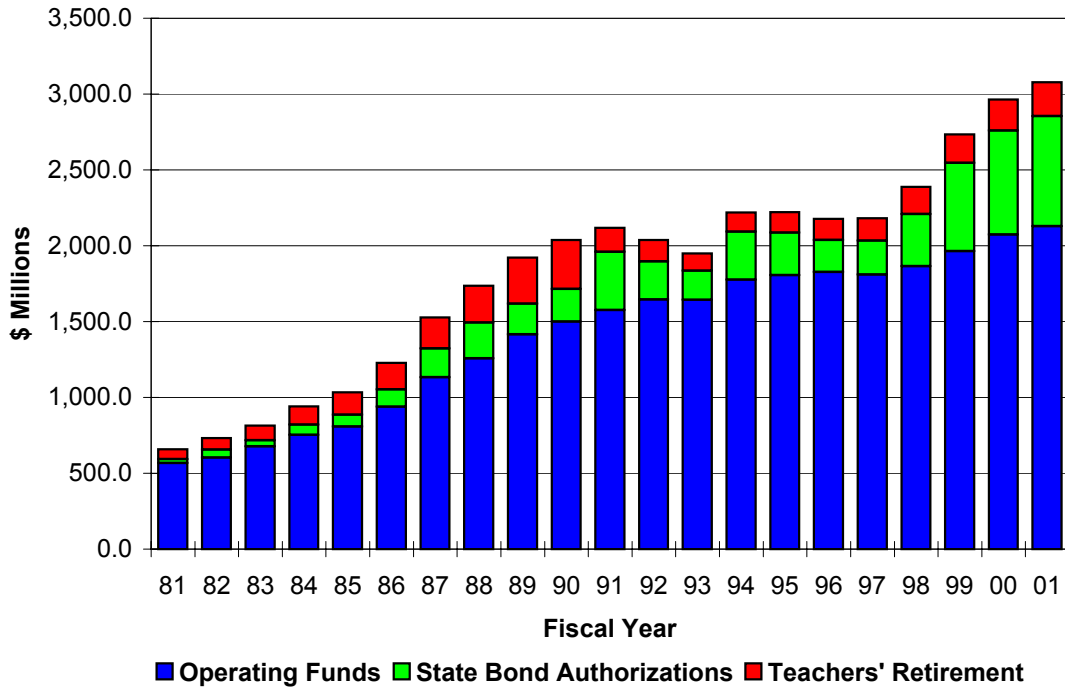
PA 81-413, in effect created two minimum grants: one for calculating full funding (\$250 or \$275) and one for purposes of determining the actual appropriation. This latter minimum is based upon a percentage equal to the ratio of:

Formula:
$$\frac{\text{Total GTB Appropriation} \times \$250 \text{ or } \$275}{\text{Total GTB Full Funding}}$$

Example:
$$\text{Minimum Grant} = \frac{\$360 \text{ million} \times \$250 \text{ or } \$275}{\$420 \text{ million}} = .7286 \times \$$$

Formerly, towns which received less than the \$250 per pupil (or \$275 for regional school districts) under the GTB formula were granted the full \$250/\$275. Under PA 81-413 all towns receive at least the appropriated minimum and for towns whose grants fall between the appropriated minimum and \$250/\$275, receive the appropriated minimum.

State Aid to Local Governments FY 81 - FY 01*

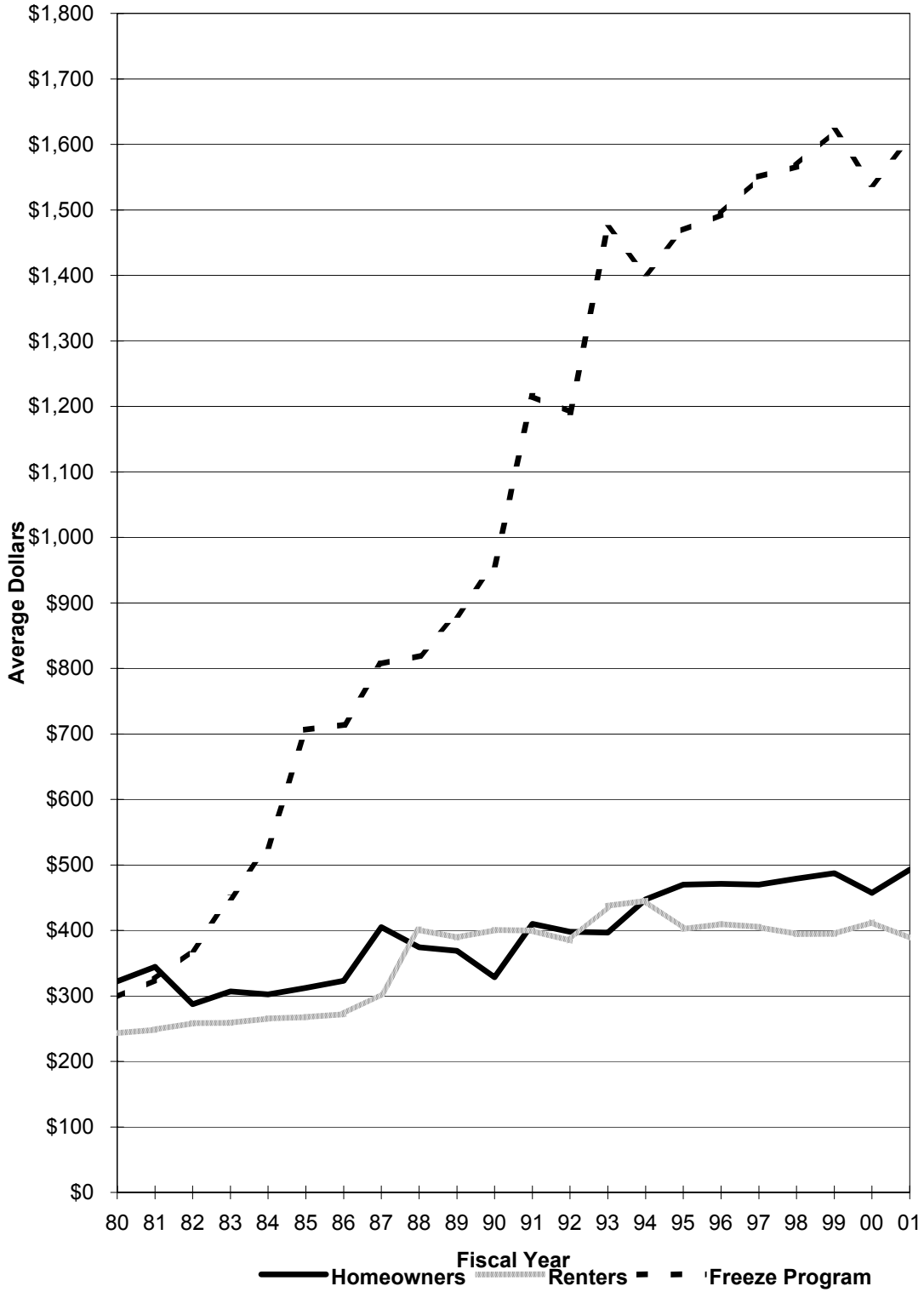


State Aid to Local Governments 1981 - 2001*			
Fiscal Year	Operating Funds	State Bond Authorizations	Teachers' Retirement Appropriation
1981	567.0	26.3	64.2
1982	603.8	52.8	75.9
1983	677.0	40.3	97.1
1984	753.5	67.6	120.5
1985	808.6	77.9	146.4
1986	939.6	112.7	175.8
1987	1,133.1	188.8	204.6
1988	1,258.3	235.1	242.6
1989	1,416.1	202.1	304.1
1990	1,499.8	215.8	323.0
1991	1,575.6	384.8	158.1
1992	1,645.5	250.8	142.2
1993	1,644.0	191.2	114.1
1994	1,775.9	316.2	127.7
1995	1,805.9	279.9	136.4
1996	1,826.5	211.4	139.9
1997	1,809.9	224.1	147.8
1998	1,864.8	343.1	179.4
1999	1,965.0	581.7	188.3
2000	2,073.6	686.4	204.4
2001	2,128.3	725.5	224.9

Source: Office of Fiscal Analysis *Budget Act FY2001

State Aid to Municipalities include direct aid to local governments, payments made on behalf of municipalities (i. e. the Teachers' Retirement Fund), committed or potential payments authorized by various Bond Acts and payments which reflect the sharing of state operating funds (i. e. Visitors and Convention Center or Hotel Room Occupancy).

Property Tax Relief for the Elderly Circuit Breaker and Freeze Programs Average Benefit Level (\$)



**LOCAL PROPERTY TAX RELIEF FOR THE ELDERLY
CIRCUIT BREAKER AND FREEZE PROGRAMS**

Fiscal Year	Total Expenditures for Both Programs			Freeze Program
	Total Expenditures	Circuit Breaker Program		
		Homeowners	Renters	
1980	30,178,439	9,155,902	7,194,893	13,827,644
1981	31,279,333	9,716,016	6,577,544	14,985,773
1982	31,371,940	7,638,313	6,292,412	17,441,215
1983	29,308,757	7,691,268	6,326,470	15,291,019
1984	30,202,308	7,371,316	5,889,840	16,941,152
1985	28,677,709	7,532,842	5,606,245	15,538,622
1986	29,120,985	7,738,987	5,302,681	16,079,317
1987	28,907,182	9,488,416	5,547,907	13,870,859
1988	31,859,684	9,271,236	8,287,119	14,301,329
1989	31,633,847	10,146,208	9,131,326	12,356,313
1990	33,300,000	10,707,000	10,050,000	12,543,000
1991	37,500,000	14,000,000	10,500,000	13,000,000
1992	36,595,565	14,419,938	10,294,205	11,881,422
1993	38,900,000	15,500,000	11,400,000	12,000,000
1994	41,270,894	18,812,030	11,947,908	10,510,956
1995	40,423,752	21,490,687	9,924,185	9,008,880
1996	41,173,926	22,666,312	10,017,947	8,489,667
1997	39,946,638	22,601,580	10,180,984	7,164,074
1998	39,657,056	22,493,973	10,666,391	6,496,692
1999	38,271,581	21,982,098	10,972,022	5,317,461
2000	36,971,996	21,142,855	11,270,202	4,558,939
2001	36,766,498	21,537,549	11,554,280	3,674,669

Fiscal Year	Freeze Program			Average Payment
	Appropriation	Expenditure	Number of Applications	
1980	13,911,000	13,827,644	46,392	298
1981	14,506,000	14,985,773	46,143	325
1982	17,309,576	17,441,215	47,008	371
1983	15,650,000	15,291,019	33,971	450
1984	14,500,000	16,941,152	32,039	529
1985	17,791,150	15,538,622	21,994	706
1986	16,900,000	16,079,317	22,515	714
1987	15,900,000	13,870,859	17,183	807
1988	15,800,000	14,301,329	17,448	820
1989	14,475,000	12,356,313	14,011	882
1990	12,543,000	12,543,000	13,079	959
1991	13,000,000	13,000,000	10,693	1,216
1992	11,875,000	11,881,422	9,973	1,191
1993	12,000,000	12,000,000	8,151	1,472
1994	10,511,000	10,510,956	7,491	1,403
1995	9,500,000	9,008,880	6,133	1,469
1996	8,500,000	8,489,667	5,685	1,493
1997	7,300,000	7,164,074	4,621	1,550
1998	7,200,000	6,496,692	4,147	1,567
1999	6,000,000	5,317,461	3,281	1,621
2000	5,000,000	4,558,939	2,961	1,540
2001	4,500,000	3,674,669	2,288	1,606

**LOCAL PROPERTY TAX RELIEF FOR THE ELDERLY
Circuit Breaker Program**

Fiscal Year	<u>Homeowners</u>			Average Payment
	Appropriation	Expenditure	Number of Applications	
1980	11,839,000	9,155,902	28,416	322
1981	10,309,000	9,716,016	28,205	344
1982	11,415,000	7,638,313	26,599	287
1983	10,100,000	7,691,268	25,056	307
1984	8,700,000	7,371,316	24,386	302
1985	7,771,320	7,532,842	24,137	312
1986	8,600,000	7,738,987	23,967	323
1987	9,500,000	9,488,416	23,432	405
1988	9,630,000	9,271,236	24,780	374
1989	10,930,000	10,146,208	27,507	369
1990	10,707,000	10,707,000	32,605	328
1991	14,000,000	14,000,000	34,144	410
1992	14,000,000	14,419,938	36,236	398
1993	15,500,000	15,500,000	39,069	397
1994	18,812,030	18,812,030	42,049	447
1995	21,860,000	21,490,687	45,721	470
1996	24,500,000	22,666,312	48,100	471
1997	26,000,000	22,601,580	48,100	470
1998	25,250,000	22,493,973	46,954	479
1999	27,500,000	21,982,098	45,107	487
2000	26,500,000	21,142,855	46,219	457
2001	23,000,000	21,537,549	43,695	493

Fiscal Year	<u>Renters</u>			Average Payment
	Appropriation	Expenditure	Number of Applications	
1980	7,690,000	7,194,893	29,601	243
1981	7,444,000	6,577,544	26,467	249
1982	9,133,676	6,292,412	24,343	258
1983	7,500,000	6,326,470	24,408	259
1984	6,900,000	5,889,840	22,171	266
1985	6,490,000	5,606,245	20,951	268
1986	6,355,000	5,302,681	19,456	273
1987	7,000,000	5,547,907	18,278	304
1988	8,500,000	8,287,119	20,651	401
1989	8,900,000	9,131,326	23,464	389
1990	10,050,000	10,050,000	25,063	401
1991	10,500,000	10,500,000	26,257	400
1992	10,575,000	10,294,205	26,800	384
1993	11,400,000	11,400,000	26,054	438
1994	12,200,000	11,947,908	26,799	446
1995	12,450,000	9,924,185	24,685	402
1996	11,500,000	10,017,947	24,434	410
1997	11,000,000	10,180,984	25,110	405
1998	10,675,000	10,666,391	27,039	394
1999	11,100,000	10,972,022	27,809	395
2000	11,760,000	11,270,202	27,300	413
2001	12,112,500	11,554,280	29,782	388

DESCRIPTION OF PROPERTY TAX RELIEF PROGRAMS FOR THE ELDERLY AND DISABLED

The state provides two programs of local property tax relief for the elderly: the tax freeze program and the circuit breaker program for homeowners and renters.

The circuit breaker program which is also available to disabled of any age provides a property tax credit to homeowners and a grant to renters. The state reimburses towns for the tax credit given to homeowners.

The tax freeze program caps a participant's tax benefit to the amount received for the 1985 assessment year for individuals that received \$2,000 or more in the assessment year commencing 10/1/85. If the tax benefit for the assessment year beginning 10/1/85 was less than \$2,000 it will never exceed the \$2,000 amount in any subsequent year. PA 98-262 excludes postal pension income from tax freeze program eligibility determinations.

Tax Freeze Program

Description:

- a. This program is mandated by the State.
- b. It provides a qualified homeowner a freeze on both the assessed value (minus \$1,000) and on the mill rate.
- c. The municipal tax exemption is reimbursed by the state.

Eligibility:

- a. Homeowner must be 65 years of age or over, or the spouse who is living with him/her must be 65 or over.
- b. A surviving spouse over 50 is eligible.
- c. The applicant must occupy the real property as his/her principal place of residence and must have resided in the state for one year before filing a claim. Qualifying income limit is \$6,000 adjusted gross income plus tax exempt interest (but excluding Social Security or Railroad Retirement Income). PA 98-262 excludes postal pension income from tax freeze program eligibility determinations.

Application:

- a. Closed. This grant is available only to elderly persons who applied prior to May 15, 1980.
- b. Reapplication is required every two years.

Circuit Breaker Program

1. Homeowners:

Description: Homeowners receive a tax credit against their real property tax. The amount of the credit varies inversely with income.

Eligibility:

- a. A homeowner must be 65 years of age or over, or the spouse who is living with him/her must be 65 or over, or be under 65 but eligible for permanent total disability benefits under Social Security requirements or a comparable program. PA 98-244 allows legally separated homeowners and renters to file as single people for the circuit breaker benefits.
- b. A surviving spouse over 50 is eligible.
- c. The applicant must occupy the real property as his/her principal place of residence and must have resided in the state for one year before filing a claim. Have qualifying income for the previous year of not more than \$25,400 for unmarried individuals or if married joint income of not more than \$31,100 for homeowners filing between February 1, and May 15, 2002. (Qualifying income is defined as federal adjusted gross income plus social security income and other income not included in federal adjusted gross income. Qualifying income will be adjusted by October 1 of each year to reflect the Social Security inflation adjustment.) PA 98-262 excludes postal pension income from tax freeze program eligibility

determinations.

Application:

The deadline is May 15 and reapplication is required every two years.

Property tax credit amount is equal to a specified percentage of property tax up to the maximum amount shown on the table below.

2. Renters:

Description: Renters are entitled to a state grant based on the percent considered to be paid toward property taxes. PA 98-244 allows legally separated homeowners and renters to file as single people for the circuit breaker benefits.

Eligibility:

Same as for homeowner.

Application:

Renters must apply between May 15 and September 15. Grant amount is equal to 35% of the total of all charges for rent, electricity, gas, water and fuel used during the preceding calendar year less 5% of qualifying income, up to the maximum amount shown in the table below for renters.

3. Resident of a Continuing Care Community:

Description: The program is open to residents of continuing care communities only if a residents contract: (1) does not confer any ownership interest in the complex or dwelling unit or (2) is not a lease. Residents are entitled to a state grant equal to the product of the portion of the assessed value of the entire complex that is attributable to the dwelling unit and the town's mill rate.

Eligibility:

Same as for homeowners.

Application:

Residents must apply to municipal assessors between February 1, and May 15.

Grant amount is equal to a specified percentage of property tax (see Residents chart).

The schedules on the following page indicate the amount of benefit individuals at the various qualifying income levels may be eligible for under these programs for FY 1999-2000. The tables are based on a sliding scale, in which benefits decrease as income increases.

Elderly Renter and Homeowner Rebate for 1998

Special Act 98-6 (the Appropriations Act) included \$8 million to provide a supplemental \$100 rebate to the low-income elderly renters and homeowners participating in the three elderly tax relief programs administered by the Office of Policy and Management (OPM).

Eligibility:

Renters who received rebates under OPM's Tax Relief for Elderly Renters program, beginning October 1997 based on income year 1996.

Homeowners who received credits on their July 1, 1997 property tax bills under OPM's Circuit Breaker and Freeze Programs.

Under the Renter and Circuit Breaker Programs, a claimant's qualifying income must not exceed \$23,100 if single, or \$28,300 if married (income year 1996). The Freeze Program is a closed program whose participants had to have been granted a frozen tax benefit on or before the Grand List of 1979. In order to continue to receive a frozen tax benefit, claimants (whether single or married) cannot have received more than \$6,000 in qualifying income.

Payment Date:

All payments are to be made no later than September 30, 1998.

PROPERTY TAX RELIEF PROGRAMS FOR THE ELDERLY & DISABLED

**2000 Grand List Homeowner and Renter Applications
Filing Period February 1 - May 15, 2002**

Residents of Continuing Care Communities & Homeowner Benefits

<u>Qualifying Income</u>		Tax Reduction as a % of Property Tax	<u>Tax reduction for any Year</u>	
Over	Not Exceeding		Maximum	Minimum
<u>Married Homeowners</u>				
\$0	\$12,600	50%	\$1,250	\$400
12,600	17,100	40	1,000	350*
17,100	21,200	30	750	250*
21,200	25,400	20	500	150*
25,400	31,100	10	250	150*
31,100		None	None	None
<u>Unmarried Homeowners</u>				
\$0	\$12,600	40%	\$1,000	\$350*
12,600	17,100	30	750	250*
17,100	21,200	20	500	150*
21,200	25,400	10	250	150*
25,400		None	None	None

Renter Benefits

<u>Qualifying Income</u>		<u>Amount of Grant</u>	
Over	Not Exceeding	Maximum	Minimum
<u>Married Renters</u>			
\$0	\$12,600	\$900	\$400
12,600	17,100	700	300
17,100	21,200	500	200
21,200	25,400	250	100
25,400	31,100	150	50
31,100		None	None
<u>Unmarried Renters</u>			
\$0	\$12,600	\$700	\$300
12,600	17,100	500	200
17,100	21,200	250	100
21,200	25,400	150	50
25,400		None	None

*PA 99-1 of the June Special Session increased the minimum tax reduction levels by \$50.

LOCAL OPTION PROPERTY TAX RELIEF FOR THE ELDERLY

The local option property tax relief for the elderly program was established in 1973 by PA 73-628. The program allows municipalities upon vote of its legislative body on recommendation of its board of finance or equivalent body to provide property tax relief for elderly homeowners.

Prior to approval by the legislative body, the executive authority of the town must appoint a committee of not less than five resident taxpayers to study and report within 60 days the fiscal effect of the relief on the property tax revenue of the town and recommendations on the form and extent of such relief. After initial approval of the relief by the legislative body, any changes may be made by vote of the legislative body without appointment of a study committee. The total abatement of property tax revenue cannot exceed 10 per cent of the total real property tax assessed in the preceding tax year.

The property tax relief for a principal residence may be provided to any resident who:

- (1) is 65 years of age or over, or has a spouse, age 65 or over living in the household, or is a surviving spouse, age 60 or over;
- (2) has been a taxpayer in the town for one year immediately preceding receipt of tax benefits; and
- (3) meets any income criteria which the town may have adopted.

Prior to October 1, 1987, the total amount of tax relief was limited to 75% of the total due. Commencing with the October 1, 1987 assessment year, PA 87-116 expanded the allowable tax relief to 100% provided that when total tax relief exceeds 75% of the tax due, the town must file a lien against the property and charge interest, at a rate determined by the town.

It should be noted that the local option elderly homeowner tax relief benefits program was extended by PA 87-91 of permanently and totally disabled persons, regardless of age commencing with the October 1, 1987 assessment year.

**VETERAN'S PROPERTY TAX EXEMPTION
 DATES OF WARS AND OTHER RECOGNIZED MILITARY
 CAMPAIGNS AND OPERATIONS
 CGS Section 12-81(19)**

Spanish-American War	April 21, 1898 to August 13, 1898
Philippine Insurrection	August 13, 1898 to July 4, 1902
Moro Province Engagement	August 13, 1898 to July 15, 1903
Boxer Rebellion	June 20, 1900 to May 12, 1901
Cuban Pacification	September 12, 1906 to April 1, 1909
Nicaraguan Campaign	August 28, 1912 to November 2, 1913
Haitian Campaign	July 9, 1915 to December 6, 1915
Punitive Expedition to Mexico	March 10, 1916 to April 6, 1917
World War I	April 6, 1917 to November 11, 1918
Service in Russia	April 6, 1917 to April 1, 1920
World War II	December 7, 1941 to December 31, 1946 (1)
Korean Hostilities	June 27, 1950 to January 31, 1955
South Korea Demilitarized Zone	After February 1, 1955
Lebanon Conflict	July 1, 1958 to November 1, 1958
Vietnam Era	February 28, 1961 to July 1, 1975
Berlin Airlift	August 14, 1961 to June 1, 1962
Lebanon Peace-Keeping Mission	September 29, 1982 to March 30, 1984
Invasion of Grenada	October 25, 1983 to December 15, 1983 (2)
Operation Earnest Will	February 1, 1987 to July 23, 1987
Invasion of Panama	December 20, 1989 to January 31, 1990 (2)
Operation Desert Shield/Desert Storm	August 2, 1990 to June 30, 1994 (3)
Somalia	After December 2, 1992
Bosnia	After December 20, 1995

- (1) Pursuant to 12-86, twelve o'clock midnight on December 31, 1947 is the World War II termination date for purposes of granting a property tax exemption.
- (2) A person must serve in a combat or combat support role for the duration of any campaign lasting less than 90 days in order to qualify for a property tax exemption. An Armed Forces Expeditionary Medal is awarded to such individuals.
- (3) Active duty service personnel first became eligible for an exemption based on service in Operation Desert Shield/Desert Storm, while that campaign was ongoing. Individuals who received an exemption based on receipt of an Armed Forces Expeditionary Medal for service in Operation Desert Shield/Desert Storm continue to be eligible even though they do not meet the 90-day service requirement.

VETERAN'S EXEMPTION CHART

Statute Summary:	Benefits with Income Requirement PA 85-573 (12-81g)			Benefits with no Income Requirement PA 85-573 (12-81g)		
	Unreimbursed Entitlement	Additional Reimbursed	Total Entitlement	Unreimbursed Entitlement	Additional Reimbursed	Total Entitlement
Sec. 12-81 (19) 90 Day service during time of war, or discharge was recorded Prior to Oct., 1977	\$1,000	\$2,000	\$3,000	\$1,000	\$500	\$1,500
Sec. 12-81 (20) V.A. Rating						
10% - 25%	\$1,500	\$3,000	\$4,500	\$1,500	\$750	\$2,250
26% - 50%	\$2,000	\$4,000	\$6,000	\$2,000	\$1,000	\$3,000
51% - 75%	\$2,500	\$5,000	\$7,500	\$2,500	\$1,250	\$3,750
76% - 100% or Over 65 yrs. and > 10%	\$3,000	\$6,000	\$9,000	\$3,000	\$1,500	\$4,500
Sec. 12-81 (21a) Severe disability: VA Rated *	\$10,000	\$20,000	\$30,000	\$10,000	\$5,000	\$15,000
Service-Connected	\$5,000	\$10,000	\$15,000	\$5,000	\$2,500	\$7,500
* Real Property exemption to be applied on domicile.						
Sec. 12-81 (22) Surviving Spouse or minor child if service related death	\$1,000 \$3,000	\$2,000 \$6,000	\$3,000 \$9,000	\$1,000 \$3,000	\$500 \$1,500	\$1,500 \$4,500
Sec. 12-81 (23) Surviving Spouse receives annuities or compensation from U. S. (Federal)	\$1,000	\$2,000	\$3,000	\$1,000	\$500	\$1,500
Sec. 12-81 (24) Active duty service-connected death, surviving spouse receives compensation from V.A.	\$3,000	\$6,000	\$9,000	\$3,000	\$1,500	\$4,500
Sec. 12-81 (25) Benefits to single parent of one who left no surviving spouse or when spouse remarried	\$1,000	\$2,000	\$3,000	\$1,000	\$500	\$1,500
Sec. 12-81 (26) Parents of serviceman receiving pension annuity or compensation from U.S. (Federal)	\$1,000	\$2,000	\$3,000	\$1,000	\$500	\$1,500
Sec. 12-81(l) General:	Income requirements for above benefits: Less Than: \$31,100 (married) & \$25,400 (single) Income includes: Adjusted gross + any other income			Sec. 12-90(a) No individual entitled to exemption under two or more of subdivisions (19), (20), (22), (23), (25), (26), and (28) of section 12-81 shall receive more than one exemption.		
Sec. 12-81(g) 100% VA Rating:	Income requirements for above benefits: Less Than: \$21,000 (married) & \$18,000 (single) Income includes: Adjusted gross income					

It should be noted that 12-62g allows the amount of veterans exemption to be increased by the amount of change in the grand list in the year of a general revaluation.

[1] Real property exemption to be applied on domicile.

Source: State Office of Policy and Management, Intergovernmental Relations Division.

PROPERTY TAXATION OF FARM, FOREST AND OPEN SPACE LAND

Enacted in 1963, PA 490 (C.G.S. 12-107a-107c) represents the state's policy of preserving farm, forest, and open space land by preferential taxation by allowing such land to be assessed for tax purposes according to its current use as opposed to its market value. In an attempt to prevent abuse and to help recover abated taxes, a declining conveyance tax was placed on sales occurring during the first ten years.

The classification of land as farm land and forest land is made by the town assessor and the state forester respectively following the submission of a written request from the property owners. The municipal planning commission, in preparing a development plan, may designate areas as open space. The legislative body of the municipality must approve the designation by a majority vote.

For purposes of classification farm land means any tract of land, including woodland and wasteland, constituting a farm unit. Forest land is any tract of land of at least 25 acres or more in an area bearing tree growth. Open Space land means any area of land including forest lands and designated wetlands, the preservation of which would:

1. Maintain and enhance the conservation of natural or scenic resources
2. Protect natural streams or water supply
3. Promote conservation of soils, wetlands, beaches or tidal marshes
4. Enhance the value to the public of abutting or neighboring parks, forests, etc.
5. Enhance public recreation opportunities
6. Preserve historic sites or
7. Promote orderly urban or suburban development

Conveyance taxes are levied on the sale of land which has been classified by the owner as farm, forest or open space as follows:

Land classified as Open Space:

	Number of years following classification:									
1	2	3	4	5	6	7	8	9	10	10+
% Total Sales Price:										
10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%

Land classified as Farm or Forest:

	Number of years following classification:									
1	2	3	4	5	6	7	8	9	10	10+
% Total Sales Price:										
10%	9%	8%	7%	6%	5%	4%	3%	2%	1%	0%

MUNICIPAL PROPERTY TAX EXEMPTIONS
C. G. S. Section 12-81

The following property is exempt from taxation (C.G.S. Section 12-81).

- 1) Property of the United States.
- 2) State property, reservation land held in trust by the state for an Indian tribe.
- 3) County property. (REPEALED)
- 4) Municipal property.
- 5) Property held by trustees for public purposes.
- 6) Property of volunteer fire companies and property for public use.
- 7) Property used for scientific, educational, literary, historical or charitable purposes.
- 8) College property.
- 9) Personal property loaned to tax-exempt educational institutions.
- 10) Property belonging to agricultural or horticultural societies.
- 11) Property held for cemetery use.
- 12) Personal property of religious organizations devoted to religious or charitable use.
- 13) Houses of religious worship.
- 14) Property of religious organizations used for certain purposes.
- 15) Houses used by officiating clergymen as dwellings.
- 16) Hospitals and sanitariums.
- 17) Property of blind persons up to \$3,000.
- 18) Property of veterans' organizations.
 - (a) Property of bona fide war veterans' organization.
 - (b) Property of the Grand Army of the Republic.
- 19) Veteran's exemptions upto \$1,000.
- 20) Servicemen and veterans having disability ratings up to \$3,000.
- 21) Disabled veterans with severe disability.
 - (a) Disabilities.
 - (b) Exemptions hereunder additional to others. Surviving spouse's rights.
 - (c) Municipal option to allow total exemption for residence with respect to which veteran has received assistance for special housing under Title 38 of the United States Code.
- 22) Surviving spouse or minor child of servicemen and veterans.
- 23) Serviceman's surviving spouse receiving federal benefits.
- 24) Surviving spouse and minor child of veteran receiving compensation from Veteran's Administration.
- 25) Surviving parent of deceased serviceman or veteran.
- 26) Parents of veterans.
- 27) Property of grand army posts.
- 28) Property of United States army instructors.
- 29) Property of American National Red Cross.
- 30) Fuel and provisions.
- 31) Household furniture.
- 32) Private libraries.
- 33) Musical instruments.
- 34) Watches and jewelry.
- 35) Wearing apparel.
- 36) Commercial fishing vessels and fishing apparatus up to \$500.
- 37) Mechanic's tools.
- 38) Farming tools.
- 39) Farm produce, livestock and poultry.
- 40) Sheep, goats and swine.
- 41) Dairy and beef cattle and oxen.
- 42) Poultry.
- 43) Cash.
- 44) Nursery products.
- 45) Property of units of Connecticut National Guard.
- 46) Watercraft owned by nonresident. (REPEALED)
- 47) Carriages, wagons and bicycles.

MUNICIPAL PROPERTY TAX EXEMPTIONS
C. G. S. Section 12-81

The following property is exempt from taxation (C.G.S. Section 12-81).

- 48) Airport improvements.
- 49) Nonprofit camps or recreational facilities for charitable purposes.
- 50) Exemption of manufacturers' inventories.
- 51) Water pollution control structures and equipment exempt.
- 52) Structures and equipment for air pollution control.
- 53) Motor vehicle of serviceman.
- 54) Wholesale and retail business inventory.
- 55) Property of totally disabled persons up to \$1,000.
- 56) Active solar energy systems.
- 57) Solar energy electricity generating systems.
- 58) Property leased to a charitable, religious or nonprofit organization.
- 59) Manufacturing or service facility in a distressed municipality or a targeted investment community.
- 60) Machinery and equipment in a manufacturing facility in a distressed municipality or a targeted investment community.
- 61) Vessels used primarily for commercial fishing.
- 62) Passive solar energy systems.
- 63) Solar energy electricity generating and cogeneration systems.
- 64) Vessels in the assessment year beginning on or after October 1, 1981..
- 65) Vanpool vehicles.
- 66) Motor vehicles leased to state agencies on or after June 4, 1982.
- 67) Beach property belonging to or held in trust for cities.
- 68) Any livestock used in farming or any horse or pony assessed at less than \$1,000.
- 69) Property of the Metropolitan Transportation Authority.
- 70) Manufacturing and equipment acquired as part of the technological upgrading of a manufacturing process in a distressed municipality or a targeted investment community.
- 71) Any motor vehicle owned by a member of an indigenous Indian tribe or their spouse, and garaged on the reservation of the tribe.
- 72) New machinery and equipment in manufacturing facilities, including machinery and equipment used in the biotechnology industry.
- 73) Temporary structures used in seasonal agricultural production, including hoop houses, poly houses, high tunnels, overwintering structures and shade houses
- 74) Certain vehicles used to transport freight for hire (GRW in excess of 26,000.)
- 75) Certain health care institutions (UCONN Dempsey Hospital)

MOBILE MANUFACTURED HOMES LEGISLATION AFFECTING TAXATION

PA 85-512

From October 1, 1985 to June 30, 1986:

1. The sale of 'New' mobile manufactured homes (MMH) 12 feet wide or wider is subject to the sales tax. For purposes of the sales tax, a mobile manufactured home means a home at least twelve feet wide, which cannot proceed under its own power, which is towed or placed on flatbed trucks to be taken to its destination and which requires a limited duration over-size load permit in order to be transported on the highways.
2. The "Resale" of MMH located in licensed mobile home parks or on a single family lot is subject to the real estate conveyance tax.

PA 86-310

The provisions of PA 85-512 regarding the imposition of sales tax on new MMH and the imposition of the real estate conveyance tax on the sale of used MMH is made permanent with the following modification: The sales tax on a new MMH applies to 70% of the selling price of a new MMH sold by the manufacturer.

PA 310 also made a number of other tax related changes as follows:

1. A uniform procedure for towns to assess and tax mobile homes is established. 'Beginning with the 10/1/86 grand list MMH occupied as residences and connected to utilities must be assessed as residential real property (i.e., assessed at 70% of true market value). Under certain conditions (see phase-in below) the assessed value may be phased-in over a 5 year period. Prior to this act, there was no uniform statewide procedure for assessing mobile homes and assessors could tax mobile homes as either real or personal property.

Phase-in: The act phases in any increase in the assessed value of mobile homes when, (1) mobile homes are assessed as real property for the first time on or after 10/1/86 and (2) where the assessment results in a tax increase of over 25%. The phase-in occurs over a 5 year period, with 20% of the increased assessment being phased-in on the 10/1/86 grand list and 20% in each of the next four assessment years.

2. The act eliminated the authority of a town to charge a mobile home owner a monthly fee in lieu of property tax.
3. The act renames a 'Mobile Home' a 'Mobile Manufactured Home' and changes the definition with regard to property taxation. A Mobile Manufactured Home is defined as: (1) a detached residential unit having three-dimensional components which are intrinsically mobile, with or without a wheel chassis, or (2) a detached unit built after 6/15/76 in accordance with federal standards. In either case, the home must have sleeping accommodations, electrical connections and be designed for long-term occupancy. As under existing law, a home must have running water, bathing facilities, and a flush toilet.

PA 87-447 (as amended by PA 87-589)

PA 87-447 was amended to allow towns, by ordinance, to tax mobile manufactured homes as personal property instead of real property, from 10/1/86 until the first sale of the home. Mobile homes must be taxed as real property on the first assessment date following the first sale. First sale does not include conveyance to an owner's spouse, his sibling who resides in the unit being sold, or an owner who uses the sale proceeds to purchase a mobile home and place it on the same leasehold site as the existing home.

PA 92-174

PA 92-174 creates a separate standard for valuing mobile manufactured homes located on leased land, such as those in mobile home parks. It limits the valuation of the home and the leased land on which the home is located, taken together, to no more than what their value would be if the lessee actually owned the land in determining assessment values as residential real property for tax purposes.

**STATE GRAND LEVIES
FISCAL YEARS 1994-2001
(\$ Millions)**

Category	FY 94 Levies	% Total	FY 95 Levies	% Total	FY 96 Levies	% Total	FY 97 Levies	% Total
Industrial	\$229.2	4.9%	\$224.9	4.6%	\$218.3	4.6%	\$218.0	4.4%
Commercial	820.0	17.4%	812.3	16.7%	755.6	15.8%	784.6	15.7%
Public Utility	37.0	0.8%	37.0	0.8%	32.3	0.7%	34.6	0.7%
Bus. Per. Property	<u>420.6</u>	<u>8.9%</u>	<u>405.5</u>	<u>8.4%</u>	<u>392.4</u>	<u>8.2%</u>	<u>402.2</u>	<u>8.1%</u>
Total	1,506.8	31.9%	1,479.7	30.5%	1,398.6	29.2%	1,439.4	28.8%
Residential	2,843.2	60.3%	2,971.0	61.2%	2,965.2	61.9%	3,078.6	61.7%
Motor Vehicles	282.8	6.0%	314.6	6.5%	342.4	7.1%	384.1	7.7%
Land Use	7.0	0.1%	7.1	0.1%	7.0	0.1%	6.9	0.1%
Vacant Land	<u>76.9</u>	<u>1.6%</u>	<u>80.3</u>	<u>1.7%</u>	<u>78.7</u>	<u>1.6%</u>	<u>83.0</u>	<u>1.7%</u>
Total	366.7	7.8%	402.0	8.3%	428.1	8.9%	474.0	9.5%
Gross Grand Levy	\$4,716.7	100%	\$4,852.7	100%	\$4,791.9	100%	\$4,992.0	100%
Exemptions (1)	(\$241.3)		(\$327.0)		(\$205.6)		(\$184.0)	
Net Grand Levy	\$4,475.4		\$4,525.7		\$4,586.3		\$4,808.0	
Category	FY 98 Levies	% Total	FY 99 Levies	% Total	FY 00 Levies	% Total	FY 01 Levies	% Total
Industrial	\$210.2	4.2%	\$212.3	4.1%	\$213.9	4.0%	\$217.6	3.9%
Commercial	756.8	15.2%	762.9	14.9%	787.8	14.7%	706.8	12.6%
Public Utility	29.2	0.6%	29.2	0.6%	29.8	0.6%	30.7	0.5%
Bus. Per. Property	<u>402.0</u>	<u>8.1%</u>	<u>423.9</u>	<u>8.3%</u>	<u>465.5</u>	<u>8.7%</u>	<u>503.5</u>	<u>8.9%</u>
Total	1,398.2	28.1%	1,428.3	27.9%	1,497.0	28.0%	1,458.6	25.9%
Residential	3,100.4	62.2%	3,197.1	62.4%	3,300.7	61.8%	3,556.6	63.2%
Motor Vehicles	397.5	8.0%	412.4	8.0%	452.3	8.5%	516.3	9.2%
Land Use	7.0	0.1%	7.1	0.1%	11.5	0.2%	15.3	0.3%
Vacant Land	<u>79.0</u>	<u>1.6%</u>	<u>79.5</u>	<u>1.6%</u>	<u>81.9</u>	<u>1.5%</u>	<u>81.5</u>	<u>1.4%</u>
Total	483.5	9.7%	499.0	9.7%	545.7	10.2%	613.1	10.9%
Gross Grand Levy	\$4,982.1	100%	\$5,124.4	100%	\$5,343.4	100%	\$5,628.3	100%
Exemptions (1)	(\$124.0)		(\$116.8)		(\$118.5)		(\$122.5)	
Net Grand Levy	\$4,858.1		\$5,007.6		\$5,224.9		\$5,505.8	

Note: (1) Includes assessed values subject to phase-in schedules for certain municipalities.