

STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES

FISCAL YEAR 2010-2011 ANNUAL REPORT



Dannel P. Malloy
Governor

Kevin B. Sullivan
Commissioner



A Message from the Commissioner:

I am pleased to present our Fiscal Year 2011 Annual Report. This has been a year of change and challenge as we work with Governor Malloy to put Connecticut's finances and economy back in order.

The Department of Revenue Service is responsible for 42 separate taxes, processing over 4.4 million tax returns and collecting \$13.7 billion for the benefit of the people of our state. We strive to be efficient, effective, honest, transparent and, above all, fair. We are also determined that the voice of taxpayers is heard and that we appreciate the impact of our actions.

We are a smaller and flatter state agency than last year. So we are working smarter and doing more to to be open, accessible, and welcoming to those we serve as individual and business taxpayers. We expect the best from our hardworking employees and we focus continuously on improving our services.

The Department is doing more to work with taxpayers and tax practitioners in order to promote voluntary compliance. We provide information, guidance and assistance to help taxpayers avoid problems. We also enforce the tax laws of our state so that those who act responsibly do not pay for those who do not. We also continue to expand electronic filing and on-line resources so that we can be more accessible, effective and efficient.

Our annual report provides a general overview and includes summary statistical data for the taxes we administer. If you want more detailed information, please check out the agency's website at www.ct.gov/drs, contact our Research Unit directly at drs.taxresearch@po.state.ct.us or call (860) 297-5693.

We hope you find this report helpful and we welcome any comments or suggestions.

Sincerely,

Kevin B. Sullivan

Kevin B. Sullivan
Commissioner of Revenue Services

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COMMISSIONER

KEVIN B. SULLIVAN
(860) 297-4900

Kevin.Sullivan@po.state.ct.us

DEPUTY COMMISSIONER

JOSEPH W. MOONEY
(860) 297-5801

Joseph.Mooney@po.state.ct.us

GENERAL COUNSEL & FIRST ASSISTANT COMMISSIONER

LOUIS P. BUCARI JR.
(860) 297-5798

Louis.Bucari@po.state.ct.us

BUREAU OF ADMINISTRATION DIVISION

TINA LAWSON
(860) 297-5620

Tina.Lawson@po.state.ct.us

OPERATIONS DIVISION

GARY DOWLING

GARY DOWLING
(860) 297-4732

Gary.Dowling@po.state.ct.us

TAXPAYER SERVICES DIVISION

PETER SANTAGATA
(860) 297-4924

Peter.Santagata@po.state.ct.us

COMMUNICATIONS OFFICE

SARAH KAUFMAN
(860) 297-5610

Sarah.Kaufman@po.state.ct.us

BUREAU OF AUDIT & COLLECTIONS

JOHN H. KUTSUKOS
(860) 541-4561

John.Kutsukos@po.state.ct.us

TAX RESEARCH UNIT

SUSAN B. SHERMAN
(860) 297-5693

Susan.Sherman@po.state.ct.us

DEPARTMENT MISSION

The Mission of the Connecticut Department of Revenue Services is to administer the tax laws of the State of Connecticut and collect the tax revenues in the most cost effective manner; achieve the highest level of voluntary compliance through accurate, efficient and courteous customer service; and perform in a manner which instills public confidence in the integrity and fairness of the state's tax programs.

**LEGISLATIVE SUMMARY
2011 GENERAL ASSEMBLY
REGULAR & SPECIAL
SESSIONS**

ADMISSIONS TAX

Public Act 11-6

Eliminates the admissions tax exemptions for most facilities and events previously exempt. Effective for admission charges imposed on or after January 1, 2012.

ALCOHOLIC BEVERAGES TAX

Public Act 11-6

Increases the alcoholic beverages tax by 20% for each beverage type. Effective for sales occurring on or after July 1, 2011.

CIGARETTE TAX

Public Act 11-6

Increases the cigarette tax from \$3.00 to \$3.40 per pack of twenty cigarettes. Effective for sales occurring on or after July 1, 2011.

Public Act 11-37

The bill allows certain franchise operators to be licensed as cigarette distributors and to qualify as chain stores for purposes of the cigarette tax.

Public Act 11-61

- Amends Conn. Gen Stat. §12-286 to make it an infraction instead of a misdemeanor for persons who fail to renew their cigarette dealer's license within 90 days of expiration; and
- Amends Conn. Gen. Stat. §12-304(a) to make it an infraction instead of a misdemeanor for anyone who sells, or possesses for sale, less than three cartons of unstamped cigarettes.

CORPORATION BUSINESS TAX

Public Act 11-6

- Increases the corporation business tax surcharge from 10% to 20% for calendar years commencing January 1, 2012 and January 1, 2013;
- Limits the amount of credit that a production company that is not subject to the Corporation Business or Insurance Premiums taxes may assign to not more than 50% in the 2011 income year and not more than 25% in income years after 2011. The 50% and 25% restrictions do not apply if the qualified production is filmed at a qualified production facility located in Connecticut; is intended for film, television, or digital media production; and has an investment of \$3 million;

- Increases the required minimum number of principal photography days within the state from 25% to 50% for purposes of the Film Tax Credit. Effective for income years commencing on or after January 1, 2011;
- Increases the combined cap from \$11 million to \$20 million for the Job Creation, Qualified Small Business Job Creation, and the Vocational Rehabilitation Job Creation credit programs. Effective July 1, 2011.

Public Act 11-86

This bill increases the cap on the Urban & Industrial Site credit from \$500M to \$750M (**Public Act 11-1, October Special Session, reduced the total amount of credits allowed from \$750M to \$650M**).

Public Act 11-140

Requires the Department of Economic & Community Development (DECD) to establish a Manufacturing Reinvestment Account program in which small manufacturers with 50 or fewer employees can defer corporation business taxes on the money they save for training, developing, and expanding their workforce or by purchasing machinery, equipment, or facilities.

Public Act 11-61

Enables a corporation which has overpaid its corporation business tax to credit the overpayment to its first estimated tax payment for the succeeding year. This is the same treatment currently allowed for income tax purposes. Effective for estimated payments for the 2012 year.

Public Act 11-1 (October Special Session)

- Expands the Manufacturing Reinvestment Account established in the 2011 Regular Session to allow 100 companies instead of 50 to participate in the program. Also, the criteria for the account was modified so that for income years commencing in 2011 the investment shall not exceed the lesser of \$50,000 or such manufacturer's domestic gross receipts. For income years commencing on or after January 1, 2012, the amount is the lesser of \$100,000 or such manufacturer's domestic gross receipts;
- Establishes the Job Expansion Tax Credit Program (JET). The program creates a credit equal to \$500 per month for each new employee hired and \$900 per month for each qualifying employee or veteran hired. Qualified employee means a new employee who at the time of hire was either receiving unemployment or had exhausted unemployment benefits or was

receiving vocational rehabilitation services from the Bureau of Rehabilitative Services. The credit can be applied against the corporation business, insurance premiums, utilities companies, and personal income taxes. Effective for income years commencing on or after January 1, 2012. The credit is not allowed for any new jobs created on or after January 1, 2014;

- Makes the existing \$20M cap for the vocational rehabilitation, new job creation, and qualified small business credits applicable to the new JET credit. This section also prohibits the new jobs credit under §12-217ii from being taken more than five years from the date DECD issues an eligibility certificate and specifies that DECD cannot issue any eligibility certificates after January 1, 2012;
- Specifies that the vocational rehabilitation credit under §12-217oo can only be claimed for income years commencing on or after January 1, 2010 and prior to January 1, 2012;
- Expands the Governor's First Five program to a First Five Plus Program to allow DECD to provide financial assistance to ten companies, instead of five, for FYE ending June of 2012. The program continues to provide for five companies in FYE 2013. Also, enables the commissioner

of DECD to give preference to an out-of-state or international manufacturer or corporate headquarters that is relocating to CT;

- Expands the airport development zone legislation from the 2010 session that established the Bradley Airport zone to include any of the state's general aviation airports as a zone;
- Expands the definition of *qualified production* for purposes of the Film Tax credit to include a "relocated television production." Also, sets forth additional criteria such as creating 200 new jobs in the state and investing at least \$25M in the facility where such program is to be created. The credit granted for a relocated television production is limited to ten successive years;
- Adds the film production and film infrastructure credits under Conn. Gen. Stat. §§12-217jj & 12-217kk, respectively, to the definition of "Type One" credit in §12-211a so that they can be used to offset 55% of premiums tax liability instead of 30%; and
- Eliminates the carry-forward language and instead allows the credit to be taken in the income year in which the expenditures were made or the three immediately succeeding years.

INCOME TAX

Public Act 11-6

- Increases the personal income tax rates and adjusts the credit tables and phases out the 3% rate for certain filers. Effective for taxable years commencing on or after January 1, 2011;
- Establishes an Earned Income Tax Credit (EITC) equal to 30% of the federal EITC claimed and allowed for the same year. The credit is refundable. Effective for tax years commencing on or after January 1, 2011; and
- Reduces the income tax credit for property taxes paid from a maximum of \$500 to a maximum of \$300. Changes the phase out of the credit from 10% to 15% for every \$10,000 of income. Effective for taxable years commencing on or after January 1, 2011.

Public Act 11-86

Increases the combined cap of the Job Creation, Qualified Small Business Job Creation, and Vocational Rehabilitation Job Creation credits from \$11M to \$20M.

Public Act 11-140

Establishes the “Learn Here Live Here Program” which allows the DECD commissioner, in consultation with DRS

and Higher Education, to create an incentive program for certain graduates to stay in CT after graduation and to buy a home here. The program requires DRS to segregate income tax payments of eligible graduates for up to ten years after graduation. Effective for tax years commencing on or after January 1, 2014.

Public Act 11-61

- Provides for any person purchasing a business to be liable for the seller’s withholding tax liability unless the purchaser requests a tax clearance from DRS; and
- Extends by three years the time for DRS to make a deficiency assessment against an employer that fails to include in reportable taxable wages any amount in excess of 25% of wages actually reported. The time for deficiency assessment is also extended by three years for pass-through entities that fail to report properly includable CT-sourced AGI of any non-state resident member.

Public Act 11-1 (October Special Session)

- Establishes the Job Expansion Tax Credit Program (JET). The program creates a credit equal to \$500 per month for each new employee hired and \$900 per month for each qualifying employee or veteran hired.

Qualified employee means a new employee who at the time of hire was either receiving unemployment or had exhausted unemployment benefits or was receiving vocational rehabilitation services from the Bureau of Rehabilitative Services. The credit can be applied against the corporation business, insurance premiums, utilities companies, and personal income taxes. Effective for income years commencing on or after January 1, 2012. Not allowed for any new jobs created on or after January 1, 2014;

- Makes the existing \$20M cap for the vocational rehabilitation, new job creation, and qualified small business credits applicable to the new JET credit.;
- Specifies that the vocational rehabilitation credit under §12-217oo can only be claimed for income years commencing on or after January 1, 2010 and prior to January 1, 2012. Modifies the \$20M cap language; and
- Lowers the cash investment requirement from \$100,000 to \$25,000 for purposes of the Angel Investor credit.

INSURANCE PREMIUMS TAX

Public Act 11-6

- Reduces the cap on credits allowed against insurance premium from 70% to 30% for calendar years commencing on or after January 1, 2011 and prior to January 1, 2013.
- Exempts the Insurance Reinvestment Fund credit from the 30% cap limitation; and
- Allows the credit cap for insurance premiums taxes to be exceeded by allowing insurance companies who add additional jobs to offset tax liabilities by calculating their average monthly gain in employees and multiplying this figure by \$6,000.

Public Act 11-61

Makes clarifying and substantive changes to the insurance premium tax credit limits. It establishes three types of credits and allows insurers who claim the digital animation credit to apply it against 55% of their tax liability.

Public Act 11-140

Amends the Insurance Reinvestment Fund (IRF) credit to allow for transfers of the IRF credit to an affiliate of such taxpayer.

Public Act 11-1 (October Special Session)

This bill expands and amends the captive insurance statutes as follows:

- Creates new subgroups of captive insurers that can domicile in Connecticut;
- Imposes a tax on captive reinsurance payable to DRS;
- Requires 11% of all captive insurance premium taxes to be transferred to an account established under this act and administered by the Department of Insurance;
- Allows comptroller to transfer no more than 2% of captive insurance premium taxes to DECD to promote the captive insurance industry in Connecticut;
- Establishes a \$7,500 nonrefundable tax credit for a captive insurer's first taxable year to be applied against the captive insurance premiums tax. Effective for calendar years commencing on or after January 1, 2012;
- Establishes the Job Expansion Tax Credit Program (JET). The program creates a credit equal to \$500 per month for each new employee hired and \$900 per month for each qualifying employee or veteran hired. Qualified employee means a new employee who at the time of hire was either receiving unemployment or had exhausted unemployment benefits or was

receiving vocational rehabilitation services from the Bureau of Rehabilitative Services. The credit can be applied against the corporation business, insurance premiums, utilities companies, and personal income taxes. Effective for income years commencing on or after January 1, 2012. Not allowed for any new jobs created on or after January 1, 2014;

- Makes the existing \$20M cap for the vocational rehabilitation, new job creation, and qualified small business credits applicable to the new JET credit. Also prohibits the new jobs credit under §12-217ii from being taken more than five years from the date DECD issues an eligibility certificate and specifies that DECD cannot issue any eligibility certificates after January 1, 2012;
- Specifies that the vocational rehabilitation credit under §12-217oo can only be claimed for income years commencing on or after January 1, 2010 and prior to January 1, 2012; and

MISCELLANEOUS TAXES

Public Act 11-6

Establishes an electric generation tax that is imposed on any entity that provides electric generation services and uploads electricity generated at a Connecticut facility to the regional bulk

power grid. The rate is equal to \$0.0025 multiplied by the net kilowatt hours of electricity that is generated and uploaded. Effective for calendar quarters commencing on or after July 1, 2011. The tax is scheduled to sunset as of July 1, 2013.

Public Act 11-13

Requires the Lottery Commission to verify whether a lottery winner has delinquent taxes using a list provided by DRS and offset the lottery winnings if tax is due.

Public Act 11-145

Allows taxpayers to file by paper instead of electronic means if they request a waiver in writing to the commissioner within 30 days of the due date and the commissioner determines the requirement would cause an undue hardship to the taxpayer. The waiver is effective for 12 months from the date it is signed.

Public Act 11-61

- Establishes a \$2,500 penalty for a first time offense, \$10,000 for second offense, and 10% of liability for third and subsequent offenses when taxpayers fail to comply with the requirement to file electronically; and
- Allows electronic payments to be initiated on or before the due date. Currently the Department bank account must be credited an

or before the due date which requires the taxpayer to initiate the payment prior to the due date.

MOTOR VEHICLE FUELS TAX

Public Act 11-6

Increases the diesel fuel tax rate from 26¢ to 29¢ per gallon. Effective for sales occurring on or after July 1, 2011.

Public Act 11-61

Establishes a violation for persons who operate a motor vehicle, other than passenger motor vehicles, within CT using dyed diesel fuel.

SALES AND USE TAXES

Public Act 11-6

The following sales tax changes are effective for sales occurring on or after July 1, 2011.

- General sales and use tax rate increased from 6% to 6.35%;
- Room occupancy tax rate increased from 12% to 15%;
- Services rendered in the voluntary evaluation, prevention, treatment, containment or removal of hazardous waste to industrial, commercial or income-producing property is now taxable;
- Valet parking at airports is now taxable;

- Yoga instruction at yoga studios is now taxable;
- New taxable services: motor vehicle storage; packing and crating; motor vehicle towing and road services; certain intrastate livery services; pet grooming and boarding; cosmetic medical procedures; and manicure, pedicure and spa services;
- Establishes a higher sales tax rate (7%) on certain items including: motor vehicles with a sales price in excess of \$50,000; vessels with a sales price in excess of \$100,000; jewelry in excess of \$5,000 and articles of clothing or footwear in excess of \$1,000;
- Increases rate on motor vehicle leasing and rentals from 6% to 9.35%;
- Extends CT nexus to retailers that sell more than \$2,000 worth of taxable items or services in CT through certain agreements with CT residents. The agreements must provide that, in return for the resident referring potential customers to the retailer, the resident will receive a commission or other compensation from the retailer;
- Repeals exemptions for: clothing or footwear under \$50; nonprescription drugs; fabric or cloth for noncommercial sewing; yarn; and smoking cessation products; and
- Establishes a Regional Performance Incentive Account (RPIA) Account

and requires DRS to deposit a portion of the car rental and room occupancy taxes received by the state into the account . Account funds to be expended by the Office of Policy and Management;

- Establishes a Municipal Revenue Sharing Account (MRSA) and requires DRS to deposit a portion of the general sales tax, sales tax on luxury goods, and real estate conveyance tax into the account. Account funds to be expended by the Office of Policy and Management.

Public Act 11-61

- Exempts intrastate transportation services relating to: Medicaid nonemergency medical transportation; paratransit services provided under an agreement with the state or any political subdivision; and dial-a-ride services; and
- Extends a sales & use tax exemption for drivers with disabilities to specialized equipment already installed in a motor vehicle at the time of sale or resale.

TOBACCO PRODUCTS TAX

Public Act 11-6

Increases the tobacco products tax from 27.5% of the wholesale sales price to 50% and snuff tobacco from 55¢ to \$1 per ounce. Effective for sales occurring on or after July 1, 2011.

Public Act 11-61

Modifies the tobacco products tax to specify that the tax on cigars shall not exceed 50¢ per cigar.

UNIFIED GIFT & ESTATE TAX

Public Act 11-6

- Lowers the estate tax threshold from \$3.5M to \$2M. Applicable to estates of decedents dying on or after January 1, 2011;
- Lowers the threshold for the Gift Tax from \$3.5M to \$2M. Effective for gifts made on or January 1, 2011;

CONNECTICUT TAXES

The Department collected nearly \$13.7 billion in state taxes for fiscal year 2010-11.

Personal Income Tax, Sales and Use Tax and Corporation Tax comprised 83% of all collections.

State Revenue Sources

Tax Type & Citation	Fiscal Year Ending		
	June 30, 2009	June 30, 2010	June 30, 2011
Admissions & Dues Tax <i>Ch. 225</i>	\$36,032,559	\$35,100,766	\$33,702,049
Alcoholic Beverages Tax <i>Ch. 220</i>	47,064,448	48,196,509	48,922,769
Bottle Deposit <i>Ch. 446d</i>	0	0	31,458,682
Business Entity Tax <i>Ch. 213a</i>	47,028,872	40,520,151	39,972,174
Cigarette Tax <i>Ch. 214</i>	312,628,428	380,512,620	397,067,659
Cable, Satellite & Video Companies. <i>Ch. 211</i>	55,180,466	55,752,434	58,236,814
Connecticut Estate Tax <i>Ch. 217</i>	-573,411	816,233	328,910
Controlled Substances <i>Ch. 228d</i>	34,538	22,321	33,610
Controlling Interest Transfer <i>Ch. 228b</i>	8,654,001	2,691,067	3,709,603
Corporation Business Tax <i>Ch. 208 & 209</i>	565,925,529	624,815,570	752,261,374
Dry Cleaners Surcharge <i>Ch. 211b</i>	764,935	672,524	682,911
Electric and Power Companies <i>Ch. 212</i>	153,897,278	163,051,140	160,649,629
Gas and Electric Companies <i>Ch. 212</i>	63,620,790	55,413,321	55,943,739
Gift and Estate Tax <i>Ch. 217 & 228c</i>	238,328,026	177,600,970	237,573,241
Gift Tax <i>Ch. 228c</i>	2,282,744	822,698	758,267
Health Care Centers <i>Ch. 207</i>	19,389,876	23,863,638	22,736,051
Income Tax <i>Ch. 229</i>	6,386,095,766	6,585,854,470	7,246,418,948
Insurance Companies, Domestic <i>Ch. 207</i>	34,372,178	33,017,215	40,905,240
Insurance Companies, Foreign <i>Ch. 207</i>	130,378,757	152,140,265	139,879,273
Motor Carrier Road Tax <i>Ch. 222</i>	18,355,598	19,769,648	14,070,884
Motor Vehicle Fuels Tax <i>Ch. 221</i>	476,950,921	484,156,213	469,723,945
Nursing Home User Fee <i>Ch. 319x</i>	125,304,846	122,394,630	121,662,798
Occupational Tax <i>Ch. 876</i>	6,327,908	8,873,512	8,692,107
Public, Educational & Governmental Programming Tax <i>Ch. 289</i>	5,534,080	5,473,904	3,155,075
Petroleum Products Tax <i>Ch. 227</i>	267,813,157	264,917,723	334,462,843
Railroad Companies <i>Ch. 210</i>	11,448	84,866	51,775
Real Estate Conveyance Tax <i>Ch. 223</i>	82,148,185	97,576,032	91,112,443
Rental Surcharge <i>Ch. 228h</i>	167,866	77,679	151,287
Sales and Use Taxes <i>Ch. 219</i>	3,319,642,835	3,205,427,713	3,354,088,802
Solid Waste <i>Ch. 446d</i>	3,371,682	3,550,344	3,323,663
Succession Tax <i>Ch. 216</i>	3,723,224	1,611,893	532,644
Tobacco Products <i>Ch. 214a</i>	5,399,964	7,282,491	7,391,212
Tourism Tax <i>Ch. 228e</i>	4,688,286	4,414,841	4,793,788
Unauthorized Insurers <i>Ch. 698d</i>	6,336,417	6,204,053	5,666,578
Unrelated Business Income Tax <i>Ch. 208a</i>	2,664,590	1,606,904	1,905,559
Total	\$12,429,546,786	\$12,614,286,358	\$13,692,026,346

ADMISSIONS AND DUES TAX

Revenue	
FY 2008-09	\$ 36,032,559
2009-10	35,100,766
2010-11	33,702,049

Exemptions:

Admissions

- under \$1
- Non-profit organization
- Motion pictures at not more than \$5.00
- Live performances at non-profit theaters or playhouses, Gateway Candlewood Playhouse, and Ocean Beach Park
- Sporting or athletic activities in which patrons participate
- Carnival or amusement ride
- Cabarets
- Interscholastic athletic events held at Rentschler Field
- On or before December 31, 2011, games of the New Britain Rock Cats;
- On or before December 31, 2011 to any event at:
 - Arena at Harbor Yard
 - Bridgeport Harbor Yard Stadium
 - Connecticut Convention Center
 - Connecticut Exposition Center
 - Dodd Stadium
 - Hartford Civic Center
 - Lime Rock Park
 - Nature's Art
 - New Britain Beehive Stadium
 - New Britain Stadium
 - New Britain Veterans Memorial Stadium
 - Stafford Motor Speedway
 - Tennis Foundation of Connecticut or any successor organization
 - Thompson Speedway
 - Waterford Speedbowl
 - William A. O'Neill Convocation Center.

Dues:

- Under \$100;
- Lawn Bowling Clubs
- Locker Rental Fees
- Additional charges used to acquire open space land
- Charitable, religious, governmental or non-profit educational institution
- Society, order or association operating under the lodge system or local fraternal organizations among students of a college or university

ADMISSIONS AND DUES TAX (cont.)

Number of Taxpayers / Filing Frequency

Admissions	319 taxpayers / Monthly
Dues	303 taxpayers / Monthly

Basis and Rate

Admissions	6% of the admissions charge to motion picture shows.
	10% of the admission charge to any other place of amusement, entertainment, or recreation.
Dues	10% of membership dues or initiation fees to any social, athletic or sporting club organization.

Comparative Data

	Tax Due		
	FY 2008-09	FY 2009-10	FY 2010-11
Motion Picture Admissions	\$6,103,672	\$5,194,677	\$4,318,415
Other Admissions	6,133,943	6,826,378	5,625,480
Dues	23,794,944	23,079,711	23,758,154
Total	\$36,032,559	\$35,100,766	\$33,702,049

ALCOHOLIC BEVERAGES TAX

A tax is imposed on all distributors of alcoholic beverages on the sale of alcoholic beverages within Connecticut. Distributors must report the total number of gallons of each alcoholic beverage sold during the month, the opening and closing inventories and the amount of tax due. Sales of alcoholic beverages are also subject to the Sales and Use Tax.

Revenue	
FY 2008-09	\$47,064,448
2009-10	48,196,509
2010-11	48,922,769

Exemption

Sales of malt beverages which are consumed on the premises of an establishment covered by a manufacturer's permit.

Number of Taxpayers/Filing Frequency

375 distributors/ Monthly

Basis and Rate

	Effective Until June 30, 2011	Effective July 1, 2011
Beer	\$6.00 per barrel (31 gallons)	\$7.20 per barrel (31 gallons)
Beer	20¢ per gallon	24¢ per gallon
Still Wines	60¢ per gallon	72¢ per gallon
Small Wineries	15¢ per gallon	18¢ per gallon
Sparkling Wines	\$1.50 per gallon	\$1.80 per gallon
Alcohol	\$4.50 per proof gallon	\$5.40 per proof gallon
Distilled Liquor	\$4.50 per gallon	\$5.40 per gallon
Liquor Coolers	\$2.05 per gallon	\$2.46 per gallon

Comparison of Gallonage

TYPE	FY 2008-09 (gallons)	FY 2009-10 (gallons)	FY 2010-11 (gallons)
Beer - barrels	190,343	193,587	195,681
Beer - gallons	53,472,028	55,255,523	51,541,184
Still Wine	12,524,187	12,909,886	13,157,043
Small Wineries	191,330	318,995	440,358
Sparkling Wine	420,831	452,693	466,315
Distilled Liquor	6,005,219	6,172,439	6,293,535
Liquor Cooler	19,905	17,567	17,854
Alcohol	51,209	54,199	56,799

BEVERAGE CONTAINER DEPOSITS

Connecticut requires all deposit initiators, certain distributors or manufacturers who engage in the sale of beverages subject to the Connecticut bottle bill, to collect the five cent deposit per beverage container sold to any person within Connecticut. These deposit initiators must open a separate bank account in which to deposit the monies collected. Each deposit initiator files a quarterly report and remits the unclaimed deposits amount to the state. The unclaimed amount is the amount left in the account after refunds paid to customers and bank fees have been deducted. Effective for quarters commencing July 1, 2010, all reports and payments are made to the Department of Revenue Services.

Revenue	
FY 2010-11	\$31,458,682

Exemptions

- Any manufacturer which, on an annual basis, bottles and sells less than 250,000 noncarbonated beverage containers

Number of Taxpayers/Filing Frequency

66 Entities/Quarterly

BUSINESS ENTITY TAX

The following business entities are subject to an annual Business Entity Tax if they were formed under Connecticut law or are foreign entities that are transacting business in Connecticut and required to register with or obtain a certificate of authority from the Connecticut Secretary of the State:

- S corporations (Qualified subchapter S subsidiaries (QSSS) are not liable);
- Limited liability companies (LLCs or SMLLCs) that are, for federal income tax purposes, either:
 - Treated as a partnership, if it has two or more members; **or**
 - Disregarded as an entity separate from its owner, if it has a single member;
- Limited liability partnerships (LLPs); and
- Limited partnerships (LPs).

Revenue	
FY 2008-09	\$47,028,872
2009-10	40,520,151
2010-11	39,972,174

Exemptions

- LLCs and SMLLCs that have elected to be taxed as a corporation for federal tax purposes; and
- Any domestic LP that is not formed under Chapter 610 of the Connecticut General Statutes.

Number of Taxpayers/Filing Frequency

140,230 Entities/ Annually*

* Effective for taxable years commencing on or after January 1, 2013, this tax becomes payable every other year.

Basis and Rate

\$250 per taxable year.

CIGARETTE TAX

An excise tax is imposed on all cigarettes sold in Connecticut. Payment is indicated by affixing stamps or heat applied decals to each pack of cigarettes. The stamps are sold to licensed dealers and licensed distributors. Sales of cigarettes are also subject to the Sales and Use Tax.

Revenue	
FY 2008-09	\$312,628,428
2009-10	380,512,620
2010-11	397,067,659

Exemption

- Cigarettes sold to any state institution other than a correctional institution.

Number of Taxpayers/ Filing Frequency

41 taxpayers/ Monthly

Basis and Rate

The cigarette tax was 150 mills per cigarette or \$3.00 per pack of twenty until June 30, 2011. Effective July 1, 2011, the cigarette tax increased from 150 mills per cigarette to 170 mills per cigarette or from \$3.00 per pack of twenty to \$3.40 per pack of twenty.

CONTROLLED SUBSTANCES TAX

A tax is levied on marijuana and controlled substances which creates an economic burden on drug dealers. Payment of the tax is indicated by the affixing of stamps to the marijuana or controlled substance. The tax is due and payable immediately upon acquisition or possession of the drug in Connecticut by a dealer.

Revenue	
FY 2008-09	\$34,538
2009-10	22,321
2010-11	33,610

Basis and Rate

\$3.50 per gram of marijuana;
\$200 per gram of controlled substance; and
\$2,000 per 50-dosage unit of controlled substance not sold by weight.

CONTROLLING INTEREST TRANSFER TAX

A tax is imposed on the transfer of a controlling interest in a corporation, partnership, association, trust or other entity, where an entity owns an interest, directly or indirectly, in Connecticut real property with a value of at least \$2,000. In a corporation, "controlling interest" means more than 50% of the combined voting power of all classes of stock in the corporation. For all other entities, "controlling interest" is an amount greater than 50% of the capital, profits or beneficial interest in that entity.

Revenue	
FY 2008-09	\$8,654,001
2009-10	2,691,067
2010-11	3,709,603

Exemptions

- Sales or transfers that effectuate a mere change of identity or form of ownership or organization where there is no change in the beneficial ownership of the entity;
- Sale or transfer of a controlling interest in any entity which possesses an interest in real property located in an enterprise zone;
- Transfers of land resulting from eminent domain proceedings;
- Deeds releasing any property which is a security for a debt or other obligation;
- Mortgage deeds;
- Deeds to or by the United States of America, State of Connecticut or any political subdivision or agency thereof;
- Tax deeds; and
- Deeds to any corporation, trust or other entity, of land to be held in perpetuity for educational, scientific, aesthetic or other equivalent passive uses (pending determination by the Internal Revenue Service).

Filing Frequency / Number of Taxpayers

The month following the month in which the transfer was made.
43 transfers in FY 2010-11

Basis and Rate

1.11% on the sale or transfer of a controlling interest. Also, an additional tax not to exceed 10% on the value of open space land, farmland, forestland, and maritime heritage land depending on the holding period, may be levied.

CORPORATION BUSINESS TAX

A corporation carrying on or doing business in Connecticut is subject to the Corporation Business Tax. Most corporations in Connecticut must file returns and pay corporation business tax although some corporations are exempt.

Corporations must calculate their tax under two alternate methods and remit the higher tax. If a corporation owes less than \$250 under both methods, it pays the minimum tax of \$250.

Revenue	
FY 2008-09	\$565,925,529
2009-10	624,815,570
2010-11	752,261,374

Basis and Rate

Net Income Base Method

The method under which most Corporation Business Tax revenue is derived is the Net Income Base. Corporations compute their Connecticut Net Income by applying the adjustments allowed or required by Connecticut law to the federal taxable income of the corporation. Additions to the base include interest income wholly exempt from federal tax, deductions taken for qualified domestic production activities under I.R.C. §199, and unallowable deductions for corporation or franchise taxes paid to other states. Deductions from the federal base include 70% of the dividends received from domestic corporations in which ownership is less than 20% and capital loss carryover, if not deducted in computing federal capital gain.

Connecticut uses an apportionment method to determine the portion of income taxable in the state. This method isolates what percentage of a corporation's economic activity takes place in Connecticut. Three factors: sales, payroll and property compare Connecticut to the nation to arrive at this percentage. The sales factor is double weighted.

Special single-factor apportionment rules are currently provided for financial service companies, manufacturers and broadcasters.

Connecticut Net Income is taxed at the rate of 7.5%.

CORPORATION BUSINESS TAX (cont.)

Capital Base Method

The second and alternate method corporations must compute their tax under is the Capital Base. The capital base is the total value of the average capital stock, surplus and undivided profits, and surplus reserves, less the average values of deficits and stockholdings in private corporations. Multi-state corporations multiply their capital base by an apportionment fraction.

The capital base is taxed at a rate of 3.1 mils (\$0.0031) per dollar. Under the capital base method, a corporation is limited to a maximum tax of \$1,000,000. Financial service companies are excluded from the capital base method, but are subject to the minimum tax.

Minimum Tax

If a corporation's calculation of the tax is less than \$250 under both of the two previous methods, it pays a minimum tax, which is currently \$250. The majority of corporations pay the minimum tax.

Surtax

For income years beginning between 2009 and 2011, corporations, except those paying the minimum tax of \$250, must pay a surtax in an amount equal to 10% of the tax due before credits are applied. The surtax amount increases to 20% for the 2012 and 2013 income years. Companies whose gross income is less than \$100 million are exempt from the surtax unless they file as part of a combined or unitary return.

Unitary Returns

Unitary tax returns measure the entire net income of all of the corporations included in the unitary group as if they were one corporation. Corporations that are subject to the add back of interest expenses paid to related members may elect to calculate their tax on a unitary basis provided there are substantial inter-corporate business transactions among the included corporations. Taxpayers may otherwise petition DRS for approval. The combined entire net income of the unitary group is apportioned to Connecticut as if it was one corporation.

CORPORATION BUSINESS TAX (cont.)

Combined Returns

If a corporation is permitted to file a federal consolidated return, it may file a combined return in Connecticut. Filing a combined return allows a group of corporations engaged in business in Connecticut to file jointly. Their combined Connecticut tax liability is determined after each corporation individually apportions its income to Connecticut.

Preference Tax

A preference tax is imposed on corporations filing a combined return. These corporations are not entitled to the first \$500,000 of tax savings over what they would pay if they filed separately. Combined filers must determine the total tax due as if they were filing separately. The difference, up to \$500,000, between this amount and the total combined tax is the preference tax and must be added to the total combined tax.

The total amount due for income year 2009 combined filers had they filed separate single returns would have been \$361.2M. The preference tax due by these filers was \$32.6M. The total tax due by combined filers was \$199.6M, including the \$32.6M in preference tax.

Exemptions

- Cooperative housing corporations;
- Homeowners associations;
- Domestic international sales corporations;
- Insurance companies;
- Certain political organizations or associations exempt from federal income taxes under §527 of the Internal Revenue Code;
- Railroad companies subject to the gross earnings tax;
- Companies whose corporate headquarters are located in the insurance and financial services export zone in the City of Hartford and are conducting all of their business outside the United States;
- Connecticut passive investment companies formed by financial service companies to hold and manage loans secured by real property;
- Non-United States corporations whose sole activity conducted in Connecticut is the trading of stocks, commodities and securities; and
- Subchapter S corporations.

CORPORATION BUSINESS TAX (cont.)

Filing Frequency

Annually with four estimated installments.

Number of Taxpayers

2009 Corporation Business Tax Returns

	Number of Taxpayers	Tax Due Before Credits	Tax Due After Credits
Single Filers			
Net Income	7,274	\$220,417,168	\$199,641,095
Capital Base	5,012	38,546,638	30,104,933
Minimum Tax	24,383	6,098,942	6,096,502
Exempt	3,546	0	0
Combined Filers			
Net Income	276	141,446,822	76,963,282
Capital Base	282	45,763,668	29,109,431
Minimum Tax	405	12,357,061	8,150,468
Unitary Filers			
Net Income	65	45,309,155	32,681,495
Capital Base	42	5,783,266	4,085,051
Minimum Tax	51	316,375	314,525
Total	41,336	\$516,039,095	\$387,146,782

CORPORATION BUSINESS TAX (cont.)

2009 Corporation Business Tax Returns

Industry Sector	Number of Returns	Tax Due Before Credits	Tax Due After Credits
11 Agriculture, Forestry, Fishing and Hunting	147	\$ 698,404	\$ 629,805
21 Mining	59	1,649,400	1,582,267
22 Utilities	111	28,558,173	11,886,135
23 Construction	3,447	7,421,828	7,167,239
31-33 Manufacturing	4,019	104,559,699	69,456,861
42 Wholesale Trade	2,663	30,064,091	26,494,121
44-45 Retail Trade	3,596	50,805,497	41,398,512
48-49 Transporting and Warehousing	826	6,404,370	5,520,420
51 Information	939	63,894,422	36,176,867
52 Finance and Insurance	2,846	45,895,663	41,014,628
53 Real Estate and Rental and Leasing	3,879	9,563,634	8,739,654
54 Professional, Scientific and Tech Services	6,042	38,131,543	32,183,404
55 Management of Companies and Enterprises	810	42,360,345	33,759,947
56 Administrative and Support Services	1,395	8,463,705	6,581,804
61-62 Education, Health Care and Social Assistance	1,965	12,273,933	9,795,865
71 Arts, Entertainment, and Recreation	484	1,830,719	974,142
72 Accommodation and Food Services	990	3,241,895	2,934,167
81-92 Other Services	3,619	6,219,124	5,855,479
99 Not Yet Assigned	3,499	54,002,651	44,995,467
Total	41,336	\$516,039,095	\$387,146,782

CORPORATION BUSINESS TAX CREDITS

The State of Connecticut offers many Corporation Business Tax credits which a corporation may take advantage of to reduce its liability to the state. The amount of tax credits allowable generally cannot exceed 70% of the amount of tax due or reduce the amount of tax to less than \$250. An exception to the 70% limitation is allowed for income years beginning in 2011 and 2012 to those taxpayers with an average monthly net employment gain.

Apprenticeship Training

Reference: Conn. Gen. Stat. §12-217g

A corporation that hires apprentices in the manufacturing or plastics trades may apply for a credit of up to \$4,800 per apprenticeship. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$4. The credit may not exceed 50% of the actual wages paid or \$4,800, whichever is less.

Corporations that hire apprentices in the construction trades may apply for a credit of up to \$4,000 per apprenticeship completed. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$2. The credit may not exceed \$4,000 or 50% of the actual wages paid over the first four years of the apprenticeship, whichever is less.

Clean Alternative Fuels

Reference: Conn. Gen. Stat. §12-217i

The Clean Alternative Fuels credit enabled a business to claim a credit for its expenditures on vehicles, equipment and filling stations that enable use of clean alternative fuel. This credit is not available for income years commencing on or after January 1, 2008. Unused credit may be carried forward for three years.

Computer Donation

Reference: Conn. Gen. Stat. §10-228b

A corporation business tax credit is available for the donation of new or used computers to a local or regional board of education or a public or non-public school. The amount of the credit shall not exceed 50% of the fair market value at the time of donation.

The amount of credit granted to any business firm cannot exceed \$75,000 annually. The credit is no longer available for income years beginning on or after January 1, 2014.

CORPORATION BUSINESS TAX CREDITS (cont.)

Digital Animation Production

Reference: Conn. Gen. Stat. §12-217ll

A credit is available for digital animation production activity in the state. Any state-certified digital animation production company incurring production expenses or costs from \$100,000 up to \$500,000 will be eligible for a credit equal to 10% of the production expenses or costs. This credit percentage increases to 15% for costs more than \$500,000 up to \$1 million and a 30% credit for costs over \$1 million.

This tax credit is administered by the Department of Economic and Community Development (DECD). Credits may be claimed in the year the costs were incurred or the three succeeding years after the year the cost were incurred.

Displaced Workers

Reference: Conn. Gen. Stat. §12-217hh

A corporation business tax credit is available for employers that hire workers displaced because of a business restructuring in which at least ten employees were terminated. The available credit is \$1,500 for each displaced worker who completes twelve months of full-time employment and whose salary is at least 75% of their previous annual wages.

Displaced Workers Hired By Electric Suppliers

Reference: Conn. Gen. Stat. §12-217bb

Electric suppliers that hire workers displaced by the restructuring of the electric industry may claim a credit of \$1,500 for each displaced worker employed at least 6 months.

Donation of Land

Reference: Conn. Gen. Stat. §§ 12-217dd and 12-217ff

These credits are available in an amount equal to 50% of the use value of the donation of land to be permanently preserved as protected open space or for educational use. Donations of land must be made to the state, a political subdivision of the state, or a nonprofit land conservation organization and may include any discount in the sales price.

Unused credit for donations of protected open space land may be carried forward for up to 25 years. Unused credit for donations of land for educational use may be carried forward for 15 succeeding income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Electronic Data Processing Equipment

Reference: Conn. Gen. Stat. §12-217t

The Electronic Data Processing Equipment Property Tax credit provides a 100% credit for property tax owed and paid on electronic data processing equipment. Unused credits may be carried forward for five succeeding income years.

Enterprise Zone Credit for Qualifying Corporations

Reference: Conn. Gen. Stat. §12-217v

A credit is allowed to any qualifying corporation which hires at least 150 local employees qualifying under the Job Training Partnership Act to work within a designated Enterprise Zone. This credit is 100% of the corporation's tax liability for its first three years and 50% of its liability for the next seven.

Film Production

Reference: Conn. Gen. Stat. §12-217jj as amended by as amended by 2011 Conn. Pub. Acts 6, §77; and 2011 Conn. Pub. Acts 1 (Oct. Spec. Sess.), § 53

Any eligible film production company incurring qualified production expenses or costs from \$100,000 up to \$500,000 is eligible for a credit equal to 10% of the production expenses or costs. This credit percentage increases to 15% for costs more than \$500,000 up to \$1 million and a 30% credit for costs over \$1 million. This tax credit is administered by the Department of Economic and Community Development (DECD).

Credits may be claimed in the year the costs were incurred or the three succeeding years after the year the costs were incurred. These may be sold, assigned or transferred in whole or part no more than 3 times.

Film Production Infrastructure

Reference: Conn. Gen. Stat. §12-217kk as amended by 2011 Conn. Pub. Acts 1 (Oct. Spec. Sess.), § 55

A tax credit is available to any taxpayer that invests in a capital project to provide basic buildings, facilities, or installations needed for the functioning of the digital media and motion picture industry in this state, provided that the project has been approved by DECD.

For income years beginning prior to January 1, 2010, credit percentages range from 10% for projects costing less than \$150,000 to 20% for projects costing more than \$1 million. For income years beginning on or after January 1, 2010, a 20% credit is allowed for costs \$3 million and over. Credits may be claimed in the year the costs were incurred or the next three succeeding income years. These may be sold, assigned or transferred in whole or part no more than 3 times.

CORPORATION BUSINESS TAX CREDITS (cont.)

Financial Institutions

Reference: Conn. Gen. Stat. §12-217u

This credit is available to financial institutions that construct a new facility of at least 900,000 square feet and create a minimum of 1,200 new jobs. Each company must obtain an eligibility certificate from DECD and may claim this credit for up to fifteen years. Credit levels of 30%, 40% or 50% for years one through ten and 25% for years eleven through fifteen are based on the number of qualified employees. This credit is repealed for income years beginning on or after January 1, 2014.

Fixed Capital Investments

Reference: Conn. Gen. Stat. §12-217w

This credit is based on 5% of the amounts paid or incurred for any new tangible personal property that has a class life of more than four years, is not sold or leased within 12 months, and will be held and used in Connecticut for at least five years. Inventory, land, buildings and mobile transportation equipment are not included. Unused credits may be carried forward for five succeeding income years.

Green Buildings

Reference: Conn. Gen. Stat. §12-217mm

For income years beginning on or after January 1, 2012 a credit is available for eligible construction, renovation, or rehabilitation projects that are designed to meet the applicable requirements for LEED Green Building Rating System gold or platinum certification or another equivalent certification determined by DEEP.

Credits percentages range between 5% and 11% and depend on the location and certification level of the project. Unused credits may be carried forward for five succeeding income years.

Hiring Incentive

Reference: Conn. Gen. Stat. §12-217y

This credit is for companies that hire recipients of the Temporary Family Assistance (TFA) program. Employees must have been receiving TFA benefits for at least 9 months and worked at least 30 hours per week to qualify. A corporation may claim a credit of \$125 for each full month that the worker is employed. Unused credits may be carried forward for five succeeding income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Historic Homes Rehabilitation

Reference: Conn. Gen. Stat. §10-416 as amended by 2011 Conn. Pub. Acts 48, §120

The Department of Economic and Community Development (DECD) may allocate up to \$3 million in vouchers for this credit during any fiscal year. Owners of historic homes must incur qualified rehabilitation expenditures that exceed \$25,000 in order to qualify. After the work is performed and verified, a tax credit is allowed for 30% of the qualified rehabilitation expenditures. The credit is limited to \$30,000 per dwelling. Unused credits may be carried forward for four succeeding income years.

Historic Preservation

Reference: Conn. Gen. Stat. §10-416b as amended by 2011 Conn. Pub. Acts 48, §122

This tax credit is available to owners rehabilitating certified historic buildings that will have mixed residential and nonresidential uses. DECD may allocate up to \$50 million in vouchers for this credit during the period beginning July 1, 2008 and ending June 30, 2011. After the rehabilitation work is performed and verified, a tax credit is allowed for 25% of the qualified rehabilitation expenditures. The amount of the available credit increases to 30% of the qualified expenditures if the rehabilitated building contains affordable housing. Unused credits may be carried forward for five succeeding income years.

Historic Structures Rehabilitation

Reference: Conn. Gen. Stat. §10-416a as amended by 2011 Conn. Pub. Acts 48, §121

This tax credit is available to owners rehabilitating certified historic structures for residential use. DECD may allocate up to \$15 million in vouchers for this credit during any fiscal year. After the rehabilitation work is performed and verified, a tax credit is allowed for 25% of the qualified rehabilitation expenditures not to exceed \$2.7 million. Unused credits may be carried forward for five succeeding income years.

Housing Program Contribution

Reference: Conn. Gen. Stat. §8-395

This tax credit program enables corporations to contribute to housing programs that benefit low and moderate income individuals and families. These programs are sponsored, developed or managed by nonprofit corporations and must be approved by the Connecticut Housing Finance Authority. The credit is the amount of the contribution, not to exceed \$75,000 per business. Unused credits may be carried back to the five preceding income years and forward for five succeeding income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Human Capital Investments

Reference: Conn. Gen. Stat. §12-217x

The Human Capital Investments credit is based on 5% of the amounts paid or incurred for various job training and work education programs, child care subsidies to Connecticut employees, day care facility establishment costs and donations to institutions of higher education for improvements to technology. Unused credits may be carried forward for five succeeding income years.

Insurance Reinvestment Fund

Reference: Conn. Gen. Stat. §38a-88a

A credit may be applied against the corporation business tax for investments made through a fund manager registered with the Commissioner of Economic and Community Development (DECD). These investments must be specifically earmarked for insurance businesses incorporated in Connecticut that occupy new facilities and create new jobs. The credit is 10% of amounts invested in qualified insurance businesses, beginning 3 years but not later than 7 years from the date of investment. For years 7 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

2010 legislation significantly changed this tax credit. New eligibility certificates for insurance businesses which enable investors to claim a corporation tax credit cannot be issued on or after July 1, 2010. Furthermore, an insurance business that has not received investments of at least \$1 million by July 1, 2011 will have its eligibility certificate revoked by DECD. Any new eligibility certificates issued on or after July 1, 2010 can only qualify investors for tax credits applicable against the insurance premiums tax (Chapter 207); health care centers tax (Chapter 207); and surplus lines brokers tax (Section 38a-743).

Job Expansion

Reference: 2011 Conn. Pub. Acts 1 (Oct. Spec. Sess.), §19

A new tax credit program has been established for taxpayers that hire new employees who reside in Connecticut to fill new jobs after January 1, 2012 and before January 1, 2014. The amount of the tax credit is \$500 per month for a new full-time employee and \$900 per month for an armed forces veteran or an employee who, at the time of hiring by the taxpayer, is receiving unemployment compensation, has exhausted unemployment compensation without an intervening job, or is receiving vocational rehabilitative services for the Bureau of Rehabilitative Services.

CORPORATION BUSINESS TAX CREDITS (cont.)

A business must apply to DECD for this tax credit and cannot claim any other tax credit with respect to the same employees. A taxpayer can claim this tax credit in the income year the credit is earned and the next two income years.

Machinery and Equipment

Reference: Conn. Gen. Stat. §12-217o

This credit is based upon the incremental increase in expenditures for machinery and equipment acquired for and installed in Connecticut. The rate of credit is either 5% or 10% depending on the number of full time employees in Connecticut.

Manufacturing Facility in a Targeted Investment Community/Enterprise Zone

Reference: Conn. Gen. Stat. §12-217e as amended by 2011 Conn. Pub. Acts 1 (Oct. Spec. Sess.), §43

A business may earn a credit of 50% of its allocable tax for operating a manufacturing facility which meets certain employment criteria and is located within a designated enterprise zone or other area designated as having enterprise zone level benefits. A credit of 25% may be applied against the portion of the Corporation Business tax allocable to a manufacturing facility located within a Targeted Investment Community, but not in an Enterprise Zone.

Certification is required from the Department of Economic and Community Development. Corporations may claim this credit for 10 years beginning with the first year following the year of certification.

Neighborhood Assistance Act Program

Reference: Chapter 228a of the Conn. Gen. Stat. as amended by 2011 Conn. Pub. Acts 140, §§27-28

The Connecticut Neighborhood Assistance Act (NAA) tax credit program is designed to provide funding for municipal and non-profit organizations. Businesses are granted a tax credit of 60% of the amount contributed to certain approved programs (or 100% in the case of energy conservation programs) conducted by municipal and non-profit organizations. Unused credits may be carried back to the two preceding income years.

The NAA program has several statutory limits. A business is limited to receiving \$150,000 in tax credit annually. A non-profit organization is limited to receiving \$150,000 in contributions in the aggregate. The minimum contribution on which credit can be granted is \$250. The program has a \$5M cap, which if exceeded, results in proration of approved donations.

CORPORATION BUSINESS TAX CREDITS (cont.)

New Jobs Creation

Reference: Conn. Gen. Stat. §12-217ii as amended by 2011 Conn. Pub. Acts 6 §130; 2011 Conn. Pub. Acts 86, §3; and 2011 Conn. Pub. Acts 1 (Oct. Spec. Sess.), §20

This tax credit is available to businesses that create at least 10 new jobs. To qualify, the taxpayer must submit an application with the Department of Economic and Community Development. The credit allowed is an amount up to 60% of the Connecticut income tax deducted and withheld from the wages of new employees. For each new employee, credits may be granted for five successive income years.

As of January 1, 2012, the Commissioner of Economic and Community Development may no longer issue eligibility certificates for this tax credit.

Qualified Small Business Job Creation

Reference: Conn. Gen. Stat. §12-217nn as amended by 2011 Conn. Pub. Acts 6 §131

An employer with less than 50 employees in Connecticut may earn a tax credit equal to \$200 per month for hiring a Connecticut resident after May 6, 2010. The new employee must be hired to fill a full time job during the income years beginning on or after January 1, 2010, and before January 1, 2013. The tax credit can be claimed in the income year of the hire and the next two income years if the new employee remains employed by the employer at the close of that income year. The tax credit is administered by the Department of Economic and Community Development.

Research and Development Expenditures

Reference: Conn. Gen. Stat. §12-217n

A credit may be applied against the Corporation Business Tax for expenses of research and development conducted in Connecticut. The amount allowed as credit increases ratably from 1% of the annual research and development expenses paid or incurred, where such expenses equal \$50 million or less, to 6% where expenses exceed \$200 million. The 6% credit is extended to qualified small businesses with a gross income that does not exceed \$100 million.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year. Unused credits may be carried forward until fully taken.

CORPORATION BUSINESS TAX CREDITS (cont.)

Research and Development Grants to Institutions of Higher Education

Reference: Conn. Gen. Stat. §12-217i

This credit is available for 25% of the incremental increase in amounts spent by a corporation for a qualifying grant or combination of grants to any institution of higher education in Connecticut for the purposes of research and development related to advancements in technology.

Research and Experimental Expenditures

Reference: Conn. Gen. Stat. §12-217j

This is a tax credit based on the incremental increase in expenditures for research and experiments conducted in Connecticut. The amount of the credit equals 20% of the amount spent by the corporation directly on research and experimental expenditures that exceeds the amount spent in the preceding income year. Unused credits may be carried forward for fifteen succeeding income years.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year.

Service Facility

Reference: Conn. Gen. Stat. §12-217e

This credit is available to companies with a service facility located in a Connecticut targeted investment community which hire new employees and have an eligibility certificate issued by the Commissioner of Economic and Community Development (DECD). The credit is based on the portion of tax allocable to such facility and the number of new employees working there. Credit percentages range from 15% to 50% depending on the number of new employees. The credit period is ten years.

Small Business Guaranty Fee

Reference: Conn. Gen. Stat. §12-217cc

Small businesses with less than \$5 million in gross receipts may claim this credit equal to the amount paid to the federal Small Business Administration as a guaranty fee to obtain guaranteed financing during the income year. Unused credits may be carried forward for four succeeding income years. This credit is eliminated for income years beginning on or after January 1, 2014.

CORPORATION BUSINESS TAX CREDITS (cont.)

Traffic Reduction Programs

Reference: Conn. Gen. Stat. §12-217s

This is a 50% credit for traffic reduction program expenses related to the attainment of federal Clean Air Act standards. The credit cannot exceed \$250 per participating employee. This credit is available for corporations employing 100 or more people located in a severe non-attainment area. Currently, no such area is designated in Connecticut.

Urban and Industrial Site Reinvestment

Reference: Conn. Gen. Stat. §32-9t as amended by 2011 Conn. Pub. Acts 86, §2 and 2011 Conn. Pub. Acts 1 (Oct. Spec. Sess.), §48

This credit is available for investments in eligible urban reinvestment projects and industrial site investment projects. Investments may be made directly or through a registered fund manager and must be certified by the Commissioner of Economic and Community Development. The credit is 10% of the qualified investments, beginning 4 years but not later than 7 years from the date of investment. For years 8 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

Vocational Rehabilitation Job Creation

Reference: Conn. Gen. Stat. §12-217oo as amended by 2011 Conn. Pub. Acts 1 (Oct. Spec. Sess.), § 22

An employer may earn a tax credit equal to \$200 per month for hiring a new employee who is receiving rehabilitation services from the Department of Social Services or from the Board of Education and Services for the Blind.

The new employee must be hired prior to January 1, 2012 to work at least 20 hours per week for 48 weeks of a calendar year. The tax credit can be claimed in the income year of the hire and the next two income years if the new employee remains employed by the employer at the close of that income year. The tax credit is administered by the Department of Economic and Community Development.

CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the number of corporation tax credits claimed and the amounts taken for each of the corporation credit programs utilized by businesses. The figures represent credit claimed on 2009 returns and any credits carried forward from prior years and used in 2009.

Credit Claimed on 2009 Corporation Business Returns

Type of Credit	Number of Credits	Amount Claimed
Apprenticeship Training	9	\$ 668,425
Clean Alternative Fuels	1	1,903
Computer Donation	1	1,593
Digital Animation	1	928,726
Displaced Workers	5	24,000
Donation of Land	3	6,245
Electronic Data Processing	1,278	9,442,103
Film Production	1	2,963,504
Film Production Infrastructure	9	611,376
Financial Institutions	3	4,601
Fixed Capital	1,805	80,814,859
Hiring Incentive	2	86,571
Historic Homes Rehabilitation	2	15,766
Historic Structures Rehabilitation	1	419,562
Housing Program Contribution	4	1,561,281
Human Capital	133	1,732,844
Insurance Reinvestment	2	343,885
Machinery and Equipment	73	1,874,417
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	30	1,238,201
Neighborhood Assistance	50	1,119,638
New Jobs Creation	1	72,543

CORPORATION BUSINESS TAX CREDITS (cont.)

Credit Claimed on 2009 Corporation Business Returns (cont.)

Type of Credit	Number of Credits	Amount Claimed
Research & Development	155	5,809,064
Research & Development Grants to Institutions of Higher Education	1	605
Research & Experimental Expenditures	161	15,389,000
Urban and Industrial Site Reinvestment	11	3,761,601
Total	3,742	\$128,892,313

The table below shows the amount of unused credit amounts reported on 2009 corporation business tax returns as being carried forward to the 2010 income year.

Credits Carried Forward to 2010 Income Year

Type of Credit	Carryforward Amount
Clean Alternative Fuels	\$ 9,033
Donation of Land	3,398,992
Electronic Data Processing	129,968,498
Film Production	4,274,709
Fixed Capital	278,757,732
Hiring Incentive	3,414
Housing Program Contribution	2,568,673
Human Capital	22,702,015
Insurance Reinvestment	124,673
Research & Development	1,104,048,647
Research & Experimental Expenditures	595,808,260
SBA Guaranty Fee	96,107
Urban and Industrial Site Reinvestment	14,508,053
Total Carryforward Credits	\$2,156,268,806

DRY CLEANING SURCHARGE

The Dry Cleaning Surcharge is used to provide grants to dry cleaning establishments for the containment and removal or mitigation of environmental pollution resulting from dry cleaning activity. Revenue is deposited into the Dry Cleaning Remediation Account, which is used to provide these grants and fund other measures undertaken to prevent pollution.

Revenue	
FY 2008-09	\$764,935
2009-10	672,524
2010-11	682,911

Basis and Rate

1% of gross receipts at retail.

Number of Taxpayers/Filing Frequency

479 taxpayers/Quarterly

ELECTRIC GENERATORS TAX

Effective for calendar quarters commencing on or after July 1, 2011 an electric generation tax is established and imposed on any entity that provides electric generation services and uploads electricity generated at a Connecticut facility to the regional bulk power grid.

Basis and Rate

The rate is equal to \$0.0025 multiplied by the net kilowatt hours of electricity that is generated and uploaded.

Exemptions

- Electricity generated at a facility through the use of alternative energy systems;
- Electricity generated at a facility through the exclusive use of fuel cells;
- Electricity generated at a resource recovery facility; and
- Electricity generated at customer-side distributed resources.

Sunset of Tax

The tax is scheduled to sunset as of July 1, 2013.

GIFT AND ESTATE TAX

Resident and nonresident estates of decedents dying on or after January 1, 2011 are liable for the Connecticut Estate Tax on the amount of their Connecticut taxable estate that exceeds \$2 million. For estates of decedents dying during 2010, this threshold was \$3.5 million.

For estates of decedents dying on or after January 1, 2005, but prior to January 1, 2010 the threshold was \$2 million. If the threshold for these estates, was exceeded, the tax was payable on the entire amount, including the first \$2 million.

“Connecticut taxable estate” is defined as the sum of the total value of the decedent’s federal gross estate, less allowable deductions, plus the aggregate amount of Connecticut taxable gifts made on or after January 1, 2005. A credit is granted for gift taxes paid on Connecticut taxable gifts made on or after January 1, 2005; however, the credit cannot exceed the amount of the Connecticut estate tax.

For Connecticut taxable gifts, a donor must pay Connecticut gift tax if the aggregate amount of Connecticut taxable gifts made on or after January 1, 2005, exceeds \$2 million. A credit is allowed against the Connecticut gift tax for Connecticut gift taxes paid on Connecticut taxable gifts made during calendar years beginning on or after January 1, 2005; however, the credit cannot exceed the amount of the Connecticut gift tax.

For Connecticut taxable gifts made during 2010, a donor paid Connecticut gift tax if the aggregate amount of the Connecticut taxable gifts during all calendar years beginning on or after January 1, 2005, exceeded \$3.5 million.

“Connecticut taxable gifts” are defined as taxable gifts as determined for federal gift tax purposes. They include:

- Gifts of Connecticut real property;*
- Gifts of tangible personal property situated within Connecticut; or*
- Gifts of intangible personal property made by Connecticut residents.*

Taxpayers are required to file a Connecticut Estate and Gift Tax return to report all Connecticut taxable gifts, even if no Connecticut gift tax is due.

	Gift Tax Revenue*	Connecticut Estate Tax Revenue*	Gift and Estate Tax Revenue
FY 2008-09	\$2,282,744	\$(573,411)	\$238,328,026
2009-10	822,698	816,233	177,600,970
2010-11	758,267	328,910	237,573,241

* Revenues from late returns and audit activity for taxes in effect prior to 1/1/05.

GIFT AND ESTATE TAX (cont.)

Basis and Rate

For gifts made, or the estates of decedents dying during **2010** the table below is used to compute the Gift and Estate tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over \$3,500,000	None
Over \$3,500,000 but not over \$3,600,000	7.2% of the excess over \$3,500,000
Over \$3,600,000 but not over \$4,100,000	\$7,200 plus 7.8% of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$46,200 plus 8.4% of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$130,200 plus 9.0% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$220,200 plus 9.6% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$316,200 plus 10.2% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$418,200 plus 10.8% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$526,200 plus 11.4% of the excess over \$9,100,000
Over \$10,100,000	\$640,200 plus 12% of the excess over \$10,100,000

GIFT AND ESTATE TAX (cont.)

Basis and Rate (cont.)

For gifts made, or the estates of decedents dying **on or after January 1, 2011** the table below is used to compute the Gift and Estate tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over \$2,000,000	None
Over \$2,000,000 but not over \$3,600,000	7.2% of the excess over \$2,000,000
Over \$3,600,000 but not over \$4,100,000	\$115,200 plus 7.8% of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$154,200 plus 8.4% of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$238,200 plus 9.0% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$328,200 plus 9.6% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$424,200 plus 10.2% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$526,200 plus 10.8% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$634,200 plus 11.4% of the excess over \$9,100,000
Over \$10,100,000	\$748,200 plus 12% of the excess over \$10,100,000

Detail of Revenue

For Fiscal Year 2010-11, total Gift and Estate Tax revenue collected was \$237,573,241. Much of this revenue is attributable to prepayments that apply against upcoming tax returns. A breakdown of returns from estates received during fiscal year 2010-11 follows.

GIFT AND ESTATE TAX (cont.)

GIFT AND ESTATE TAX RETURNS FROM ESTATES OF DECEDENTS RECEIVED DURING FY 2010-11

Amount of Taxable Estate More Than	Not Over	# of Returns	Tax Due
\$2 Million	\$3 Million	47	\$ 4,992,255
\$3 Million	\$4 Million	57	8,128,612
\$4 Million	\$5 Million	40	6,495,015
\$5 Million	\$6 Million	20	4,151,505
\$6 Million	\$7 Million	22	6,791,830
\$7 Million	\$ 8 Million	10	5,081,163
\$ 8 Million	\$10 Million	11	5,103,483
\$ 10 Million	\$15 Million	11	7,507,541
\$15 Million		14	80,977,859
Total		232	\$ 129,229,263

For Fiscal Year 2010-11, an additional amount of the gift and estate tax was attributable to tax returns filed by non-decedents. A breakdown of calendar year 2010 returns is shown below.

GIFT AND ESTATE TAX RETURNS 2010 GIFT TAX ONLY

Amount of 2010 Taxable Gifts More Than	Not Over	# of Returns	Tax Due
	\$5 Million	7	\$ 451,177
\$5 Million	\$10 Million	7	1,836,073
\$10 Million		8	21,811,730
Total		22	\$24,098,980

INCOME TAX

Connecticut's highest marginal rate for individuals is 6.7%. Nonresidents and part-year resident individuals, trusts and estates are also subject to the tax on income derived from or connected with sources within the State. Connecticut taxable income is defined as adjusted gross income for federal tax purposes with certain modifications and exemptions described below.

Revenue	
FY 2008-09	\$6,386,095,766
2009-10	6,585,854,470
2010-11	7,246,418,948

Number of Taxpayers/Filing Frequency

1.73 million taxpayers/ Annually

Taxpayers who expect to owe more than \$1,000 in income tax, in addition to income tax withheld, are required to file four estimated tax payments.

Basis and Rate

Connecticut's tax is levied upon Connecticut taxable income, as defined above. Please see charts for rates by filing status.

For taxable years commencing on or after January 1, 2009, but prior to January 1, 2011:

Filing Status	Connecticut Taxable Income	Rate of Tax
Single and	Not over \$10,000	3%
Married Filing Separately	Over \$10,000 but not over \$500,000	\$300, plus 5% of the excess over \$10,000
	Over \$500,000	\$24,800, plus 6.5% of the excess over \$500,000
Head of Household	Not over \$16,000	3%
	Over \$16,000 but not over \$800,000	\$480, plus 5% of the excess over \$16,000
	Over \$800,000	\$39,680, plus 6.5% of the excess over \$800,000
Joint Filers	Not over \$20,000	3%
	Over \$20,000 but not over \$1,000,000	\$600, plus 5% of the excess over \$20,000
	Over \$1,000,000	\$49,600, plus 6.5% of the excess over \$1,000,000

INCOME TAX (cont.)

For taxable years commencing on or after January 1, 2011:

Filing Status	Rate and Basis
Single and Married Filing Separately	3% on the first \$10,000 of Connecticut Taxable Income 5% on the excess over \$10,000, but not over \$50,000 5.5% on the excess over \$50,000, but not over \$100,000 6% on the excess over \$100,000, but not over \$200,000 6.5% on the excess over \$200,000, but not over \$250,000 6.7% on the excess over \$250,000
Head of Household	3% on the first \$16,000 of Connecticut Taxable Income 5% on the excess over \$16,000, but not over \$80,000 5.5% on the excess over \$80,000, but not over \$160,000 6% on the excess over \$160,000, but not over \$320,000 6.5% on the excess over \$320,000, but not over \$400,000 6.7% on the excess over \$400,000
Joint Filers	3% on the first \$20,000 of Connecticut Taxable Income 5% on the excess over \$20,000, but not over \$100,000 5.5% on the excess over \$100,000, but not over \$200,000 6% on the excess over \$200,000, but not over \$400,000 6.5% on the excess over \$400,000, but not over \$500,000 6.7% on the excess over \$500,000

Generally, one's filing status for Connecticut must be the same as his or her federal filing status. However, under Connecticut law taxpayers who are in same sex marriage are allowed to file jointly for Connecticut only.

Exemptions

- \$13,000 for taxable years commencing on or after January 1, 2008 but prior to January 1, 2012. For taxpayers with Connecticut AGI in excess of \$26,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$37,000;
- \$12,000 for married persons filing separately and filing separately for Connecticut only. For taxpayers with Connecticut AGI in excess of \$24,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$35,000;

INCOME TAX (cont.)

- \$19,000 for heads of household. For taxpayers with a Connecticut AGI in excess of \$38,000, the exemption decreases by \$1,000 for each additional \$1,000 of Connecticut AGI. There is no exemption if the taxpayer earns more than \$56,000;
- \$24,000 for married persons filing jointly, filing jointly for Connecticut only, or qualifying widow(er) with dependent child. The exemption for joint filers decreases by \$1,000, for taxpayers whose Connecticut AGI exceeds \$48,000, for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$71,000;
- Social Security benefits for single filers and married individuals filing separately whose federal adjusted gross income for the taxable year is less than \$50,000. Social Security benefits for married individuals filing jointly and head of household filers whose federal adjusted gross income for the taxable year is less than \$60,000; and
- Fifty percent of federally taxable military retirement pay. Effective for taxable years commencing on or after January 1, 2008 there is allowed a subtraction from federally adjusted gross income for fifty percent of income received from the United States government as retirement pay for a retired member of the Armed Forces of the United States as defined in Section 101 of Title 10 of the U.S. Code or the National Guard, as defined in Section 101 of Title 10 of the U.S. Code.

Benefit Recapture

For taxpayers whose annual Connecticut Adjusted Gross Income exceeds specified thresholds, a recapture provision is imposed to eliminate the benefits they receive from having a portion of their taxable income taxed at lower marginal rates

The recapture provision starting point is:

- \$400,000 for taxpayers filing jointly;
- \$ 200,000 for taxpayers filing single and married filing separately; and
- \$320,000 for taxpayers filing as head of household.

The recapture amount is

- \$150 per \$10,000 of Connecticut adjusted gross income over the starting point for taxpayers filing jointly, with a maximum total recapture of \$4,500;
- \$75 per \$5,000 of Connecticut adjusted gross income over the starting point for taxpayers filing single or married filing separately with a maximum total recapture of \$2,250; and
- \$120 per \$8,000 of Connecticut adjusted gross income over the starting point for taxpayers filing as head of household, with a maximum total recapture of \$3,600.

INCOME TAX (cont.)

Common Additions

- Interest on state and local obligations other than Connecticut;
- Exempt-interest dividends (other than those derived from obligations of the State of Connecticut or its municipalities);
- Cancellation of debt income;
- The total taxable amount of a lump sum distribution for the taxable year deductible from gross income in calculating federal adjusted gross income; and
- Loss on sale of Connecticut bonds.

Common Subtractions

- Interest on U.S. obligations;
- Dividends from certain mutual funds consisting of U.S. obligations;
- Social Security Benefit Adjustment;
- Refunds on state and local income taxes;
- Tier 1 and Tier 2 railroad retirement benefits and supplemental annuities;
- 50% of military retirement pay;
- Gain on sale of Connecticut bonds; and
- Connecticut Higher Education Trust (CHET) contributions of up to \$5,000 for each individual taxpayer whose filing status is single, head of household, married filing separately or civil union filing separately or \$10,000 for individuals whose filing status is married filing jointly, civil union filing jointly or qualifying widow(er) with dependent child.

Withholding Requirement

Connecticut requires anyone who maintains an office or transacts business in Connecticut, and who is considered an employer for federal income tax withholding purposes, to withhold Connecticut income tax whether or not the payroll department is located in Connecticut.

Estimated Tax Payments

Taxpayers must make estimated payments if their Connecticut income tax (after tax credits) minus Connecticut tax withheld is more than \$1,000, and they expect their Connecticut income tax withheld to be less than their required annual payment.

INCOME TAX (cont.)

Connecticut Alternative Minimum Tax

Taxpayers who are subject to, and required to pay, the federal alternative minimum tax are subject to the Connecticut Alternative Minimum Tax. The alternative minimum tax is computed on the lesser of 19% of the adjusted federal tentative minimum tax, or 5½% of adjusted federal alternative minimum taxable income.

Tax Credit for Property Taxes Paid To A Political Subdivision

Connecticut residents are eligible for an income tax credit for property taxes paid to a Connecticut political subdivision on a primary residence and/or privately owned or leased motor vehicle. Effective for taxable years commencing on or after January 1, 2011, the maximum credit is reduced from \$500 to \$300 per return. The credit cannot exceed the amount of qualifying property taxes paid or income tax liability.

Tax Credit For Income Taxes Paid To Qualifying Jurisdictions

Connecticut residents may claim an income tax credit if any part of their income was taxed by a qualifying jurisdiction. A qualifying jurisdiction includes another state of the United States, a local government within another state or the District of Columbia. A qualifying jurisdiction does not include the State of Connecticut, the United States or a foreign country or its provinces.

New Tax Credits:

Earned Income Tax Credit:

2011 Conn. Pub. Acts 6 established an earned income tax credit (EITC) effective for income years commencing on or after January 1, 2011. The credit is equal to 30% of the EITC claimed and allowed for the IRS for the same taxable year. The credit is refundable.

Job Expansion Tax Credit:

2011 Conn. Pub. Acts 1 (October Special Session) establishes the Job Expansion Tax Credit Program (JET). The program creates a credit equal to \$500 per month for each new employee hired and \$900 per month for each qualifying employee or veteran hired. Qualified employee means a new employee who at the time of hire was either receiving unemployment or had exhausted unemployment benefits or was receiving vocational rehabilitation services from the Bureau of Rehabilitative Services. The credit can be applied against the corporation business, insurance premiums, utilities companies, and personal income taxes. Effective for income years commencing on or after January 1, 2012. Not allowed for any new jobs created on or after January 1, 2014.

INCOME TAX (cont.)

The **Vocational Rehabilitation Job Creation and Qualified Small Business Job Creation Tax credits** can only be claimed for income years commencing on or after January 1, 2010 and prior to January 1, 2012 as the JET credit established in 2011 will replace these two credits:

- **Qualified Small Business Job Creation Tax Credit Program** is available to a qualified small business that hires a new employee. The credit is applicable to taxable years beginning on or after January 1, 2010 and prior to January 1, 2012. To be eligible to claim the credit a qualified small business must apply to the Department of Economic and Community Development (DECD).

The amount of the credit is \$200 per month for each new employee hired. The new employee must reside in Connecticut and be hired after May 6, 2010, to fill a new full time job in which he or she is required to work at least 35 or more hours per week for not less than 48 weeks in a calendar year during the income years beginning on or after January 1, 2010, and prior to January 1, 2012 with certain restrictions; and

- **Vocational Rehabilitation Job Creation Tax Credit Program** is also administered by DECD and is applicable to taxable years beginning on or after January 1, 2010 and prior to January 1, 2012. The credit is equal to \$200 per month for each new qualifying employee hired by an employer engaged in business in Connecticut. A new qualifying employee must reside in CT and be required to work at least 20 hours or more per week for not less than 48 weeks in a calendar year.;

Angel Investor Tax Credit

Provides a credit for a cash investment of not less than \$100,000 (and not less than \$25,000 effective October 27, 2011) in the qualified securities of a Connecticut business by an angel investor. The credit is applicable to taxable years beginning on or after January 1, 2010.

An *angel investor* is an accredited investor, as defined by the Securities and Exchange Commission, or network of accredited investors who review new or proposed businesses for potential investment who may seek active involvement, such as consulting and mentoring, in a Connecticut business.

The angel investor may apply to Connecticut Innovations, Inc. to reserve a tax credit equal to 25 percent of the cash investment. The angel investor must choose from a list of Connecticut businesses that Connecticut Innovations Inc. has determined are qualified to receive cash investments eligible for the angel investor tax credit. Tax credits cannot be reserved for any investments made on or after July 1, 2014.

INSURANCE PREMIUMS TAX

Insurance companies are taxed in Connecticut on the total net direct premiums received from policies written on property or risks within the State. In addition, total net direct subscriber charges received on any new or renewal contract or policy by a health care center is also taxed. Persons who purchase insurance from unauthorized insurers are also subject to tax. Unauthorized insurers are defined as an insurer who has not been granted a certificate of authority by the Commissioner to transact the business of insurance in Connecticut, or an insurer transacting business not authorized by a valid certificate.

Revenue	
FY 2008-09	\$190,477,228
2009-10	215,225,171
2010-11	209,187,141

Exemptions

- Premiums sold for ocean and inland marine insurance of nonresident and foreign companies;
- Medicaid, Medicare, HUSKY Plan, and State Employee Health plans from health care centers subscriber charges; and
- New or renewal contracts or policies written to provide health care coverage to retired teachers, spouses or a surviving spouse, employees and retired members and their dependents, of a Connecticut municipality, nonprofit organizations or employees of community action agencies and their dependents, and small employer's employees and their dependents under a plan procured pursuant to Conn. Gen. Stat. §5-259(i), from net direct subscriber charges of health care centers.

Number of Taxpayers/Filing Frequency

1,484 insurance companies/ Annually:

102	Domestic companies
968	Foreign companies
10	Health Care Centers
404	Unauthorized Insurers

Quarterly estimated payments for domestic and foreign insurers, health care centers and unauthorized insurers (as of 7/1/11).

Basis and Rate

- 1.75% of net direct premiums received by domestic and foreign insurance companies.
- 4% of gross premiums charged by unauthorized insurers; and
- 1.75% of net direct subscriber charges of health care centers.

INSURANCE PREMIUMS TAX (cont.)

Comparative Data

	FY 2008-09	FY 2009-10	FY 2010-11
Domestic	\$34,372,178	\$33,017,215	\$40,905,240
Foreign	130,378,757	152,140,265	139,879,273
Health Care Center	19,389,876	23,863,638	22,736,051
Unauthorized	6,336,417	6,204,053	5,666,578
Total	\$190,477,228	\$215,225,171	\$209,187,142

Tax Credits

The State of Connecticut provides for several tax credits which may be applied against the Insurance Premiums Tax. Described below is the credit unique to the Insurance Premiums Tax. Please turn to the Corporation Business Tax section of this report for additional information on tax credits.

Insurance Department Assessment Credit

Reference: Conn. Gen. Stat. §12-202

Certain local domestic insurance companies are allowed a credit against the insurance premiums tax in the amount of 80% of the Connecticut Insurance Department assessment paid during the calendar year if their admitted assets do not exceed amounts specified in Conn. Gen. Stat. §12-202.

Calendar Year 2009 Insurance Tax Credits Updated

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	40	\$15,556,880
Insurance Department Assessment	8	803,572
Insurance Reinvestment	21	2,885,988
Neighborhood Assistance	15	824,657
Urban & Industrial Site Reinvestment	5	3,614,893
Film Production	35	32,556,640
Film Production Infrastructure	9	4,755,740
Digital Animation	7	8,411,926
New Job Creation	2	25,343
Historic Homes	3	725,897
Total Credits	145	\$70,161,536

INSURANCE PREMIUMS TAX (cont.)

Calendar Year 2010 Insurance Business Tax Credits Preliminary

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	33	\$12,871,865
Insurance Department Assessment	6	752,736
Insurance Reinvestment	10	876,100
Neighborhood Assistance	18	1,147,650
Urban & Industrial Site Reinvestment	4	3,054,357
Film Production	33	23,161,013
Film Production Infrastructure	21	4,623,107
Digital Animation	7	8,729,713
New Job Creation	1	60,367
Housing Program Contribution	2	303,000
Historic Homes	2	448,575
Total Credits	137	\$56,028,483

MOTOR CARRIER ROAD TAX

Connecticut has participated in the International Fuel Tax Agreement (IFTA) since 1996. IFTA is a cooperative agreement among most states and provinces of Canada that simplifies the collection and reporting of fuel use tax by interstate motor carriers. Under IFTA, fuel tax returns are filed in the base jurisdiction of the motor carrier. The base jurisdiction of a motor carrier is where the vehicle is based for registration purposes and where operations are controlled and the vehicle is operated. For IFTA fuel tax reporting, a qualified motor vehicle is a vehicle that is designed to transport persons or property and that has: two axles and a gross vehicle weight or registered gross vehicle weight over 26,000 pounds; or three or more axles regardless of weight; or when used in combination, a combined gross vehicle weight over 26,000 pounds. Motor carriers who meet this qualification, and who travel solely within the State, are not required to file a return, but instead are subject to the tax at the time of purchase.

Revenue	
FY 2008-09	\$18,355,598
2009-10	19,769,648
2010-11	14,070,884

Exemption

- Any vehicle owned by the United States, the state, any political subdivision thereof, or any school bus.

Number of Taxpayers/Filing Frequency

2,606 IFTA filers/Quarterly
3,266 Intrastate Motor Carrier filers

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢
Diesel Fuel - 7/1/10 - 6/30/11	39.6¢
Diesel Fuel - effective 7/1/11	46.2¢
Natural Gas or Propane	26¢

MOTOR VEHICLE FUELS TAX

Motor fuel used or sold in Connecticut is subject to the Motor Vehicle Fuels Tax. "Fuel" includes gasoline, diesel, gasohol, propane, or any combustible gas or liquid that generates the power needed to propel a motor vehicle.

Revenue	
FY 2008-09	\$476,950,921
2009-10	484,156,213
2010-11	469,723,945

Exemptions

- Fuel sold to United States Government, the State of Connecticut, any Connecticut municipality or transit district, when such fuel is used in vehicles owned and operated, or leased and operated by any of the aforementioned entities;
- Fuel sold exclusively for heating purposes and to furnish gas, water, steam or electricity, if delivered to consumers through mains, lines or pipes;
- Aviation fuel and fuel sold to owners or operators of an aircraft, or to a licensed aviation fuel dealer whose place of business is located at an airport;
- Fuel sold to a municipality for use in a school bus;
- Diesel fuel sold exclusively for use in portable power system generators that are larger than one hundred fifty kilowatts;
- Fuel sold to a farmer who is the holder of a farmer's exemption permit; and
- A company that uses or consumes motor fuels exclusively for hauling waste for the Connecticut Resource Recovery Authority, Mid-Connecticut Project.

Number of Taxpayers/Filing Frequency

932 taxpayers/Monthly

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢
 Diesel Fuel - 7/1/10 - 6/30/11	 39.6¢
Diesel Fuel – effective 7/1/11	46.2¢
 Natural Gas or Propane	 26¢

MOTOR VEHICLE FUELS TAX (cont.)

Comparative Data

	Number of Gallons Sold		
	FY 2008-09	FY 2009-10	FY 2010-11
Special Fuel*	239,749,018	234,923,457	244,253,773
Gasohol	1,499,730,971	1,512,566,402	1,490,129,818
Total Gallons	1,739,479,989	1,747,489,859	1,734,383,591

* Gallons reported under Special Fuel contain a small amount of gallons reported for Natural Gas and Propane.

NURSING HOME USER FEE

A Nursing Home User Fee is imposed on each chronic and convalescent nursing home or rest home with nursing supervision that is licensed as a nursing home by the Connecticut Department of Public Health. The fee is remitted quarterly.

Revenue	
FY 2008-09	\$125,304,846
2009-10	122,394,630
2010-11	121,662,798

Basis and Rate

The nursing home user fee is determined by the Department of Social Services on or before July 1 annually or biennially. This amount is multiplied by the nursing home's total resident days during the calendar quarter.

Number of Taxpayers/Filing Frequency

215 taxpayers/Quarterly

OCCUPATIONAL TAX

An occupational tax is levied against any person who has been admitted as an attorney by the judges of the superior court, and who is engaged in the practice of law in Connecticut.

Revenue	
FY 2008-09	\$6,327,908
2009-10	8,873,512
2010-11	8,692,107

Exemptions

- Judges and employees of the State of Connecticut;
- Any attorney who has retired from the practice of law;
- Employees of the federal government;
- Any attorney serving on active duty with the United States Armed Forces for more than six months of a given year; and
- Any attorney employed by a political subdivision of Connecticut or any probate court.

Number of Taxpayers/Filing Frequency

12,910 Attorneys/ Annually

Basis and Rate

\$565 per practicing attorney.

PETROLEUM PRODUCTS GROSS EARNINGS TAX

A tax is levied on the gross earnings from the first sale of companies distributing petroleum products in Connecticut. Petroleum products include but are not limited to gasoline, aviation fuel, kerosene, diesel fuel, number 2 heating oil, greases, lubricants, mineral oils, and motor oil.

Revenue	
FY 2008-09	\$267,813,157
2009-10	264,917,723
2010-11	334,462,843

Exemptions

- Number 2 heating oil used exclusively for heating purposes or in a commercial fishing vessel;
- Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil used in vessels displacing over 4,000 dead weight tons;
- Kerosene used exclusively for heating purposes, when the fuel is delivered via a truck with a metered delivery ticket, or to a centrally metered system serving a group of homes;
- Propane gas used exclusively for heating;
- Paraffin and microcrystalline waxes;
- Gross earnings from the sale or use of Number 2 heating oil used exclusively in vessels engaged in interstate commerce and Number 6 fuel oil used by manufacturers;
- Commercial heating oil blend containing not less than 10% alternative fuels derived from agricultural produce, food waste, waste vegetable oil or municipal solid waste, including, but not limited to biodiesel or low sulfur dyed diesel fuel and kerosene. Such blended products must be used for commercial heating; and
- Diesel fuel other than diesel fuel to be used in an electric generating facility to generate electricity.

Number of Taxpayers/Filing Frequency

650 taxpayers/Quarterly

Basis and Rate

Calendar quarters commencing:	Rate
on or after July 1, 2007	7.0%
on or after July 1, 2013	8.1%

PUBLIC SERVICE COMPANIES TAX

	<u>Revenue</u>
FY 2008-09	\$278,244,062
2009-10	279,775,665
2010-11	278,037,032

Exemptions

- All sales for resale of water, steam, gas, and electricity to public service corporations and municipal utilities;
- Gas and Electric sales to manufacturing in SIC codes 2000 through 3999 or NAICS code sectors 31-33;
- Natural Gas sold to out-of-state users or entities;
- Sales by a gas company of natural gas or propane used as a motor vehicle fuel; and
- Retail sales of steam by utility companies.

Number of Taxpayers/Filing Frequency

75 taxpayers:

- 40 Public Utility Companies/Quarterly
- 19 Community Antenna TV Companies/Quarterly
- 7 Satellite TV Companies /Quarterly
- 9 Railroad Companies/ Annually (July 1)

Basis and Rate

Community Antenna TV*	5.25%
Certified Competitive Video Service Provider*	5.25%
Satellite TV*	5.25%
Railroad	2 - 3.5%
Gas Companies	5%
Gas sales to residential customers	4%
Electric Distribution Companies	6.8% for residential customers 8.5% for nonresidential customers (other than manufacturers)

* Effective October 1, 2009 Certified Competitive Video Service Providers, Community Antenna TV, and Satellite TV service providers are subject to an additional 0.25% tax for a total tax rate equal to 5.25%. The additional tax will be used to fund the Public, Educational and Governmental Programming and Education Technology Investment Account.

PUBLIC SERVICE COMPANIES TAX (cont.)

Residential Credit

Gas companies claimed \$6,414,457 in Fiscal Year 2010-11 under the one-percent credit attributable to the sale of gas and electric power for residential use.

Manufacturing Companies Credit

\$10,858,878 was claimed in credit for Fiscal Year 2010-11 for gas sales used directly by a company engaged in a manufacturing production process.

Comparative Data

	FY 2008-09	FY 2009-10	FY 2010-11
Cable, Satellite & Video Companies	\$55,180,466	\$55,752,434	\$58,236,814
Electric & Power Companies	153,897,278	163,051,140	160,649,629
Gas Companies	63,620,790	55,413,321	55,943,739
Public, Educational & Governmental Programming Tax*	5,534,080	5,473,904	3,155,075
Railroad Companies	11,448	84,866	51,775
Total Tax	\$278,244,062	\$279,775,665	\$278,037,032

* Additional tax on cable, satellite and video pursuant to Public Act 07-253, for deposit in the public, educational and governmental programming and education technology investment account.

Municipal Electric Utilities

The gross earnings of municipal electric utilities in Connecticut are taxed in the same manner as the gross earnings of electric distribution companies. Municipal electric utilities are subject to gross earnings tax only on their gross earnings from providing electric transmission services and electric distribution services. The rate is 6.8% for transmitting and distributing power to residential customers and 8.5% on nonresidential services.

REAL ESTATE CONVEYANCE TAX

Connecticut imposes a tax on the conveyance of real property. The tax is assessed on the full purchase price of the property and is determined by the classification of the property being conveyed. Payment of the tax is the responsibility of the seller of the property and must be paid before the deed can be recorded.

Revenue	
FY 2008-09	\$82,148,185
2009-10	97,576,032
2010-11	91,112,443

Exemptions

- Deeds which this state is prohibited from taxing under the constitution or laws of the United States;
- Deeds which secure a debt or other obligation;
- Deeds to which this state or any of its political subdivisions or their respective agencies is a party;
- Deeds of release of property which is security for a debt or other obligation;
- Deeds of partition;
- Deeds made pursuant to mergers of corporations;
- Deeds made by subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock;
- Conveyance of an interest in real property pursuant to a decree of the superior court; as the result of:
 - A. An annulment, dissolved marriage, or legal separation; or
 - B. Partition of joint and common estates;
 - C. Foreclosure by sale (deeds made on or after October 1, 2010);
- Certain exempt corporation transfers;
- All transfers between spouses;
- Any deeds of property located in an entertainment district;
- Conveyances of burial rights;
- Land development rights to agricultural land under the state farmland preservation program;
- Transfers or conveyances of real estate to effectuate a mere change of identity or form of ownership or organization where there is no change in beneficial ownership.
- Employee relocation company or employer re-sales within six months of conveyance from relocated employee.

REAL ESTATE CONVEYANCE TAX (cont.)

Exemptions (cont.)

- Deeds of sale in lieu of foreclosure that transfer the transferor's principal residence (deeds made on or after October 1, 2010); and
- Any instrument transferring a transferor's principal residence where the gross purchase price is insufficient to pay the sum of:
 - The mortgages encumbering the property transferred; and
 - Any real property taxes and municipal utility or other charges for which the municipality may place a lien on the property (such as sewer taxes) and which have priority over the mortgages encumbering the property transferred (short sales made on or after October 1, 2010).

Basis and Rate

Classification	Conveyances Occurring Prior to July 1, 2011	Conveyances Occurring on or after July 1, 2011
Unimproved Land	0.5%	0.75%
Nonresidential property other than Unimproved Land	1.0%	1.25%
Residential Dwelling:		
Portion \$800,000 or less	0.5%	0.75%
Portion that exceeds \$800,000	1.0%	1.25%
Residential Property other than Residential Dwelling	0.5%	0.75%
Delinquent Mortgage	0.5%	0.75%

The table on the following page will show the number of conveyances by price of property and the conveyance tax revenue generated for the same price increments.

REAL ESTATE CONVEYANCE TAX (cont.)

Fiscal Year 2010-11 Conveyances

Amount of Consideration	Number of Taxable Conveyances	Number of Non-Taxable Conveyances *	Number of Exempt Conveyances	Tax Remitted
Under \$2,000	0	25,762	8,536	\$ 0
\$ 2,000 to \$ 29,999.99	1,320	0	15	100,896
\$ 30,000 to \$ 39,999.99	520	0	11	90,546
\$ 40,000 to \$ 49,999.99	637	0	7	142,764
\$ 50,000 to \$ 59,999.99	692	0	6	188,814
\$ 60,000 to \$ 69,999.99	682	0	17	224,424
\$ 70,000 to \$ 79,999.99	690	0	5	261,959
\$ 80,000 to \$ 89,999.99	728	0	10	314,429
\$ 90,000 to \$ 99,999.99	681	0	10	326,436
\$100,000 to \$109,999.99	828	0	18	441,654
\$110,000 to \$119,999.99	737	0	11	430,279
\$120,000 to \$129,999.99	921	0	19	581,278
\$130,000 to \$139,999.99	949	0	14	644,426
\$140,000 to \$149,999.99	928	0	16	677,311
\$150,000 to \$159,999.99	1,114	0	21	872,070
\$160,000 to \$169,999.99	1,152	0	16	957,234
\$170,000 to \$179,999.99	1,079	0	16	951,642
\$180,000 to \$189,999.99	1,025	0	22	953,365
\$190,000 to \$199,999.99	919	0	9	903,834
\$200,000 to \$249,999.99	4,374	0	57	4,999,100
\$250,000 to \$299,999.99	3,304	0	33	4,596,492
\$300,000 to \$399,999.99	4,336	0	43	7,662,355
\$400,000 to \$499,999.99	2,387	0	19	5,488,110
\$500,000 to \$599,999.99	1,398	0	9	4,037,364
\$600,000 to \$699,999.99	891	0	6	3,034,276
\$700,000 to \$799,999.99	659	0	11	2,609,698
\$800,000 and over	3,033	0	33	46,183,925
Total	35,984	25,762	8,990	\$ 87,674,679

* Non-taxable equals no consideration or consideration of less than \$2,000

RENTAL SURCHARGE

The Rental Surcharge is imposed on the rental of each private passenger motor vehicle or rental truck in Connecticut by a rental company for a period of less than 31 days. Rental companies must pay over the portion of the surcharge collected during the calendar year that exceeds the amount paid in personal property tax and the amount paid in titling and registration fees.

A rental truck is defined as either a vehicle rented without a driver that has a gross vehicle weight rating of 26,000 pounds or less and is used in the transportation of personal property but not for business purposes, or a trailer that has a gross vehicle weight rating of not more than 6,000 pounds.

The surcharge also includes a 1.5% surcharge on machinery rented within Connecticut for a period of less than 31 days. The term of a machinery rental begins on the date a piece of machinery is rented to a lessee and terminates on the date the piece of machinery is returned to the rental company. Machinery means heavy equipment intended for outside use that may be used for construction, mining, or forestry. It is rented without an operator and is propelled by its own internal engine or internal power source.

Revenue	
FY 2008-09	\$ 167,866
2009-10	77,679
2010-11	151,287

Exemptions

- Motor vehicles delivered to a lessee outside Connecticut;
- Rentals by an agency of United States Government;
- Rentals of 31 days or more; and
- Rentals of motor vehicles by a person that is not a rental company.

Number of Taxpayers / Filing Frequency

178 taxpayers / Annually

Basis and Rate

3% of the total rental charges on passenger motor vehicles or trucks.
1.5% of the total rental charges on heavy machinery.

Comparative Data

Gross collections of the surcharge by rental companies during 2010 amounted to \$6,177,883. Rental companies retained the difference between gross collections and the amount remitted to reimburse personal property taxes and titling and registration fees paid in Connecticut.

REPEALED TAXES

SUCCESSION TAX

The Succession Tax was levied on the transfer of property after death, with rates that varied depending on the size of the estate and the relationship of the decedent to the survivor. Due to legislative changes enacted during the 2005 Legislative Session, the Connecticut Succession Tax has been repealed and does not apply to estates of decedents dying on or after January 1, 2005.

Revenue collected for Fiscal Year 2010-11: \$ 532,644

SALES AND USE TAXES

Connecticut levies sales and use taxes on the gross receipts of retailers from the sale of tangible personal property at retail, from the rental or leasing of tangible personal property, and on the gross receipts from the rendering of certain business services.

Revenue	
FY 2008-09	\$ 3,319,642,835
2009-10	3,205,427,713
2010-11	3,354,088,802

Basis and Rate

For sales prior to July 1, 2011:

6% on the gross receipts from the sale, rental or leasing of tangible personal property, and the rendering of certain business services (general rate);

4.5% on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut;

1% on computer and data processing services;

12% on the rental of rooms in a hotel or lodging house.

SALES AND USE TAXES (cont.)

Basis and Rate (cont.)

For sales made on or after July 1, 2011:

6.35% on the gross receipts from the sale, rental or leasing of tangible personal property, and the rendering of certain business services (general rate);

7.0%

- Most motor vehicles with a sales price of more than \$50,000;
- Vessels with a sales price of more than \$100,000.
- Items of jewelry, whether real or imitation, with a sales price of more than \$5,000; and;
- Articles of clothing or footwear or a handbag, luggage, umbrella, wallet or watch, with a price of more than \$1,000.

4.5% on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut;

1.0% on computer and data processing services;

9.35% for the rental or leasing of a passenger motor vehicle for a period of 30 consecutive calendar days or less;

15.0% on the rental of rooms in a hotel or lodging house.

Exemptions

Conn. Gen. Stat. §12-412 provides for various exemptions from the sales and use taxes for the sale of, storage, use or other consumption of numerous goods and services.

The following table provides a summary of the major exemptions claimed by businesses during Fiscal Year 2010-11. Note that the revenue forgone for each exemption monitored is computed at the 6% rate.

FY 2010-11 SALES TAX EXEMPTIONS
(In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Sale for Resale - Goods	\$84,528.7	\$5,071.7
Sale for Resale - Leases and Rentals	1,575.1	94.5
Sale for Resale - Labor and Services	1,910.0	114.6
Magazines by Subscription and All Newspapers	359.8	21.6
Trucks with Gross Vehicle Weight Over 26,000 Pounds or Used for Interstate Freight	104.0	6.2
Food Products for Human Consumption	6,868.0	412.1
Fuel for Motor Vehicles	8,075.3	484.5
Electricity/Gas/Heating Fuel (residential)	3,257.8	195.5
Electricity (\$150 monthly per business)	61.2	3.7
Electricity/Gas/Heating Fuel for Manufacturing or Agricultural Production	902.3	54.1
Aviation Fuel	139.6	8.4
Sales of Tangible Personal Property to Farmers	80.0	4.8
Machinery/Materials/ Tools/Fuel - Mfg. Product	1,766.3	106.0
Machinery/Materials/ Equip. - Printing	55.4	3.3
Machinery/Materials/ Tools/Fuel - Comm. Fishing	390.3	23.4
Out-of-State - Sale of Goods	54,452.3	3,267.1
Out-of-State - Leases/Rentals	666.3	40.0
Out-of-State - Labor and Services	8,657.3	519.4
Sales of Motor Vehicles, Vessels to Nonresidents	587.8	35.3
Prescription Medicines	5,033.4	302.0
Non-Prescription Medicines and Diabetic Equipment	261.0	15.7
Charitable/Government/Religious - Sale of Goods	8,770.5	526.2
Charitable/Government/Religious - Leases and Rentals	114.0	6.8
Charitable/Government/Religious - Labor and Services	5,471.4	328.3

FY 2010-11 SALES TAX EXEMPTIONS (cont.)
(In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Pollution Abatement	\$31.8	\$1.9
Non-Taxable Labor and Services	12,952.1	777.1
Business Services/Parent Owned Subs.	306.8	18.4
Trade-ins of Like-Kind Personal Property	831.1	49.9
Taxed Goods returned within 90 days	72.5	4.4
Oxygen, Plasma, Prostheses, etc.	247.0	14.8
Printed Material for Future Delivery Out-of-State	32.6	2.0
Clothing/Footwear under \$50	2,145.1	128.7
Material for Non-commercial Production of Clothing	8.6	0.5
Funeral Expenses up to \$2,500	86.9	5.2
Repair or Replacement Parts/Repair Services to Aircraft	197.6	11.9
Certain Machinery - Manufacturing Recovery Act of 1992 (Difference between the 6% and 3% Rates)	16.7	1.0
Sales of Machinery, Equipment, Tools, Fuel, and Supplies used in the Biotechnology Industry	25.1	1.5
Sales of Repair and Maintenance Service to Vessels	53.1	3.2
Computer and Data Processing Services (Difference between the 6% and 1% Rates)	1,733.8	104.0
Renovation Services to Residential Property	308.7	18.5
Sales to Direct Payment Permit Holders	466.4	28.0
Sales of College Textbooks	40.2	2.4
Sales Tax Holidays	53.1	3.2
Weatherization Products	126.8	7.6
Other Adjustments - Sales of Goods	8,636.9	518.2
Other Adjustments - Leases and Rentals	298.1	17.9
Other Adjustments - Labor and Services	1,019.2	61.2
TOTAL	\$223,778.1	\$13,426.7

SALES AND USE TAXES (cont.)

Number of Taxpayers/Filing Frequency

158,200 Sales and Use Taxpayers
 34,290 / Monthly
 37,370 / Quarterly
 86,540 / Annually

2,690 Business Use Taxpayers

704 Room Occupancy Taxpayers
 535 / Monthly
 169 / Quarterly

Comparative Data

Table I provides a summary of all gross receipts reported under the sales and use taxes attributable to various components. Note that the figures are gross, and do not necessarily represent taxable receipts.

Table I:
(In Millions)

Gross Receipts Attributable to:	FY 2008-09	FY 2009-10	FY 2010-11
Sales of Tangible Personal Property	\$209,596.5	\$230,063.7	\$231,345.2
Leasing/Rental of Tangible Personal Property	3,528.4	4,192.8	3,615.1
Rendering of Services	38,037.6	35,982.3	37,667.4
Business Use Purchases	3,614.8	3,170.2	3,611.3
Room Occupancy	612.6	582.6	626.7

Table II, on the following page, provides a summary of retail sales of goods for the state of Connecticut for the past three fiscal years. The figures reflect fluctuations in sales of durable and non-durable goods. Durable goods are usually more expensive items expected to last more than three years, such as automobiles and large household appliances. These sales are provided by selected major groups within the North American Industry Classification system (NAICS). Approximately half of all the sales and use tax revenue is generated by the retail trade sector.

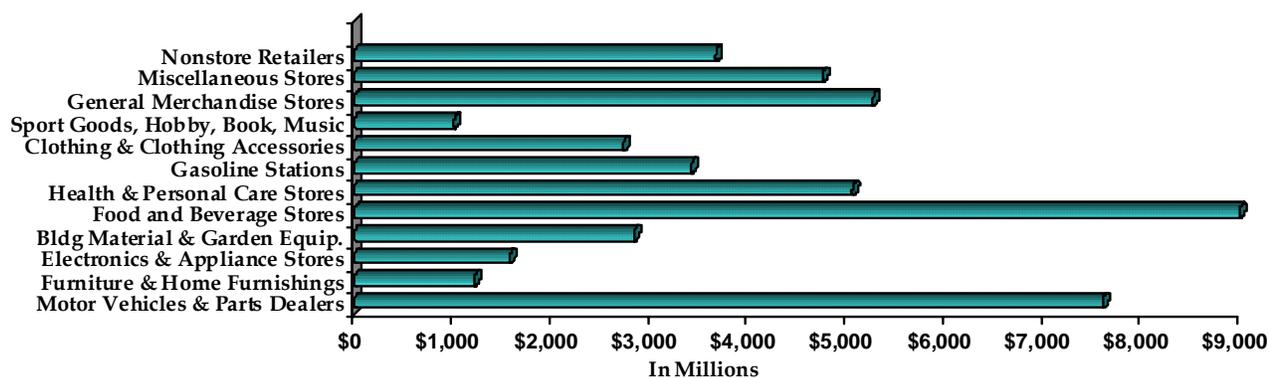
SALES AND USE TAXES (cont.)

TABLE II: Retail Sales Volume - Fiscal Years 2009 - 2011
(In Millions)

	FY 2008-09	FY 2009-10	FY 2010-11
Motor Vehicle and Parts Dealers (NAICS 441)	\$6,474.5	\$6,943.5	\$7,610.1
Furniture and Home Furnishings Stores (NAICS 442)	1,455.8	1,279.5	1,221.4
Electronics and Appliance Stores (NAICS 443)	1,594.7	1,452.3	1,581.9
Building Material and Garden Equipment and Supplies Dealers (NAICS 444)	2,766.7	2,730.9	2,844.8
Food and Beverage Stores (NAICS 445)	8,926.6	7,258.7	10,221.8
Health and Personal Care Stores (NAICS 446)	4,961.5	4,937.5	5,066.1
Gasoline Stations (NAICS 447)	2,868.4	2,990.5	3,426.2
Clothing and Clothing Accessories Stores (NAICS 448)	2,667.5	2,708.7	2,739.1
Sporting Goods, Hobby, Book and Music Stores (NAICS 451)	1,052.3	1,002.0	1,013.1
General Merchandise Stores (NAICS 452)	5,215.3	5,211.8	5,274.6
Miscellaneous Store Retailers (NAICS 453)	3,964.4	4,214.2	4,757.1
Nonstore Retailers (NAICS 454)	3,507.6	3,356.6	3,677.3
TOTAL (NAICS 44-45)	\$45,455.3	\$44,086.2	\$49,433.7

RETAIL SALES FY 2010-11

RETAIL ESTABLISHMENTS (NAICS 44-45)



SALES AND USE TAXES (cont.)

Table III provides total sales and use taxes revenues by the economic activities sectors of the North American Industry Classification System (NAICS) for fiscal years 2009 through 2011. The revenues are from regular payments and represent 94% of the total sales and use taxes collected in FY 2010-11.

TABLE III: Sales & Use Tax - From Regular Payments
Fiscal Years 2009 - 2011
(In Millions)

	NAICS Code	FY 2008-09	FY 2009-10	FY 2010-11
<i>Motor Vehicle and Parts Dealers</i>	441	\$ 299.0	\$ 313.2	\$ 336.8
<i>Furniture and Home Furnishings</i>	442	64.4	58.2	56.6
<i>Electronics and Appliance Stores</i>	443	67.9	60.4	61.7
<i>Building Material and Garden Equipment</i>	444	142.4	140.8	146.1
<i>Food and Beverage Stores</i>	445	180.1	184.7	187.2
<i>Health and Personal Care Stores</i>	446	44.6	45.3	46.0
<i>Gasoline Stations</i>	447	33.9	36.1	37.2
<i>Clothing and Clothing Accessories Stores</i>	448	70.4	72.1	74.6
<i>Sporting Goods, Hobby, Book & Music</i>	451	46.3	44.6	44.5
<i>General Merchandise Stores</i>	452	174.7	172.5	172.6
<i>Miscellaneous Store Retailers</i>	453	152.2	152.2	172.5
<i>Nonstore Retailers</i>	454	53.8	55.6	59.8
Retail Sector Subtotal	44-45	\$1,329.7	\$1,335.9	\$1,395.6
Utilities	22	124.7	108.0	106.2
Construction	23	122.7	104.5	125.0
Manufacturing	31-33	171.7	157.0	171.1
Wholesale Trade	42	159.5	147.6	156.3
Information	51	267.2	259.2	257.6
Arts, Entertainment & Recreation	71	23.5	25.3	26.7
Accommodation and Food Services	72	262.9	264.5	275.6
Other Services (except Public Admin)	81	123.3	129.4	129.2
All Other Businesses		517.6	485.8	523.9
TOTAL SALES & USE TAX REVENUE		\$3,102.8	\$3,017.1	\$3,167.2

SOLID WASTE TAX

The Solid Waste Tax is levied on the owners of commercial resources recovery facilities that process municipal solid waste to reclaim energy.

Revenue	
FY 2008-09	\$3,371,682
2009-10	3,550,344
2010-11	3,323,663

Number of Taxpayers / Filing Frequency

7 taxpayers / Quarterly

Basis and Rate

\$1.50 per ton of solid waste processed.

TOBACCO PRODUCTS TAX

An excise tax is imposed on all non-cigarette tobacco products such as cigars, stogies, snuff, pipe and chewing tobacco. The tax is imposed when the tobacco products are manufactured, imported, or purchased by distributors. Distributors must be licensed annually and remit the tax on a monthly basis.

Revenue	
FY 2008-09	\$5,399,964
2009-10	7,282,491
2010-11	7,391,212

Exemptions

- Tobacco products exported from the State; and
- Tobacco products sold to the federal government.

Number of Taxpayers/Filing Frequency

210 distributors/Monthly

Basis and Rate

27.5% of the wholesale sales price until June 30, 2011. Effective July 1, 2011 the rate was increased to 50% of the wholesale sales price. In the case of cigars, the tax is 50% of the wholesale sales price, not to exceed 50¢ per cigar.

Snuff tobacco products are taxed at a rate of 40¢ per ounce prior to June 30, 2011. Effective July 1, 2011 snuff tobacco products are taxed at a rate of \$1.00 per ounce.

TOURISM SURCHARGE

A surcharge is levied on the rental and leasing of passenger motor vehicles for a period of thirty consecutive calendar days or less. Revenues generated by the surcharge are deposited into the General Fund.

Revenue	
FY 2008-09	\$4,688,286
2009-10	4,414,841
2010-11	4,793,788

Exemption

The rental or leasing of a motor vehicle pursuant to a written agreement, which has a term of more than thirty days.

Number of Taxpayers / Filing Frequency

21 taxpayers / Monthly
63 taxpayers / Quarterly

Basis and Rate

\$1.00 per rental/leasing day or portion thereof, of passenger motor vehicles.

UNRELATED BUSINESS TAXABLE INCOME TAX

The Unrelated Business Taxable Income Tax is imposed on any trade or business conducted by a tax-exempt organization that does not substantially relate to its tax-exempt purpose. The tax is paid at the same rate as the Corporation Business Tax. For most taxpayers, the due date is either April 15 or May 15, depending on the entity. Foreign trusts however, generally have a due date of June 15.

Revenue	
FY 2008-09	\$ 2,664,590
2009-10	1,606,904
2010-11	1,905,559

Number of Taxpayers / Filing Frequency

283 organizations / Annually

Basis and Rate

7.5% of the unrelated business income of the organization. A surtax of 10% applies to organizations whose gross income is \$100 million or more for the 2009 through 2011 income years. No minimum tax is required.

Credits

For the 2009 income year, 36 taxpayers claimed \$11,840 in Electronic Data Processing Property Tax Credits.

FY 2010-11 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
ANDOVER	54	35	\$ 7,503,339	\$ 37,517
ANSONIA	155	119	20,684,687	104,398
ASHFORD	51	47	11,842,500	59,213
AVON	230	282	138,521,075	773,803
BARKHAMSTED	61	46	9,032,175	46,411
BEACON FALLS	60	53	9,916,500	49,583
BERLIN	230	270	71,651,328	385,905
BETHANY	47	49	14,345,500	71,728
BETHEL	198	197	70,670,340	393,953
BETHLEHEM	57	34	9,205,200	50,426
BLOOMFIELD	213	206	61,392,526	349,648
BOLTON	136	43	9,607,015	48,035
BOZRAH	37	27	5,286,804	26,434
BRANFORD	397	352	114,726,458	675,892
BRIDGEPORT	1,122	1,155	157,907,500	872,316
BRIDGEWATER	19	21	17,375,585	118,895
BRISTOL	610	570	103,593,965	564,526
BROOKFIELD	158	197	88,761,965	490,392
BROOKLYN	98	102	19,215,341	111,829
BURLINGTON	126	131	39,341,179	198,156
CANAAN	18	12	2,439,500	12,738
CANTERBURY	67	68	10,458,247	52,375
CANTON	119	129	48,634,641	254,306
CHAPLIN	36	18	2,261,450	11,307
CHESHIRE	265	295	96,237,381	520,860
CHESTER	56	38	15,559,591	110,701
CLINTON	203	166	44,066,039	238,005
COLCHESTER	144	180	47,709,534	241,611
COLEBROOK	29	21	4,487,200	25,261
COLUMBIA	65	54	13,041,115	67,456
CORNWALL	29	27	13,304,827	80,374
COVENTRY	124	123	27,422,410	137,112
CROMWELL	188	190	61,863,560	355,772
DANBURY	651	701	246,271,753	1,356,565
DARIEN	191	313	498,965,210	3,861,453
DEEP RIVER	75	44	14,010,443	79,360
DERBY	127	97	18,778,978	103,353
DURHAM	88	71	21,651,915	114,052
EASTFORD	33	16	2,348,954	12,875
EAST GRANBY	51	67	18,481,100	104,655
EAST HADDAM	140	124	30,611,340	160,863
EAST HAMPTON	151	159	35,461,683	180,058
EAST HARTFORD	381	409	65,109,294	370,119

FY 2010-11 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
EAST HAVEN	321	232	\$ 70,448,712	\$ 386,894
EAST LYME	253	230	87,823,194	452,596
EASTON	88	74	39,828,796	203,987
EAST WINDSOR	106	126	31,994,920	201,113
ELLINGTON	147	133	34,035,307	176,155
ENFIELD	368	398	77,223,291	435,608
ESSEX	91	91	38,128,586	220,562
FAIRFIELD	496	772	487,309,872	2,905,204
FARMINGTON	365	338	138,349,237	802,775
FRANKLIN	40	16	5,603,739	38,994
GLASTONBURY	353	463	226,049,142	1,385,752
GOSHEN	63	67	22,648,953	120,750
GRANBY	125	121	31,493,699	162,631
GREENWICH	631	860	1,705,853,311	14,001,662
GRISWOLD	158	134	17,259,581	88,423
GROTON	323	376	111,867,258	637,508
GUILFORD	278	257	113,795,212	665,325
HADDAM	91	90	23,790,185	123,596
HAMDEN	458	513	121,397,807	628,625
HAMPTON	26	20	3,158,400	15,792
HARTFORD	597	677	192,755,665	1,274,148
HARTLAND	13	15	3,360,052	16,800
HARWINTON	95	58	13,642,047	68,210
HEBRON	97	76	18,498,129	99,766
KENT	38	47	22,741,310	142,719
KILLINGLY	245	227	33,490,801	174,628
KILLINGWORTH	59	69	19,599,057	103,020
LEBANON	106	87	18,733,104	98,666
LEDYARD	149	207	38,173,604	196,806
LISBON	46	44	7,182,214	35,911
LITCHFIELD	103	99	33,607,224	200,921
LYME	52	38	23,464,221	153,971
MADISON	227	240	137,770,692	829,578
MANCHESTER	460	491	99,754,755	563,950
MANSFIELD	133	153	40,532,941	255,181
MARLBOROUGH	50	63	18,097,350	95,417
MERIDEN	549	524	84,981,046	455,418
MIDDLEBURY	111	75	24,018,557	125,343
MIDDLEFIELD	44	42	10,098,774	50,494
MIDDLETOWN	363	390	107,473,159	611,031
MILFORD	531	613	225,720,080	1,395,489
MONROE	155	182	64,829,868	347,149
MONTVILLE	177	160	30,309,552	157,123

FY 2010-11 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
MORRIS	58	34	\$ 9,273,880	\$ 48,769
NAUGATUCK	272	293	46,110,315	239,298
NEW BRITAIN	531	508	80,457,052	448,008
NEW CANAAN	195	356	538,321,630	4,085,442
NEW FAIRFIELD	156	146	58,986,426	319,197
NEW HARTFORD	98	74	19,296,044	100,635
NEW HAVEN	948	704	145,717,680	861,165
NEWINGTON	295	335	75,083,106	403,422
NEW LONDON	192	206	42,403,671	255,803
NEW MILFORD	333	327	104,291,753	634,688
NEWTOWN	278	309	148,212,289	820,750
NORFOLK	34	23	9,333,212	54,666
NORTH BRANFORD	155	97	22,276,238	120,206
NORTH CANAAN	54	31	5,198,590	30,943
NORTH HAVEN	239	245	71,437,669	408,103
NORTH STONINGTON	75	57	12,861,900	71,695
NORWALK	639	868	474,877,403	3,038,568
NORWICH	398	365	54,860,427	316,090
OLD LYME	179	109	48,240,502	285,702
OLD SAYBROOK	217	199	88,031,025	544,910
ORANGE	146	138	63,008,203	336,483
OXFORD	147	138	46,453,622	234,843
PLAINFIELD	192	172	23,457,343	120,497
PLAINVILLE	228	219	48,714,496	285,744
PLYMOUTH	152	117	24,335,939	143,692
POMFRET	72	43	10,448,342	52,242
PORTLAND	109	97	20,898,375	109,228
PRESTON	69	55	10,887,368	55,562
PROSPECT	90	128	33,956,053	176,968
PUTNAM	79	99	15,686,324	92,777
REDDING	101	92	55,657,485	313,730
RIDGEFIELD	292	358	250,145,027	1,499,090
ROCKY HILL	161	200	60,939,915	336,550
ROXBURY	30	31	25,595,976	177,867
SALEM	79	50	11,698,688	63,721
SALISBURY	75	72	37,819,293	226,888
SCOTLAND	26	17	3,873,631	21,165
SEYMOUR	180	146	32,810,423	164,052
SHARON	74	65	31,592,250	191,661
SHELTON	372	428	136,378,019	731,005
SHERMAN	56	50	15,457,500	83,137
SIMSBURY	222	281	92,694,489	481,457
SOMERS	109	92	22,552,706	113,264

FY 2010-11 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
SOUTHBURY	232	318	\$ 101,399,122	\$ 518,416
SOUTHINGTON	436	478	126,309,846	674,289
SOUTH WINDSOR	213	289	107,726,712	659,084
SPRAGUE	34	18	2,712,336	13,612
STAFFORD	155	132	19,691,264	114,629
STAMFORD	842	1,168	715,559,579	4,184,021
STERLING	42	40	5,717,464	28,897
STONINGTON	272	242	97,845,792	594,904
STRATFORD	529	587	143,115,682	840,974
SUFFIELD	150	168	50,661,188	275,889
THOMASTON	86	66	12,038,578	60,193
THOMPSON	165	106	17,743,170	92,591
TOLLAND	138	120	43,605,041	275,701
TORRINGTON	368	329	52,315,260	304,352
TRUMBULL	311	309	132,925,445	693,887
UNION	26	11	3,994,400	24,422
VERNON	246	273	57,660,221	329,850
VOLUNTOWN	37	18	3,577,495	17,887
WALLINGFORD	355	451	117,222,548	657,095
WARREN	29	29	13,865,956	82,267
WASHINGTON	63	73	74,584,699	541,124
WATERBURY	1,088	958	143,220,452	795,331
WATERFORD	242	212	52,415,593	277,658
WATERTOWN	261	222	53,064,076	288,946
WESTBROOK	251	196	38,160,218	220,966
WEST HARTFORD	598	777	286,457,055	1,673,728
WEST HAVEN	425	440	79,459,996	427,837
WESTON	94	133	119,683,198	762,117
WESTPORT	357	507	661,906,205	4,834,492
WETHERSFIELD	287	257	60,207,008	316,710
WILLINGTON	62	32	9,523,757	47,619
WILTON	152	214	178,372,233	1,104,988
WINCHESTER	146	97	19,396,726	108,571
WINDHAM	160	199	44,938,922	268,951
WINDSOR	277	278	65,487,169	372,850
WINDSOR LOCKS	100	144	26,415,046	148,183
WOLCOTT	212	145	32,083,190	171,038
WOODBIDGE	98	88	47,033,622	239,854
WOODBURY	105	111	37,565,510	203,203
WOODSTOCK	128	104	19,616,023	99,830
TOWN UNKNOWN	102	125	44,581,029	242,063
TOTAL	34,752	35,984	\$14,026,841,655	\$87,674,679

PENALTY AND INTEREST RECEIPTS

Failure to pay taxes or file tax returns in a timely manner generally results in a penalty to the taxpayer of \$50 or 10% of the tax due, whichever is greater. If the taxpayer is subject to a penalty for late payment, the late filing penalty is not applicable.

Penalties for late electronic funds transfer (EFT) payments are:

- 2% of the tax due for EFT payments not more than 5 days late;*
- 5% for EFT payments more than 5 days but not more than 15 days late; and*
- 10% for EFT payments more than 15 days late.*

The penalty for the late payment of Sales and Use taxes is 15% of the amount due, or \$50, whichever is greater. The penalty for failure to pay the use tax with the Connecticut income tax returns is 10%, reduced from 15%, to parallel the rate for the income tax.

Interest is also charged on any amount of tax due that is not paid on or before the due date or on the underpayment of estimated tax requirements. Interest is charged on a monthly basis at a rate of 1% per month from the due date.

Penalty and Interest Revenue By Tax Source

Tax Type		FY 2008-09	FY 2009-10	FY 2010-11
Corporation	Penalty	\$ 3,190,706	\$ 3,467,103	\$ 3,035,865
	Interest	40,861,286	48,071,103	26,274,538
Income Tax	Penalty	19,430,576	18,165,377	14,683,236
	Interest	45,108,363	45,340,145	34,224,723
Sales & Use	Penalty	13,765,657	14,187,221	13,363,184
	Interest	38,053,366	31,311,751	23,524,294
All Other Taxes	Penalty	6,109,481	5,681,789	5,178,720
	Interest	11,986,008	9,853,117	9,274,858
Total	Penalty	42,496,420	41,501,490	36,261,004
	Interest	136,009,023	134,576,116	93,298,414

TAX REFUNDS

The Department of Revenue Services issues refunds to taxpayers when an overpayment of tax liability has been made. The refund is charged to the fund to which such tax, penalty or interest was previously credited. Due to statutory allowances, refunds for Motor Fuel Taxes are allowed in certain cases involving fuel sold to a Connecticut motorbus company or a company engaged in livery service.

Refunds of the Personal Income Tax owed to any person or entity with a debt obligation to Connecticut, the Internal Revenue Service or another reciprocating state may be withheld to offset the outstanding debt. There were 38,032 external offsets in Fiscal Year 2010-11, totaling \$10,993,372. This is an increase over the 34,556 external offsets in Fiscal Year 2009-10, which totaled \$9,743,979.

AMOUNT OF TAXES REFUNDED			
	FY 2008-09	FY 2009-10	FY 2010-11
Admissions & Dues	\$ 429,482	\$ 43,432	\$ 56,203
Business Entity	418,588	1,007,326	1,875,177
Business Use	1,000,242	181,455	2,866,676
Cigarette	606,738	955,168	396,368
Community Antenna	270,057	1,408	0
Controlling Interest	988,848	185,689	309,699
Connecticut Estate Tax	2,293,994	72,311	137,463
Corporation Business	170,021,934	148,905,977	110,562,608
Corp. R&D Credit Buyback	8,428,079	8,936,648	8,598,487
Domestic Insurers	16,392,047	858,434	1,194,745
Electric and Power	0	0	218,326
Foreign Insurers	14,492,544	10,403,870	11,951,316
Gas Companies	95,067	66,671	45,552
Gasoline	4,061,062	5,015,045	5,390,202
Gift Tax	139,111	112	98,278
Gift & Estate	4,677,527	9,499,886	10,100,853
Health Care Centers	25,965,824	375,708	7,807,900
Income Tax	776,825,243	817,008,193	777,173,081
Individual Use Tax	217,232	286,750	229,350
Motor Carrier	1,863,647	1,835,542	1,014,547
Nursing Home User Fee	522,141	389,753	494,116
Occupational	47,996	63,585	76,538
PEG Account	0	134,448	133,387
Petroleum Products	5,403,868	11,001,714	4,570,977
Real Estate Conveyance	3,114,059	1,466,050	1,153,748
Room Occupancy	59,140	123,851	115,892
Sales & Use Taxes	26,363,917	57,132,777	20,904,780
Special Fuel	159,901	464,387	362,617
Succession Tax	714,279	60,683	3,577
Tobacco Distributor	925,736	843,915	3,153,315
Unauthorized Insurance	3,762	7,504	73,140
Unrelated Business Income	332,906	341,332	286,620
Miscellaneous	43,323	15,503	5,179
Total	\$ 1,066,878,294	\$ 1,077,685,127	\$971,360,717

NATIONWIDE COMPARISON OF TAX RATES

(Connecticut Effective as of 7/1/11, Other States Effective as of 1/1/11)

STATE	CORPORATION TAX RATES (%)	SALES AND USE TAX RATES (%)	GASOLINE TAX RATES (¢ PER GAL)	CIGARETTE TAX RATE (¢ PER PACK)
Alabama	6.5	4.0	18.0	42.5
Alaska	1.0 - 9.4	None	8.0	200.0
Arizona	6.968	6.6	19.0	200.0
Arkansas	1.0 - 6.5	6.0	21.8	115.0
California	8.84	8.25	35.3	87.0
Colorado	4.63	2.9	22.0	84.0
Connecticut	7.5	6.35	25.0	340.0
Delaware	8.7	None	23.0	160.0
Florida	5.5	6.0	16.2	133.9
Georgia	6.0	4.0	17.6	37.0
Hawaii	4.4 - 6.4	4.0	17.0	300.0
Idaho	7.6	6.0	26.0	57.0
Illinois	9.5	6.25	20.1	98.0
Indiana	8.5	7.0	18.0	99.5
Iowa	6.0 - 12.0	6.0	22.0	136.0
Kansas	4.0	6.3	24.0	79.0
Kentucky	4.0 - 6.0	6.0	25.9	60.0
Louisiana	4.0 - 8.0	4.0	20.0	36.0
Maine	3.5 - 8.93	5.0	29.5	200.0
Maryland	8.25	6.0	23.5	200.0
Massachusetts	8.25	6.25	21.0	251.0
Michigan	4.95	6.0	19.0	200.0
Minnesota	9.8	6.875	29.6	123.0
Mississippi	3.0 - 5.0	7.0	18.4	68.0
Missouri	6.25	4.225	17.3	17.0
Montana	6.75	None	27.0	170.0
Nebraska	5.58 - 7.81	5.5	27.3	64.0
Nevada	None	6.85	24.805	80.0
New Hampshire	8.5	None	19.625	178.0
New Jersey	9.0	7.0	14.50	270.0
New Mexico	4.8 - 7.6	5.125	18.875	166.0
New York	7.1	4.0	25	435.0
North Carolina	6.9	5.75	32.75	45.0
North Dakota	2.1 - 6.4	5.0	23.0	44.0
Ohio	N/A	5.5	28.0	125.0
Oklahoma	6.0	4.5	17.0	103.0
Oregon	6.6 - 7.6	None	30.0	118.0
Pennsylvania	9.99	6.0	31.2	160.0
Rhode Island	9.0	7.0	33.0	346.0
South Carolina	5.0	6.0	16.75	57.0
South Dakota	None	4.0	24.0	153.0
Tennessee	6.5	7.0	21.4	62.0
Texas	N/A	6.25	20.0	141.0
Utah	5.0	5.95	24.5	170.0
Vermont	6.0 - 8.5	6.0	24.98	224.0
Virginia	6.0	5.0	17.5	30.0
Washington	None	6.5	37.5	302.5
West Virginia	8.5	6.0	32.2	55.0
Wisconsin	7.9	5.0	32.9	252.0
Wyoming	None	4.0	14.0	60.0

**DEPARTMENT OF REVENUE SERVICES
FY 2010-11 ANNUAL REPORT**

PREPARED BY: TAX RESEARCH UNIT

Susan B. Sherman

Ernest Adamo

Michael J. Galliher