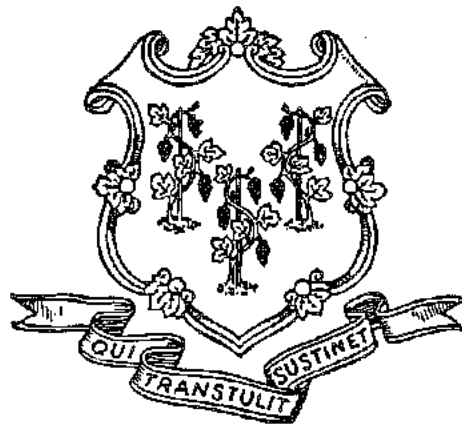

CONNECTICUT
REVENUE, BUDGET
AND ECONOMIC DATA

FISCAL YEARS

1972 - 1992



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TAXES

Overview.....	2
Admissions, Dues and Cabaret Tax.....	39
Alcoholic Beverage Tax.....	41
Capital Gains, Interest and Dividends Tax.....	44
Cigarette Tax.....	48
Corporation Tax.....	50
Inheritance Tax.....	59
Insurance Tax.....	63
Motor Fuels Tax.....	66
Personal Income Tax.....	68
Petroleum Companies Tax.....	73
Public Service Corporation Tax.....	75
Real Estate Conveyance Tax.....	85
Sales and Use Tax.....	87
Unincorporated Business Tax.....	93
Unemployment Compensation Trust Fund.....	95
LEGALIZED GAMBLING.....	98
BONDING.....	120
STATE BUDGET OVERVIEW.....	131
MAJOR STATE PROGRAMS OR FUNDS	
Boating.....	144
Education.....	147
Distressed Municipalities and Enterprise Zones.....	156
State Investment Policy.....	163
Transportation.....	176
MUNICIPAL FINANCE	
Municipal Revenues.....	182
State and Local Property Tax Relief for the Elderly.....	187
Veterans.....	194
Appeals Board for Property Valuation.....	196
Taxation of Farm, Forest and Open Space Land.....	197
Mobile Manufactured Home Tax Legislation.....	198
Municipal Property Tax Exemptions.....	199
SOCIOECONOMIC DATA	
Personal Income Growth.....	201
Connecticut Socioeconomic Data.....	202
Nonagricultural Employment in Connecticut.....	203
Connecticut Housing Building Permits.....	204
Defense Contract Awards.....	205
General Drift Indicator.....	207

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of 1
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1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that proper record-keeping is essential for transparency and accountability, particularly in financial reporting and auditing. The text notes that incomplete or inconsistent records can lead to significant errors and potential legal consequences.

2. The second section addresses the challenges associated with data collection and analysis. It highlights the need for standardized procedures and the use of reliable data sources. The document suggests that organizations should invest in robust data management systems to ensure the integrity and accuracy of their information. Additionally, it stresses the importance of regular data audits to identify and correct any discrepancies.

3. The third part of the document focuses on the role of technology in modern business operations. It discusses how digital tools and automation can streamline processes, reduce manual errors, and improve overall efficiency. The text mentions various software solutions for accounting, project management, and customer relationship management, noting their potential to transform traditional workflows.

4. The final section discusses the importance of continuous learning and professional development. It encourages individuals and organizations to stay updated on the latest industry trends and technologies. The document suggests that attending conferences, workshops, and taking relevant courses can help professionals enhance their skills and knowledge, ultimately leading to better performance and innovation in the workplace.

TABLE OF CONTENTS

INTRODUCTION.....	1
TAXES	
<u>Overview</u>	
Total General Fund Taxes and Revenue.....	2
General Fund Revenue Collections.....	4
General Fund Revenues as a Percent of Total.....	5
Relative Reliance on Various Taxes.....	6
Total Taxes: Collections and Growth Rates.....	7
Actual and Adjusted Tax Growth Rates.....	10
General Fund Revenue Increases.....	14
General Fund Revenue Decreases.....	28
Refunds of Taxes.....	36
Penalty and Interest Revenue.....	37
Dates of Adoption of Major State Taxes by State....	38
<u>Taxes</u>	
Admissions, Dues, Cabaret.....	39
Alcoholic Beverage Tax.....	41
Capital Gains, Dividends and Interest Tax.....	44
Cigarette Tax.....	48
Corporation Tax.....	50
Inheritance Tax.....	59
Insurance Tax.....	63
Motor Fuels Excise Taxes.....	66
Personal Income Tax.....	68
Petroleum Companies Tax.....	73
Public Service Corporation Tax.....	75
Real Estate Tax.....	85
Sales and Use Tax.....	87
Unincorporated Business Tax.....	93
Unemployment Compensation Trust Fund.....	95
LEGALIZED GAMBLING	
Division of Special Revenue.....	98
Comparison of Legalized Gambling Revenue.....	99
General Fund Revenues Since Inception.....	99
Gambling Revenues.....	100
Lottery Revenues.....	104
Lottery Advertising Expenditures.....	107
Distribution of Each \$100 Bet by Major Game.....	107
Jai Alai and Dog Track Handle.....	108
Jai Alai and Dog Track Revenues.....	109
OTB Sales.....	112
OTB and Parimutuel Payments to Municipalities....	116
Municipal Share of Revenues from Gambling.....	116
OTB Payments to Municipalities by Town.....	117
Charitable Gambling.....	118
BONDING	
Bond Authorizations.....	120
Special Tax Obligation Bonds.....	121
Bond Commission Allocations.....	122
State Bond Sales and Interest Rates.....	124
General Fund Debt Service as a Percent of Budget..	127
Bond Ratings for the State of Connecticut.....	129
State Debt Limitations.....	130

STATE BUDGET OVERVIEW

Budgeted vs. Actual Expenditures.....	131
State Employment.....	135
Use of General Fund Surplus from Operations.....	137
Flow of Funds From Hypothetical \$750 Surplus.....	138
FY 92 General Fund Unappropriated Surplus.....	139
Budget Reserve Fund.....	140
States with Rainy Day Funds, 1983.....	141
Spending Limitations: The Delaware Plan.....	143

MAJOR STATE PROGRAMS OR FUNDS

Boating

The Boating Fund.....	144
The Boating Fund Balance.....	145
Vessel Fee Chart.....	146

Education

Sources of Revenue for Primary and Secondary Ed....	147
Education Equalization Grants to Towns.....	149
Education Enhancement Act.....	154

Distressed Municipalities and Enterprise Zones.....

156

State Investment Policy

State Employee' Retirement Fund.....	163
Teachers' Retirement Fund.....	166
State Pension Systems: Interest Rate Return.....	169
South African Investment Law.....	171
Northern Ireland Investment Law.....	172
MacBride Principles for Northern Ireland.....	172
Description of the Yankee Mac Program.....	173
Chronology of Yankee Mac Offerings.....	175

Transportation

Transportation Fund Revenues.....	176
Transportation Infrastructure.....	178
Infrastructure Renewal Program.....	179
Summary of Enacted Tax and Fee Increases.....	180
Special Transportation Fund Pledged Revenues.....	181
Projected Debt Service Coverage.....	181

MUNICIPAL FINANCE

Municipal Revenues

State Aid to Local Governments.....	182
State Grand Levies.....	183
Regional Tourism Districts.....	184
Convention and Visitors Commissions.....	185
Room Occupancy Revenue Returned to Districts.....	186

State and Local Property Tax Relief for the Elderly

Circuit Breaker/Freeze Benefit Levels.....	187
Total Circuit Breaker/Freeze Expenditures.....	188
Freeze Program.....	188
Circuit Breaker for Homeowners and Renters.....	189
Relief Programs for the Elderly or Disabled.....	190
Local Option Property Tax Relief for the Elderly..	193

Veterans

Veteran's Property Tax Exemption.....194
Veteran's Exemption Chart.....195

Appeals Board for Property Valuation.....196

Taxation of Farm, Forest and Open Space Land.....197

Mobile Manufactured Home Tax Legislation.....198

Municipal Property Tax Exemptions.....199

SOCIOECONOMIC DATA

Personal Income Growth: Connecticut vs. the US....201
Connecticut Socioeconomic Data.....202
Nonagricultural Employment in Connecticut.....203
Connecticut Housing Building Permits.....204
Defense Contract Awards.....205
General Drift Indicator.....207

INTRODUCTION

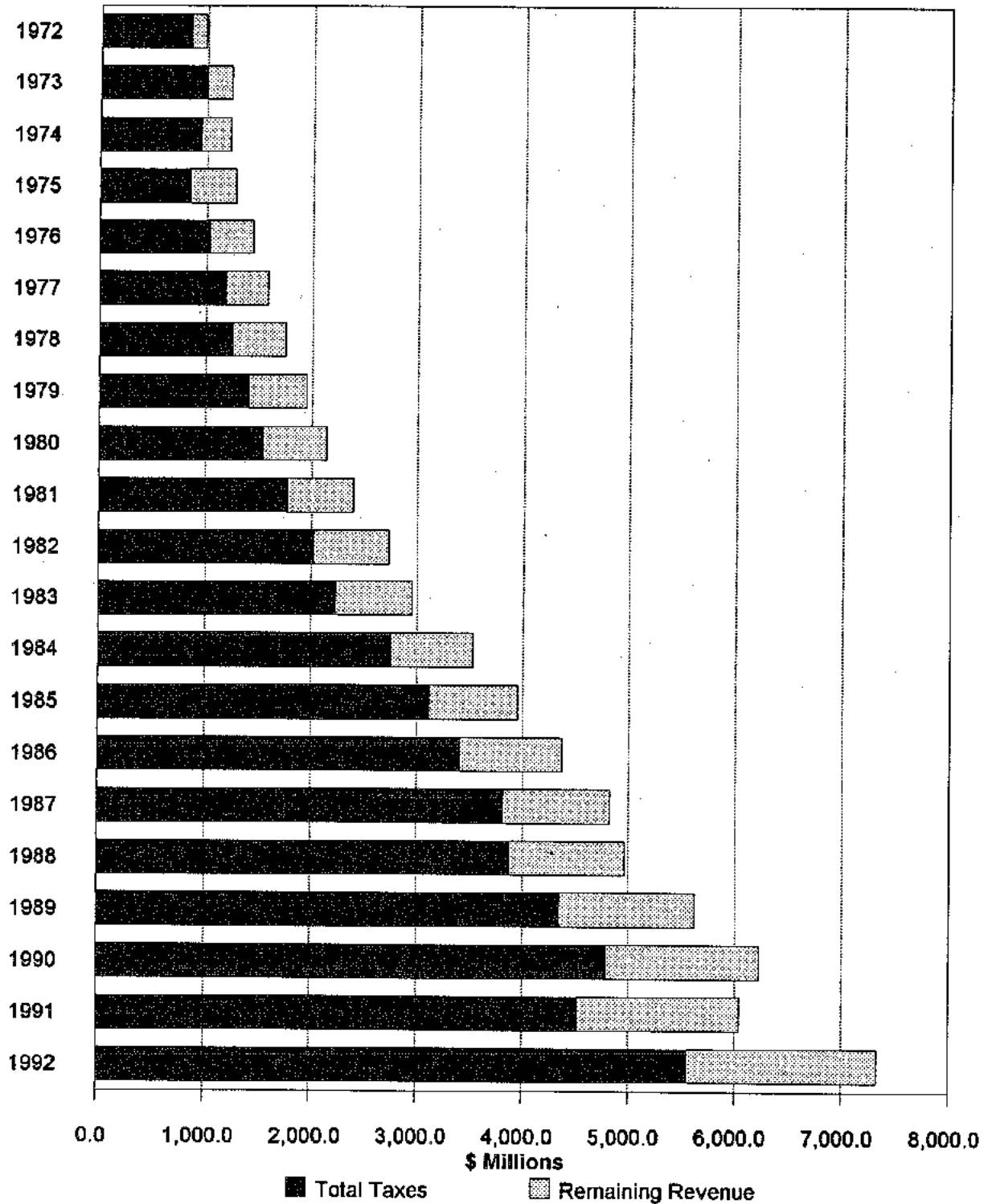
This document is designed to be a reference tool for legislators interested in putting the state's revenue and budget picture into historical perspective. Twenty years or more of data on major state taxes and some of the basic expenditure items most often asked for by state legislators is provided. Similar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

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

Any comments or questions concerning the information contained in this book, the method of presentation, or suggestions for additional topics would be welcomed by: The Revenue Section, Office of Fiscal Analysis, Legislative Office Building, Hartford, Connecticut, 06106 (telephone: (203) 240-0200).

General Fund Taxes and Other Revenue 1972-1992

Fiscal Year



Total General Fund Taxes and Other Revenue

Fiscal Year	Total Taxes (\$ Millions) [1,2]	Yearly % Change	Total General Fund Revenues (\$ Millions) [1,2,3,4,5]	Yearly % Change
1969	436.8	6.8	550.0	14.5
1970	619.4	41.8	689.9	25.4
1971	664.7	7.3	812.8	17.8
1972	842.0	26.7	983.6	21.0
1973	992.7	17.9	1,235.3	25.6
1974	941.4	(5.2)	1,224.2	(0.9)
1975	846.9	(10.0)	1,277.7	4.4
1976	1,033.3	22.0	1,442.2	12.9
1977	1,184.3	14.6	1,588.3	10.1
1978	1,252.5	5.8	1,753.1	10.4
1979	1,402.9	12.0	1,955.7	11.6
1980	1,533.1	9.3	2,142.7	9.6
1981	1,771.1	15.5	2,396.6	11.8
1982	2,022.5	14.2	2,732.5	14.0
1983	2,228.7	10.2	2,956.5	8.2
1984	2,750.0	23.4	3,527.8	19.3
1985	3,114.3	13.2	3,958.3	12.2
1986	3,406.9	9.4	4,378.8	10.6
1987	3,818.5	12.1	4,827.4	10.2
1988	3,877.4	1.5	4,968.8	2.9
1989	4,356.8	12.4	5,630.5	13.3
1990	4,791.8	10.0	6,233.9	10.7
1991	4,523.6	(5.6)	6,051.3	(2.9)
1992	5,558.3	22.9	7,332.5	21.2

Source: Annual Report of the Comptroller, various years.

[1] From FY 69 to FY 74 Public Service Taxes went into the Public Service Tax Sinking Fund rather than the General Fund. To make the data comparable, the tax was added to Total General Fund Revenues for these years.

[2] From FY 75 to FY 83 the Transportation Fund was included in the General Fund. To make the data comparable, Motor Fuels Tax was eliminated from Total Taxes and revenues later transferred to the Transportation Fund were removed from Total General Fund Revenues for these years. Other tables in this book include Motor Fuels Tax in Total Taxes and thus are not comparable with the figures appearing here.

[3] From FY 78 to FY 83 betting taxes are included with Special Revenue Transfers in the "Other Revenues" portion of the Comptroller's Statement.

[4] To make the data comparable, Refunds of Taxes were added to Total General Fund Revenues for FY 86 and subsequent years.

[5] FY 92 Total General Fund Revenue adjustments are the addition of the Economic Recovery Fund payment and subtraction of \$367.4 million appropriated to the Department of Income Maintenance for payment to the Department of Mental Health to cover low income disproportionate share costs in state institutions.

General Fund Revenues by Source

Revenue Collections (\$ Millions)

	FY78	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87
Taxes										
Sales & Use	654.2	742.8	808.9	932.7	1,014.6	1,123.1	1,362.9	1,542.0	1,652.6	1,840.6
Corporations	199.6	231.1	246.1	248.7	330.7	345.5	416.1	521.3	654.8	681.9
Public Service Corp	108.3	122.6	146.3	175.3	218.2	233.9	259.8	290.7	269.4	253.2
Capital Gains, Div & Int	75.6	83.5	101.0	117.8	137.7	183.7	289.5	302.4	317.3	467.8
Cigarette	76.2	76.3	75.8	74.3	74.3	73.8	89.8	89.3	87.7	88.7
Insurance Companies	51.7	56.3	62.0	67.0	72.4	77.8	82.3	92.8	115.4	140.3
Inheritance	48.9	53.0	54.8	67.4	79.2	77.5	111.2	125.3	153.3	177.3
Oil Companies	NA	NA	NA	49.7	37.7	49.7	50.1	50.7	37.0	25.1
Unincorporated Business	NA	NA	NA	NA	18.6	23.0	5.0	NA	NA	NA
Real Estate Conveyance	NA	NA	NA	NA	NA	NA	37.6	49.3	71.9	93.7
Alcoholic Beverage	25.2	25.3	25.6	25.4	26.0	27.1	31.5	33.0	31.8	33.5
Admissions, Dues & Cab	11.0	10.9	11.7	11.7	11.9	12.5	12.9	14.1	13.8	14.9
Miscellaneous	1.9	1.0	1.1	1.1	1.2	1.2	1.2	3.3	1.8	1.5
Total Taxes	\$1,252.6	\$1,462.8	\$1,533.3	\$1,771.1	\$2,022.5	\$2,228.8	\$2,749.9	\$3,114.2	\$3,406.8	\$3,818.5
Other Revenue										
Licenses, Permits & Fees	44.0	45.1	46.8	51.9	45.5	50.2	60.9	43.9	67.0	68.0
Commodities & Services	36.9	38.2	43.3	46.0	48.6	52.4	53.1	52.5	50.5	55.4
Interest & Dividends	8.8	11.4	12.8	14.6	22.0	7.2	5.8	4.8	3.9	5.3
Rents & Escheats	3.9	3.9	4.1	4.4	22.8	15.8	10.2	9.7	9.3	11.5
Special Revenue	72.3	72.8	88.2	91.2	112.8	122.5	148.0	191.8	234.1	257.7
Transfer of Other Funds	11.3	14.5	14.4	14.9	29.1	31.0	30.3	36.9	29.5	17.5
Miscellaneous	37.1	43.6	55.0	58.6	76.1	72.5	63.7	67.8	74.9	83.5
Total-Other Revenue	\$214.3	\$229.5	\$264.6	\$281.6	\$356.9	\$351.6	\$372.0	\$407.4	\$469.2	\$498.9
Other Sources										
Federal Grants	243.9	293.8	314.9	333.2	353.1	376.1	405.9	436.7	482.8	510.0
Revenue Sharing	22.8	29.6	29.9	7.8	NA	NA	NA	NA	NA	NA
Unappropriated Surplus	19.5	NA	0.0	2.9	NA	NA	NA	NA	20.0	NA
Statutory Transfers	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total-Other Sources	\$286.2	\$323.4	\$344.8	\$343.9	\$353.1	\$376.1	\$405.9	\$436.7	\$502.8	\$510.0
Total Revenue	\$1,753.1	\$1,955.7	\$2,142.7	\$2,396.6	\$2,732.5	\$2,956.5	\$3,527.8	\$3,958.3	\$4,378.8	\$4,827.4

	FY88	FY89	FY90	FY91	FY92
Taxes					
Personal Income	NA	NA	NA	NA	1,976.6
Sales & Use	2,000.4	2,097.6	2,479.0	2,417.8	2,080.2
Corporations	661.3	870.0	794.1	669.0	641.4
Public Service Corp	254.8	263.0	278.4	182.1	180.9
Capital Gains, Div & Int	386.3	508.7	624.7	520.5	NA
Cigarette	87.5	98.1	120.9	115.7	121.3
Insurance Companies	151.1	176.0	170.5	174.3	166.2
Inheritance	181.2	193.9	164.0	274.3	198.3
Oil Companies	28.9	29.2	28.8	51.2	72.8
Unincorporated Business	NA	NA	NA	NA	NA
Real Estate Conveyance	76.8	65.6	59.7	49.1	51.2
Alcoholic Beverage	30.9	35.5	47.4	45.0	43.1
Admissions, Dues & Cab	16.8	17.5	19.9	19.8	20.1
Miscellaneous	1.5	1.6	4.5	4.7	6.1
Total Taxes	\$3,877.5	\$4,356.7	\$4,791.9	\$4,523.6	\$5,558.3
Other Revenue					
Licenses, Permits & Fees	69.9	71.9	106.6	104.4	104.0
Commodities & Services	44.8	47.2	42.3	41.5	407.0
Interest & Dividends	2.9	5.9	7.0	9.0	18.3
Rents & Escheats	11.9	14.8	34.0	20.9	27.8
Special Revenue	265.2	259.1	265.7	257.3	252.2
Transfer of Other Funds	18.1	4.9	(0.9)	NA	15.9
Miscellaneous	90.2	110.5	99.0	102.1	100.3
Total-Other Revenue	\$503.0	\$514.3	\$553.7	\$535.2	\$925.5
Other Sources					
Federal Grants	588.5	685.7	813.7	992.6	1,216.1
Revenue Sharing	NA	NA	NA	NA	NA
Unappropriated Surplus	NA	73.8	NA	NA	NA
Statutory Transfers	NA	NA	74.7	NA	(86.1)
Total-Other Sources	\$588.5	\$759.5	\$888.4	\$992.6	\$1,130.0
Total Revenue	\$4,969.0	\$5,630.5	\$6,234.0	\$6,051.4	\$7,613.8

Source: Annual Report of the Comptroller, various years

General Fund Revenues by Source

As a Percent of the Total

	FY78	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87
Taxes										
Sales & Use	37.3%	38.0%	37.8%	38.9%	37.1%	38.0%	38.6%	39.0%	37.7%	38.1%
Corporations	11.4	11.8	11.5	10.4	12.1	11.7	11.8	13.2	15.0	14.1
Public Service Corp	6.2	6.3	6.8	7.3	8.0	7.9	7.4	7.3	6.2	5.2
Capital Gains, Div & Int	4.3	4.3	4.7	4.9	5.0	6.2	8.2	7.6	7.2	9.7
Cigarette	4.3	3.9	3.5	3.1	2.7	2.5	2.5	2.3	2.0	1.8
Insurance Companies	2.9	2.9	2.9	2.8	2.6	2.6	2.3	2.3	2.6	2.9
Inheritance	2.8	2.7	2.6	2.8	2.9	2.6	3.2	3.2	3.5	3.7
Oil Companies	NA	NA	NA	2.1	1.4	1.7	1.4	1.3	0.8	0.5
Unincorporated Business	NA	NA	NA	NA	0.7	0.8	0.1	NA	NA	NA
Real Estate Conveyance	NA	NA	NA	NA	NA	NA	1.1	1.2	1.6	1.9
Alcoholic Beverage	1.4	1.3	1.2	1.1	1.0	0.9	0.9	0.8	0.7	0.7
Admissions, Dues & Cab	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.3
Miscellaneous	0.1	0.1	0.1	.0	.0	.0	.0	0.1	.0	.0
Total Taxes	71.5%	71.7%	71.6%	73.9%	74.0%	75.4%	77.9%	78.7%	77.8%	79.1%
Other Revenue										
Licenses, Permits & Fees	2.5	2.3	2.2	2.2	1.7	1.7	1.7	1.1	1.5	1.4
Commodities & Services	2.1	2.0	2.0	1.9	1.8	1.8	1.5	1.3	1.2	1.1
Interest & Dividends	0.5	0.6	0.6	0.6	0.8	0.2	0.2	0.1	0.1	0.1
Rents & Escheats	0.2	0.2	0.2	0.2	0.8	0.5	0.3	0.2	0.2	0.2
Special Revenue	4.1	3.7	4.1	3.8	4.1	4.1	4.2	4.8	5.3	5.3
Transfer of Other Funds	0.6	0.7	0.7	0.6	1.1	1.0	0.9	0.9	0.7	0.4
Miscellaneous	2.1	2.2	2.6	2.4	2.8	2.5	1.8	1.7	1.7	1.7
Total-Other Revenue	12.2%	11.7%	12.3%	11.7%	13.1%	11.9%	10.5%	10.3%	10.7%	10.3%
Other Sources										
Federal Grants	13.9	15.0	14.7	13.9	12.9	12.7	11.5	11.0	11.0	10.6
Revenue Sharing	1.3	1.5	1.4	0.3	NA	NA	NA	NA	NA	NA
Unappropriated Surplus	1.1	NA	NA	0.1	NA	NA	NA	NA	0.5	NA
Statutory Transfers	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total-Other Sources	16.3%	16.5%	16.1%	14.3%	12.9%	12.7%	11.5%	11.0%	11.5%	10.6%
Total Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Taxes										
Personal Income	NA	NA	NA	NA	26.0%					
Sales & Use	40.3%	37.4%	39.8%	40.0%	27.3					
Corporations	13.3	15.5	12.7	11.1	8.4					
Public Service Corp	5.1	4.7	4.5	3.0	2.4					
Capital Gains, Div & Int	7.8	9.1	10.0	8.6	NA					
Cigarette	1.8	1.8	1.9	1.9	1.6					
Insurance Companies	3.0	3.1	2.7	2.9	2.2					
Inheritance	3.6	3.5	2.6	4.5	2.6					
Oil Companies	0.6	0.5	0.5	0.8	1.0					
Unincorporated Business	NA	NA	NA	NA	NA					
Real Estate Conveyance	1.5	1.2	1.0	0.8	0.7					
Alcoholic Beverage	0.6	0.6	0.8	0.7	0.6					
Admissions, Dues & Cab	0.3	0.3	0.3	0.3	0.3					
Miscellaneous	.0	.0	0.1	0.1	0.1					
Total Taxes	78.0%	77.7%	76.9%	74.8%	73.0%					
Other Revenue										
Licenses, Permits & Fees	1.4	1.3	1.7	1.7	1.4					
Commodities & Services	0.9	0.8	0.7	0.7	5.3					
Interest & Dividends	0.1	0.1	0.1	0.1	0.2					
Rents & Escheats	0.2	0.3	0.5	0.3	0.4					
Special Revenue	5.3	4.6	4.3	4.3	3.3					
Transfer of Other Funds	0.4	0.1	(.0)	NA	0.2					
Miscellaneous	1.8	2.0	1.6	1.7	1.3					
Total-Other Revenue	10.1%	9.2%	8.9%	8.6%	12.2%					
Other Sources										
Federal Grants	11.8	11.8	13.1	16.4	16.0					
Revenue Sharing	NA	NA	NA	NA	NA					
Unappropriated Surplus	NA	1.3	NA	NA	NA					
Statutory Transfers	NA	NA	1.2	NA	(1.1)					
Total-Other Sources	11.8%	13.1%	14.3%	16.4%	14.6%					
Total Percent	100.0	100.0	100.0	100.0	100.0					

Source: Annual Report of the Comptroller, various years

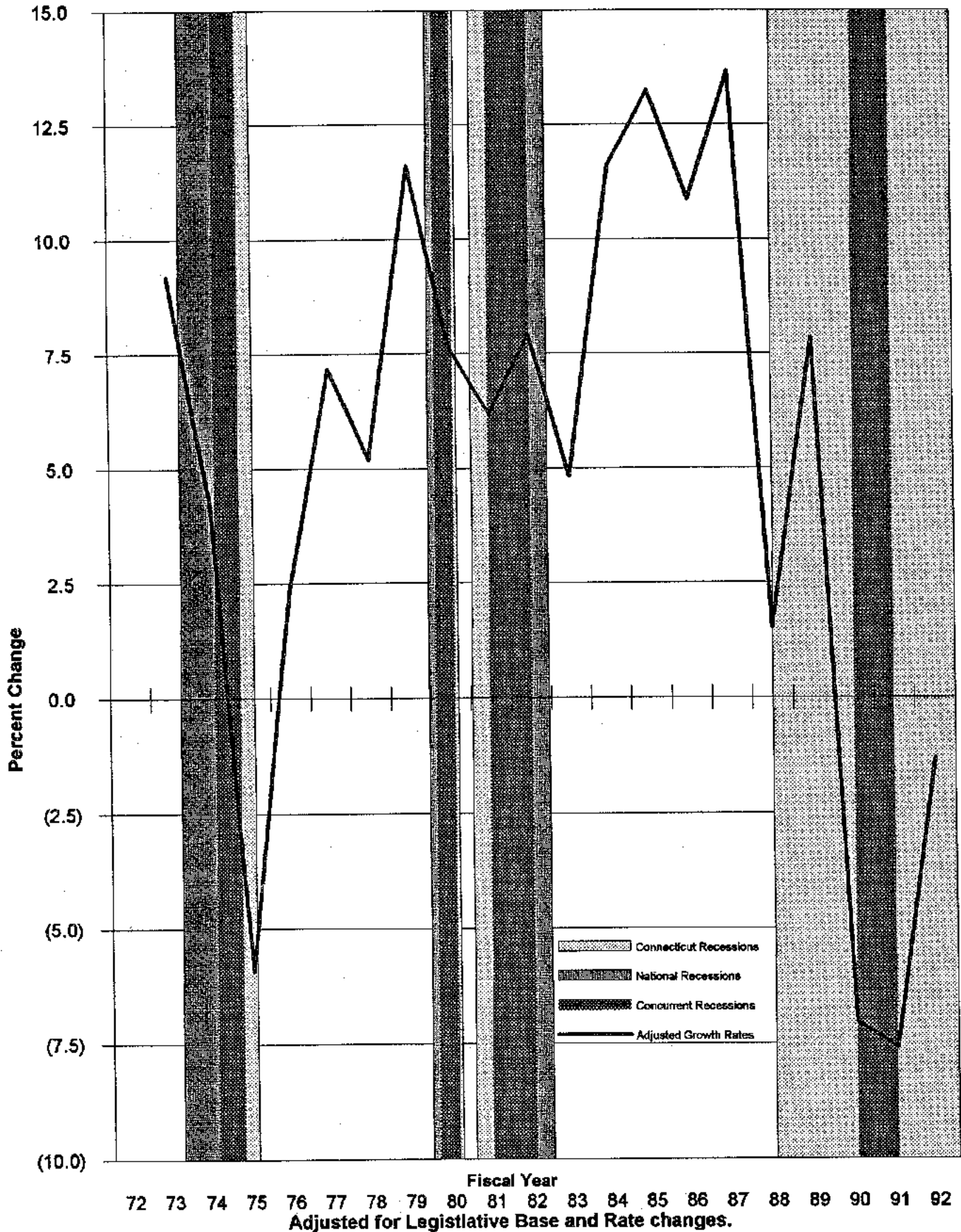
Relative Reliance on Various Taxes
Percent of State Taxes from each Source

Taxes	FY78	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87
Sales & Use Corporations	52.2%	53.0%	52.8%	52.7%	50.2%	50.4%	49.6%	49.5%	48.5%	48.2%
Public Service Corp	15.9	16.5	16.1	14.0	16.4	15.5	15.1	16.7	19.2	17.9
Capital Gains, Div & Int	8.6	8.7	9.5	9.9	10.8	10.5	9.4	9.3	7.9	6.6
Cigarette	6.0	6.0	6.6	6.7	6.8	8.2	10.5	9.7	9.3	12.3
Insurance Companies	6.1	5.4	4.9	4.2	3.7	3.3	3.3	2.9	2.6	2.3
Inheritance	4.1	4.0	4.0	3.8	3.6	3.5	3.0	3.0	3.4	3.7
Oil Companies	3.9	3.8	3.6	3.8	3.9	3.5	4.0	4.0	4.5	4.6
Unincorporated Business	NA	NA	NA	2.8	1.9	2.2	1.8	1.6	1.1	0.7
Real Estate Conveyance	NA	NA	NA	NA	0.9	1.0	0.2	NA	NA	NA
Alcoholic Beverage	NA	NA	NA	NA	NA	NA	1.4	1.6	2.1	2.5
Admissions, Dues & Cab	2.0	1.8	1.7	1.4	1.3	1.2	1.1	1.1	0.9	0.9
Miscellaneous	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4
	0.2	0.1	0.1	0.1	0.1	0.1	0	0.1	0.1	0
Total Taxes	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

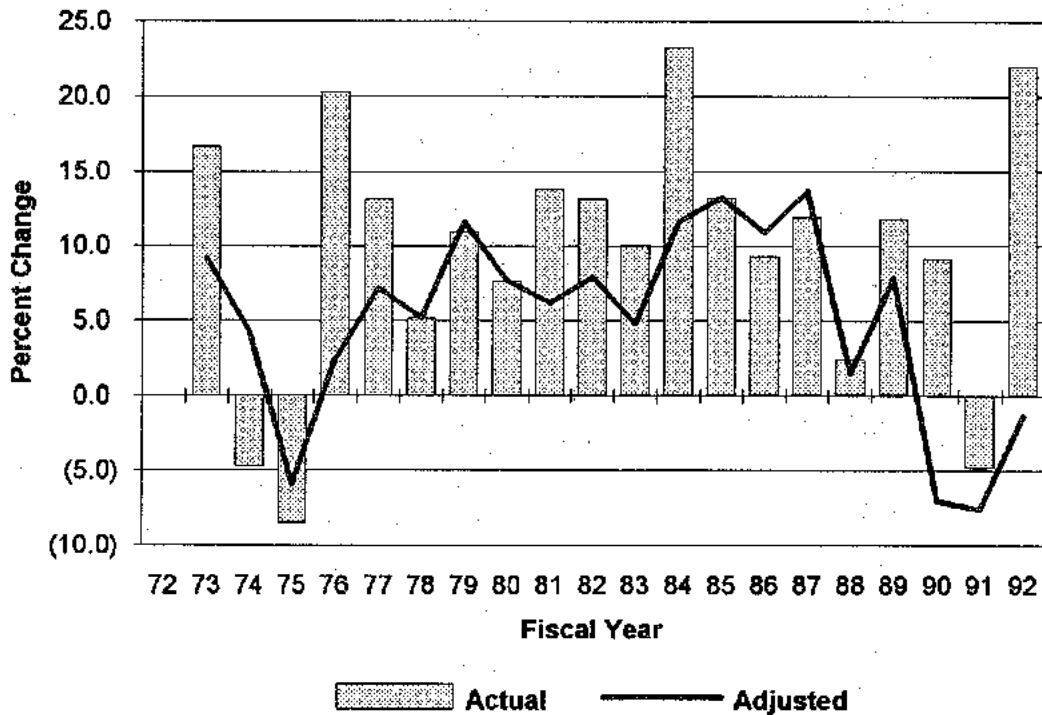
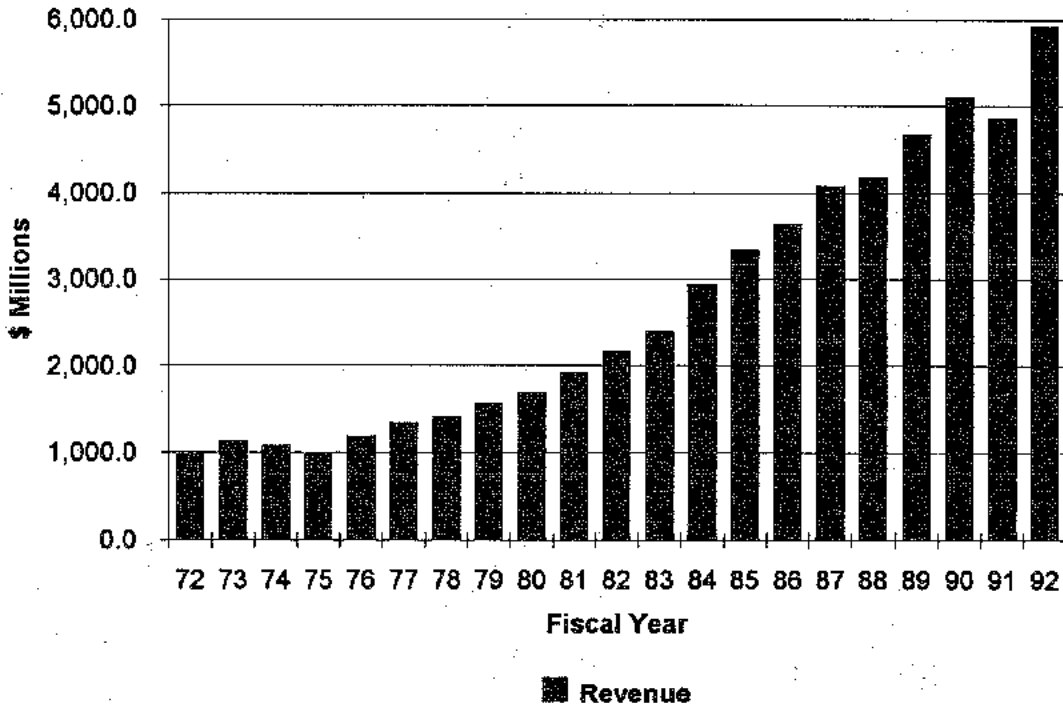
Taxes	FY88	FY89	FY90	FY91	FY92
Personal Income	NA	NA	NA	NA	35.6%
Sales & Use Corporations	51.6%	48.1%	51.7%	53.4%	37.4
Public Service Corp	17.1	20.0	16.6	14.8	11.5
Capital Gains, Div & Int	6.6	6.0	5.8	4.0	3.3
Cigarette	10.0	11.7	13.0	11.5	NA
Insurance Companies	2.3	2.3	2.5	2.6	2.2
Inheritance	3.9	4.0	3.6	3.9	3.0
Oil Companies	4.7	4.5	3.4	6.1	3.6
Unincorporated Business	0.7	0.7	0.6	1.1	1.3
Real Estate Conveyance	NA	NA	NA	NA	NA
Alcoholic Beverage	2.0	1.5	1.2	1.1	0.9
Admissions, Dues & Cab	0.8	0.8	1.0	1.0	0.8
Miscellaneous	0.4	0.4	0.4	0.4	0.4
	.0	.0	0.1	0.1	0.1
Total Taxes	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Annual Report of the Comptroller, various years.

Total State Tax Growth Rates FY 72 - FY 92

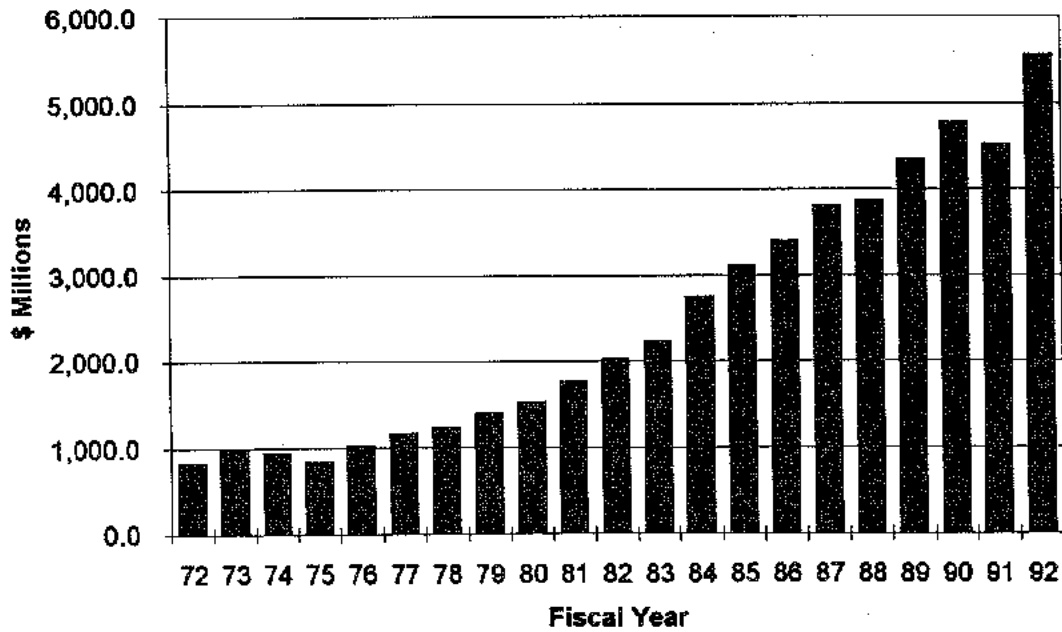


Total Taxes Collections and Growth Rates FY 72 - FY 92

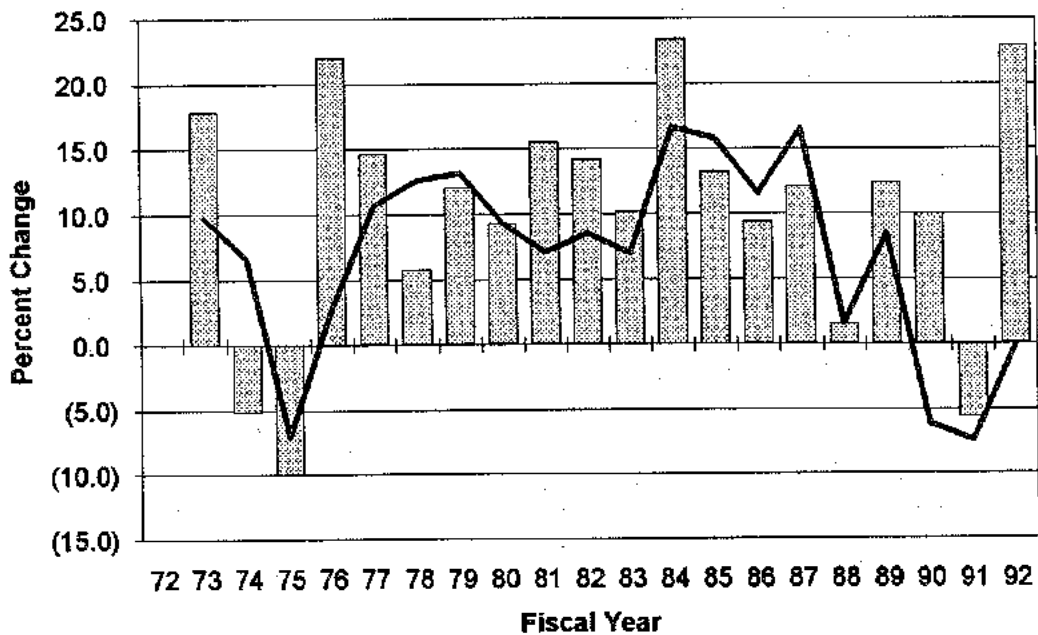


Adjusted for Legislative Base and Rate changes.

Total Taxes (w/o Motor Fuels Taxes) Collections and Growth Rates FY 72 - FY 92



■ Revenue



▨ Actual — Adjusted

Adjusted for Legislative Base and Rate changes.

**TAX REVENUE
ACTUAL and ADJUSTED
GROWTH RATES**

	Total Taxes					Total Taxes (w/o Motor Fuels)				
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	974.1	187.4	0.0			842.0	165.1	0.0		
FY73	1,136.4	58.6	14.5	16.7	9.2	992.7	54.1	14.5	17.9	9.8
FY74	1,082.6	(102.3)	0.0	(4.7)	4.3	841.4	(101.3)	0.0	(5.2)	6.6
FY75	990.0	(28.4)	0.0	(8.6)	(5.9)	846.9	(28.4)	0.0	(10.0)	(7.0)
FY76	1,190.9	149.5	27.7	20.3	2.4	1,033.3	149.5	13.7	22.0	2.7
FY77	1,347.1	(0.7)	71.6	13.1	7.2	1,184.3	(15.3)	71.6	14.6	10.6
FY78	1,417.0	(4.1)	4.0	5.2	5.2	1,252.5	(4.1)	4.0	5.8	12.6
FY79	1,571.7	(9.6)	0.0	10.9	11.6	1,402.9	(9.6)	0.0	12.0	13.1
FY80	1,681.4	(0.9)	0.0	7.6	7.7	1,533.1	(0.8)	0.0	9.3	9.3
FY81	1,924.8	128.9	0.0	13.8	8.2	1,771.1	128.9	0.0	15.5	7.1
FY82	2,177.2	65.0	35.3	13.1	7.9	2,022.5	65.0	35.3	14.2	8.5
FY83	2,395.2	28.9	84.2	10.0	4.8	2,228.7	18.9	83.7	10.2	7.0
FY84	2,952.0	233.1	45.8	23.2	11.6	2,750.0	202.1	45.8	23.4	16.6
FY85	3,341.3	(1.8)	0.0	13.2	13.2	3,114.3	(16.7)	0.0	13.2	15.8
FY86	3,651.2	(113.3)	60.0	9.3	10.9	3,408.9	(128.6)	60.0	9.4	11.6
FY87	4,085.3	(68.8)	4.0	11.9	13.7	3,818.5	(84.5)	4.0	12.1	16.5
FY88	4,183.5	36.0	0.0	2.4	1.5	3,877.5	4.2	0.0	1.5	1.5
FY89	4,677.3	108.3	57.6	11.8	7.8	4,356.8	92.3	57.6	12.4	8.5
FY90	5,104.2	730.3	26.4	9.1	(7.1)	4,791.8	730.3	26.4	10.0	(6.1)
FY91	4,858.5	92.4	49.7	(4.8)	(7.6)	4,523.6	62.0	49.7	(5.6)	(7.4)
FY92	5,928.2	1,039.0	37.5	22.0	(0.1)	5,558.3	991.0	37.5	22.9	1.2

	Sales					Corporations				
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	358.4	64.0	0.0			122.7	0.0	0.0		
FY73	465.9	64.9	0.0	30.0	11.9	138.6	0.0	0.0	13.0	13.0
FY74	451.4	(55.2)	0.0	(3.1)	8.7	140.2	(8.0)	0.0	1.2	6.9
FY75	425.5	(27.4)	0.0	(5.7)	0.3	140.0	0.0	0.0	(0.1)	(0.1)
FY76	542.9	97.4	1.3	27.6	4.4	143.2	19.8	0.0	2.3	(11.9)
FY77	583.7	(28.5)	0.0	7.5	13.0	201.7	13.2	35.0	40.9	7.2
FY78	654.2	(4.1)	0.0	12.1	12.8	199.8	0.0	0.0	(1.0)	19.7
FY79	742.8	(8.7)	0.0	13.5	14.9	231.1	0.0	0.0	15.8	15.8
FY80	808.9	(0.3)	0.0	8.9	8.9	246.1	(0.5)	0.0	6.5	8.7
FY81	932.7	79.2	0.0	15.3	5.5	248.7	0.0	0.0	1.1	1.1
FY82	1,014.6	(0.1)	0.0	8.8	8.8	330.7	50.6	35.3	33.0	(1.6)
FY83	1,123.1	4.1	0.0	10.7	10.3	345.5	6.8	33.7	4.5	3.2
FY84	1,362.9	44.0	0.0	21.4	17.4	416.1	15.0	0.0	20.4	28.6
FY85	1,542.0	(14.0)	0.0	13.1	14.2	521.3	(2.6)	0.0	25.3	25.9
FY86	1,652.6	(67.1)	0.0	7.2	11.5	654.8	(2.5)	60.0	25.6	14.6
FY87	1,840.6	(39.6)	0.0	11.4	13.8	681.9	9.5	0.0	4.1	13.0
FY88	2,000.3	28.8	0.0	8.7	7.1	661.3	(1.3)	0.0	(3.0)	(2.8)
FY89	2,097.6	19.7	12.0	4.9	3.3	870.0	35.0	0.0	31.6	26.3
FY90	2,479.0	392.0	0.0	18.2	0.1	794.1	142.0	35.6	(8.7)	(29.1)
FY91	2,417.8	90.5	0.0	(2.5)	(6.1)	669.0	35.0	43.0	(15.8)	(22.1)
FY92	2,080.2	(379.5)	(7.5)	(14.0)	2.0	641.4	(33.7)	47.0	(4.1)	0.3

Public Service Corporations

	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	52.9	15.0	0.0		
FY73	61.7	0.0	0.0	16.6	16.6
FY74	68.7	0.0	0.0	11.3	11.3
FY75	82.8	0.0	0.0	20.5	20.5
FY76	92.7	0.0	0.0	12.0	12.0
FY77	131.2	0.0	30.6	41.5	8.5
FY78	108.3	0.0	0.0	(17.5)	7.7
FY79	122.6	(0.1)	0.0	13.2	13.3
FY80	146.3	0.0	0.0	19.3	19.3
FY81	175.3	0.0	0.0	19.8	19.8
FY82	218.2	11.4	0.0	24.5	18.0
FY83	233.9	0.0	0.0	7.2	7.2
FY84	259.8	0.0	0.0	11.1	11.1
FY85	290.7	(0.1)	0.0	11.9	11.9
FY86	269.4	(11.7)	0.0	(7.3)	(3.3)
FY87	253.2	(22.1)	0.0	(6.0)	2.2
FY88	254.8	(13.6)	0.0	0.6	6.0
FY89	263.0	0.0	0.0	3.2	3.2
FY90	278.4	0.0	0.0	5.9	5.9
FY91	182.1	(100.0)	0.0	(34.6)	1.3
FY92	180.9	(18.0)	3.5	(0.7)	7.3

Insurance

	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	51.8	19.8	0.0		
FY73	56.7	(10.8)	0.0	9.5	30.3
FY74	44.1	(8.7)	0.0	(22.2)	(6.9)
FY75	34.0	0.0	0.0	(22.9)	(22.9)
FY76	44.2	0.0	6.0	30.0	12.4
FY77	49.0	0.0	6.0	10.9	12.6
FY78	51.7	0.0	4.0	5.5	10.9
FY79	56.3	0.0	0.0	8.9	18.0
FY80	62.0	0.0	0.0	10.1	10.1
FY81	67.0	0.0	0.0	8.1	8.1
FY82	72.4	0.0	0.0	8.1	8.1
FY83	77.8	0.0	0.0	7.5	7.5
FY84	82.3	0.0	0.0	5.8	5.8
FY85	92.8	0.0	0.0	12.8	12.8
FY86	115.4	0.0	0.0	24.4	24.4
FY87	140.3	0.0	4.0	21.6	18.1
FY88	151.1	0.0	0.0	7.7	10.9
FY89	176.0	0.0	16.0	16.5	5.9
FY90	170.5	0.0	0.0	(3.1)	6.6
FY91	174.3	0.0	6.7	2.2	(1.7)
FY92	166.2	0.0	(6.0)	(4.6)	2.7

Capital Gains, Interest & Dividends

	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	60.9	54.0	0.0		
FY73	50.8	0.0	0.0	(16.6)	(16.6)
FY74	18.7	(29.4)	0.0	(63.2)	(5.3)
FY75	13.6	(1.0)	0.0	(27.3)	(21.9)
FY76	50.4	32.3	0.0	270.6	33.1
FY77	59.3	0.0	0.0	17.7	17.7
FY78	75.6	0.0	0.0	27.5	27.5
FY79	83.5	0.0	0.0	10.4	10.4
FY80	101.0	0.0	0.0	21.0	21.0
FY81	117.8	0.0	0.0	16.6	16.6
FY82	137.7	1.0	0.0	16.9	16.0
FY83	183.7	0.0	50.0	33.4	(2.9)
FY84	289.5	82.0	45.0	57.6	21.5
FY85	302.4	(9.0)	0.0	4.5	27.4
FY86	317.3	(30.9)	0.0	4.9	15.1
FY87	467.8	(20.8)	0.0	47.4	54.0
FY88	386.3	0.0	0.0	(17.4)	(17.4)
FY89	508.6	48.0	25.0	31.7	13.3
FY90	624.7	112.8	5.0	22.8	4.8
FY91	520.5	6.5	0.0	(16.7)	(17.1)
FY92	159.0	(356.0)	0.0	(69.5)	1.1

Inheritance

	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	49.7	0.0	0.0		
FY73	64.2	0.0	14.5	29.2	0.0
FY74	53.9	0.0	0.0	(16.0)	8.5
FY75	46.0	0.0	0.0	(14.7)	(14.7)
FY76	45.2	0.0	0.0	(1.7)	(1.7)
FY77	48.7	0.0	0.0	7.7	7.7
FY78	48.9	0.0	0.0	0.4	0.4
FY79	53.0	0.0	0.0	8.4	8.4
FY80	54.8	0.0	0.0	3.4	3.4
FY81	67.4	0.0	0.0	23.0	23.0
FY82	79.2	0.0	0.0	17.5	17.5
FY83	77.5	0.0	0.0	(2.1)	(2.1)
FY84	111.2	3.0	0.0	43.5	39.6
FY85	125.3	9.0	0.0	12.7	4.6
FY86	153.3	(2.3)	0.0	22.3	24.2
FY87	177.3	(8.2)	0.0	15.7	21.0
FY88	181.2	(6.2)	0.0	2.2	5.7
FY89	194.0	(23.6)	0.0	7.1	20.1
FY90	184.0	(5.0)	0.0	(15.5)	(12.9)
FY91	274.3	30.0	0.0	67.3	49.0
FY92	198.3	8.0	0.0	(27.7)	(30.6)

	Cigarettes					Alcohol				
	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %	Revenue (000,000)	Tax Changes	Non- recurring	Actual %	Adjusted %
FY72	68.2	12.5	0.0			24.1	0.0	0.0		
FY73	69.9	0.0	0.0	2.5	2.5	24.2	0.0	0.0	0.4	0.4
FY74	72.4	0.0	0.0	3.5	3.5	24.7	0.0	0.0	2.1	2.1
FY75	70.2	0.0	0.0	(3.0)	(3.0)	24.2	0.0	0.0	(2.0)	(2.0)
FY76	77.4	0.0	4.3	10.2	4.1	26.5	0.0	2.1	9.5	0.8
FY77	74.8	0.0	0.0	(3.3)	2.4	24.3	0.0	0.0	(6.3)	(0.4)
FY78	76.2	0.0	0.0	1.8	1.8	25.2	0.0	0.0	3.7	3.7
FY79	76.3	0.0	0.0	0.2	0.2	25.3	0.0	0.0	0.4	0.4
FY80	75.8	0.0	0.0	(0.7)	(0.7)	25.6	0.0	0.0	1.2	1.2
FY81	74.3	0.0	0.0	(1.9)	(1.9)	25.4	0.0	0.0	(0.8)	(0.8)
FY82	74.3	0.0	0.0	0.0	0.0	26.0	1.1	0.0	2.4	(2.0)
FY83	73.8	0.0	0.0	(0.7)	(0.7)	27.1	0.0	0.0	4.2	4.2
FY84	89.8	15.6	0.8	21.8	(0.4)	31.5	4.8	0.0	16.2	(1.5)
FY85	89.3	0.0	0.0	(0.6)	0.3	33.0	0.0	0.0	4.8	4.8
FY86	87.7	0.0	0.0	(1.8)	(1.8)	31.8	0.0	0.0	(3.6)	(3.6)
FY87	88.7	0.0	0.0	1.2	1.2	33.5	0.0	0.0	5.3	5.3
FY88	87.5	0.0	0.0	(1.4)	(1.4)	30.9	0.0	0.0	(7.8)	(7.8)
FY89	98.1	9.4	2.5	12.2	(1.4)	35.5	5.8	2.1	14.9	(10.7)
FY90	120.9	33.8	0.0	23.2	(8.9)	47.4	14.5	0.0	33.5	(1.5)
FY91	115.7	0.0	0.0	(4.3)	(4.3)	45.0	0.0	0.0	(5.1)	(5.1)
FY92	121.3	8.5	0.5	4.8	(2.9)	43.1	0.0	0.0	(4.2)	(4.2)

General Fund Revenue Increases and Decreases

The following two sections list General Fund revenue increases and decreases enacted since FY 72. If the full effect of the revenue change does not occur in the first year, an estimate for the portion of the revenue impact occurring in the second year is also given. Further information about these items appears in the annual report of the Office of Fiscal Analysis for the appropriate year.

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

General Fund Revenue Increases
(\$ Millions)

The revenue estimates below indicate the amount of additional revenue raised by tax changes in each fiscal year.

FY 71-72

Capital Gains and Dividends Tax
- New tax of 6% on Capital Gains and Dividends was established 54.0

Cigarette Tax
- Tax was increased from 16 to 21 cents per pack 12.5

Motor Fuels Tax
- Tax was increased from 8 to 10 cents per gallon (eff 9/1/71) (10 mo) 22.3

Public Service Corporation Tax
- The exemption for the portion of the gas, water, telephone and electric bills that exceeded \$20 was repealed 6.9
- Telephone companies tax increased from 6% to 8% 8.1

Sales and Use Tax
- Tax rate increased from 5% to 6.5%, effective 9/1/71 (10 months) 70.5

Self-Insured Business
- A new tax of 2.5% on death benefits and 2.75% on other benefits was established 0.3

Fees
- Professional fees were increased 4.6

Tuition
- Tuition payments are required for attendance at State Colleges and the University of Connecticut. (effective January, 1972) 6.8

Lottery
- A state lottery game was established 2.5

TOTAL FY 71-72 188.5

FY 72-73

Inheritance Tax
- Estate and Inheritance taxes are due within 9 months of the date of death, rather than 18 or 14 months respectively 14.5 (one time)

Motor Fuels Tax
- Tax was increased from 8 to 10 cents per gallon (eff 9/1/71) (2 mo) 4.5

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

TOTAL FY 72-73 83.9

FY 73-74

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

FY 74-75

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

General Fund Revenue Increases
(\$ Millions)

<u>Sales and Use Tax</u>		
- Tax rate increased from 6% to 7%, effective 4/1/75 (3 months)		18.5
	TOTAL FY 74-75	<u>32.7</u>
FY 75-76		
<u>Capital Gains and Dividends Tax</u>		
- Capital Gains tax rate increased from 6% to 7%		2.5
- Dividends tax imposed at the rate of 7%		29.8
<u>Corporation Business Tax</u>		
- Tax rate increased from 8% to 10%, effective 1/1/75 (6 months)		19.8
<u>Sales and Use Tax</u>		
- Tax rate increased from 6% to 7%, effective 4/1/75 (9 months)		55.8
- Rental and leasing of tangible and personal property are taxable		15.0
- Base extended to include tax on business services		26.8
- Monthly tax collection (December 1975 Special Session)		1.3
		(one time)
<u>Accrual Changes (December 1975 Special Session)</u>		
- Receipts due by June 30 but collected in July, are accrued:		(one time)
- Cigarette tax		4.3
- Motor Fuels Tax		14.0
- Alcoholic Beverage tax		2.1
- Federal Revenue Sharing Funds		7.1
<u>Transfer of Funds (December 1975 Special Session)</u>		
- Excess funds from the following were transferred:		
- Banking Fund		1.6
- Highway Right-of-Way Revolving Fund		2.3
- Real Estate Guarantee Trust Fund		0.8
- Boating Fund		0.5
- Motor Vehicle fees increased		17.9
	TOTAL FY 75-76	<u>201.6</u>
FY 76-77		
<u>Corporation Business Tax</u>		
- Tax rate increased from 8% to 10%, effective 1/1/75 (6 months)		13.2
- Estimated payments are required		35.0
		(one time)
<u>Insurance Companies Tax</u>		
- Estimated payments are required		4.0
		(one time)
<u>Motor Fuels Tax</u>		
- Rate was increased from 10 to 11 cents per gallon		14.6
<u>Public Service Corporation Tax</u>		
- Quarterly payments are required		30.6
		(one time)
<u>Tolls</u>		
- Tolls on the Parkway were increased		1.4
<u>Special Revenue</u>		
- A daily lottery game was established		9.0
	TOTAL FY 76-77	<u>107.8</u>
FY 77-78		
<u>Special Revenue</u>		
- Tax rates on jai alai and dog racing handles were increased		1.9
- Instant lottery proceeds were directed into the General Fund		9.9
	TOTAL FY 77-78	<u>11.8</u>

**General Fund Revenue Increases
(\$ Millions)**

FY 78-79		
<u>Fines</u>		
-	A 10% surtax was added to some motor vehicle violations	<u>0.4</u>
FY 79-80		
<u>Fines</u>		
-	The 10% surtax was added to remaining motor vehicle violations	0.2
<u>License, Permits and Fees</u>		
-	Supreme court filing fees for cases under \$7,500 were increased from \$30 to \$55	0.1
-	Home improvement contractors and salesmen must register and pay fee of \$30	0.2
TOTAL FY 79-80		<u>0.5</u>
FY 80-81		
<u>Petroleum Company Tax</u>		
-	A 2% tax on petroleum company gross receipts was established	49.0
<u>Sales and Use Tax</u>		
-	Rate increased from 7% to 7.5%, effective 7/1/80	61.6
-	Exemption for cigarettes was eliminated, effective 7/1/80	17.6
<u>General</u>		
-	Delinquent tax interest rate raised from 12% to 15% per annum	0.5
<u>License, Permits and Fees</u>		
-	The distribution of 25% of court fines to municipalities was eliminated	2.1
-	Miscellaneous fee increased	0.5
-	Corporate filing fees and uniform commercial code-required fees were increased	1.2
-	Assessment practices changed so that the Insurance Dept. is supported by domestic insurance companies	1.4
<u>Motor Vehicle Receipts</u>		
-	Biennial registration established	8.5
-	Car dealers fees increased from \$8 to \$20	(two year) 0.4
<u>Sales of Commodities and Services</u>		
-	Financial support of families of individuals in state humane institutions was increased	0.3
TOTAL FY 80-81		<u>143.1</u>
FY 81-82		
<u>Alcoholic Beverage Tax</u>		
-	Minimum mark-up provisions were eliminated	1.1
<u>Capital Gains and Dividends Tax</u>		
-	Certain gains or losses from the sale of depreciable personal property are treated as capital gains (effective 1/1/81) (November 1981 Special Session)	1.0
<u>Corporation Business Tax</u>		
-	Tax rates increased effective 1/1/81 (6 months):	
	Net Income Base: 9% to 10%	
	Capital Base: .00031 to .0031	
	Minimum Tax: \$50 to \$100	16.2
-	Tax on net income plus compensation to owners and officers was added (fourth base) and the minimum tax was raised to \$250	25.8

General Fund Revenue Increases
 (\$ Millions)

- Tax on dividends was eliminated, all income is subject to apportionment and the calculation of the apportionment ratio will include a double weighting of the sales factor	2.0
- Depreciation deductions related to use of new Accelerated Cost Recovery schedule were limited (November 1981 Special Session)	6.5
- Interest on delinquent corporation taxes was increased from 15% to 20% per annum. (November 1981 Special Session)	0.2
- All taxpayers must make an estimated payment of \$250 or 60%, whichever is greater, in their 6th month and 80% of the total estimated payment in their 12th month (effective 1/1/82) (November 1981 Special Session)	35.3 (one time)
 <u>Estate Income Tax</u>	
- New tax of 10% on estate income in excess of \$20,000 is established (November 1981 Special Session)	2.5
 <u>Petroleum Companies Tax</u>	
- Companies distributing petroleum products are subject to tax on the first sale of the product in Connecticut (effective 5/1/82)	1.0
 <u>Public Service Corporation Tax</u>	
- The gross receipts tax on telephone and community antenna television companies was increased from 8% to 9% effective 1/1/81	11.4
 <u>Unincorporated Business</u>	
- New tax of 5% on firms with net income over \$15,000 and gross receipts are over \$50,000 (effective 1/1/81)	30.0
- Businesses not entirely conducted in Connecticut may only deduct 50% of the net income attributable to Connecticut or \$15,000, whichever is greater (effective 1/1/81) (November 1981 Special Session)	1.2
 <u>General</u>	
- Interest rate on delinquent taxes remains at 1.25% per month	0.5
 <u>Licenses, Permits and Fees</u>	
- Motor carrier registration was increased from \$5 to \$10	1.4
- Filing fee for the registration of securities was raised from \$200 to \$300 and the licensing fee for consumer collection agencies was raised from \$100 to \$200	0.2
- Fines for reckless driving and evading responsibility were increased	0.3
- A \$10 surcharge was added for those convicted for or pleading Nolo Contendere to certain motor vehicle violations	1.4
- Fee for filing in small claims court was raised from \$8 to \$10	0.3
- Sales tax permit fee increased from \$1 to \$20 and an annual renewal is required at a fee of \$10 (1981 Nov Spec Session)	0.6
- Certain legal motion filing fees were increased (1981 Nov Spec Ses)	0.5
- Insurance licenses issued for 2 years rather than 1 (effective 5/1/82)	0.1
 <u>Fines and Escheats</u>	
- The time period after which unclaimed property is turned over to the state was reduced (November 1981 Special Session)	7.0
 <u>Special Revenue</u>	
- Jai Alai and dog racing are permitted on Sundays	1.8
 <u>Transfer Other Funds</u>	
- Tolls were increased	15.8
TOTAL FY 81-82	<u>164.1</u>

General Fund Revenue Increases
(\$ Millions)

FY 82-83

Capital Gains and Dividends Tax

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

Corporation Business Tax

- Tax rates increased effective 1/1/81 (6 months)
 - Net Income Base: 9% to 10%
 - Capital Base: .00031 to .0031
 - Minimum Tax: \$50 to \$100 10.8
- All taxpayers must make an estimated payment of \$250 or 60%, whichever is greater, in their 6th month and 80% of the total estimated payment in their 12th month (effective 1/1/82) (November 1981 Special Session) 33.7
(one time)
- Certain gains or losses from the sale of depreciable personal property are treated as capital gains (Nov Special Session) 1.0

Motor Fuels Tax

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

Petroleum Companies Tax

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

Sales and Use Tax

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

Licenses, Permits and Fees

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

Commodities and Services

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

Miscellaneous

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

Special Revenue

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

TOTAL FY 82-83 127.6

General Fund Revenue Increases
(\$ Millions)

FY 83-84

Alcoholic Beverage Tax

- Rates were increased by 20%, effective 8/1/83 (1983 June Spec Sess) 4.8

Capital Gains, Dividends & Interest Tax

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

Cigarette Tax

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

Corporation Business Tax

- Tax rate increased from 10 to 11.5% (June 1983 Special Session) 30.0

Inheritance & Estate Tax

- A surtax of 10% was added to the tax on estates established on or after July 1, 1983 (June 1983 Special Session) 3.0

Motor Fuels Tax

- Tax rate increased from 11 to 14 cents per gallon (effective 4/1/83) 31.0

Real Estate Conveyance Tax

- A new state tax on real estate conveyances was established (June 1983 Special Session) 37.5

Sales and Use Tax

- Exemption for seeds and fertilizer not used in the agricultural production process was repealed as of 4/1/83. 2.0
- Exemption for meals costing less than \$1 repealed 4/1/83 9.0
- The tax on business services was increased from 3.5% to 7.5%, effective 8/1/83 (June 1983 Special Session) (11 months) 33.0

License, Permits and Fees

- The Alcohol Education & Treatment Fund was eliminated 7/1/83 0.8
- Various motor vehicle fees were increased 4.3
- Initial license application filing fee for insurance agents, brokers and public adjusters was raised to \$20 from \$5. A filing fee of \$20 was established for casualty adjusters, damage appraisers, insurance consultants and other insurance-related occupations. 0.4
- The report that stock corporations must file with the Secretary of the State is changed from annually to biennially and filing fees were increased. 1.4
- The fee on fines for certain motor vehicle violations and infractions was increased (effective 10/1/83) 0.2

Fines

- Fees received by DEP to cover costs of reviewing applications for monitoring compliance with various state and federal permits was extended 0.1
- Various court fees were increased 5.0

**General Fund Revenue Increases
(\$ Millions)**

<u>Special Revenue</u>		
- Tax structure on greyhound racing was changed as follows:		
1) Takeout increased from 18.5% to 19%		
2) Tax rate increased from 8.25% to 8.5%		
3) Increased amount to purses from .25% to .5%		0.3
- Takeout rate for OTB on in-state racing events must be the rate applicable to such racing event rather than OTB rate		1.0
- Sunday off-track betting on harness or thoroughbred racing events at facilities equipped to receive live telecasts		0.8
	TOTAL FY 83-84	<u>308.0</u>
FY 84-85		
<u>Inheritance & Estate Tax</u>		
- A surtax of 10% was added to the tax on estates established on or after July 1, 1983 (June 1983 Special Session)		9.0
<u>Sales and Use Tax</u>		
- Tax rate on business services from 3.5% to 7.5%, eff 8/1/83 (1 month)		3.0
<u>Miscellaneous</u>		
- Transportation Fund and Tuition Fund revenues were included in formula for determining FY 85 assessments to cover Insurance Department expenses.		0.3
<u>Fines</u>		
- Various court fees were increased		6.7
	TOTAL FY 84-85	<u>19.0</u>
FY 85-86		
<u>Corporation Business Tax</u>		
- Increased cash flow from change in timing of estimated payment (effective 10/1/84)		0.4
- Firms are limited to 88% deduction of federal depreciation expense for 1985 income year. Full deduction is allowed in 1986 income year and thereafter.		20.0
<u>Public Service Corporation Tax</u>		
- The 9% tax on sales of interstate telecommunications service was extended to 12/31/85		20.0
<u>License, Permits and Fees</u>		
- Inspection fee for motor vehicles over 10 yrs old increased from \$2 to \$10 (effective 10/1/84)		0.6
- A fee of \$20 was established for the provision of expedited services by the Secretary of the State's Office (effective 7/1/85)		0.1
- Application Fee - Independent social worker		0.1
- Certificate of operations fee for elevators, escalators and tramways was increased (effective 10/1/85)		0.4
<u>Special Revenue</u>		
- Wagering on make-up performances at OTB and Teletrack was allowed when requested by facility		0.1
<u>Miscellaneous</u>		
- Increase in the Department of Public Utility Control's appropriation, which is covered by industry assessments		0.5
- Investment income earnings of the Budget Reserve Fund were transferred to the General Fund		9.0
	TOTAL FY 85-86	<u>51.2</u>

**General Fund Revenue Increases
(\$ Millions)**

FY 86-87

Corporation Business Tax

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

Insurance Companies Tax

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

Public Service Corporation Tax

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

License, Permits and Fees

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

TOTAL FY 86-87 39.5

FY 87-88

Sales and Use Tax

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

License, Permits and Fees

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

Special Revenue

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

TOTAL FY 87-88 33.6

FY 88-89

Alcoholic Beverage Tax

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

Capital Gains, Interest and Dividends Tax

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

**General Fund Revenue Increases
(\$ Millions)**

Cigarette Tax

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

Corporation Business Tax

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

Insurance Premiums Tax

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

License, Permits and Fees

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

Special Revenue

- A 5% tax on gross receipts from bingo was established and the sale of sealed tickets was legalized 1.9
- The state's off-track betting vendor was authorized to accept wagering on any type of racing event (1987 Regular Session) 1.5

TOTAL FY 88-89 172.0

FY 89-90

Alcoholic Beverage Tax

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

Capital Gains, Interest and Dividends Tax

- An estimated payment of 100% of the amount due is required by the 15th day of sixth month on all capital gains realized in the first five months of the income year. 5.0
(one time)
- The long-term exclusion for gains realized on or after 2/9/89 was repealed and the maximum tax on capital gains income was limited to 5% of adjusted gross income. 73.0
- The tax rates on interest and dividends were increased. 36.0
- Gains from the sale of real property of nonresidents is taxable effective 1/1/90 (1990 Regular Session) 4.0

Cigarette Tax

- The tax on cigarettes was increased from 13 to 20 mills (or 26 to 40 cents per pack of 20). 31.0
- The correctional institution exemption was eliminated. 0.8
- A 20% excise tax on non-cigarette tobacco products was established. 2.0

Controlling Interest Transfer Tax

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

Corporation Business Tax

- A 15% surtax was added. This is calculated before any credit is applied against the Corporation Business Tax. The minimum tax was increased from \$100 to \$250. 62.0
- The deduction for income taxes paid to other states was eliminated effective 1/1/89. 20.0
- The surtax was increased from 15% to 20% effective 1/1/89. 45.0

**General Fund Revenue Increases
(\$ Millions)**

- The first \$25,000 of tax savings for corporations filing a combined return was eliminated effective 1/1/90. 15.0
- Tax payments collected by 8/15 are accrued to prior year (estimated pmt)
35.6
- (one time)

Occupational Tax

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

Petroleum Company Tax

- The rate is increased from 2 to 3%. 0
- (Note: The \$14.2 million from this change was used to set up the Underground Storage Tank Clean-Up Fund in FY 90. In future years when the fund is above its minimum balance, the revenue reverts to the General Fund.) (see note)

Real Estate Conveyance Tax

- Increased the tax rate on residential and vacant land sales. The old tax rate was .45%.
- The portion of the purchase price below \$800,000 is taxed at .5% 4.5
- The portion over \$800,000 is taxed at 1.0% 4.0
- Increased nonresidential tax rate from .45% to 1.0%. 17.0

Sales and Use Tax

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

License, Permits and Fees

- Fees established for Real Estate or Residential Property Appraiser (1988 Regular Session) 0.6
- Fee change for appeals process (1988 Regular Session) 0.7
- Increased license fees for pistols and revolvers 0.1
- Established fees relating to hazardous waste storage 0.2
- Revised or established new court fees in certain areas 7.7
- Increased fees in various state agencies 20.0

Fines, Escheats and Rents

- Shortened holding period for certain abandoned bank accounts 10.0

TOTAL FY 89-90 804.2

FY 90-91

Capital Gains, Interest and Dividends Tax

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

Corporation Business Tax

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

Inheritance Tax

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

**General Fund Revenue Increases
(\$ Millions)**

Insurance Premiums Tax

- Surplus lines insurance are collected on a quarterly rather than a semiannual basis, effective 10/1/90 0.7
(one time)

Sales and Use Tax

- The interest rate on delinquent taxes was increased from 10 to 15% 2.0
- The penalty on delinquent taxes was increased from 15 to 20% 2.0
- Imposed tax on telecommunications services, eff 1/1/90 (6 months) 73.4
- Imposed tax on community antenna television companies, eff 1/1/90 (1989 Regular Session) 14.0

General

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

Licenses, Permits and Fees

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

TOTAL FY 90-91 221.7

FY 91-92

Cigarette Tax

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

Corporation Business Tax

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

Gift Tax

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

Inheritance Tax

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

Marijuana Tax

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

Personal Income Tax

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

Petroleum Company Tax

- The rate is increased from 3 to 5% effective 10/1/91 and a use tax is imposed (1991 June Special Session) 28.0

Sales and Use Tax

- Raised rate on hotel rooms from 8 to 12%, eff 10/1/91 (9 months) 8.3
- Rate on boats is lesser of Connecticut or destination state, effective 10/1/91 (9 months) 0.6
- Additions to tax base at 6%, effective 10/1/91 (9 months) 95.9

General Fund Revenue Increases
(\$ Millions)

Licenses, Permits and Fees

- Implementation of revenue-related Thomas Commission recommendations, effective 9/1/91 (1991 June Special Session) 0.2
- Fee established for issuing certificates of evidence of securities deposit, effective 10/1/91 0.1
- Eliminated exemption for real estate brokers and salesmen with appraiser's license effective 7/1/91 0.3
- Various dairy-related fees were increased 0.1
- Registration fee of \$100 per brand of motor fuel was established 0.1

TOTAL FY 91-92 1,944.9

FY 92-93

Cigarette Tax

- The rate is increased from 40 cents per pack to 45 cents, effective 10/1/91 (1991 June Special Session)(3 months) 3.5

Corporation Business Tax

- The maximum for the capital base is increased from \$0.5 million to \$1 million, effective 1/1/92 (1991 June Special Session) 12.0
- Thirty percent of dividends received from companies with ownership less than 20% is included in the income base (1991 June Spec Sess) 18.0
- Unrelated business income of nonprofit corporations is taxable, effective 1/1/92 3.0 (one time)

Gift Tax

- The tax is imposed on certain gifts valued over \$10,000 at rates from 1-6% effective 9/1/91 (1991 June Special Session) 5.5

Medical Services Provider Tax

- A tax of 1.75% is imposed on nursing home facility net revenues between 4/1/92 and 3/31/93 (1992 May Special Session). 23.0 (one time)

Personal Income Tax

- The tax is imposed on Connecticut Adjusted Gross Income at 4.5%. A low income credit is provided and the standard deduction is phased out. (1991 June Special Session) 448.0
- Expenses connected with income which is exempt from federal taxation but taxable in state are deductible from income. Expenses connected with income which is not taxable in state are not deductible from income. (effective with 1992 income year) (1992 May Special Session) 1.0

Petroleum Company Tax

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

Sales and Use Tax

- Raised rate on hotel rooms from 8 to 12%, eff 10/1/91 (3 months) 3.7
- Rate on boats is lesser of Connecticut or destination state, effective 10/1/91 (3 months) 0.4
- Additions to tax base at 6%, effective 10/1/91 (3 months) 38.3
- Expanded definition of amusements & recreation, eff 7/1/92 1.5
- Applied 12% Room Occupancy Tax to campgrounds, eff 7/1/92 0.1

General

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

**General Fund Revenue Increases
(\$ Millions)**

Licenses, Permits and Fees

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

TOTAL FY 92-93 **584.1**

General Fund Revenue Decreases
(\$ Millions)

The revenue estimates below indicate the amount of additional revenue loss associated with the tax changes in each fiscal year.

FY 71-72

Sales and Use Tax

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

FY 72-73

No significant decreases

FY 73-74

Capital Gains & Dividends Tax

- Tax on dividends was repealed (29.0)
- A \$100 Capital Gains Tax exemption is provided for individuals who are blind or over age 65 (0.4)

Corporation Tax

- The tax alternative on asset value is reduced from 4 mills to .25 mills (5.0)
- Full use of federal loss carry forward provisions are allowed (3.0)

Motor Fuels Tax

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

Sales and Use Tax

- Sales tax lowered from 7% to 6.5%, effective 7/1/73 (34.0)
- Sales tax reduced from 6.5% to 6%, effective 5/1/74 (2 months) (6.0)
- Exemptions provided for:
 - Production materials (4.0)
 - Motor vehicles sold out-of-state (0.3)
 - Sales by non-profit organizations less than \$2 (0.1)
 - Full trade-in value of boats and auto-dealer trade-ins (3.8)
- Full exemption for public utility bills is allowed, effective 3/1/74 (4 months) (1974 Regular Session) (7.0)

Tuition

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

TOTAL FY 73-74 (94.2)

FY 74-75

Capital Gains & Dividends Tax

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

Motor Fuels Tax

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

Sales and Use Tax

- Sales tax reduced from 6.5% to 6%, effective 5/1/74 (10 months) (31.9)
- Full exemption for public utility bills is allowed, effective 3/1/74 (8 months) (14.0)

TOTAL FY 74-75 (60.9)

General Fund Revenue Decreases
(\$ Millions)

FY 75-76

Sales and Use Tax

- Exemptions are provided for:
 - ambulance-type vehicles
 - tangible personal property for low and moderate income housing
- (0.2)

FY 76-77

Sales and Use Tax

- Tax on business services is reduced from 7% to 3.5% (13.5)
- Rate for machinery used in a production process is reduced to 3.5% (10.5)
- Tax on real property renovation work is eliminated (3.5)
- Exemption is provided for life preserving medical equipment (1.0)

TOTAL FY 76-77 (28.5)

FY 77-78

Sales and Use Tax

- Tax on manufacturing and farm machinery is reduced to 2.5% (3.6)
- Exemption is provided for printed material sold out-of-state (0.5)

TOTAL FY 77-78 (4.1)

FY 78-79

Carbaret Tax

- Carbaret tax is reduced from 10% to 5% (0.8)

Public Service Corporations Tax

- Exemption is provided for railroads whose net operating income is less than 12% of their gross earnings (0.1)

Sales and Use Tax

- Tax on manufacturing machinery is eliminated (8.2)
- Municipalities may receive 4.5% of the tax on lodgings for visitors and convention centers or continue to receive amusements tax receipts (0.5)

TOTAL FY 78-79 (9.6)

FY 79-80

Corporation Tax

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

Motor Fuels Tax

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

Sales and Use Tax

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

TOTAL FY 79-80 (0.9)

FY 80-81

No decreases

FY 81-82

Corporation Tax

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

Sales and Use Tax

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

**General Fund Revenue Decreases
(\$ Millions)**

<u>License, Permits and Fees</u>		
- Separate tuition funds are established at UConn and the Health Center respectively		(7.3)
- Active duty national guardsmen are allowed a tuition waiver if they attend certain State institutions of higher education		(0.2)
	TOTAL FY 81-82	<u>(7.7)</u>
FY 82-83		
<u>Corporation Tax</u>		
- Credits are provided for: Energy Conservation, Employment Training, Day Care Centers and approved municipal projects		(1.0)
- Fourth base is repealed effective with income years beginning on or after 1/1/83 (November 1981 Special Session)		(4.0)
		(estimated pmt)
<u>Sales and Use Tax</u>		
- Exemption is provided for materials sold to radio and television when used for broadcasting to the public		(0.4)
	TOTAL FY 82-83	<u>(5.4)</u>
FY 83-84		
<u>Corporation Tax</u>		
- Fourth base is repealed effective with income years beginning on or after 1/1/83 (November 1981 Special Session)		(15.0)
<u>Unincorporated Business Tax</u>		
- Tax is repealed effective with income years beginning on or after 1/1/83 (November 1981 Special Session)		(33.0)
<u>Special Revenue</u>		
- Municipal portion of gross wager from OTB is increased to 4/10 of 1% from .25%		(0.4)
	TOTAL FY 83-84	<u>(48.4)</u>
FY 84-85		
<u>Capital Gains, Dividends and Interest Tax</u>		
- Sub-S Corporations may deduct the amount of interest income included in net income from interest income subject to State's interest tax (effective for tax years beginning 1/1/85)		(0.5)
- Exclude Social Security and Railroad Retirement from AGI for Dividends and Interest Tax calculation (1985 Regular Session)		(1.0)
- Interest and Dividend Tax rate reductions (1985 Regular Session)		(7.0)
- Taxpayers age 65 or over with AGI less than \$10,000, exclusive of Capital Gains, are exempt from the Capital Gains Tax (1985 Regular Session)		(0.5)
<u>Corporation Tax</u>		
- Tax credits for day care expenditures are increased (1983 Regular Session)		(0.1)
- Tax credits for Neighborhood Assistance Program are increased		(0.5)
- Minimum Tax is reduced from \$250 to \$100, effective with income years beginning 1/1/85 (1985 Regular Session)		(2.0)
		(estimated pmt)
<u>Estate Income Tax</u>		
- Requirement that a Fiduciary file an estimated estate income tax is eliminated		(0.3)
		(one time)
<u>Motor Fuels Tax</u>		
- All revenue is transferred to the Transportation Fund		(195.0)
- Fuel purchased exclusively for use in farming is exempt		(0.2)

General Fund Revenue Decreases
(\$ Millions)

Public Service Corporations Tax

- The 5% tax applicable to water companies may only be levied on water companies as defined by DPUC regulation (0.1)

Sales and Use Tax

- Exemption for clothing under \$50 (effective 4/1/85) (1985 Regular Session) (17.0)

License, Permits and Fees

- Tuition funds received by several State institutions of higher education will be deposited to their respective accounts rather than the General Fund (22.6)
- Motor vehicle- and transportation-related license, permits and fees were transferred to the Transportation Fund from the General Fund over a 2 year period (effective 10/1/84) (4.8)
- All motor vehicle-related registrations and licenses were transferred to the Transportation Fund (80.0)

TOTAL FY 84-85 (331.6)

FY 85-86

Admissions, Dues, and Cabaret Tax

- Annual dues or initiation fees less than \$100 are exempt (0.1)

Capital Gains, Dividends and Interest Tax

- Sub-S Corporations may deduct the amount of interest income included in net income from the interest income subject to State's interest tax (effective for income years beginning 1/1/85) (1984 Regular Session) (1.1)
- Interest and Dividend Tax rate reductions (18.1)
- Social Security and Railroad Retirement are excluded from AGI for Dividends and Interest Tax calculation (3.4)
- Savings account interest forfeited due to premature withdrawal is deductible from the amount of taxable interest (0.1)
- Reduce interest and dividend tax rate (1986 Regular Session) (8.2)

Corporation Tax

- Minimum Tax is reduced from \$250 to \$100 (2.0)
- Full depreciation expenses allowed for 1986 income yrs & thereafter (20.0)
- Annual credits for the Neighborhood Assistance Program were increased (0.5)

Inheritance Tax

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

Public Service Tax

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

Petroleum Companies Tax

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

Sales and Use Tax

- Exemptions:
 - Clothing under \$50 effective 4/1/85 (45.0)
 - Clothing under \$75 effective 10/1/85 (9.0)

General Fund Revenue Decreases
(\$ Millions)

- Non-prescription drugs effective 4/1/86	(8.0)
- Seeds and fertilizer	(2.0)
- Other Sales Tax reductions	(3.1)
<u>Special Revenue</u>	
- A special fund is established to pay for Greyhound urine analysis	(0.3)
<u>License, Permits and Fees</u>	
- Motor vehicle- and transportation-related license, permits and fees will be transferred to the Transportation Fund from the General Fund effective 10/1/84. (1984 Regular Session)	(38.3)
TOTAL FY 85-86	<u>(188.7)</u>
FY 86-87	
<u>Capital Gains, Dividends & Interest Tax</u>	
- Reduce interest and dividend tax rate	(20.8)
<u>Inheritance Tax</u>	
- Succession Tax Exemption increases: (1985 Regular Session)	
- Spouse - \$100,000 to \$300,000	
- Children - \$20,000 to \$50,000	(6.2)
- Increase from \$50,000 to \$100,000 the initial amount a surviving spouse receives from an estate when there is no will (1985 Reg Sess)	(0.2)
- Three year phase out of succession tax on spouses (1986 Reg Sess)	(1.2)
<u>Public Service Tax</u>	
- Residential gas and electricity rate reduced to 4% (1985 Reg Sess)	(13.5)
- Two-ninths of telephone tax is paid directly to towns	(23.6)
<u>Real Estate Conveyance Tax</u>	
- Reduce real estate conveyance tax from .5% to .45% (eff 1/1/87)	(3.3)
<u>Sales and Use Tax</u>	
- Exemptions:	
- Clothing under \$75 effective 4/1/85 (1985 Regular Session)	(5.0)
- Seeds and fertilizer effective 4/1/86 (1985 Regular Session)	(2.0)
- Other Sales Tax reductions (1985 Regular Session)	(0.7)
- Meals under \$2	(20.0)
- Cloth for home sewing of clothing	(0.5)
- Adult diapers	(0.9)
- Diabetic testing equipment	(2.4)
- First \$2,500 of funeral expenses	(2.0)
- Rate reduction from 7.5 to 5% on repair and replacement parts	(2.0)
- Sales Tax refund - \$7,500 maximum per firm	(1.0)
- Tax eliminated on:	
- Any items purchased with federal food stamps	(0.1)
- Industrial, commercial testing and research services	(1.6)
- Exemption on services related to development/production of new products or systems by joint venture firms	(1.0)
- Transfer of from General Fund to Transportation Fund of 50% of Sales Tax collected on aviation fuel at Bradley Airport	(0.4)
<u>Special Revenue</u>	
- Municipal share of revenue from OTB is increased to 1% from 4/10 of one per cent, effective 1/1/87.	(0.6)
<u>Sales of Commodities and Services</u>	
- Toll monies from the Merritt and Wilbur Cross Parkways are earmarked for a special fund effective 4/1/87 (1987 Regular Session)	(2.6)
TOTAL FY 86-87	<u>(111.5)</u>

General Fund Revenue Decreases
(\$ Millions)

FY 87-88

<u>Capital Gains, Dividends & Interest Tax</u>	
- 60% of long-term gains are excluded from the tax	(141.0)
<u>Corporation Tax</u>	
- Tax credit of 50% of cost to provide child day care subsidies to employees for certain companies (1986 Regular Session)	(0.3)
- Taxpayers with an estimated liability of less than \$1,000 do not have to file estimated tax payments	(1.0)
<u>Inheritance Tax</u>	
- Three year phase out of succession tax on spouses (1986 Reg Sess)	(6.2)
<u>Petroleum Companies Tax</u>	
- Propane gas sold for residential heating use is exempt	(0.1)
<u>Public Service Corporations Tax</u>	
- Competition is allowed in the provision of resale, private line and coin operated telephone services	(1.1)
- The two-ninths of the telephone tax earmarked in FY 86 for direct payment to towns is increased to three-ninths	(12.5)
<u>Real Estate Conveyance Tax</u>	
- Reduce real estate conveyance tax from .5% to .45% (eff 1/1/87) (1986 Regular Session)	(3.4)
<u>Sales and Use Tax</u>	
- Exemptions:	
- Aviation fuel used in experimental testing	(0.4)
- Sales of eye medication	(0.1)
- collection agency business services	(1.0)
- Exemption increased for items costing less than \$15 to less than \$100 for sales at non-profit nursing homes, convalescent homes or adult care centers	(0.1)
<u>Special Revenue</u>	
- Municipal share of revenue from OTB is increased to 1% from 4/10 of one per cent, effective 1/1/87. (1986 Regular Session)	(0.6)
- The tax rate on dog racing is reduced to 7.25% from 8.5%	(1.5)
<u>Sales of Commodities and Services</u>	
- Tolls on Merritt and Wilbur Cross Parkways transferred to special fund for toll plaza removal effective 7/1/87 (1986 Regular Session)	(10.0)
TOTAL FY 87-88	<u>(179.3)</u>

FY 88-89

<u>Inheritance Tax</u>	
- Three year phase out of succession tax on spouses (1986 Reg Sess)	(22.6)
- Pension plan payments of self-employed individuals are excluded from the gross taxable estate	(1.0)
<u>Sales and Use Tax</u>	
- Exemption for Metro-North Commuter Railroad Company and the Metropolitan Transit Authority	(0.3)
- Eliminate sunset provision for the exemption for business services provided between affiliated companies.	(60.0)
TOTAL FY 88-89	<u>(83.9)</u>

**General Fund Revenue Decreases
(\$ Millions)**

FY 89-90

Capital Gains, Dividends & Interest Tax

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

Inheritance Tax

- Three year phase out of succession tax on spouses (1986 Regular Session) (5.0)

TOTAL FY 89-90 (5.2)

FY 90-91

Corporation Tax

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

Public Service Corporations Tax

- Tax rate on community antenna television companies is reduced from 9% to 5% (11.0)
- The tax on telecommunications services is repealed effective 1/1/90 (112.4)

Sales and Use Tax

- The definition of consulting services is narrowed effective 7/1/90 (0.3)
- Consignment fees from sales of works of art or clothing are exempt from taxable enumerated services effective 7/1/90 (0.4)
- Molds, dies, patterns and sand handling equipment used in metal casting sold after 4/1/85 are exempt effective 7/1/90 (0.2)

TOTAL FY 90-91 (126.3)

FY 91-92

Capital Gains, Interest and Dividends Tax

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

Corporation Tax

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

Sales and Use Tax

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

TOTAL FY 91-92 (824.3)

FY 92-93

Capital Gains, Interest and Dividends Tax

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

Corporation Tax

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

**General Fund Revenue Decreases
(\$ Millions)**

Personal Income Tax

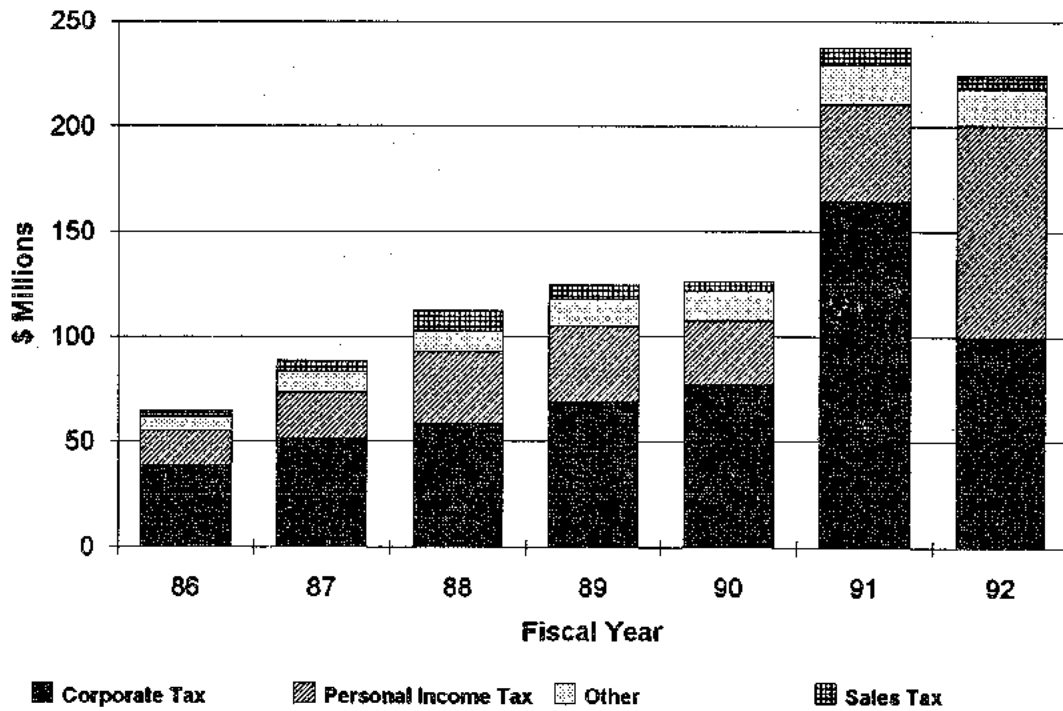
- Intervivos trusts are taxed based on the number of beneficiaries living in state (effective 1/1/93) (1.0)
(one time)
- Estimated payments on nonwithheld income are required if tax liability is expected to exceed \$200 (effective 1/1/93) (2.0)
(one time)

Sales and Use Tax

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

TOTAL FY 92-93 (503.7)

Refund of Taxes FY 82 - FY 92



**Refund of Taxes
(\$ Millions)**

Fiscal Year	Sales Tax	Corp. Tax	Personal Income Tax*	Other	Total
1986	2.7	38.4	16.6	6.9	64.6
1987	5.5	51.3	22.5	9.4	88.7
1988	10.1	58.6	34.2	9.4	112.3
1989	7.2	69.1	35.9	12.6	124.8
1990	4.5	77.1	30.3	14.3	126.2
1991	8.3	164.4	45.9	18.8	237.4
1992	6.8	99.7	100.6	17.3	224.4

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

**Penalty and Interest Revenue
From All State Taxes
(\$ Millions)**

Fiscal Year	Total All Taxes Penalty & Interest	Total Interest	Total Penalty
1984	\$37.6	\$25.9	\$11.7
1985	52.9	37.7	15.2
1986	64.7	48.6	16.1
1987	60.8	43.3	17.5
1988	52.8	41.3	11.5
1989	73.4	58.7	14.7
1990	83.9	75.0	8.9
1991	96.1	79.7	16.4
1992	85.9	70.7	15.2

Note: Except for the corporation tax, public utilities tax and the petroleum products tax which pay 20% interest on unpaid taxes, interest on unpaid taxes for all other tax sources is levied at a 15% annual rate. Penalties are imposed on the greater of ten percent of the unpaid tax (from due date until date of payment) or \$50.

Source: The Department of Revenue Services

**Penalty and Interest Revenue
By Major Tax Source
(\$ Millions)**

Fiscal Year	Corporation Tax		Sales and Use Tax		Capital Gains, Dividends & Interest	
	Interest	Penalty	Interest	Penalty	Interest	Penalty
1984	\$11.2	\$1.2	\$ 6.3	\$3.8	\$0.8	\$6.5
1985	21.4	1.7	9.4	5.0	2.5	7.2
1986	22.2	2.1	17.6	5.1	3.1	7.8
1987	21.2	2.4	15.7	5.9	3.2	7.9
1988	18.1	0.8	21.3	4.8	1.9	6.9
1989	34.6	1.1	20.3	12.2	1.6	0.7
1990	32.5	0.5	35.3	6.6	1.8	0.4
1991	33.9	1.0	28.8	8.3	3.4	3.0
1992	41.7	1.5	21.3	7.2	2.0	4.2

Source: The Department of Revenue Services

DATES OF ADOPTION OF MAJOR STATE TAXES BY STATE

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

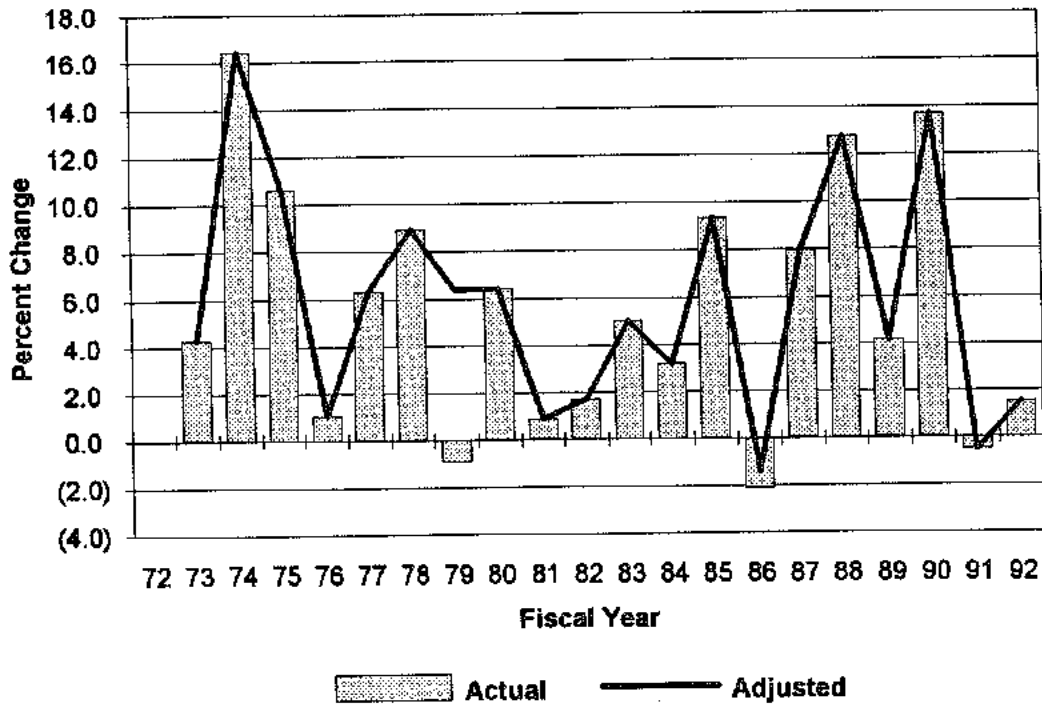
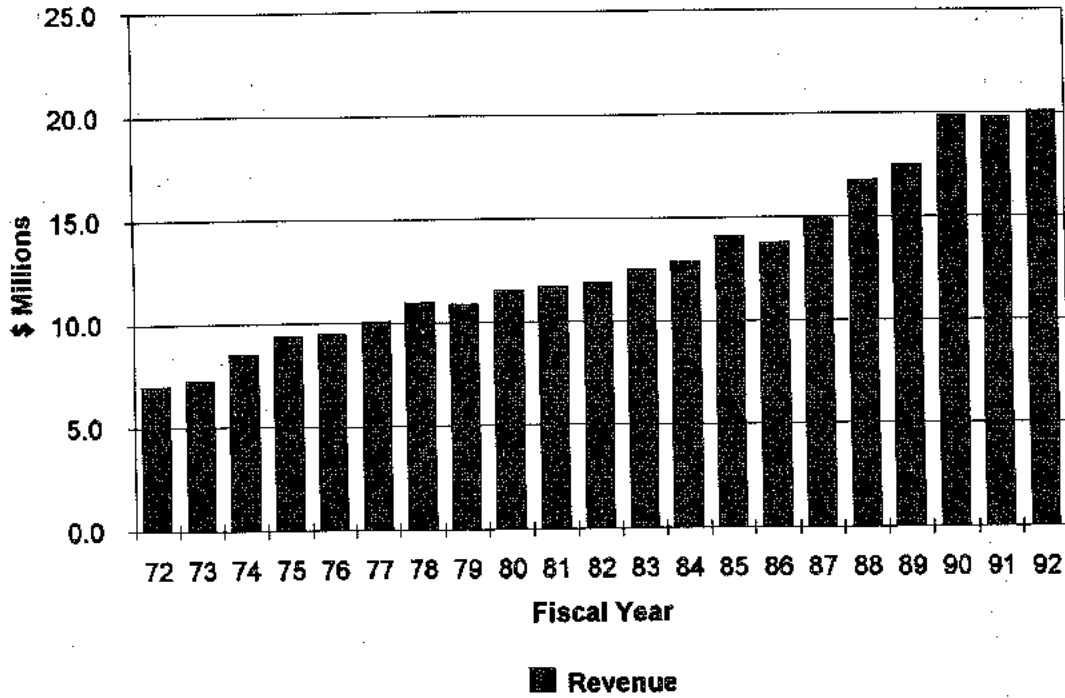
[a] Excludes excises by the states that own and operate liquor stores, and by North Carolina where county stores operate under state supervision.

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

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

Source: Advisory Commission on Intergovernmental Relations, and Commerce Clearing House.

Admissions, Dues and Cabaret Collections and Growth Rates FY 72 - FY 92



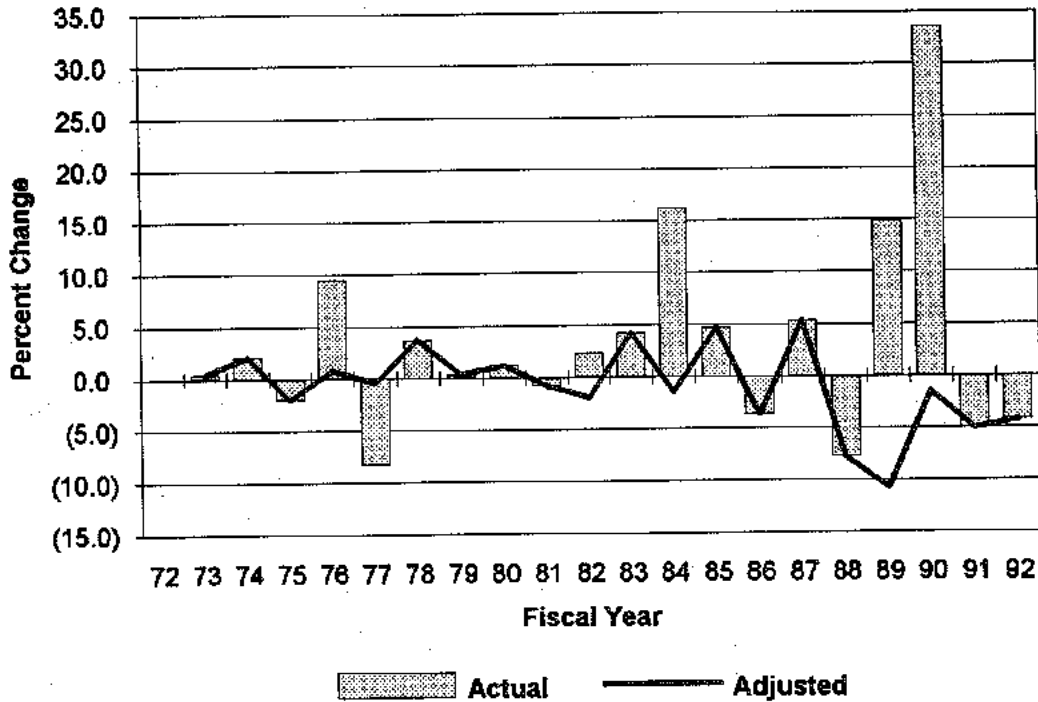
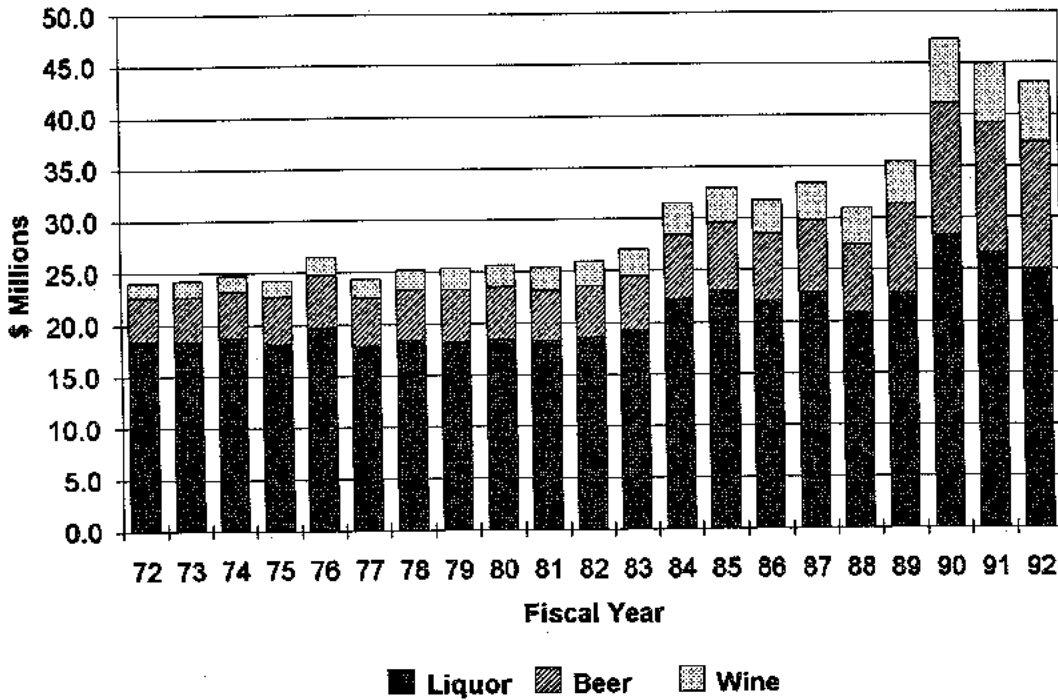
**Adjusted for Legislative Base and Rate changes.
Estimates made at time legislation was adopted.**

ADMISSIONS, DUES AND CABARET TAX

Fiscal Year	Revenues (\$000)	% Change	Rate	Base Changes
1969	95	(7.4)	Seating capacity; \$.25 to \$8 per day	
1970	4,151	4269.5	10%	On admission charges, club dues & cabarets
1971	6,155	48.3	10%	
1972	7,038	14.4	10%	
1973	7,302	3.8	10%	
1974	8,548	17.1	10%	Cabaret tax is not imposed on places providing the music of a single instrumental performer
1975	9,384	9.8	10%	Exemption: for charges paid by members of a senior citizens center as long as the charge to a single event is paid for groups of at least ten persons
1976	9,538	1.6	10%	
1977	10,139	6.3	10%	
1978	11,028	8.6	10%	
1979	10,902	(1.1)	10%, 5%	The exemption allowed single instrumental performers is extended to all single performers
1980	11,605	6.5	10%, 5%	Cabaret tax reduced to 5% from 10%
1981	11,705	0.9	10%, 5%	
1982	11,935	2.0	10%, 5%	
1983	12,460	4.4	10%, 5%	
1984	12,941	3.9	10%, 5%	
1985	14,144	9.3	10%, 5%	
1986	13,829	(2.2)	10%, 5%	Annual dues or initiation fees which are less than \$100 are exempt from the dues tax
1987	14,948	8.1	10%, 5%	
1988	16,813	12.8	10%, 5%	
1989	17,543	4.3	10%, 5%	1) Live performances held at non-profit theaters or playhouses are exempt from Admissions Tax 2) Admissions Tax exemption increased from \$1.00 to \$2.00
1990	19,850	13.2	10%, 5%	
1991	19,779	(0.4)	10%, 5%	
1992	20,119	1.7	10%, 5%	
1993	NA	NA	10%, 5%	

Source: The Annual Report of the State Comptroller, various years.

Alcoholic Beverage Tax Revenues Collections and Growth Rates FY 72 - FY 92



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

ALCOHOLIC BEVERAGE TAX

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
1969	18,964	3.7		
1970	23,728	25.1	All rates increase by 25%: Beer-\$2.50/bbl Distilled liquor-\$2.50/gal Wine-\$.25 gal Sparkling wine-\$.625/gal	
1971	23,697	(0.1)		
1972	24,109	1.7		
1973	24,212	0.4		
1974	24,703	2.0		
1975	24,248	(1.8)		
1976	26,475	9.2		
1977	24,335	(8.1)		
1978	25,216	3.6		
1979	25,309	0.4		
1980	25,634	1.3		The amount of alcoholic beverages that an individual may bring into the state without owing tax is increased from 1 to 4 gallons.
1981	25,397	(0.9)		5 year moratorium on new package store permits (Eff. 6/8/81)
1982	25,969	2.3		Eliminated minimum mark-up on beer and alcohol 1/1/82.
1983	27,076	4.3		<ol style="list-style-type: none"> 1) Eliminated minimum mark-up on wine 1/1/83. 2) Sunday liquor sales authorized for cafes. 3) Package, drug & grocery stores may sell liquor on Election Day & Independence Day if also a Saturday (10/1/82). 4) Legal drinking age is raised from 18 to 19 (7/1/82).
1984	31,501	16.3	All rates increase by 20%: (8/1/83) Beer - \$3.00/bbl Distilled liquor - \$3.00/gal Wine - \$.30/gal Sparkling wine - \$.75/gal	<ol style="list-style-type: none"> 1) The legal drinking age is raised 19 to 20 (10/1/83) 2) Eliminated the revolving fund established to pay for alcohol education and treatment program. All fund monies and future revenue collections will be deposited to the General Fund. 3) Established two classes of liquor permits at Bradley International Airport. Night club permit cost is \$3000 for a restaurant and \$1,200 for a bar.
1985	32,997	4.8		
1986	31,785	(3.7)		<ol style="list-style-type: none"> 1) Ended 5 year moratorium on new package store permits 7/86. 2) The legal drinking age is raised from 20 to 21 (9/1/85) 3) Eliminated night club liquor permits.
1987	33,450	5.2		
1988	30,919	(7.6)		1) Reduction in tax rate to \$1.35 per wine gallon from \$3.00 per wine gallon (7/1/87)
1989	35,492	14.8	All rates increased: (4/1/89) Beer - \$6.00/bbl Distilled liquor - \$4.50/gal Wine - \$.60/gal Sparkling wine - \$1.50/gal Wine cooler - \$2.05/gal	
1990	47,359	33.4		
1991	45,002	(5.0)		
1992	43,120	(4.2)		
1993	NA	NA		

Source: The Annual Report of the State Comptroller, various years.

ALCOHOLIC BEVERAGE TAX RATES

Fiscal Year	Malt Beverages		Wine Under 21% Alcohol	Wine Over 21% Alcohol & Sparkling Wines	Distilled Liquor	Alcohol	Liquor Based Cooler
	(\$/bbl)	(cents/gal)	(cents/gal)	(cents/gal)	(\$/gal)	(\$/gal)	(\$/gal)
1969	2.00	.0667	.20	.50	2.00	2.00	
1970	2.50	.0833	.25	.625	2.50	2.50	
1971	2.50	.0833	.25	.625	2.50	2.50	
1972	2.50	.0833	.25	.625	2.50	2.50	
1973	2.50	.0833	.25	.625	2.50	2.50	
1974	2.50	.0833	.25	.625	2.50	2.50	
1975	2.50	.0833	.25	.625	2.50	2.50	
1976	2.50	.0833	.25	.625	2.50	2.50	
1977	2.50	.0833	.25	.625	2.50	2.50	
1978	2.50	.0833	.25	.625	2.50	2.50	
1979	2.50	.0833	.25	.625	2.50	2.50	
1980	2.50	.0833	.25	.625	2.50	2.50	
1981	2.50	.0833	.25	.625	2.50	2.50	
1982	2.50	.0833	.25	.625	2.50	2.50	
1983	2.50	.0835	.25	.625	2.50	2.50	
1984	3.00	.1000	.30	.750	3.00	3.00	
1985	3.00	.1000	.30	.750	3.00	3.00	
1986	3.00	.1000	.30	.750	3.00	3.00	
1987	3.00	.1000	.30	.750	3.00	3.00	
1988	3.00	.1000	.30	.750	3.00	3.00	1.35 [1]
1989	3.00	.1000	.30	.750	3.00	3.00	1.35
1990	6.00	.2000	.60	1.500	4.50	4.50	2.05
1991	6.00	.2000	.60	1.500	4.50	4.50	2.05
1992	6.00	.2000	.60	1.500	4.50	4.50	2.05
1993	6.00	.2000	.60	1.500	4.50	4.50	2.05

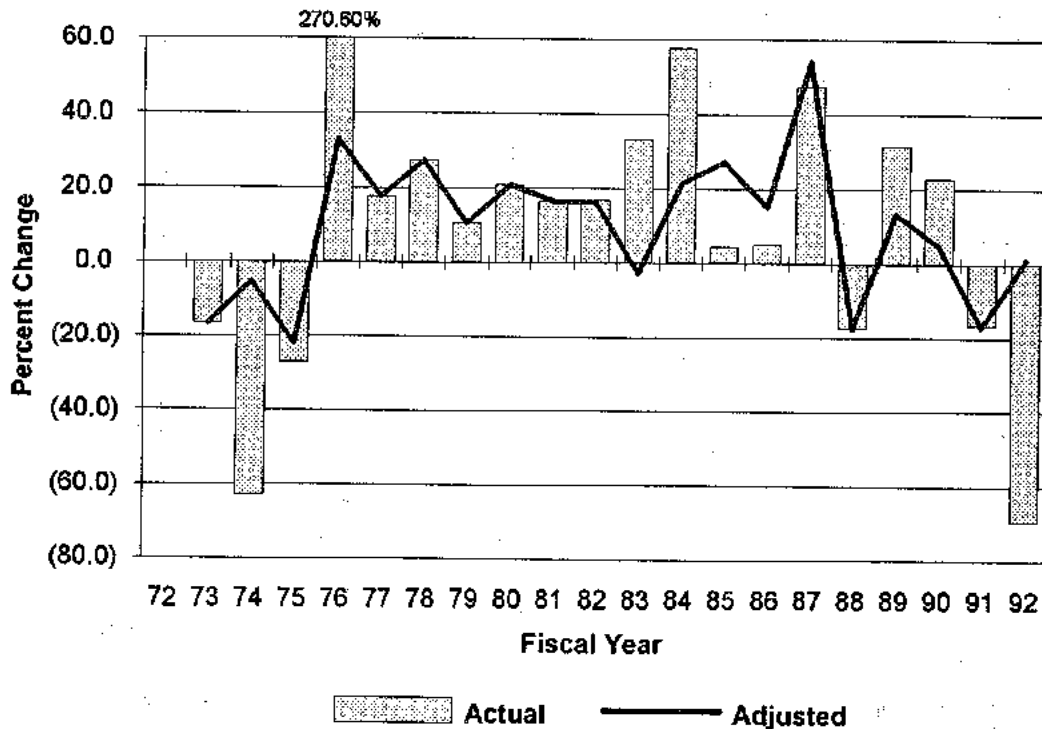
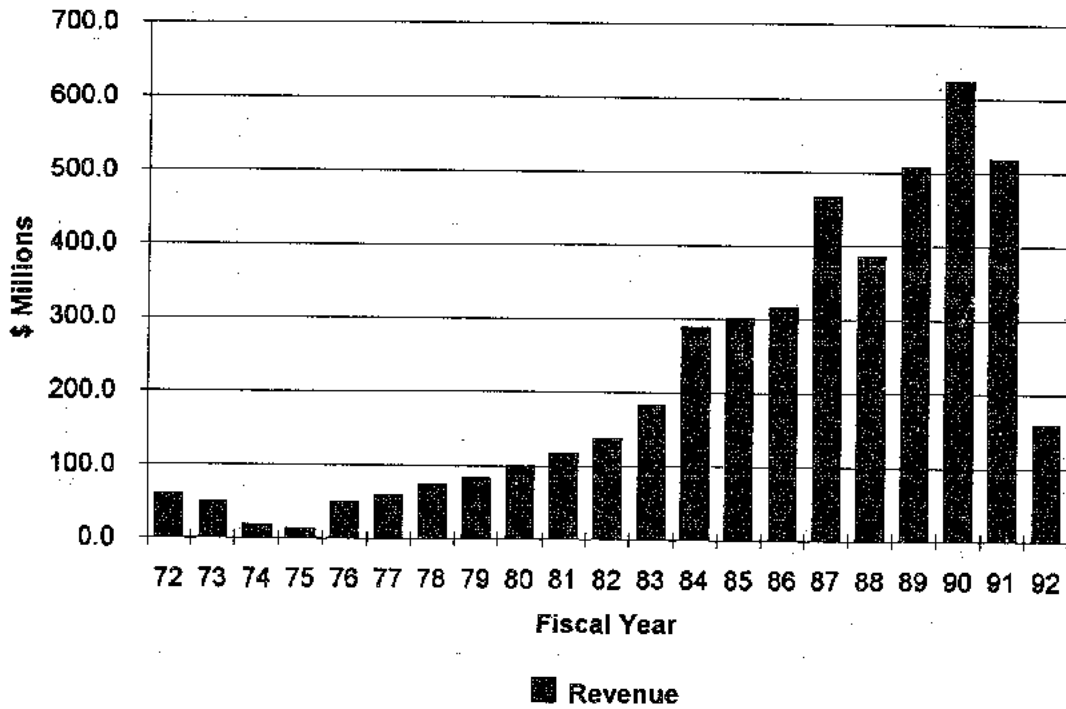
[1] Prior to PA 87-574, liquor based coolers were taxed as distilled liquor.

ALCOHOLIC BEVERAGE TAX REVENUE

Fiscal Year	Total Revenue	Malt Beverages		Wine Under 21% Alcohol	Wine Over 21% Alcohol & Sparkling Wines	Distilled Liquor	Alcohol	Liquor Based Cooler
		bbl	gals					
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
1969	\$18,964	\$ 451	\$2,671	\$ 741	\$134	\$14,950	\$ 17	
1970	23,728	578	3,647	1,033	233	18,217	20	
1971	23,697	551	3,552	1,159	277	18,135	22	
1972	24,109	555	3,601	1,230	262	18,441	20	
1973	24,212	615	3,661	1,289	238	18,390	19	
1974	24,703	653	3,821	1,306	216	18,687	20	
1975	24,248	678	3,952	1,351	200	18,046	21	
1976	26,475	744	4,291	1,533	211	19,672	24	
1977	24,335	699	3,961	1,550	206	17,896	23	
1978	25,216	691	4,168	1,696	224	18,411	26	
1979	25,309	706	4,354	1,781	226	18,212	30	
1980	25,634	782	4,270	1,924	234	18,384	40	
1981	25,397	905	4,006	2,003	252	18,184	47	
1982	25,969	879	4,053	2,096	286	18,619	37	
1983	27,076	884	4,282	2,274	353	19,250	33	
1984	31,501	952	5,160	2,651	488	22,214	36	
1985	32,997	958	5,596	2,847	556	23,002	37	
1986	31,785	896	5,563	2,761	560	21,936	68	
1987	33,450	933	5,953	3,079	599	22,738	147	
1988	30,919	861	5,717	2,894	576	20,655	134	\$ 82
1989	35,492	1,168	7,379	3,530	673	22,489	158	94
1990	47,359	1,739	11,108	5,306	926	27,772	180	326
1991	45,002	1,796	10,747	4,947	854	25,936	153	569
1992	43,120	1,827	10,427	5,016	795	24,413	135	507

Source: The Annual Report of the State Comptroller and Comparative Statement of Alcoholic Beverage Sales, Department of Revenue Services, various years.

Capital Gains, Interest and Dividends Collections and Growth Rates FY 72 - FY 92



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

CAPITAL GAINS, DIVIDENDS AND INTEREST

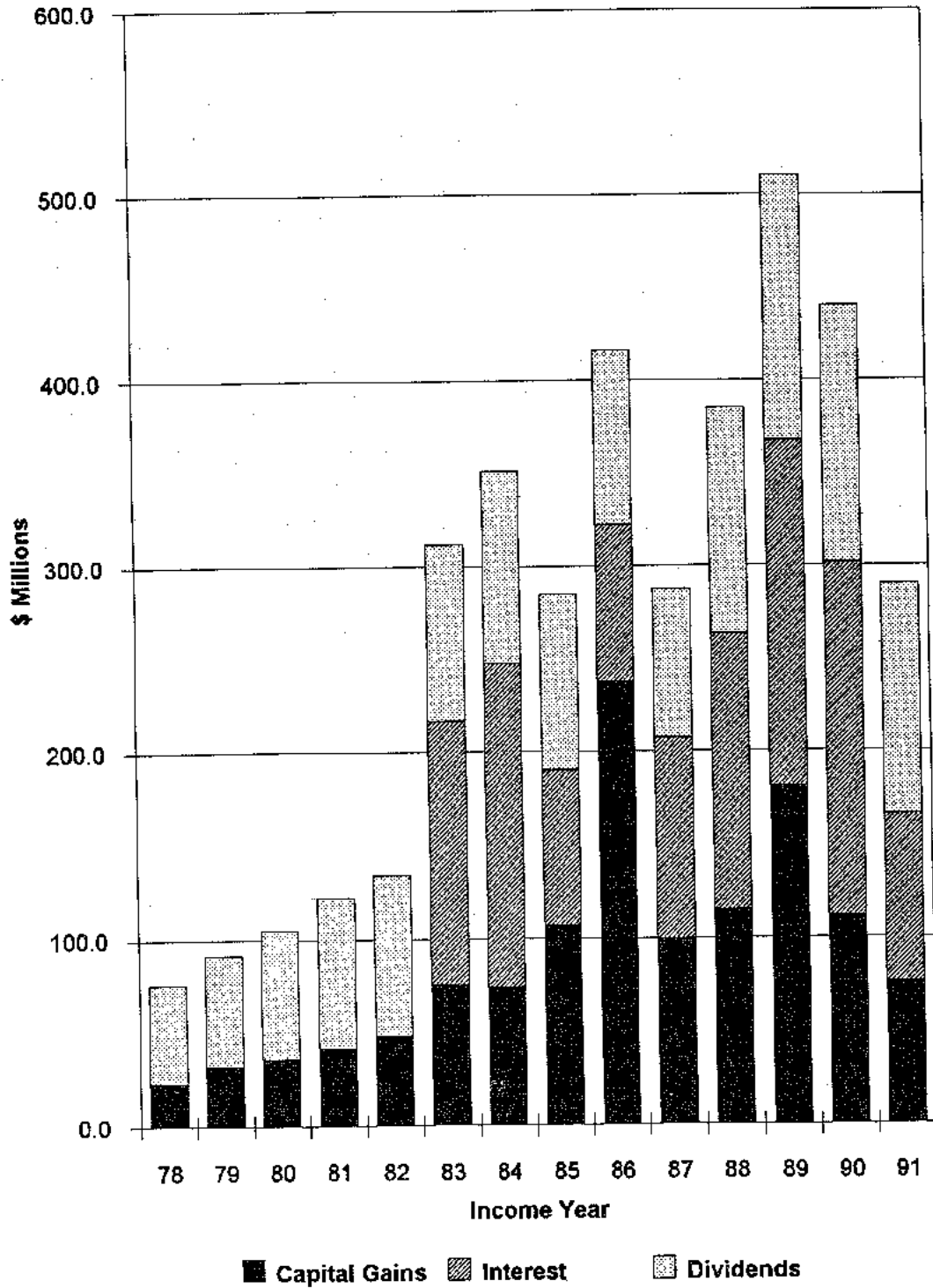
Fiscal Year	Revenues (\$000)	% Change	Rate Div/Int.	CG	Base Changes
Note: No tax prior to 1970					
1970	\$ 4,916	-	NA	6%	Capital gains only
1971	10,377	111.1	NA	6%	
1972	60,922	487.1	6%	6%	Dividends included (PA 8. Aug. Special Session)
1973	50,808	(16.6)	6%	6%	Eliminated \$5.00 minimum tax. DISC dividends excluded (1/1/73)
1974	18,671	(63.2)	NA	6%	Dividends tax repealed
1975	13,574	(27.3)	6%	6%	
1976	50,428	270.6	7%	7%	Dividends taxed at 7% if AGI greater than \$20,000 (1/1/75)
1977	59,345	17.7	7%	7%	
1978	75,593	27.5	1-9%	7%	1-9% on dividends if AGI greater than \$20,000
1979	83,487	10.4	1-9%	7%	
1980	100,953	21.0	1-9%	7%	
1981	117,786	16.6	1-9%	7%	Liability for CG&D Tax eliminated when amount owed is less than \$10.00
1982	137,726	16.9	1-9%	7%	<p>1) Capital gains taxes paid to another state may be claimed as a credit (credit may be claimed only out-of-state property was a principal place of residence for 6 of the 12 months immediately preceding date of sale) Effective 1/1/81.</p> <p>2) Income subject to Estate Income Tax is exempt from the Capital Gains & Dividends Tax.</p>
1983	183,658	33.4	1-9%	7%	Beginning 1/1/83 individuals with estimated tax liability in excess of \$200 must make an estimated payment in the 6 month of their income year equal to 50% of their estimated tax liability.
1984	289,534	57.6	6-13%	7%	<p>1) 6%-13% on dividends & interest if AGI is at least \$50,000 (1/1/83)</p> <p>2) Beginning 1/1/84 individuals whose estimated dividends & interest tax liability is in excess of \$200 must make an estimated payment in the sixth month of their income year equal to 50% of their estimated tax liability.</p>
1985	302,432	4.5	6-13%	7%	1) Shareholders in an electing small business corporation) can deduct from interest income tax, the amount of interest income which was also included in the firm's net income (1/1/85).
1986	317,304	4.9	1-13%	7%	<p>1) Social security and railroad retirement income is excluded from AGI (1/1/85)</p> <p>2) Tax rates on interest and dividends revised to 1%-13% (1/1/85)</p> <p>3) Taxpayers 65 or over and having AGI less than \$10,000 (exclusive of capital gains) are exempt from capital gains tax (1/1/85)</p> <p>A deduction for interest forfeited because of early withdrawal is allowed from interest income subject to tax (1/1/85)</p> <p>Exempts individuals from the Capital Gains Tax if AGI is below the level necessary for filing a federal return.</p>
1987	467,780	47.4	1-12%	7%	Tax Rate of 1%-12% on interest & dividends if AGI is at least \$54,000 (1/1/86).
(Note: Revenue increase includes revenues from the initial behavioral response of taxpayers to the reduction in Federal tax rates.)					

Fiscal Year	Revenues (\$000)	% Change	Rate Div/Int.	CG	Base Changes
1988	386,260	(17.4)	1-12%	7%	\$50 minimum late payment penalty eliminated (1/1/87) 60% of long-term gains are excluded from the tax to offset its inclusion as a result of federal tax reform (1/1/87)
1989	508,589	31.7	1-12%	7%	
1990	624,698	22.8	1-14%	7%	1) PA 89-16 - Estimated payment of 100% of tax due on gains in first five months of year must be paid in sixth month (1/1/89) 2) PA 89-251 (a) Long-term exclusion for gains realized on or after 2/9/89 is repealed. The maximum tax on capital gains income is limited to 5% of AGI (b) Interest and dividends tax rates are changed from 1-12% to 1-14%. 3) PA 89-304 - Capital gains resulting from trading or holding dealer equity options are exempt
1991	520,498	(16.7)	1-14%	7%	PA 90-148 - The tax is applied to capital gains from the sale of real property by nonresidents. (effective with taxable years beginning 1/1/90)
1992	159,000	(69.5)	.75-9.5%	4.75%	PA 91-3 1) Rates for 1991 income years are lowered. Tax is eliminated for income years beginning on or after 1/1/92 and capital gains, interest or dividend income will be taxable under the Personal Income Tax. 2) Married couples eligible to file jointly for federal tax purposes must file jointly for this tax.

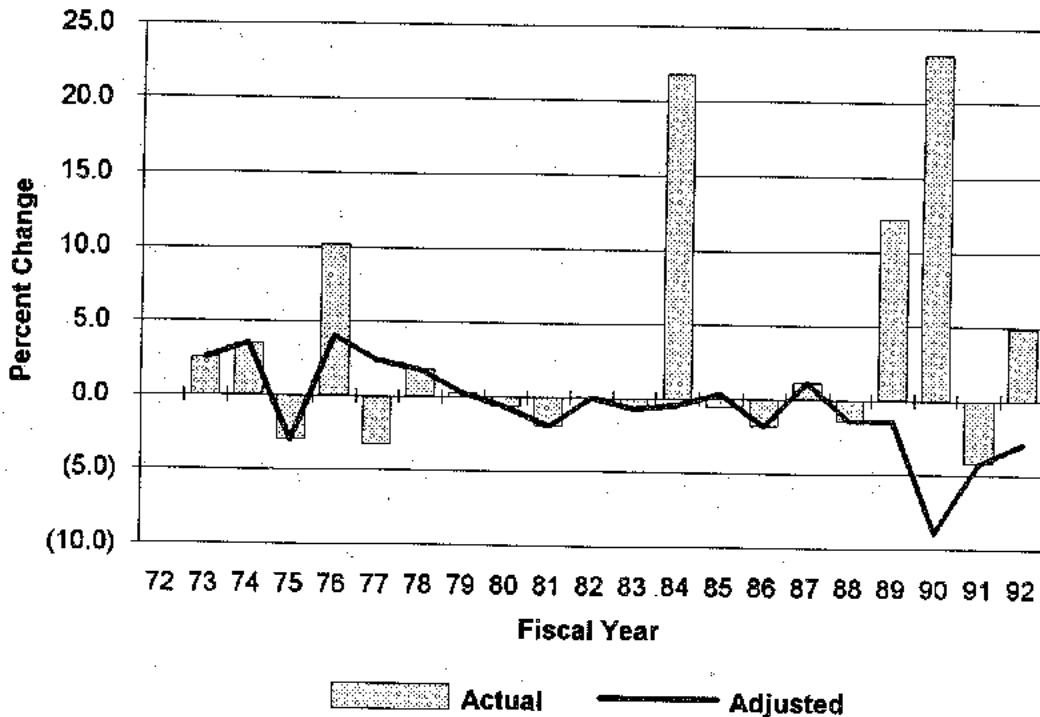
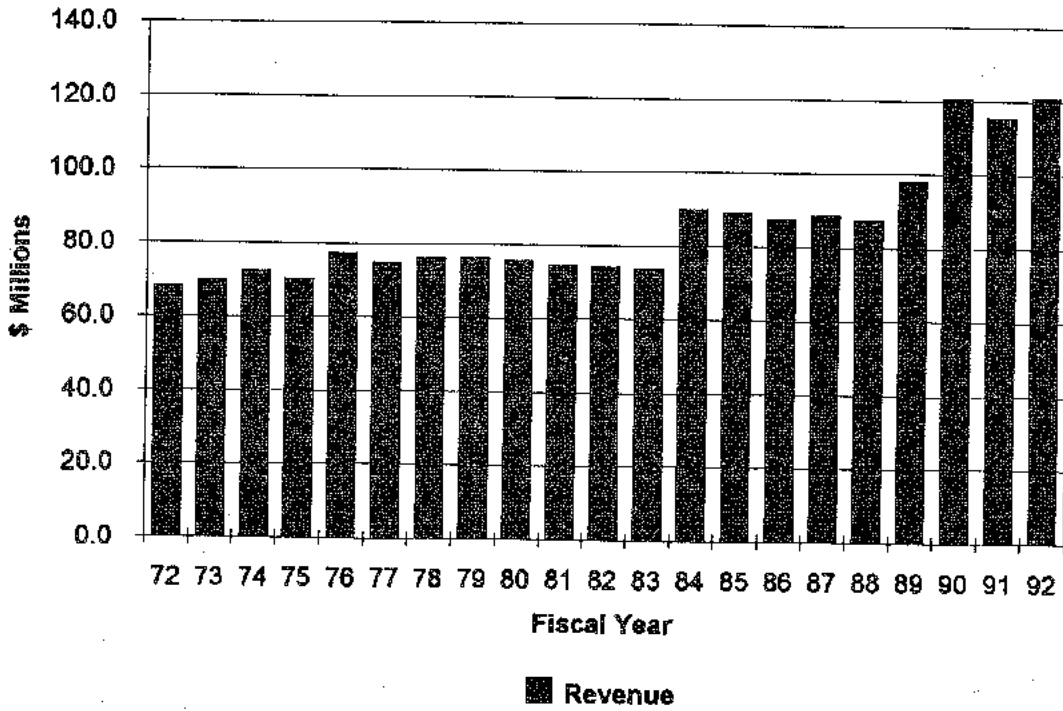
Note: There was no Connecticut Capital Gains & Dividends Tax prior to 1970.

Source: The Annual Report of the State Comptroller, various years.

Capital Gains, Interest and Dividends Taxes Income Year, 1978 - 1991



Cigarette Tax Collections and Growth Rates FY 72 - FY 92



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

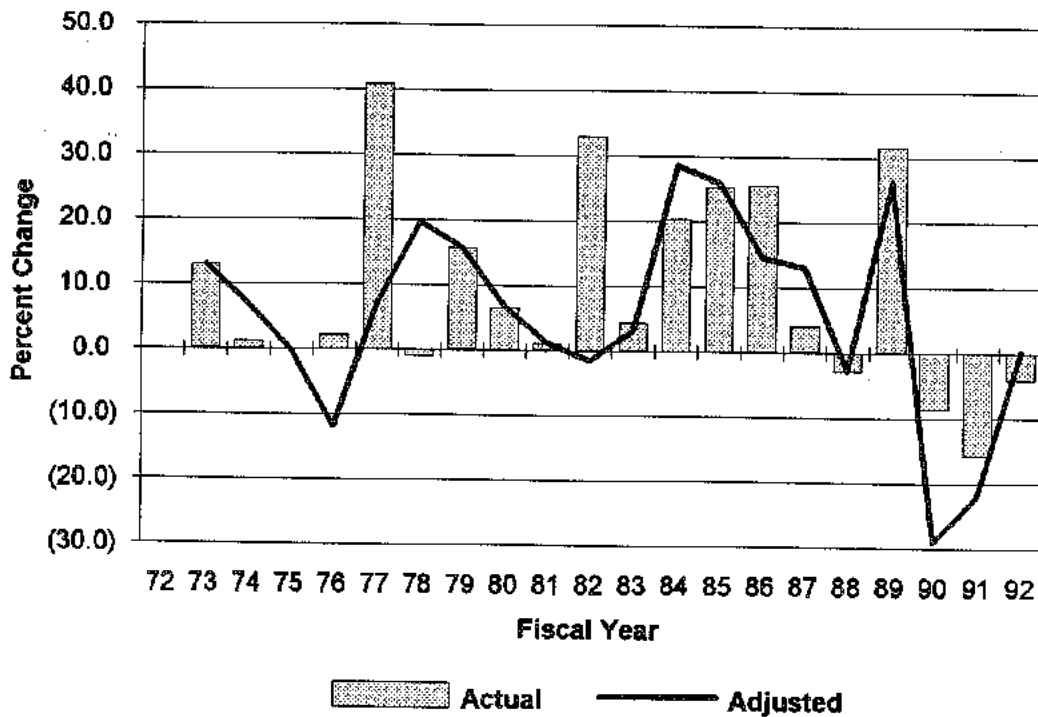
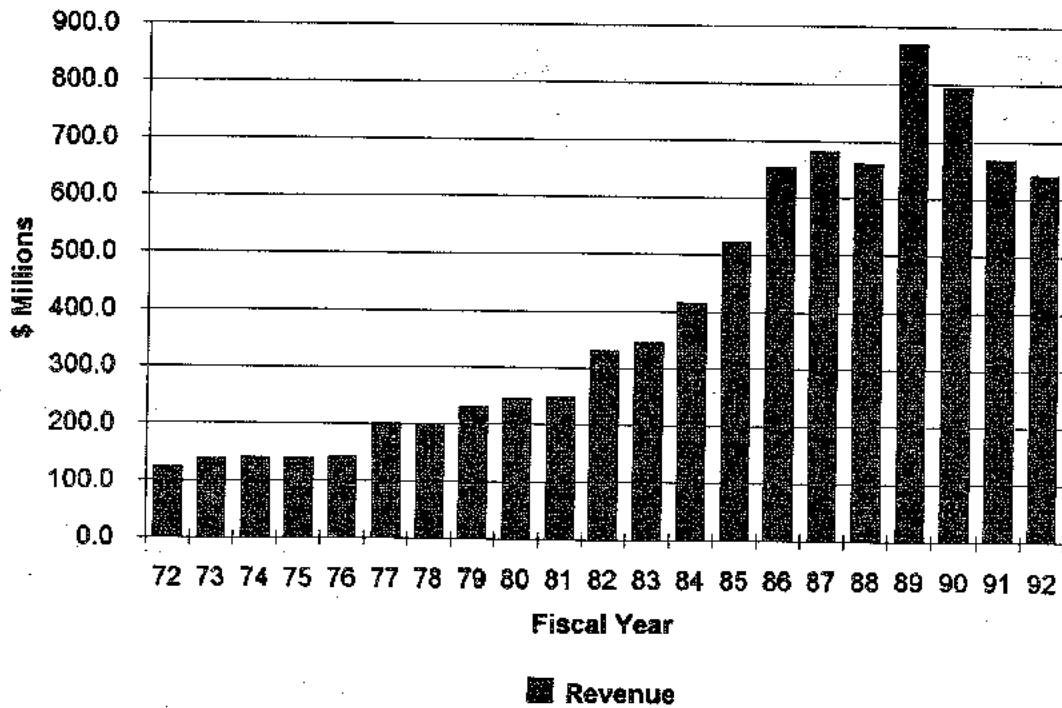
CIGARETTE TAX

Fiscal Year	Revenues (\$000)	% Change	Tax Rate (cents per pack of twenty)	Base Changes
1969	\$34,302	5.4	8	
1970	55,850	62.8	16	
1971	56,185	0.6	16	
1972	68,223	21.4	21	
1973	69,939	2.5	21	
1974	72,400	3.5	21	
1975	70,219	(3.0)	21	
1976	77,364	10.2	21	
1977	74,820	(3.3)	21	
1978	76,176	1.8	21	
1979	76,347	0.2	21	
1980	75,793	(0.7)	21	
1981	74,319	(0.03)	21	Cigarettes subject to sales tax (tobacco products had been subject to sales tax)
1982	74,295	(0.03)	21	
1983	73,753	(0.7)	21	
1984	89,831	21.8	26	Effective 8/1/83
1985	89,334	(0.6)	26	
1986	87,715	(1.8)	26	If the federal excise tax on cigarettes is ever reduced, the state excise tax will increase by the amount of the federal excise tax reduction.
1987	88,738	1.2	26	
1988	87,464	(1.4)	26	
1989	98,143	12.2	26	
1990	120,888 [1]	23.2	40	PA 89-16 (a) Tax rate increased from 26 to 40 cents per pack of 20, effective 4/1/89. (b) Exemption for cigarettes sold at correctional institutions is eliminated, effective 4/1/89.
1991	115,676	(4.3)	40	PA 89-251 Imposes 20% Tobacco Products Tax on noncigarette tobacco items.
1992	121,266	4.8	45	PA 91-3 (JSS) increased rate, effective 10/1/91.
1993	NA	NA	45	

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

Source: The Annual Report of the State Comptroller, various years.

Corporation Tax Collections and Growth Rates FY 72 - FY 92



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

CORPORATION TAX

Fiscal Year	Revenues (\$000)	% Change	Rate	Base Changes
1969	84,879	4.2	5.25	
1970	119,713	41.0	8.0	Income of utilities & telephone companies subject to tax
1971	126,320	5.5	8.0	
1972	122,660	(2.9)	8.0	
1973	138,648	13.0	8.0	
1974	140,197	1.1	8.0	
1975	140,048	(0.1)	8.0	
1976	143,207	2.3	10.0	
1977	201,742	40.9	10.0	Accelerated payments
1978	199,569	(1.1)	10.0	
1979	231,140	15.8	10.0	A credit against the state corporation business tax is allowed equal to 25% of the portion of tax which is allocable to a new, expanded, or substantially renovated manufacturing facility in an economically distressed municipality.
1980	246,139	6.5	10.0	Tax credit allowed for: <ol style="list-style-type: none"> 1) an approved cooperative work education occupations program. The credit is equal to 10% of wages paid by an employer to a qualified high school student. The maximum credit is \$300 per income year. 2) Apprenticeship training in the machine tool & metal trades. The credit equals \$2.50 per hour of training and may not exceed the lesser of \$3,000 or 50% of wages paid in any income year.
1981	248,720	1.1	10.0	
1982	330,673	33.0	10.0	<ol style="list-style-type: none"> 1) (a) effective tax rate goes to 10% from 9.1%; (b) tax on capital base is increased to 3.1 mills from .31 mills; (c) the minimum tax is increased to \$250 from \$50. 2) A tax credit (up to 25% of cost) is provided for establishing a day care facility. 3) An exemption is provided for the earnings of International Banking Facilities. 4) A new fourth base is established for calculating tax liability (corporations whose gross receipts exceed \$50,000 must calculate their tax liability on the base of a 5% tax on 50% of their net income and compensation paid to officers and owners of more than 1% of the common stock.) 5) (a) The corporation business tax on dividends is eliminated; (b) The allocation formula is eliminated and all business income is distributed to Connecticut on the basis of the apportionment factor; (c) The sales factor is to be double weighted in arriving at the apportionment factor 6) The urban jobs tax credit is increased to 50% from 25% for that portion of tax allocable to a manufacturing facility located in an enterprise zone.

Fiscal Year	Revenues (\$000)	% Change	Rate	Base Changes								
1983	345,508	4.5	10.0	<p>7) Effective with income years beginning on or before 1/1/82, corporate taxpayers must make an estimated payment of 60% of their tax liability or \$250 whichever is greater, during the sixth month of their income year. An additional payment, bringing the total estimated payment to 80%, is required during the twelfth month.</p> <p>8) Accelerated Cost Recovery System (ACRS) is disallowed (Effective 1/1/81) (A description of ACRS is included under Business Taxes.)</p> <p>9) Exemption for gains resulting from the sale or exchange on cattle raised from birth on a farm in Connecticut. (To qualify for the exclusion at least 75% of a taxpayers gross income must be derived from farming).</p> <p>1) Calculation of tax liability on bases of net income plus compensation to owners & officers is repealed with income years beginning 1/1/83.</p> <p>2) Various tax credits are provided to business firms choosing to engage in various community service activities as follows (1/1/82):</p> <table border="1"> <thead> <tr> <th>Project</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td>(a) Energy conservation & Exp. training</td> <td>70%</td> </tr> <tr> <td>(b) Eligible programs as determined by municipality</td> <td>50%</td> </tr> <tr> <td>(c) Child Day Care Centers</td> <td>50%</td> </tr> </tbody> </table> <p>3) Businesses located in enterprise zones are ineligible to receive the 50% urban jobs tax credit if a firm has relocated to a designated enterprise zone from a distressed municipality or an area eligible for enterprise zone designation.</p>	Project	Credit	(a) Energy conservation & Exp. training	70%	(b) Eligible programs as determined by municipality	50%	(c) Child Day Care Centers	50%
Project	Credit											
(a) Energy conservation & Exp. training	70%											
(b) Eligible programs as determined by municipality	50%											
(c) Child Day Care Centers	50%											
1984	416,067	20.4	11.5	<p>1) Rate increases effective with income years beginning 1/1/83.</p> <p>2) Tax credit for expenditures for day care is increased to \$20,000 from \$10,000.</p>								
1985	521,315	25.3	11.5	<p>1) Corporate tax credits are increased under the Neighborhood Assistance Program.</p>								
1986	654,772	25.6	11.5	<p>1) Corporations may only deduct 88% of there federal depreciation expense for income year 1985. The full deduction is allowed for income year 1986 and thereafter. (A description of ACRS is included under Business Taxes.)</p> <p>2) The minimum tax is reduced from \$250 to \$100 (1/1/85).</p> <p>3) Neighborhood assistance: Annual tax credit is increased to \$2 million from \$1.5 million (7/1/85).</p> <p>4) The tax exemption for companies providing alternative energy systems is extended for three years, until FY 1987.</p>								

Fiscal Year	Revenues (\$000)	% Change	Rate	Base Changes
1987	581,909	4.1	11.5	<ol style="list-style-type: none"> 1) Regulated investment companies and real estate investment trusts will no longer be allowed a deduction for dividends paid when determining the tax on their capital base (10/1/86). 2) Max tax on capital base is increased from \$100,00 to \$500,000 (1/1/86). 3) Neighborhood Assistance tax credits increased to a maximum \$3 million per year from \$2 million (1/1/86) 4) A tax credit of \$250,000 per year for all firms is available to businesses providing subsidies to employees for child care. Tax credit is 50% of cost of subsidy (7/1/86). 5) A tax credit for 50% of donations to the Rental Housing Assistance Trust Fund is allowed up to a limit of \$25,000 in credits per firm annually; the annual limit for all firms is \$500,000 (1/1/86 but not after 1/1/88).
1988	661,296	(3.0)	11.5	<ol style="list-style-type: none"> 1) Taxpayers with estimated liability less than \$1,000 are not required to file estimated payments (1/1/87) <p>July 1987 Special Session:</p> <ol style="list-style-type: none"> 1) A residential property tax relief fund is established and for FY 1989 through FY 1991 a portion of the corporation tax is earmarked as follows: FY 1989-1991: 1/23 of Corp. Tax FY 1992: 1/46 of Corp. Tax
1989	870,028	31.6	11.5	<ol style="list-style-type: none"> 1) Earmarking of revenue for the Property Tax Relief Fund begun in the July 1987 Special Session is eliminated
1990	794,063	(8.7)	11.5	<ol style="list-style-type: none"> 1) PA 89-16 <ol style="list-style-type: none"> (a) A 15% surtax is added and the minimum tax is increased from \$100 to \$250 (1/1/89) (b) The timing and percentage of estimated payment due is changed (1/1/89) 2) PA 89-251 <ol style="list-style-type: none"> (a) The deduction for income taxes paid to other states is eliminated (1/1/89) (b) The surtax is increased from 15% to 20% (1/1/89) (c) The first \$25,000 of tax savings for firms filing a combined return eliminated (1/1/90)
1991	669,038	(15.7)	11.5	<ol style="list-style-type: none"> 1) PA 90-148 - The second estimated payment is increased from 60% to 70% (1/1/91) 2) PA 90-174 - Liability calculated on the capital base is limited to \$50,000 maximum for regulated investment companies or real estate investment trusts beginning 1/1/91. Liability for 1986 to 1990 income years is limited to \$500,000 (7/1/90).
1992	641,446	(4.1)	11.5	<ol style="list-style-type: none"> (1) PA 91-3 (JSS) <ol style="list-style-type: none"> (a) The 20% surtax is reduced to 10% for 1992 income years. (b) The maximum for the capital base is increased from \$0.5 million to \$1 million, effective 1/1/92. (c) Thirty percent of dividends received from companies in which ownership is less than 20% must be included in the net income base, effective 1/1/91 (2) PA 91-179 provides a credit for up to 10% of the cost of operating natural gas-powered vehicles for the 1991 and 1992 income years
1993	NA	NA	11.5	<ol style="list-style-type: none"> (1) PA 91-3 (JSS) eliminates the 10% surtax for 1993 income years. (2) PA 92-124 applies the tax to unrelated business income of nonprofit corporations, beginning with 1992 income years.

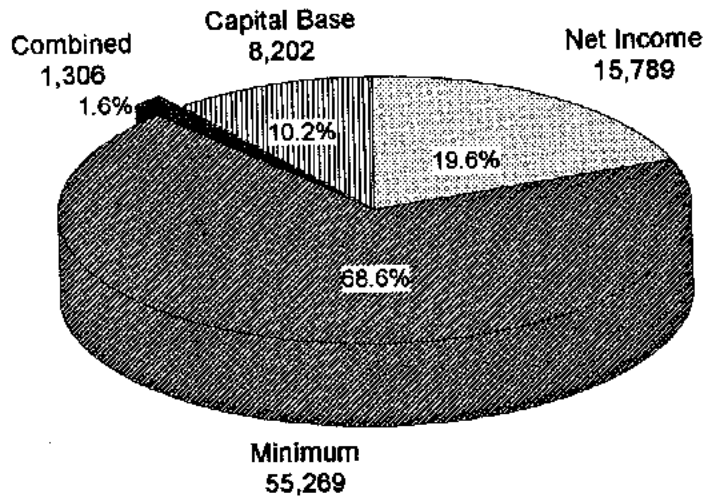
Fiscal Year	Revenues (\$000)	± Change	Rate	Base Changes
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- (3) PA 92-193 establishes credits for research and development, job training and technology-related research and development grants to state colleges and universities. The credits are phased in over a period of years.
- (4) PA 92-250 establishes a credit for manufacturing or other economic-base businesses based upon the number of new employees and square feet occupied, effective with 1993 income years.

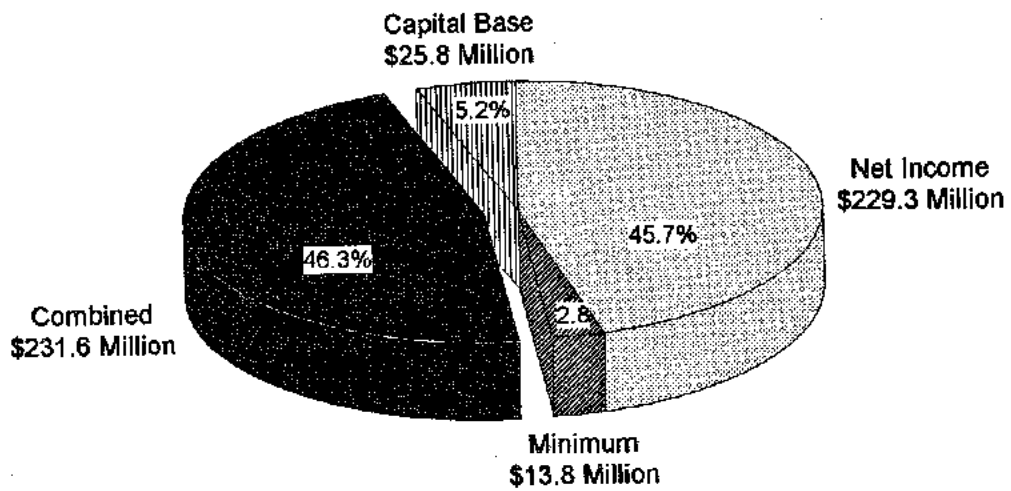
Source: The Annual Report of the State Comptroller, various years.

Corporate Tax Return Statistics 1990

Number of Returns



Amount of Revenue



CORPORATION BUSINESS TAX

Rate & Basis - Corporations are subject to tax on income derived from in-state sources. Tax liability is calculated as the greatest of:

1. **Net Income Base:** 11.5% of net income apportioned to Connecticut. All business income is apportioned by a three factor formula which compares sales, compensation and tangible property in Connecticut to the nation. (Note: Corporations can no longer deduct income taxes paid to other states.) The sales factor is given a double weight (CGS 12-214 and 12-218). Thirty percent of dividends received from companies in which ownership is less than 20% must be included in income (PA 91-3 JSS). If the corporation is a domestic insurance company, net income is apportioned on the basis of gross direct premiums from Connecticut to total gross direct premiums. Further adjustments are made if more than 50% of gross premiums are reinsurance premiums.
2. **Capital Base:** 0.31% of the average value of capital stock and surplus reserves; or if a bank or other financial institution, 4% of interest and dividends credited to accounts (CGS Sec. 12-219a). Corporations doing business in more than one state must use a two factor formula which measures the average monthly value of intangible and tangible assets located in Connecticut as compared to the nation to apportion their asset base (CGS 12-219a). The maximum tax liability under this base is \$1 million for all corporations (PA 91-3 JSS); and, effective 1/1/91, \$50,000 for Real Estate Investment Trusts or Regulated Investment Companies.

A surtax of 10% is added to the amount calculated under the Net Income and Capital Bases for the 1992 income year. The surtax is eliminated for the 1993 income year (PA 91-3 JSS).

Corporations filing combined returns will not be entitled to the first \$25,000 of tax savings over what they would have paid if they filed separately.

3. **Minimum Tax:** Two hundred fifty dollars.

CORPORATION TAX CREDITS

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

Type of Credit	Income Year					
	1984		1985		1986	
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Neighborhood Assistance	90	\$461,078	119	\$716,610	129	\$1,052,033
New Facilities	71	391,704	79	465,659	96	591,164
Industrial Waste	24	158,981	21	177,997	23	163,708
Apprenticeship	48	148,864	36	127,702	26	85,939
Enterprise Zones	6	143,822	12	32,043	14	84,682
Air Pollution Abatement	14	109,030	10	86,409	13	252,587
Work Education	27	23,837	25	28,220	15	73,589
Day Care Center	1	500	6	2,385	4	9,150
TOTAL	281	\$1,437,816	308	\$1,637,026	320	\$2,312,852

Type of Credit	Income Year					
	1987		1988		1989	
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Neighborhood Assistance	166	\$1,054,704	160	\$1,004,091	158	\$1,237,261
New Facilities	71	1,322,238	50	743,979	61	229,397
Industrial Waste	15	149,146	11	354,408	15	87,962
Apprenticeship	21	67,566	14	79,560	14	62,181
Enterprise Zones	16	157,972	19	158,645	13	107,867
Air Pollution Abatement	6	64,413	9	213,940	9	261,419
Work Education	8	10,529	11	27,871	8	6,885
Day Care Center	1	3,640	8	65,055	5	33,423
Child Day Care Subsidy	2	4,200	6	55,157	13	119,627
Rental Housing	-	-	1	7,350	15	299,236
TOTAL	306	\$2,834,408	289	\$2,710,056	311	\$2,445,258

Type of Credit	Income Year					
	1990		1991			
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Neighborhood Assistance	132	\$1,124,215	105	\$679,225		
New Facilities	66	402,964	46	119,958		
Industrial Waste	10	91,380	7	61,634		
Apprenticeship	11	45,253	14	38,070		
Enterprise Zones	19	79,154	8	130,643		
Air Pollution Abatement	8	108,542	8	108,542		
Work Education	8	9,896	9	7,355		
Day Care Center	4	19,438	10	78,418		
Child Day Care Subsidy	10	14,804	15	194,344		
Rental Housing	25	402,964	8	161,647		
TOTAL	293	\$2,288,136	222	\$1,471,294		

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

**ACCELERATED COST RECOVERY SYSTEM
AND THE CONNECTICUT CORPORATION**

The legislature, during the 1985 session, modified the decoupling provision by limiting a firm's depreciation deduction to 88% of their federal depreciation for their 1985 income year. The full deduction was delayed one year until income year 1986 and thereafter (PA 85-159). The portion of federal depreciation that a firm may take is as follows:

Corporate Income Year	Federal Depreciation Allowed
1981	96%
1982	91
1983	84
1984	77
1985	88
1986 and thereafter	100

In 1981, Congress adopted the Accelerated Cost Recovery System (ACRS) for firms to use in calculating depreciation. Connecticut corporation tax statutes at that time followed the federal practice. Since the effect of ACRS was to reduce the net income of firms, corporation tax receipts to the State would drop. In order to postpone this expected decrease in State corporate tax revenues, the legislature passed PA 81-7 during the November Special Session to decouple from ACRS. Decoupling was the term used to denote that Connecticut corporation tax law was changed to eliminate the statutory references which tied Connecticut law to federal law with regard to depreciation.

The act had two major provisions, decoupling and recapture. The first provision, decoupling, limited the amount of depreciation that a firm could take by providing them with two alternative options as shown below:

1. The first option limited the amount of depreciation that a firm could take to a percentage of federal depreciation as follows:

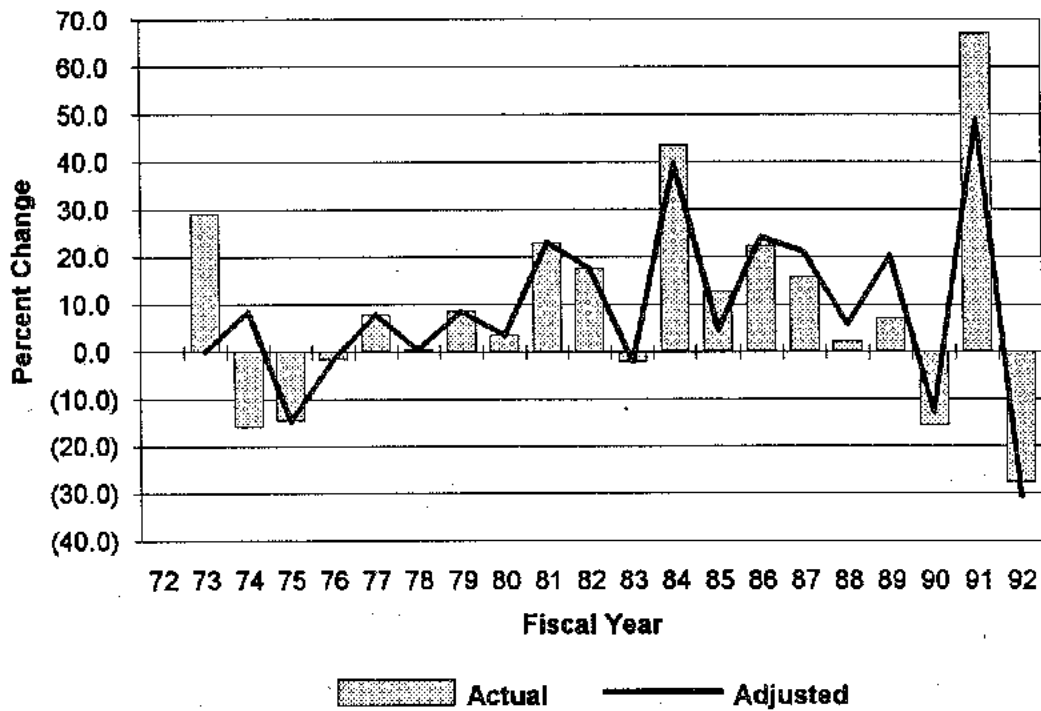
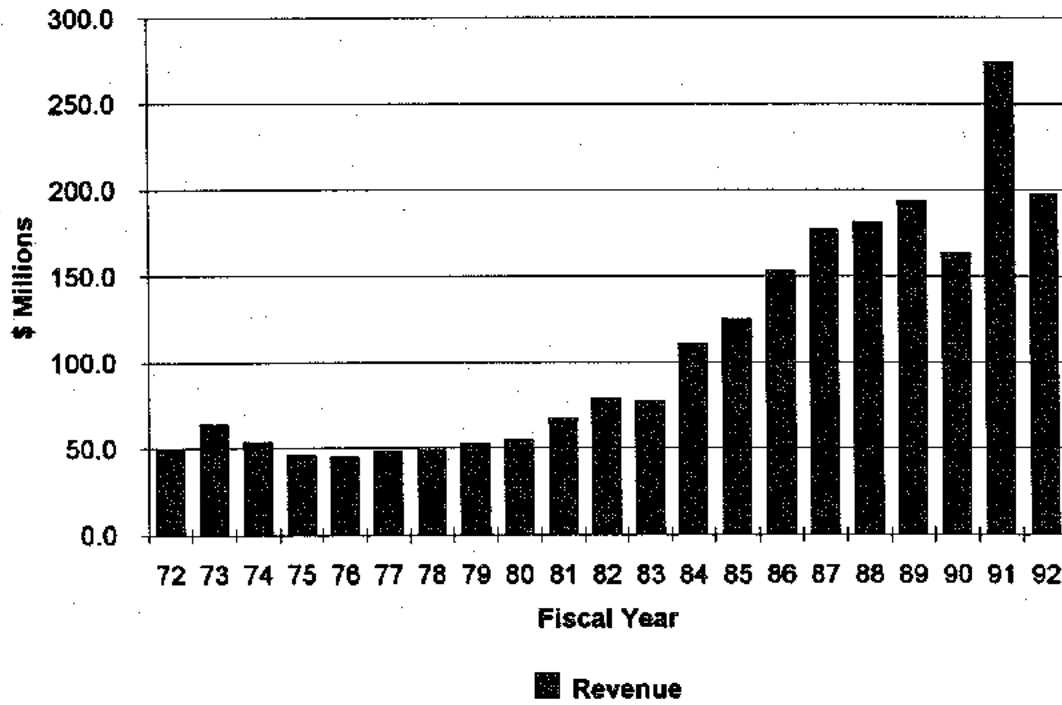
Corporate Income Year	Federal Depreciation Allowed
1981	96%
1982	91
1983	84
1984	77
1985	100

The percentages of federal depreciation allowed were selected based on data which indicated that the revenue loss associated with ACRS would be eliminated.

2. Under the second option firms could elect to take deductions based upon the federal depreciation schedule available prior to January 1, 1981 (that is, prior to ACRS).

Recapture, the second major provision, recognized that decoupling prevented corporations from fully depreciating their assets for state tax purposes. In order to allow full depreciation to occur, a section was included to allow for recapture. Beginning with the 1984 income year, firms would recapture 20% of their depreciation which had been disallowed in the 1981 income year. In the 1985 income year, firms would recapture 20% of their depreciation which had been disallowed in the 1981 and 1982 income years. Recapture would continue until the 1991 income year when firms would recapture the last 20% of their depreciation which had been disallowed during the 1984 income year.

Inheritance and Estate Taxes Collections and Growth Rates FY 72 - FY 92



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

INHERITANCE TAX

Fiscal Year	Revenues (\$000)	% Change	Rate and Base Changes
1969	42,305	10.9	
1970	42,338	0.1	
1971	46,299	9.4	
1972	49,746	7.5	Inheritance - The time limit for filing succession tax returns goes to 9 months from 1 year after death. Estate - To 9 months from 18 months.
1973	64,206	29.1	
1974	53,942	(16.0)	
1975	45,997	(14.7)	
1976	45,245	(1.6)	
1977	48,705	7.7	
1978	48,851	0.3	
1979	52,997	8.5	Exemption levels double; Farm land valued at current use & not fair market; value of annuity exempt for servicemen
1980	54,764	3.3	
1981	67,351	23.0	
1982	79,250	17.7	An Estate Tax is established: 1) A tax of 10% is levied on net income of Estates (an exemption of \$20,000 plus all federal exemptions are allowed) 2) If estimated tax liability is in excess of \$200 an estimated payment of 50% is due in the sixth month of the Estate's income year. Final payment is due in fourth month following end of income year (1/1/82)
1983	77,464	(2.3)	
1984	111,180	43.5	1) A surtax of 10% is added to the tax on estates established on or after 7/1/83. Transfers of farmland are exempt.
1985	125,300	12.7	1) The transfer of land certified to be held as open space in perpetuity is exempt from Succession Tax. 2) Estate income tax: a) Eliminates requirement that a fiduciary file an estimated tax return b) The definition of fiduciary is expanded to include fiduciaries of non-resident estates
1986	153,327	22.4	1) The exemption for surviving husband or wife (Class AA) is increased to \$300,000 from \$100,000 and the exemption for parents, grandparents and descendants (Class A) is increased to \$50,000 from \$20,000 (7/1/85). 2) The money which a surviving spouse initially receives from an estate when there is no will is raised to \$100,000 from \$50,000 (7/1/85). 3) Estates in which more than 35% of the value of the gross estate is comprised of interest for a closely held business may take up to ten years to pay the Succession Tax (7/1/85).
1987	177,280	15.6	1) The Inheritance Tax on Class AA (Surviving Spouse) is phased out over 3 years (7/1/86). 2) No tax is due if liability is less than \$10 (7/1/86).
1988	181,204	2.2	1) PA 87-459 - Payments from pension plans of self-employed individuals are excluded from gross taxable estate (7/1/87) 2) PA 87-491 - Up to \$200,000 in artworks from a deceased Connecticut artist may be accepted annually as a tax credit (1/1/87)
1989	193,946	7.0	
1990	153,957	(15.5)	
1991	274,303	67.3	PA-148 - Tax payment is due with 6 months of date of death rather than 9 months (7/1/90).
1992	198,323	(27.7)	
1993	NA	NA	

Source: The Annual Report of the State Comptroller, various years.

Connecticut Succession (Inheritance) Tax

Connecticut's death tax is a progressive tax which starts at 4.3 percent and increases to 20 percent. The Succession and Transfer Tax rates appear by class on the next page.

The tax is based upon an heir or beneficiary's "privilege" to receive property. The following tax rates and exemption amounts are based on the relationship of the beneficiary to the decedent:

Class	Description	Exemption
A	Parents, grandparents, adoptive parents and any natural or adoptive descendants	50,000
B	Husband or wife or widower or widow who has not remarried or any natural or adopted child, stepchild, brother or sister or any natural or adopted descendant of such brother or sister	6,000
C	All others	1,000

In general, the closer the relationship (estate passes from parent to child) the larger the exemption and the lower the tax rate, the further the relationship (estate passes from decedent to a friend) the smaller the exemption and the greater the tax rate.

Connecticut, as part of its death tax, also has an estate tax (Sec. 12-391 C.G.S.) sometimes known as the federal pick-up. (This should not be confused with the estate income tax which is described elsewhere.) The purpose of this tax is to insure that state death taxes are large enough to absorb the maximum credit amount available under the federal estate tax. Therefore the estate tax applies in only those circumstances when the state succession tax is not large enough to absorb the full credit available under federal law against federal estate taxes.

The estate tax applies to only a small percentage of large estates in Connecticut because items that are taxed by the federal government are not taxed in Connecticut.

The starting point in determining estate tax liability begins with a definition of what property is subject to estate taxation. The state and federal governments include basically the same items in determining gross taxable estate with two major exceptions. First Connecticut law does not consider life insurance a taxable transfer (C.G.S. 12-342). Therefore life insurance is not subject to state succession taxes. The federal government taxes life insurance in its entirety. Second, individual retirement accounts (IRAs) and Keogh plans are subject to state succession taxes (C.G.S. 12-349). The Federal government exempts IRAs and Keogh plans from estate taxation. It is essentially these differences that trigger the Connecticut estate tax. It should be emphasized that the estate tax never results in a taxpayer having to pay additional state estate taxes. Its function is simply to divert revenue to the state that otherwise would have gone to the federal government.

**Succession (Inheritance) Tax Rates
(Including Surtax)**

Value of Inherited Property (\$000)	Class A		Class B		Class C	
	Tax on Col 1	Rate on Excess Col 1	Tax on Col 1	Rate on Excess Col 1	Tax on Col 1	Rate on Excess Col 1
<u>Col 1</u>						
0 to 1	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
1 to 6	0	0.0	0	0.0	0	11.4
6 to 20	0	0.0	0	5.7	572	11.4
20 to 25	0	0.0	801	5.7	2,174	11.4
25 to 50	0	0.0	1,087	7.2	2,746	12.9
50 to 100	0	4.3	2,874	7.2	5,963	12.9
100 to 150	2,145	4.3	6,449	7.2	12,398	12.9
150 to 250	4,290	5.7	10,024	8.6	18,833	14.3
250 to 300	10,010	7.2	18,604	10.0	33,133	15.7
300 to 400	13,585	7.2	23,609	10.0	40,998	15.7
400 to 600	20,735	8.6	33,619	11.4	56,728	17.2
600 to 1,000	37,895	10.0	56,499	12.9	91,048	18.6
1,000 and above	77,935	11.4	107,979	14.3	165,408	20.0

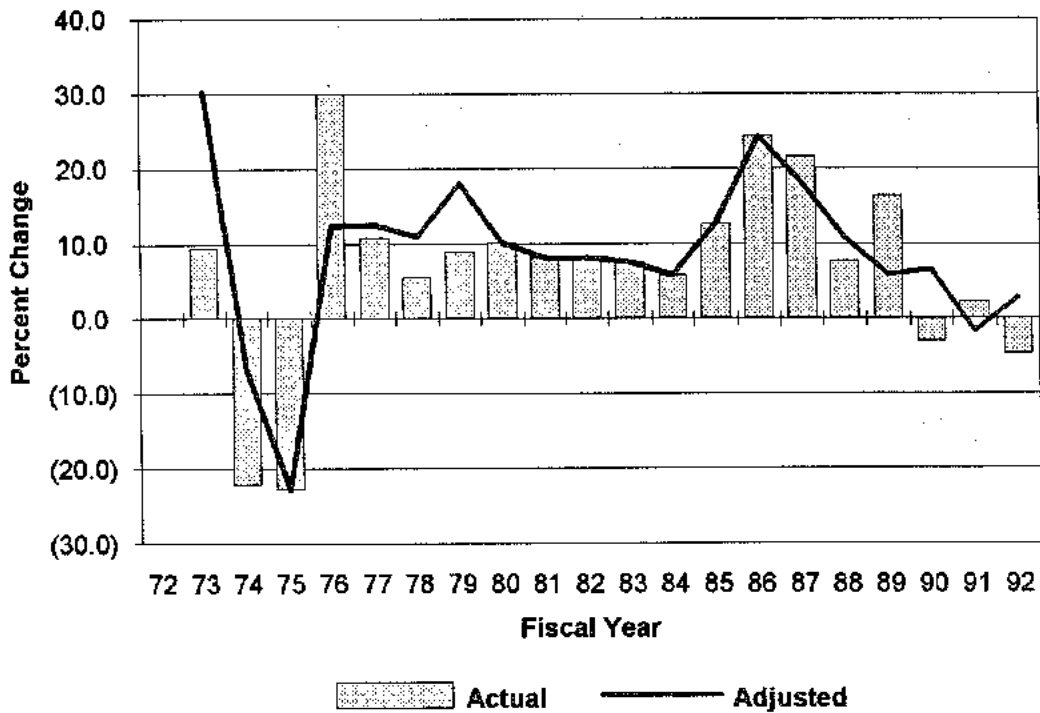
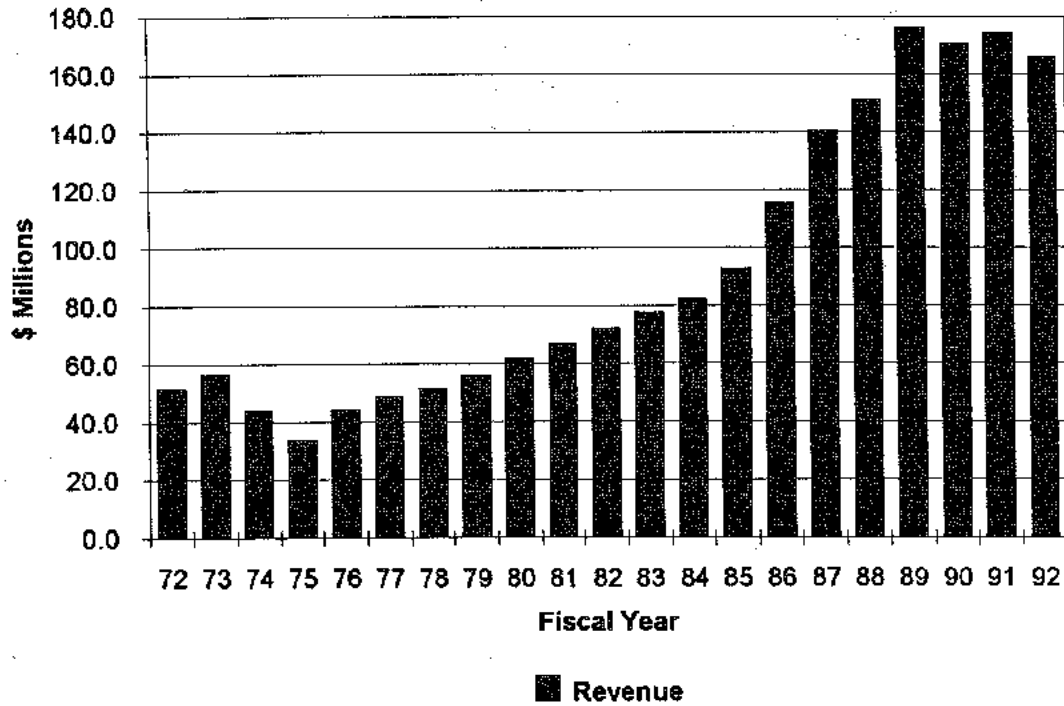
Note: See previous page for description of classes.

Estate Income Tax

Connecticut's Estate Income Tax (C.G.S. 12-405a) is levied at a rate of 10% on resident and non-resident estates with taxable incomes in excess of \$20,000, for income years beginning prior to January 1, 1991 (PA 91-3 JSS). Income years beginning after this date are subject to the Connecticut Personal Income Tax.

Estate taxable income for Connecticut is the same as it is for the federal government (as reported on line 25 of IRS form 1041). Under federal law, interest on bonds, Treasury notes and other obligations of the United States are exempt. Connecticut law also exempts capital gains and losses and interest on sales or redemption of notes, bonds or other obligations of the State of Connecticut or its political subdivisions.

Insurance Companies Collections and Growth Rates FY 72 - FY 92



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

INSURANCE TAX

Fiscal Year	Total Insurance Revenues (000)	Premiums Tax			Interest & Dividends (000)	Unauthorized Insurers (000)	Hospitals & Medical Services (000)
		Domestic Companies					
		Life Premiums (000)	Other Premiums (000)	Foreign Premiums (000)			
1969	\$23,418	\$2,005	\$6,736	\$11,685	\$ 2,992		
1970	40,337	2,090	7,466	12,787	15,604		NA
1971	60,168		9,026	14,133	15,499 [1]	\$18	\$ 2,390
					16,663		4,829
1972	51,756	2,371	9,280	17,392	18,903	1	3,810
					1,770 [1]		
1973	56,660	2,584	11,483	16,833	21,578		4,182
1974	44,124	2,256	8,670	17,844	17,844		4,910
1975	33,953		10,112	18,308	10,444		5,533
1976 [2]	44,228		11,925	26,003	Repealed		6,300
1977 [2,3]	48,953		13,725	27,908	NA		7,320
1978 [2]	51,734		15,810	27,565	NA	NC [4]	8,359
1979	56,329		17,433	30,308	NA	NC [4]	8,568
1980	61,954		19,067	33,633	NA	92	9,162
1981	67,004		19,279	36,853	NA	271	10,601
1982	72,388		19,627	40,168	NA	304	12,289
1983	77,762		20,200	44,540	NA	331	12,691
1984	82,320		19,662	48,527	NA	321	13,811
1985 [5]	92,835		29,138	57,759	NA	321	5,618
1986	115,424		43,260	71,303	NA	843	18
1987	140,334		47,212	91,094	NA	2,028	5
1988	151,105		48,546	100,235	NA	2,324	34
1989 [6]	176,023		59,718	114,342	NA	1,963	0
1990	170,456		58,097	110,100	NA	2,259	0
1991	174,281		60,480	111,744	NA	2,058	0
1992	166,152		47,398	116,862	NA	1,892	0

[1] Estimated payment for interest and dividends.

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

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

[4] No collections.

[5] Foreign insurance companies are prevented from deducting their assessments to Worker's Compensation Funds from their tax liability.

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

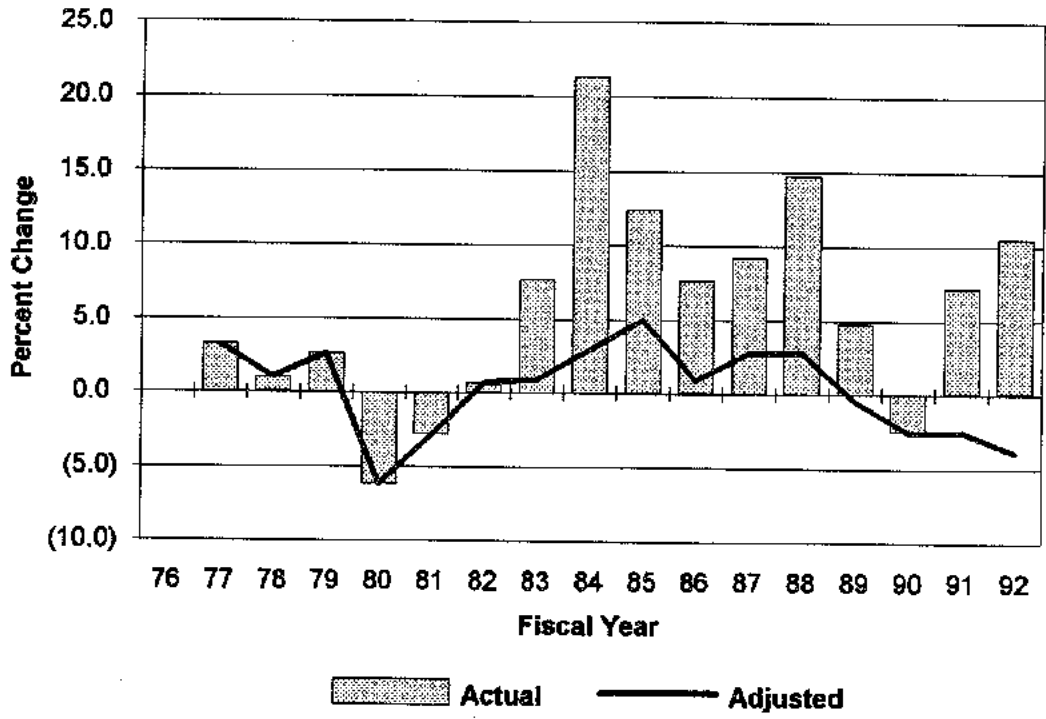
Source: The Annual Report of the State Comptroller, various years, and the Department of Revenue Services.

INSURANCE COMPANY TAX RATES

Fiscal Year	Domestic		Foreign Premiums	Interest & Dividends	Unauthorized Insurers	Hospital & Medical Services [1]
	Life Premiums	Other Premiums				
1969	2.5%	2.75%	1.75%	3.5%	.75%	NA
1970	2.5%	2.75%	1.75%	3.5%	3.5%	2.0%
1971	2.5%	2.75%	1.75%	3.5%	3.5%	2.0%
1972	2.5%	2.75%	1.75%	3.5%	3.5%	2.0%
1973	2.5%	2.75%	1.75%	3.5%	3.5%	2.0%
1974	2.0%	2.0%	2.0%	2.625	3.5%	2.0%
(Terminate 12/31/73)						
1975	2.0%	2.0%	2.0%		3.5%	2.0%
1976	2.0%	2.0%	2.0%		3.5%	2.0%
1977	2.0%	2.0%	2.0%		3.5%	2.0%
1978	2.0%	2.0%	2.0%		3.5%	2.0%
1979	2.0%	2.0%	2.0%		3.5%	2.0%
1980	2.0%	2.0%	2.0%		4.0%	2.0%
1981	2.0%	2.0%	2.0%		4.0%	2.0%
1982	2.0%	2.0%	2.0%		4.0%	2.0%
1983	2.0%	2.0%	2.0%		4.0%	2.0%
1984	2.0%	2.0%	2.0%		4.0%	2.0%
1985	2.0%	2.0%	2.0%		4.0%	2.0%
1986	2.0%	2.0%	2.0%		4.0%	2.0%
1987	2.0%	2.0%	2.0%		4.0%	2.0%
1988	2.0%	2.0%	2.0%		4.0%	2.0%
1989	2.0%	2.0%	2.0%		4.0%	2.0%
1990	2.0%	2.0%	2.0%		4.0%	2.0%
1991	2.0%	2.0%	2.0%		4.0%	2.0%
1992	2.0%	2.0%	2.0%		4.0%	2.0%
1993	2.0%	2.0%	2.0%		4.0%	2.0%

[1] Tax on Hospitals & Medical Service Corporations is 2% (on the total net direct subscribers charges during previous year) on CMS & Blue Cross. Domestic insurance companies may credit corporation taxes against net premiums tax.

Motor Fuels Excise Taxes Collections and Growth Rates FY 76 - FY 92



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

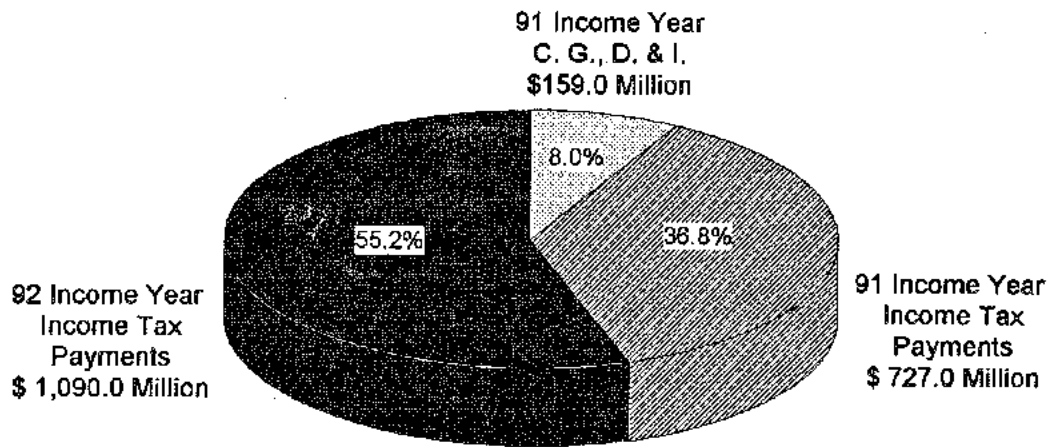
MOTOR FUELS TAX

Fiscal Year	Revenue (000)	Yearly % Change	Gasoline Tax Rate (cents per gallon)	Base Changes
1969	84,811	7.0	7	
1970	101,205	19.3	8	
1971	106,891	5.6	8	
1972	132,121	23.6	10 (effective 9/1)	
1973	143,749	8.8	10	
1974	141,223	(1.8)	10	
1975	143,097	1.3	10	
1976	157,633	10.2	11 (effective 6/1)	
1977	162,795	3.3	11	
1978	164,483	1.0	11	Refund of 50% of taxes paid by Connecticut taxi companies
1979	168,758	2.6	11	Gasoline tax refunds provided for vans, buses, taxicabs, livery services and buses
1980	158,256	(6.2)	11	Gasohol added to base (Rate: 10 cents/gallon)
1981	153,716	(2.9)	11	
1982	154,689	0.6	11	
1983	166,544	7.7	14 (effective 4/1)	Tax rates increased: gasoline: from 11 to 14 cents gasohol: from 10 to 13 cents One cent per gallon is transferred to the Transportation Fund.
1984	201,999	12.8	14	
1985	226,995	20.9	15 (effective 7/1)	1) All revenue from the motor fuels tax is transferred to the Transportation Fund from the General Fund. 2) Tax refund on fuel used in buses operated by Connecticut Motor Bus Companies is increased to 100% from 50%. 3) Fuel purchased exclusively for use in farming is exempt (a refund application was previously required).
1986	244,332	7.6	16	
1987	266,771	9.2	17	1) Motor carriers may register and pay a \$15 fee to DRS to purchase motor fuel at certain designated stations without paying motor fuel tax at the pump. The tax is due quarterly. 2) Motor carrier facilities may pay an annual \$50 fee to DRS and sell diesel fuel without immediate tax payment if the facility is located on I-84 or I-91 and is a full service facility. Effective: 10/1/87. Expires: 6/30/89.
1988	302,276	13.3	19	
1989	320,523	6.0	20	
1990	312,426	(2.5)	20	PA 89-251 - The sunset provision allowing certain facilities to sell diesel fuel without immediate tax payment is removed after 6/30/89.
1991	334,941	7.2	22 (effective 7/1/90)	PA 90-140 - A refund is provided for fuel purchased in-state but consumed out-of-state (1/1/91).
1992	369,970	10.5	23 (effective 7/1/91) 25 (effective 9/1/91) 26 (effective 1/1/92)	PA 91-3 (JSS) - Diesel fuel is taxed at 18 cents per gallon between 9/1/91 and 6/30/92.
1993	NA	NA	28 (effective 1/1/93)	PA 92-17 (MSS) - The 6/30/92 sunset on the 18 cent per gallon rate for diesel fuel is removed.
1994	NA	NA	29 (effective 7/1/93)	

Note: Motor fuels taxes are not adjusted for refunds.

Source: The Annual Report of the State Comptroller, various years.

**Personal Income Tax Revenues
\$1,976.0 Million
FY 1992**

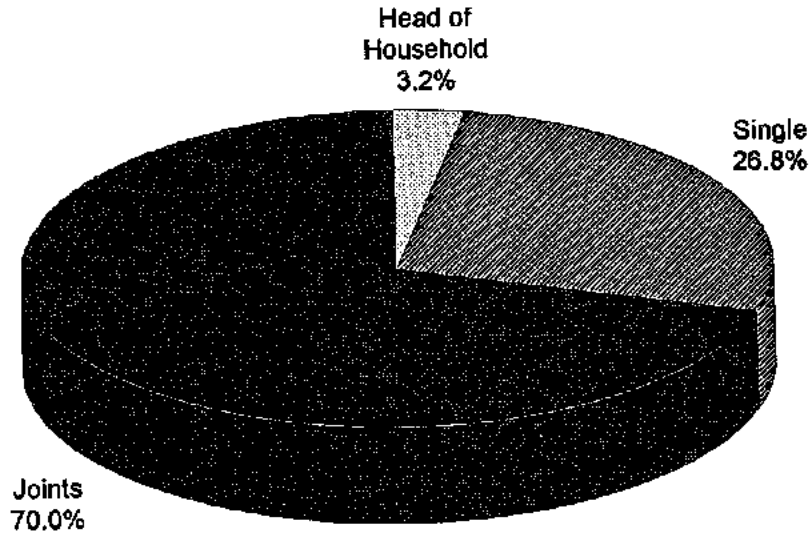


**Personal Income Tax
Tax Rates**

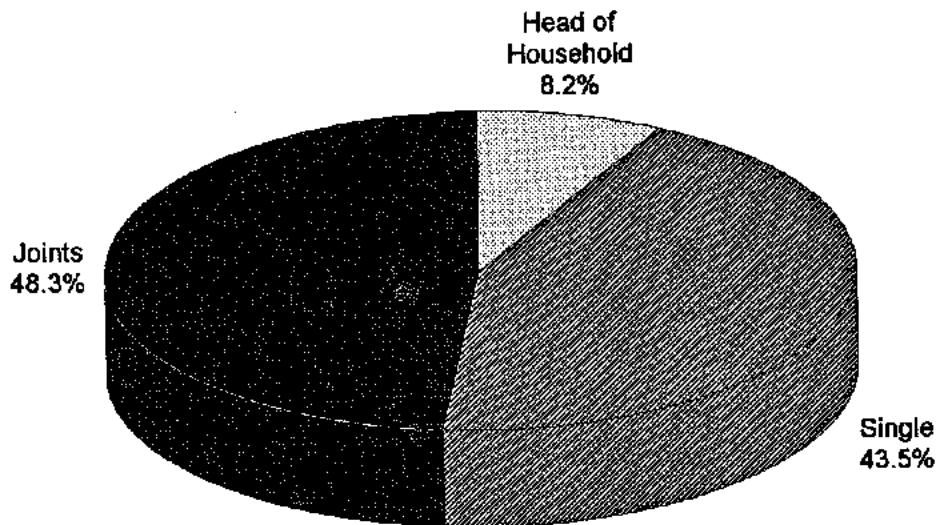
	Tax Rate
1991 Income Year	
Capital Gains	4.75%
Dividends & Interest	0.75% to 9.50%
Income Tax	1.50%
1992 Income Year	
Income Tax	4.50%

Full Year Resident Tax Payers 1991 Income Year

Total Income Tax Paid by Type of Return



Percent of Returns by Type of Return



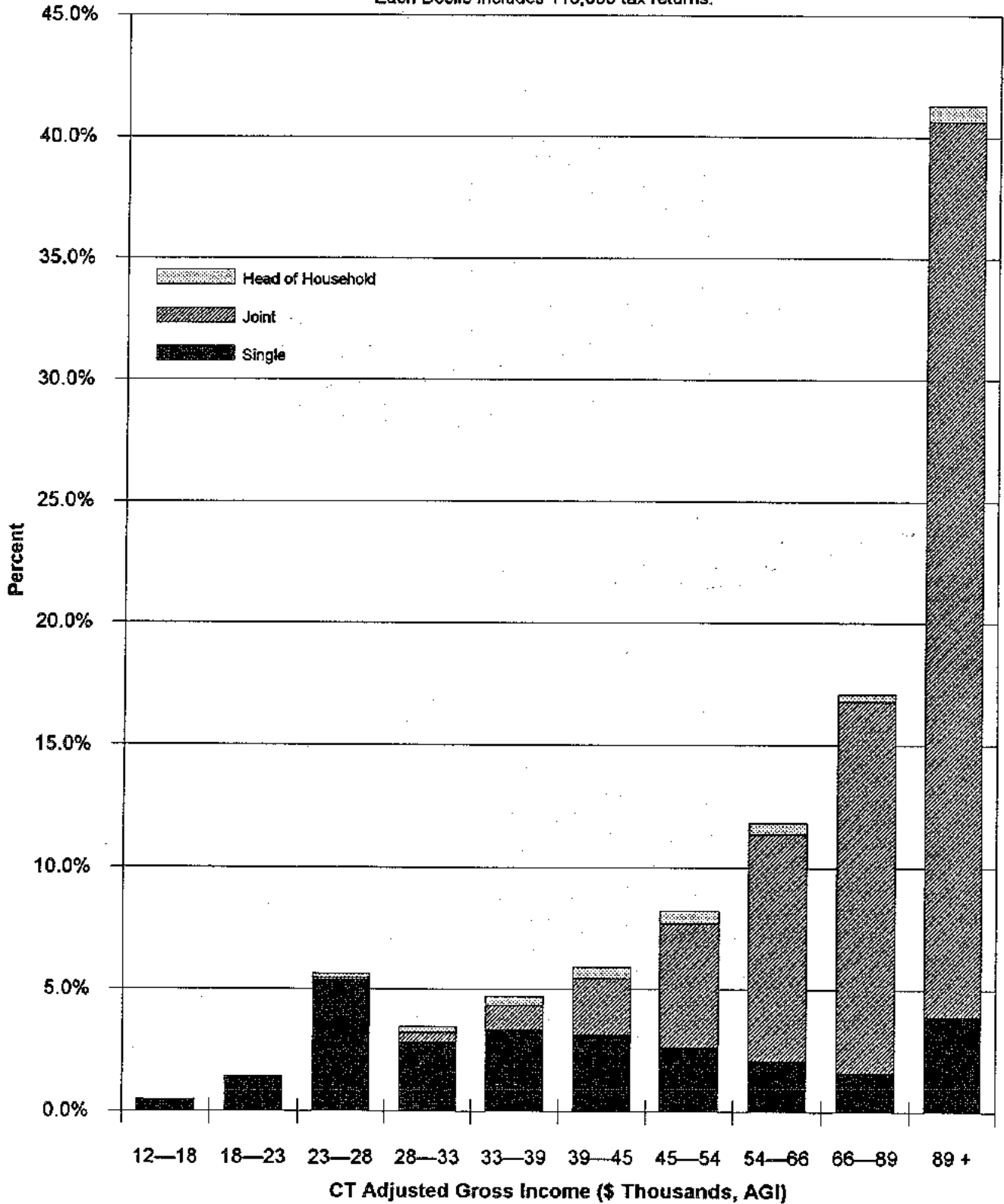
Full Year Resident Tax Payers

Percent of Tax Paid

1991 Income Year

Lowest Decile Second Decile Third Decile Fourth Decile Fifth Decile Sixth Decile Seventh Decile Eighth Decile Ninth Decile Highest Decile

Each Decile includes 116,000 tax returns.



PERSONAL INCOME TAX

Rate & Basis

The tax is imposed on income of individuals, trusts and estates derived from in-state sources, at the rate of 1.5% for 1991 income years and 4.5% for 1992 and all subsequent income years (PA 91-3 JSS).

The tax is levied on Connecticut adjusted gross income (AGI) which is defined as adjusted gross income for federal income tax purposes subject to certain additions and deletions. Additions include interest and dividends from obligations (such as bonds) from other states, or subdivisions of other states, unless federal law requires them to be exempt from state income taxes. The deletions include (1) any income included in adjusted gross income that federal law exempts from state taxation, (2) the amount of refunds or credits for overpayments of income tax, (3) exempt dividends paid by a regulated investment company, and (4) tier one railroad retirement benefits.

Special rules are established for determining whether the income of a nonresident or a part-year resident individual, a partner's distributive share of partnership income, a shareholder's pro rata share of S corporation income and a beneficiary's share of trust or estate income is derived from sources within the state and how income gains, loss, and deductions are allocated.

The tax imposed on income earned by resident and nonresident trusts and estates is similar to the one applied to individuals except that the trusts and estates do not receive the exemptions and credits that individuals receive. The tax must be paid by the fiduciary. Special rules are established for determining what income is derived from sources within the state for nonresident and part-year resident estates, trusts and beneficiaries and how income, gains, loss and deductions are allocated.

Exemptions

An unmarried person or a married person filing separately is entitled to a personal exemption of \$12,000. Beginning at an AGI of \$24,000, the exemption decreases by \$1000 for each \$1000 increase in AGI. There is no exemption if the taxpayer earns more than \$35,000. A low income credit is also provided as follows:

<u>Connecticut AGI</u>	<u>Tax Credit</u>
Below \$12,000	100%
Over \$12,000 but below \$15,000	75%
Over \$15,000 but below \$20,000	35%
Over \$20,000 but below \$25,000	15%
Over \$25,000 but below \$48,000	10%

The exemption for head of household is \$19,000. Beginning at an AGI of \$38,000, the exemption decreases by \$1000 for each \$1000 increase in AGI. There is no exemption if the taxpayer earns more than \$56,000. A low income credit is provided as follows:

<u>Connecticut AGI</u>	<u>Tax Credit</u>
Below \$19,000	100%
Over \$19,000 but below \$24,000	75%
Over \$24,000 but below \$34,000	35%
Over \$34,000 but below \$44,000	15%
Over \$44,000 but below \$74,000	10%

The exemption for married couples filing jointly is \$24,000. Beginning at an AGI of \$48,000, the exemption decreases by \$1000 for each \$1000 increase in AGI. There is no exemption if the couple earns more than \$71,000. A low income credit is provided as follows:

<u>Connecticut AGI</u>	<u>Tax Credit</u>
Below \$24,000	100%
Over \$24,000 but below \$30,000	75%
Over \$30,000 but below \$40,000	35%
Over \$40,000 but below \$50,000	15%
Over \$50,000 but below \$96,000	10%

Taxpayers receive a tax credit for income taxes paid in another state or Canada.

Entities subject to the state Corporation Tax are exempt from the state Personal Income Tax. Entities which are exempt from federal income tax are exempt from the state Income Tax except with respect to unrelated business income.

Payment

Employers are required to withhold taxes from wages based on the employee's estimated tax liability for the income year.

Taxpayers with taxable income from which no withholding has been made, must make quarterly estimated payments if their liability on the nonwithheld income is expected to exceed \$200 (PA 92-17 MSS). To avoid penalty, the taxpayer must pay as follows (PA 92-17 MSS):

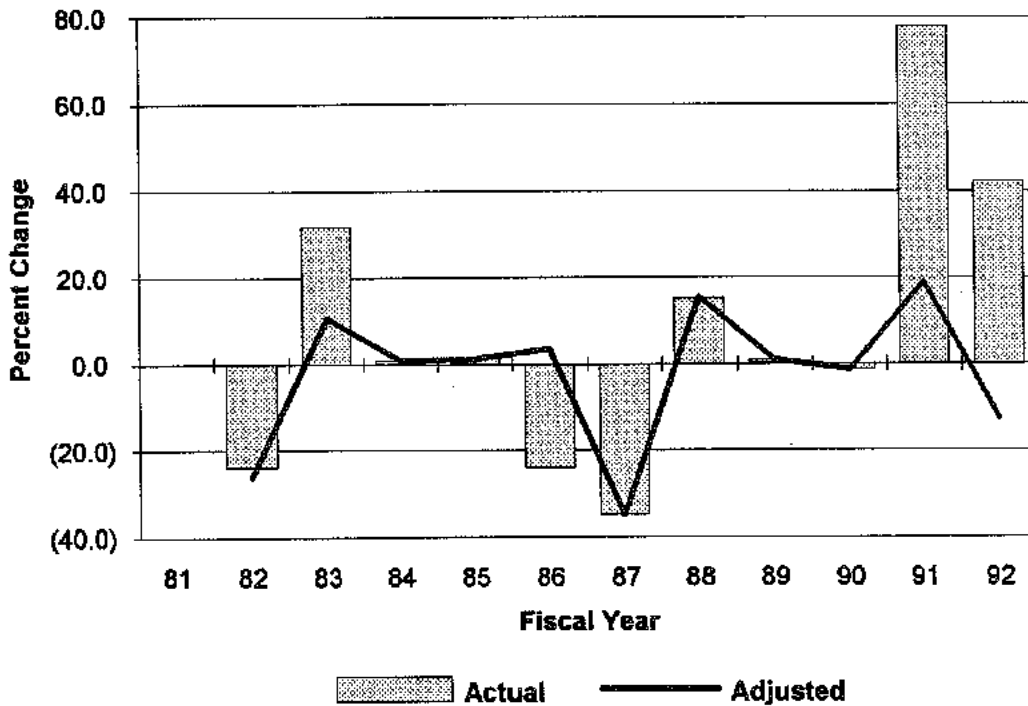
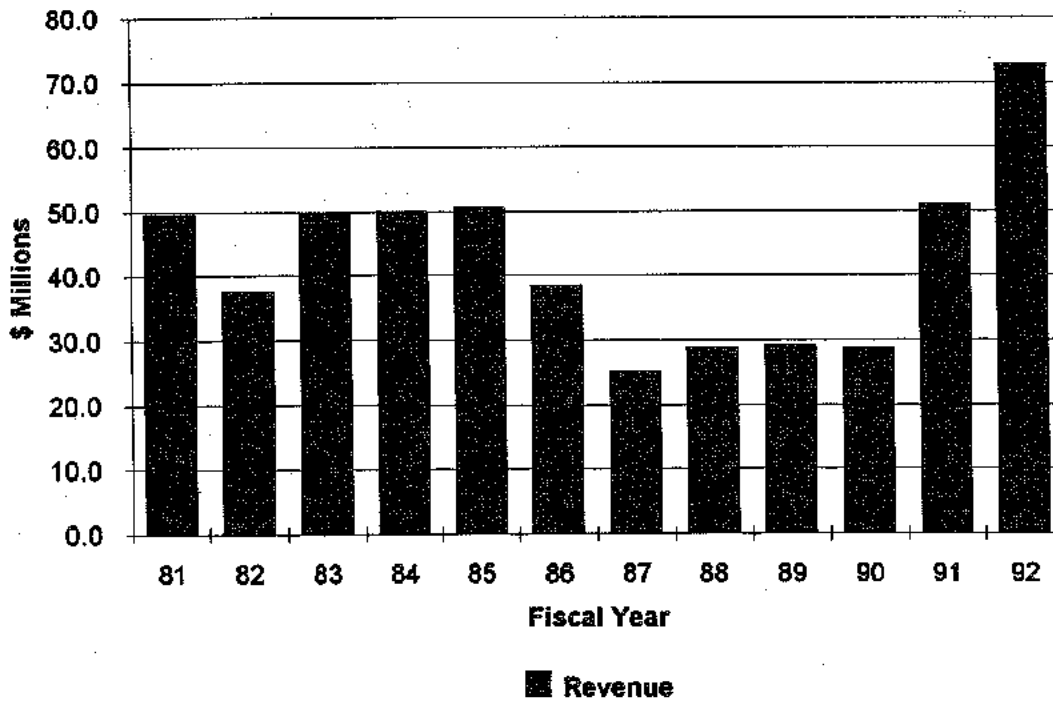
Estimated Payment

No.	Due	Pay the lesser of:
1st	4/15	22.5% of current year or 30% of last year's liability
2nd	6/15	45% of current year or 55% of last year's liability
3rd	9/15	67.5% of current year or 80% of last year's liability
4th	1/15	90% of current year or 100% of last year's liability

An income tax return must be filed by the 15th day of the fourth month following the close of the taxpayer's taxable year. The tax due must be paid by that date whether or not a filing extension has been granted. S corporations and partnerships must file composite returns and make composite returns and make composite tax payments on behalf of some or all of their nonresident shareholders and partners.

The interest rate for taxpayers is 1.25% per month on the unpaid tax. Penalty is 10% of the required payment. There are also penalties for failing to collect the tax and understating wages, and criminal penalties for failure to keep records or keeping fraudulent records.

Petroleum Companies Tax Collections and Growth Rates FY 81 - FY 92



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

PETROLEUM COMPANIES TAX

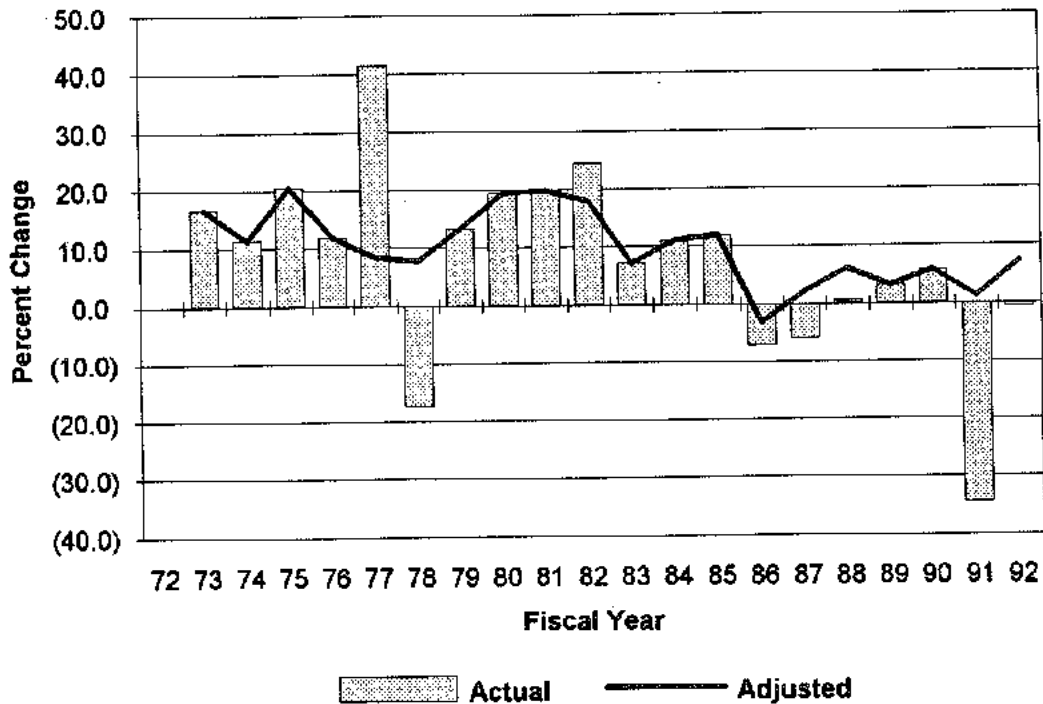
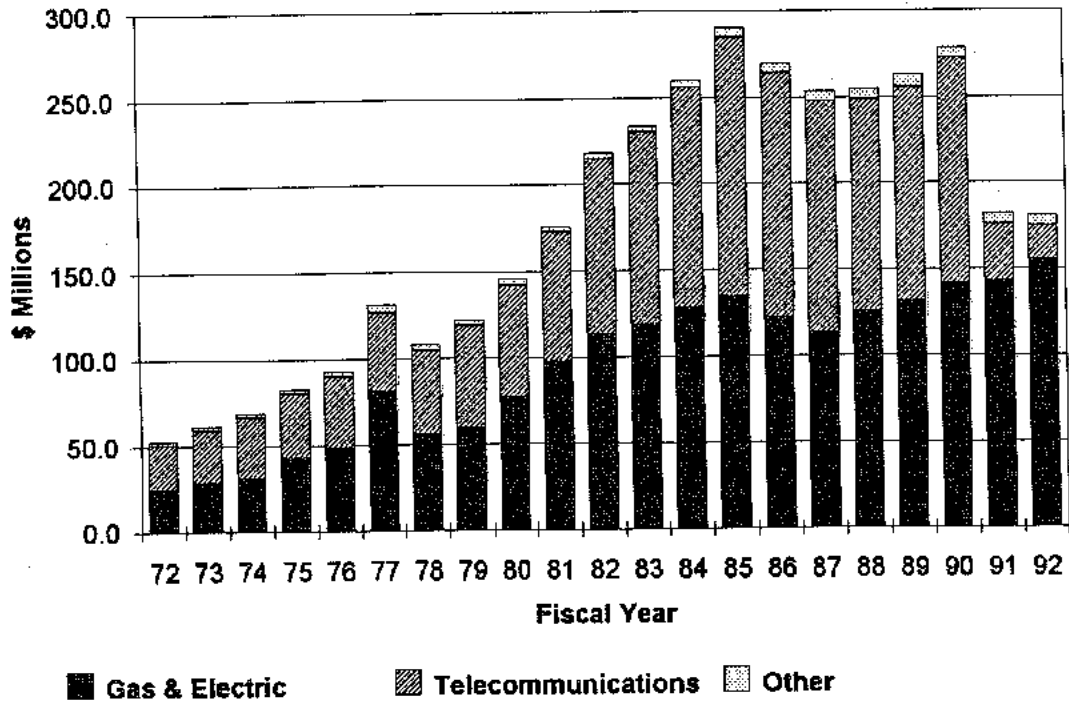
Fiscal Year	Revenues (\$000)	% Change	Rate	Base Changes
1981	49,740	-	2%	Levied on gross earnings of petroleum companies engaged in refining & distributing petroleum products to whole-sale & retail dealers for distribution in state.
1982	37,663	(24.4)	2%	Firm is subject to tax when product is first sold in state (tax credit provided if & when product is subsequently sold out of state). Effective 5/1/82.
1983	49,687	32.1	2%	
1984	50,070	0.8	2%	
1985	30,696	1.3	2%	
1986	38,504	(27.0)	2%	1) Gross receipts from sales of home heating fuel are exempt from the tax (7/1/85). 2) The Emergency Spill Response Fund received \$1.5 million from FY 1986 tax receipts.
1987	25,067	(34.9)	2%	
1988	28,895	15.1	2%	Sales of propane gas used for residential heating purposes is exempt.
1989	29,154	0.9	2%	PA 89-313 - Rate raised from 2 to 3% to fund the Underground Storage Tank Petroleum Clean-up Fund [1].
1990	28,840 [2]	(1.1)	3%	
1991	51,216	77.6	5%	PA 91-3 (JSS) - The rate is increased 10/1/91.
1992	72,803	42.1	5%	
1993	NA	NA	5%	

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

[2] Revenue of \$15 million was transferred to the Underground Storage Tank Petroleum Clean-Up Fund.

Source: The Annual Report of the State Comptroller, various years.

Public Service Corporations Collections and Growth Rates FY 72 - FY 92



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

PUBLIC SERVICE CORPORATION TAX

Fiscal Year	Revenue (\$000)	% Change	Base and Rate Changes
1969	30,651	7.8	
1970 [1]	34,252	11.7	
1971	37,616	9.8	
1972	52,915	40.7	
1973	61,718	16.6	
1974	68,739	11.4	
1975 [2]	82,768	20.4	
1976	92,431	11.7	
1977	130,922	41.6 (accelerated payments)	
1978	108,263	(17.3)	
1979 [3]	122,569	12.9	
1980	146,271	19.3	
1981	175,270	19.8	
1982	218,203	24.5	
1983	233,906	7.2	1) Electric & gas companies may deduct revenues derived from energy conservation loan programs from gross earnings. 2) Various tax credits are provided to firms engaging in community service activities (see corporation tax).
1984	259,823	11.1	1) The Department of Revenue Services rules that the tax on cable companies (CATV) applies to premium services as well as basic services. 2) In response to the Federal break-up of the American Telephone and Telegraph Corporation (AT&T), the definition of telecommunication services subject to the tax is revised.
1985	290,672	11.9	
1986	269,429	(7.3)	1) The sales of gas or electricity to residential consumers is reduced to 4% from 5% (10/1/85). 2) The 3% gross earnings tax on Railroad Car companies is repealed (1/1/85). 3) The 9% tax on the gross receipts from sales of interstate telecommunications services is extended to 12/31/85 (1/1/85). 4) Railroad Companies are allowed an alternative method for determining gross receipts in Connecticut. Investments in additional areas are eligible as offsetting tax credits (10/1/85).
1987	253,221	(6.0)	1) (a) Telecommunication services which are not rate regulated by the DPUC are subject to a 6.5% gross receipts tax. The tax is applied to revenues from services: (1) Rendered entirely within Connecticut (2) Which originate or terminate in Connecticut and are billed to Connecticut (7/1/86). (b) Companies providing rate regulated service will pay two-ninths of their annual tax as a grant to towns. The payments is in proportion to the number of access lines in each town to the total number of access lines statewide (4/1/87).
1988	254,782	0.6	1) (a) Telecommunications companies subject to both the 6.5% tax and the 9% tax (i.e., companies providing competitive and regulated services) may pay their entire annual tax by April 1 (1/1/87) (b) Competition in the provision of certain telecommunications services - resale, private lines and coin operated telephones is allowed (7/1/87) (c) One-third of the tax from regulated non-competitive telecommunications services will be paid to a special fund for payment of a grant to towns (the grant is increased from two-ninths to one-third).
1989	263,037	3.2	
1990	278,373	5.8	1) PA 89-251 (a) Tax rate on community antenna television companies reduced from 9% to 5% (b) Tax on regulated and nonregulated telecommunications allowed to expire 1/1/90
1991	182,127	(34.6)	
1992	180,880	(0.7)	
1993	NA	NA	

[1] Earnings of utilities & telephone companies subject to Corporation Tax.

[2] Beginning with FY 1965 20% of all Public Service tax receipts went to the Public Service Tax Sinking Fund. The Fund was abolished in FY 1975 and all revenues went to the General Fund.

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

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

Source: The Annual Report of the State Comptroller, various years.

**PUBLIC SERVICE CORPORATION
TAX RATES**

FISCAL YEAR	COMMUNITY TV & ANT.	TELEPHONE	TELE-COMM	WATER, GAS, STEAM, ELECTRIC & POWER	TELEGRAPH & CABLE	RAILROAD CAR COS.	RAILROAD COMPANIES	EXPRESS COMPANIES
1972	NA	8.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1973	8.0%	8.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1974	8.0%	8.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1975	8.0%	8.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1976	8.0%	8.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1977	8.0%	8.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1978	8.0%	8.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1979	8.0%	8.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1980	8.0%	8.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1981	9.0%	9.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1982	9.0%	9.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1983	9.0%	9.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1984 [1]	9.0%	9.0%		5.0%	4.5%	3.0%	2%-3.5%	2.0%
1985	9.0%	9.0%		5.0%	4.5%	Repealed	2%-3.5%	2.0%
1986 [2]	9.0%	9.0%		5.0%	4.5%		2%-3.5%	2.0%
1987 [3]	9.0%	9.0%	6.5%	5.0%	4.5%		2%-3.5%	2.0%
1988	9.0%	9.0%	6.5%	5.0%	4.5%		2%-3.5%	2.0%
1989	9.0%	9.0%	6.5%	5.0%	4.5%		2%-3.5%	2.0%
1990	5.0%	Eliminated [4]		5.0%	4.5%		2%-3.5%	2.0%
1991	5.0%			5.0%	4.5%		2%-3.5%	2.0%
1992	5.0%			5.0%	4.5%		2%-3.5%	2.0%
1993	5.0%			5.0%	4.5%		2%-3.5%	2.0%

NA = Not Applicable

- [1] The 5% tax on water companies is only levied on water companies as defined under DPUC regulations issued 7/1/84.
 [2] The tax on sales of gas or electricity to residential customers is reduced from 5% to 4%.
 [3] The tax rate on interstate firms is reduced to 6.5% and applies to revenues from services: (1) rendered entirely in Connecticut and; (2) which originated or terminate in Connecticut and are billed to Connecticut. Intrastate firms must pay one-third of their annual tax as a grant to towns. The grant amount is based upon the number of access lines in each town to the total number statewide.
 [4] The tax on regulated and nonregulated telecommunications service was repealed 1/1/90.

**PUBLIC SERVICE CORPORATION TAXES BY SOURCE
(\$000)**

FISCAL YEAR	COMMUNITY TV & ANT.	TELEPHONE	TELE-COMM	ELECTRIC & POWER	GAS	GAS, ELEC & STEAM	WATER & WATER PW.	TELEGRAPH & CABLE	RAILROAD CAR COS.	RAILROAD COMPANIES	EXPRESS COS.
1972	0	26,645		4,553	3,451	16,222	1,965	28.8	12	37	2.1
1973	9	30,810		5,838	3,838	18,997	2,135	30.5	14	45	2.0
1974	91	34,903		6,466	3,858	20,679	2,227	472.0	15	26	2.0
1975	119	37,119		9,603	4,804	28,403	2,378	249.8	10	61	0
1976	553	40,996		10,535	5,556	32,268	2,592	154.4	6	47	0
1977	971	45,131		17,547	10,981	52,049	4,323	155.3	8	71	0
1978	1,468	46,734		12,526	8,667	35,363	3,217	157.5	11	122	0
1979	2,028	57,185		13,877	6,989	38,873	3,347	174.5	11	92	0
1980	2,748	62,395		18,699	10,186	48,228	3,755	204.0	12	31	0
1981	3,490	70,962		23,692	12,574	61,640	2,675	216.9	11	9	0
1982	5,634	95,620		25,716	16,619	70,828	3,542	232.9	10	.1	0
1983	6,947	104,467		24,632	17,624	76,037	3,969	223.4	8	.08	0
1984	13,502	114,141		28,476	17,362	82,584	3,605	178.2	6	.14	0
1985	14,409	135,318		30,118	17,450	87,345	5,857	171.8	5	.15	0
1986	16,743	124,701		27,604	15,964	79,076	5,184	157.2	1	.12	0
1987	16,613	97,845	19,818	25,725	13,926	73,684	5,483	126.9	0	.18	0
1988	21,611	73,514	27,690	27,035	15,001	83,439	6,378	115.1	0	.14	0
1989	24,123	71,781	28,395	27,594	15,203	88,501	7,345	94.6	0	.08	0
1990	29,927	74,966	25,603	29,494	27,113	85,190	5,975	104.0	0	.50	0
1991[1]	16,230	0	16,605	32,122	26,752	83,892	6,460	65.5	0	.10	0
1992	16,479	3,467	15	31,180	30,264	93,414	6,049	9.9	0	.20	0

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

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

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

Final Decision Date:	Utility	Amount [1] (\$ Millions)
1974 October	CL&P	\$ 25.3
	HELCO	22.4
1975 June	SNET	48.8
1976 December [2]	CL&P	(12.0)
	HELCO	(9.6)
1977 October	CL&P	22.6
	HELCO	12.4
	SNET	33.8
1979 January [3]	CL&P	6.6
	HELCO	3.6
	CL&P	53.7
	HELCO	32.3
1980 October	SNET	85.3
	CL&P	81.6
	HELCO	43.0
	SNET	16.3
1981 November	CL&P	123.5
	HELCO	62.5
1982 November	SNET	89.2
December [4]	CL&P	101.7
1983 December	CL&P	99.4
1984 December	UI	23.0
1985 October [5]	CL&P	(1.6) (10/85-6/86)
	UI	(0.5) (10/85-6/86)
1986 July	CL&P	Rates would remain
	UI [7]	unchanged until
		1/1/88 [6]
1987 August	SNET [8]	
1988 February	CL&P [9]	Rates remain
		unchanged
1988 December	CL&P	27.3
	CNG	1.4
1989 August	UI	640.0 [10]
	CNG	13.5
1990 January	UI	55.7
March	SCG	8.4
September	CL&P	39.0
November	YG	14.3
December	CL&P	20.0 [11]
1991 March	SNET	47.7 [12]
June	SNET	New rate structure
		approved effective 7/21/91
	CL&P	77.2
1992 August	YG	12.8

CL&P - Connecticut Light and Power
CNG - Connecticut Natural Gas
HELCO - Hartford Electric Light Company
SCG - Southern Connecticut Gas
SNET - Southern New England Telephone
UI - United Illuminating
YG - Yankee Gas

- [1] The total revenue increase for the utility resulting from the rate decision.
- [2] The decline in revenues is overstated because the revenue figure assumes that the new rate structure would be in effect for a full year. However, the implementation of the rate structure was delayed because of court appeals and was only in effect from May 1, 1977 through November 28, 1977. The estimated revenue amounts are \$7.0 million for CL&P and \$5.6 million for HELCO.
- [3] The CL&P and HELCO rate increases are surcharges resulting from a court case.
- [4] HELCO merged with CL&P.
- [5] CL&P and UI requested that the DPUC decrease its rates to reflect the decrease in the gross earnings tax authorized under PA 85-159. This act reduced the tax on sales of gas or electricity to residential customers from 5 percent to 4 percent (effective 10/1/85).
- [6] Electric: Fuel adjustment revenues of \$103.8 million are folded into base rates and \$30 million from ratepayer fund to be refunded to customers during 7/1/87-12/3/87. Gas: Reduction of gas revenues of \$1.8 million.
- [7] a) No general rate proceeding since 12/84.
- b) In 1986 a fuel adjustment totaling \$66.4 million is reflected as a credit on customer's bills. The credit reflects declining fossil fuel costs since the base period.
- [8] Rate credits to consumers over the period 7/87-12/88: \$23 million; reduced toll rates over the period 7/87-12/88: \$31.5 million.
- [9] Electric: Fuel adjustment revenues of \$42.29 million are folded into base rates and a one-time \$10 million credit is issued to all electric customers. Deferred return on Millstone 3 reduced by \$54.14 million. Gas: A one-time \$10.35 million credit issued to gas customer firms.
- [10] UI is permitted to phase in the \$640 million investment in Seabrook I over 5 years according to the following schedule:

	(\$ Million)
Effective date: August 23, 1989	48.2
January 1, 1990	275.2
January 1, 1991	68.3
January 1, 1992	5.1
January 1, 1993	174.8
January 1, 1994	68.4

- [11] Temporary surcharge to be collected only until permanent new rate approved.
- [12] Temporary surcharge of 12.8% to be collected from 3/20/91 to 7/21/91 pending final decision on new rate structures.

Source: The Department of Public Utility Control.

**STATE TAX CONSEQUENCES OF THE DEREGULATION OF THE
TELECOMMUNICATIONS INDUSTRY AND THE DIVESTITURE OF AT&T**

Background: Telecommunications

Until the late 1970's, American Telephone & Telegraph (AT&T) provided virtually all of the business and residential phone service across the United States. AT&T provided this service through its network of 23 Bell Operating Companies and its equipment and long distance subsidiaries. AT&T provided local exchange service, intrastate and interstate long distance service. In Connecticut, Southern New England Telephone Company (SNET), New York Telephone and Woodbury Telephone Company provided local exchange service and intrastate long distance service. SNET was the primary supplier. SNET and Woodbury were not Bell Operating Companies but New York Telephone was.

The nature of the telecommunications industry changed substantially as a result of the deregulation of the industry, the divestiture of AT&T and because of rapid technological change. Deregulation made the industry increasingly more competitive by allowing telecommunications equipment manufacturers and long distance telephone carriers to compete with AT&T. The divestiture of AT&T in 1984 of its Bell Operating Companies ended AT&T's virtual monopoly of the telecommunications industry and allowed competition in almost all phases of the telephone portion of the market. To prevent the Bell Operating Companies from using their monopolies over local exchange telephone service to stifle competition their services were (1) limited to regions called Local Access Transport Areas (LATAs) (LATAs essentially correspond to area codes) and (2) they were required to provide equal access to all long distance carriers.

Because SNET was not a Bell Operating Company it was not subject to the above restrictions. As a result SNET: (1) may continue to provide intrastate long distance service and (2) may offer interstate in the future.

The major companies which provide long distance service include MCI, Sprint, Western Union and AT&T. These companies currently provide interstate long distance service to and from Connecticut but do not actually provide intrastate long distance service in direct competition with SNET (PA 84-392 prohibits intrastate competition).

Connecticut's taxation of telecommunications companies prior to PA 84-392 was based upon conditions which existed prior to deregulation and divestiture. Additionally the imposition of the tax was becoming more inequitable because rapid technological changes occurring within the industry made it increasingly difficult to identify all of the firms engaged in the various phases of telecommunications. As a result telecommunications companies were taxed based upon whether or not they were a public service company and subject to regulation by the DPUC. Thus some telecommunications firms were taxed while others were not simply because they were not regulated by Connecticut.

Public Service Companies: SNET, Woodbury, N.Y. Tele and AT&T

State Taxes: 9% Gross Earnings Tax
11.5% Corporation Business Tax
Sales Tax - Sales Exempt for Phone Service;
Equipment Leasing Taxable

Local Taxes: Real Property Tax
Personal Property Tax - Exempt

Not considered Public Service Companies: MCI and Sprint

State Tax: 11.5% Corporation Business Tax
Local Taxes: Real & Personal Property

The distinction between public and nonpublic service companies was eliminated by PA 84-392, which defined telecommunications to include other than regulated, public service companies. Other statutory changes are discussed in the following section.

Chronology of Legislation

The legislature has recognized that the telecommunications industry has changed dramatically since the late 1970's and has responded by trying to reflect these changes in state law. Since 1984, four public acts have been passed and three separate studies have been authorized. A summary of the major provisions of each act is provided below.

1. PA 84-392

- a. **Intrastate Competition:** The act continued SNET's, Woodbury's and New York Tele's market dominance on intrastate long distance and local telephone service (i.e., excluded Sprint, MCI and AT&T). The act imposed a moratorium on intrastate long distance telecommunications services for public use by companies which were not promoting them in Connecticut before January 1, 1984.

The moratorium began 7/1/84 and ended 2/15/85. It was later extended by PA 85-1 and PA 85-187 (see below).

- b. **Interstate Competition:** By defining telecommunications to include other than a regulated monopoly the act also made telecommunications service companies providing interstate services in Connecticut between July 1, 1984 and December 31, 1984 (Sprint and MCI) temporarily subject to the 9% gross earnings tax and were allowed a credit equal to their personal property tax. Access charges, which are payments from interstate service providers to local service providers for access to the local exchange network, were deducted from gross receipts.
- c. The act established an industry-funded task force to study tax policy and telecommunications regulation. The task force was to report to the General Assembly by January 1, 1985 on the following issues including:

- (1) The effect of competition for intrastate long distance business on local telephone rates
- (2) Steps which should be taken to assure universal service
- (3) The extent to which competitors of SNET should be regulated
- (4) How the costs of customer access to the intrastate long distance network should be allocated
- (5) The impact of bypass on local telephone rates
- (6) The method of taxing telecommunications service companies

The major policy recommendations made by the study are listed below.

- (1) Revise the definition of 'Telecommunications Service' to acknowledge technological changes and the changing federal regulator environment
- (2) Revise the state's system of taxation to insure that:
 - (a) All firms providing telecommunications services are taxed equally
 - (b) State revenues are maintained

- (3) Expand the Siting Council jurisdiction to include towers used to provide telecommunications services regardless of who owns them. Currently, the Council has jurisdiction for siting of cable television towers and telecommunications towers owned or operated by the State or a public service company
- (4) Preserve universal service
- (5) Require the DPUC to study, and report the finds to the General Assembly on the following topics:
 - (a) Establish standards in order for firms to provide interexchange, intrastate, long distance service
 - (b) Specify the type of regulation to be used to regulate telecommunications service providers
 - (c) The General Assembly should specify that the DPUC is to permit competition to exist and should not unduly restrict it or the flexibility of different pricing approaches
- (6) Require the DPUC to establish regulations requiring universal service for firms wishing to provide intrastate long distance service.

2. PA 85-1

This act extended the moratorium on competing intrastate long distance telecommunications services from 2/15/85 to 7/1/85. (It was superseded by PA 85-187.)

3. PA 85-187

- a. Intrastate Competition Prohibited: This act prohibited most intrastate competition until the Spring of 1987 when the DPUC completes its study.
- b. The act requires the DPUC to conduct a study on the merits of intrastate competition. The DPUC must file a report to the General Assembly by January 1, 1987. If competition is recommended the DPUC must submit an implementation plan. The General Assembly has until the last day of the regular session to approve or modify the plan. Should no action be taken by the General Assembly, the plan would be disapproved and the moratorium on competition would continue. The DPUC would then resubmit a plan to the General Assembly every two years until competition was approved by the General Assembly.

4. PA 85-508

- a. The act extends for one more year the temporary 9% gross earnings tax on interstate telecommunications companies (from 12/31/84 to 12/31/85).
- b. A task force established to study taxation of telephone service companies must report to the General Assembly by 12/1/85.
- c. Corporation Business Tax: All firms are subject to this tax.

Taxation of Telecommunication Companies as of January 1, 1985

State Taxes:

1. 9% Gross Earnings Tax:
 - a. Access charges paid by interstate firms are not subject to the tax
 - b. Firms paying personal property taxes receive a 100% credit.
2. Sales and Use Tax: Sales or lease of telecommunications equipment are subject to the tax
3. Corporation Business Tax: All firms subject to this tax.

Local Taxes:

1. Personal Property Tax:
 - a. Firms engaged in providing intrastate services are exempt
 - b. Interstate long-distance carriers, not previously regulated by the DPUC are subject to the tax. (i.e., ATT is exempt)
2. Real Property Tax: All real property is subject to the tax.

5. PA 86-410

- a. This act imposes a 6.5% gross receipts tax on competitive, interstate telecommunications services and subjects the equipment used to provide competitive services to local personal property taxation. These provisions are to apply through December 31, 1989.
- b. For rate-regulated, intrastate firms the act continues the current method of taxation (i.e., the 9% gross earnings tax and the personal property tax exemption).
- c. Intrastate, rate-regulated firms are required to pay two-ninths of their annual 9% gross receipts tax liability directly to towns where they operate. Payments are apportioned according to the number of access lines in each town to the statewide total.
- d. The act establishes a procedure for apportioning taxable personal property among towns for companies which provide both competitive and monopoly telecommunications services.

Taxation of Telecommunications Companies as of July 1, 1986

Intrastate - Rate-Regulated Monopoly Service

1. State Taxes:

- (a) Gross Receipts Tax
 - (1) Tax Rate: 9%
 - (2) Tax base includes:
 - a. Rate-regulated services
 - b. Revenue from subscriber line charges required by FCC:
 1. \$2/line/mo - residential and single-line businesses
 2. \$5.65/line/mo - multi-line customers
 - c. All access charges received from interstate companies
- (b) Corporation Business Tax
 - (1) 11.5% on income earned in Connecticut
- (c) Sales Tax
 - (1) Phone service exempt
 - (2) Equipment leasing taxable

2. Local Taxes:

- (a) Real Property Tax
 - (b) Personal Property Tax-Exempt: One-third of the tax is for payment of a grant to towns, effective 7/1/87.
3. Major firms: SNET, Woodbury, N.Y. Telephone

Interstate - Competitive Service

1. State Taxes:

- (a) Gross Receipts Tax
 - (1) Tax rate: 6.5%
 - (2) Tax base includes all earnings from transmissions:
 - a. Rendered entirely in Connecticut
 - b. Which originate in Connecticut and are billed to Connecticut
 - c. Which terminate in Connecticut and are billed to Connecticut

- (b) Corporation Business Tax
 - (1) 11.5% on income apportioned to Connecticut
 - (c) Sales Tax
 - (1) Phone service exempt
 - (2) Equipment leasing taxable
2. Local Taxes:
- (a) Real Property Tax
 - (b) Personal Property Tax

6. PA 87-415

- a. Telecommunications companies subject to both the 6.5% tax and the 9% tax (i.e., competitive and regulated services) may pay their entire annual tax by April 1 (1/1/87)
- b. Competition in the provision of certain telecommunications services - resale, private line and coin operated telephones is allowed (7/1/87)
- c. The grant to towns paid by intrastate, rate regulated firms, is increased to one-third of the tax up from two-ninths of the tax.

7. PA 89-251

Taxation of Telecommunications Companies as of January 1, 1990

State Taxes:

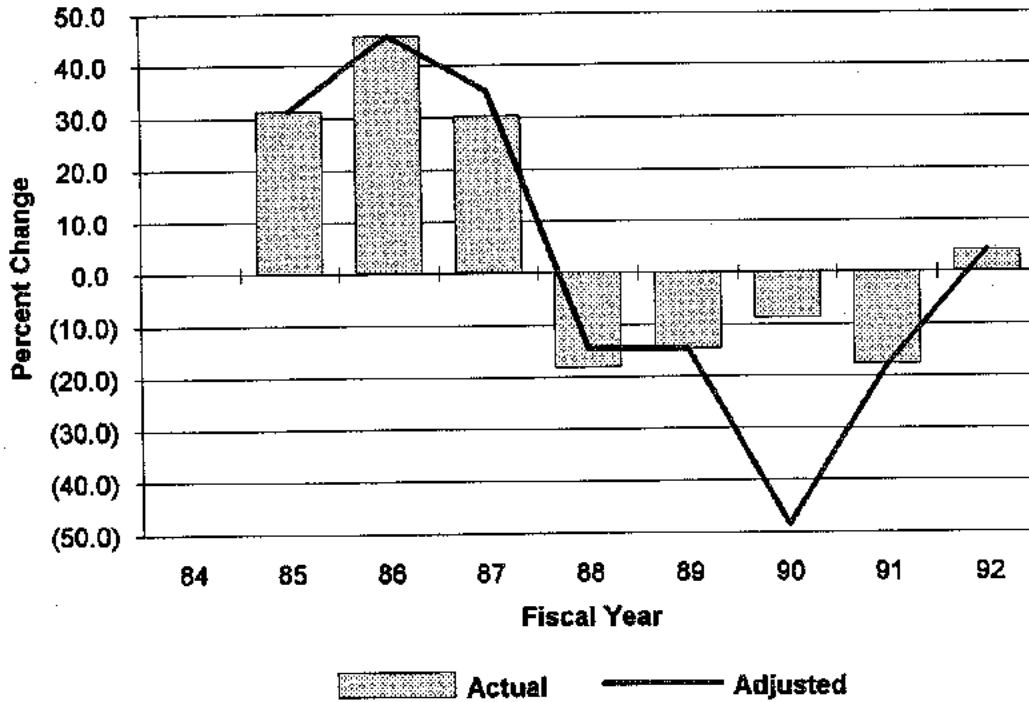
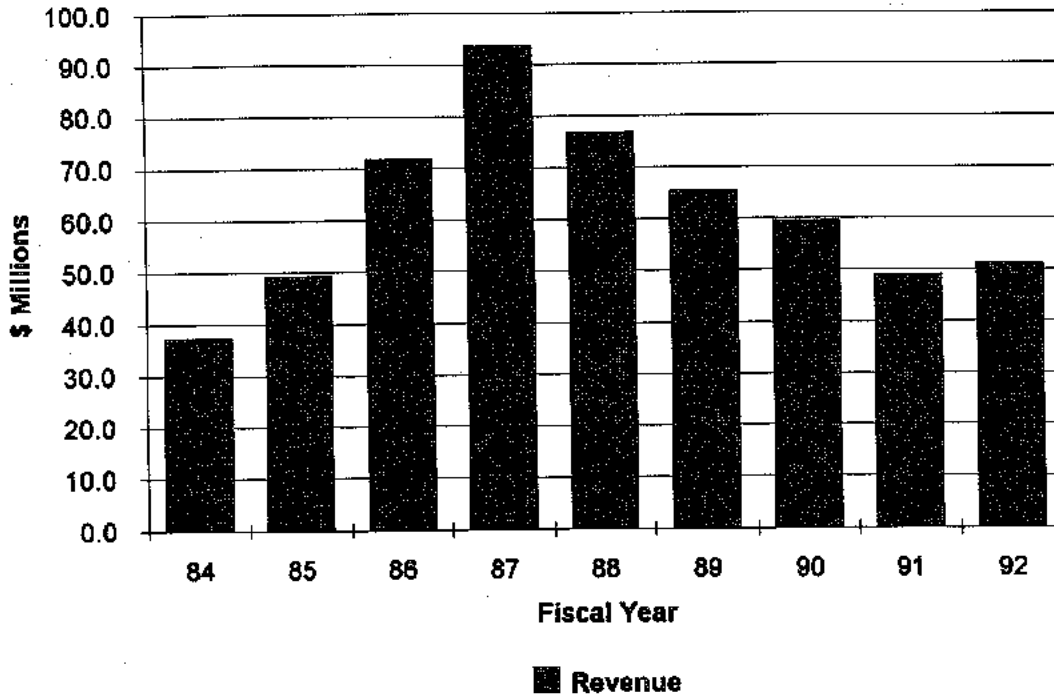
- 1. The 9% gross and the 6.5% receipts tax are eliminated effective December 31, 1989
- 2. All telecommunications services provided by these companies become subject to the sales tax effective January 1, 1990.
- 3. There is a one-time surcharge on the tax payable under the 9% gross receipts tax due April 1, 1990 equal to 5% of the tax payable on the 1989 income year.

Local Taxes:

- 1. Personal property of telecommunication companies will be exempt from local property taxes
- 2. Payment in lieu of taxes will be made to the state which is equal to the value of all personal property times a rate of .47 mills. The revenue will be distributed to towns on the basis of their proportionate share of telecommunication property. A hold-harmless provision is in effect for the first year.

- Source: 1. The Report for the Connecticut Telecommunications Task Force. State of Connecticut. January 8, 1985.
- 2. Various documents submitted to the Telecommunications Taxation Task Force by the telecommunications industry.

Real Estate Conveyance Tax Collections and Growth Rates FY 84 - FY 92



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

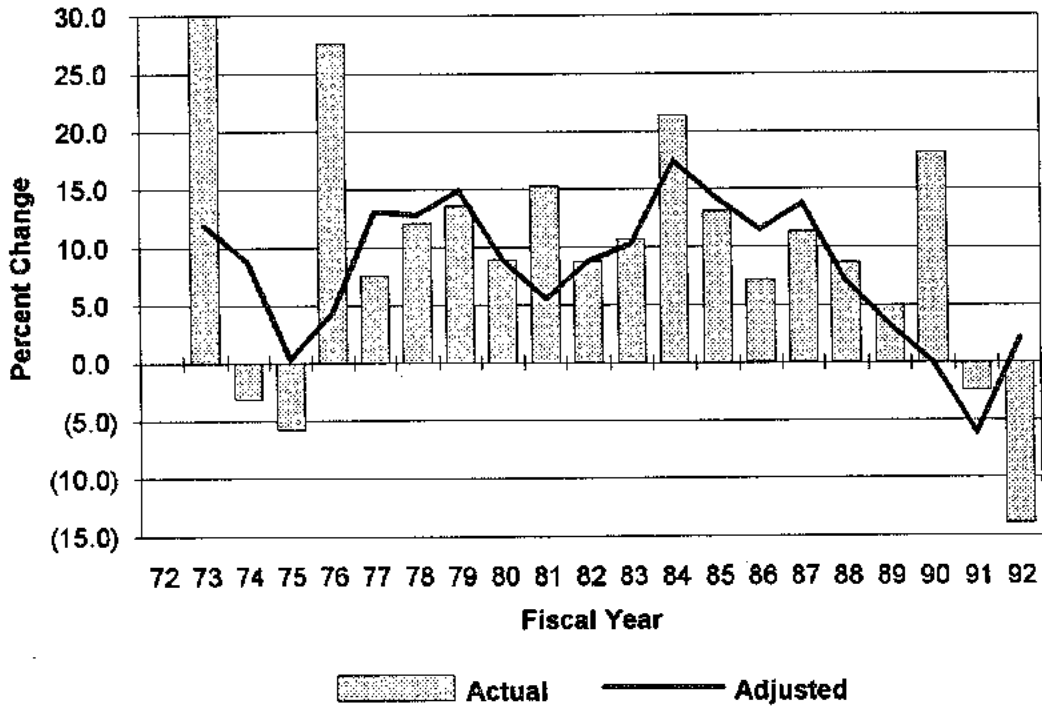
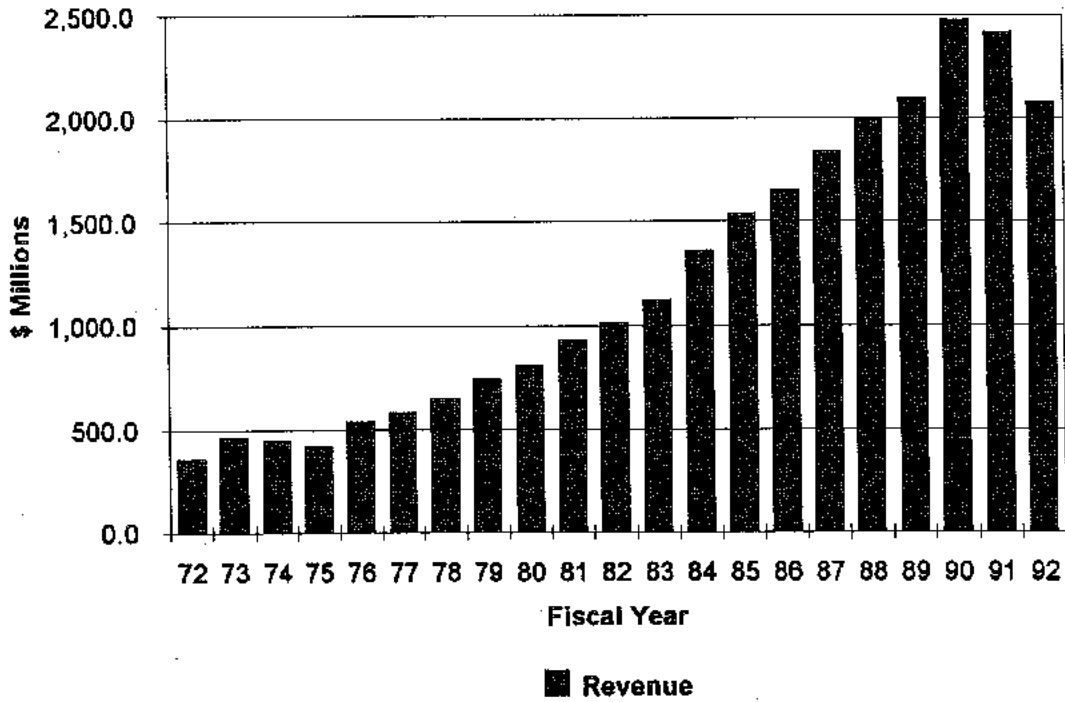
REAL ESTATE CONVEYANCE TAX

Fiscal Year	Revenues (\$000)	% Change	Rate	Base Changes
1984	\$37,559	NA	.5%	The tax became effective on 7/1/83. The tax rate is one half of one percent (or \$5 per \$1,000) and is levied on the selling price of real estate. The tax is payable by the seller. <u>Exemptions:</u> Real estate conveyances within Enterprise zones.
1985	49,326	31.3	.5	
1986	71,906	45.8	.5	<u>Exemptions:</u> a) Conveyances by recipients of elderly tax relief for homeowners (7/1/85) b) Conveyances which occur as a result of a superior court decree and transfers in which no consideration is offered. <u>Base Increase:</u> Resale of mobile homes from 10/1/85 to 6/30/86.
1987	93,746	30.4	.45	The resale of mobile manufactured homes located in mobile home parks or single-family lots are subject to tax (7/1/86).
1988	76,760	(18.0)	.45	<u>Base Decrease:</u> Tax is eliminated for conveyances valued at less than \$2,000 (7/1/87).
1989	65,559	(14.6)	.45	
1990	59,741	(8.9)	.5-1.0	<u>Rate Increase:</u> Residential and vacant land sales: .5% on portion of purchase price below \$800,000 and 1.0% for portion above \$800,000 Nonresidential land sales: 1.0% <u>Base Increase:</u> Controlling Interest Transfer Tax - 1.0% tax on the value of real property when controlling interest is transferred through the sale of stock
1991	49,117	(17.8)	.5-1.0	<u>Base Decrease:</u> PA 90-315 - Real property transfers between affiliated, federally tax-exempt corporations are exempt if one corporation owns the other or a third entity owns both (7/1/90)
1992	51,224	4.3	.5-1.0	PA 91-356 - Rate reduced from 1% to 0.5% on transfers to regulated lending institutions of property worth more than \$800,000 when mortgage is at least 6 months delinquent. (effective 7/1/91) PA 91-403 - Transfers between certain tax-exempt corporations are exempt. Transfers to nonprofit organizations which hold land in trust for conservation and recreational purposes is also exempt. (effective 7/1/91)
1993	NA	NA	.5-1.0	PA 92-57 - The 0.5% rate on transfers to regulated lending institutions for property at least 6 months delinquent is extended to subsidiaries of these institutions. (effective 7/1/92)

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

Source: Annual Report of the State Comptroller. Various years.

Sales and Use Tax Collections and Growth Rates FY 72 - FY 92



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

SALES AND USE TAX

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
1972	358,369	35.3	6.5%	Sales tax on utilities services (first \$20 exempt) (\$6.9 million revenue gain). Exempt: Needles and syringes and flyable aircraft manufactured in the state.
1973	465,882	30.0	7.0%	Sales tax exemption on utility services lowered to \$10 (\$20.6m)
1974	451,409	(3.1)	6.5%	
1975	425,455	(5.8)	6.0%	Repealed: Sales Tax on utility services
1976	542,942	27.6	7.0%	Renting or leasing business tangible personal property and services added to base
1977	583,726	7.5	7.0%	Tax rate on business services and manufacturing machinery reduced to 3.5 from 7.0%
1978	654,234	12.1	7.0%	1) Tax rate on manufacturing machinery reduced to 2.5% from 3.5% 2) Tax rate on farm machinery reduced to 2.5% from 7.0%. 3) Exempt: sales of solar collectors (until 9/30/82).
1979	742,807	13.5	7.0%	1) The 2.5% tax on manufacturing or farm machinery is repealed. 2) Qualifying municipalities may retain 4.5% of the 7% state sales tax collected on hotel or lodging house receipts. Under prior law, one-half of the amusement tax receipts collected on the sale of admission tickets was retained by municipalities. The addition of the sales tax provision allows the municipality the option of retaining amusement tax receipts or sales tax receipts. 3) Exemption for newspapers circulated without charge.
1980	808,925	8.9	7.0%	<u>Exemptions:</u> a) Sale of walkers for use by invalids or handicapped. b) Sales of tangible personal property and services to senior citizen centers. c) Motor vehicles driving service related to driving outside the state. d) Solar energy systems. e) Computer programming, sign construction, photofinishing, duplicating and photocopying (tax is applied to ultimate product of such services). f) Motor fuel for van pool vehicles and high-occupancy commuter vehicles.
1981	932,714	15.3	7.5%	1) Cigarettes added to tax base. 2) Exempt: Special equipment used by deaf or blind in communicating by telephone.
1982	1,015,000	8.8	7.5%	1) Municipalities may form a district of at least 85,000 in population, establish a convention and visitors commission, and receive a portion of sales tax collections on lodging (approximately 4.5%) \$50,000 (A description of these commissions is included in this section). 2) <u>Exemptions:</u> a) Replacement parts for machinery for firms located in enterprise zones. b) Sale of boats and ancillary equipment used for commercial fishing. c) Sales of services for testing health consequences of consuming a product. d) Purchase of aircraft held for resale and used for other than retention, demonstration or display. (Gross receipts from air taxi and flight instruction are subject to tax)
1983	1,123,141	10.7	7.5%	1) A municipal district's share of sales tax receipts from hotels and lodging is reduced from 4.5% to 1.5% 2) <u>Exemptions:</u> a) An exemption is provided for materials and equipment sold to radio or television stations when used directly in the productions and transmission of programs to the public (10/1/82) b) Any vessel transferred to the owner of a business from that business is exempt from tax if last sale was subject to tax. 3) <u>Exemptions Repealed:</u> a) Seed and fertilizer not used in agricultural production (4/1/83) b) Definition for meals under \$1.00 (4/1/83) 4) Definition of a retailer liable for collection and payment of tax is clarified. 5) Any corporate officer responsible for filing and paying taxes due is personally liable for willful nonpayment of taxes
1984	1,362,924	21.4	7.5%	1) Tax rate on business services increased to 7.5 from 3.5 (8/1/83) 2) Retailers are entitled to a credit on items when a partial return is given 3) <u>Exemptions:</u> a) Gold or silver bullion or the legal tender of any nation are exempt if total purchase exceeds \$1,000 b) Vessels brought into state between October 1 and April 30 exclusively for storage, maintenance or repair
1985	1,541,976	13.1	7.5%	<u>Exemptions:</u> a) Exemption for renewable energy systems is extended to FY 1986 (7/1/84) b) Companies which voluntarily contract with a firm to clean up hazardous waste site are exempt from services tax (7/1/84) c) Home delivered meals to elderly, disabled and homebound individuals (7/1/84) d) Clothing less than \$50 enacted during the 1985 session but effective 4/1/85

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
1986	1,652,624	7.2	7.5%	<p>1) <u>Exemptions:</u></p> <p>a) Clothing less than \$50 (4/1/85)</p> <p>b) Clothing less than \$75 (10/1/85)</p> <p>c) Sales of non-prescription drugs (7/1/85)</p> <p>d) Sales of seeds and fertilizer (4/1/86)</p> <p>e) The value of construction equipment or machinery used in trade-ins is allowed as a deduction for purposes of determining the price subject to tax (10/1/85)</p> <p>f) The leasing or rental of motion pictures for display at a theatre (7/1/85)</p> <p>g) Sales of renewable energy source systems is extended from 7/1/86 to 7/1/91.</p> <p>h) From 10/1/85 to 6/30/86 the resale of mobile manufactured homes will be subject to real estate conveyance tax instead of sales tax</p> <p>i) The price of items exempt from the tax is increased from \$2 to \$5, when sold by schools or charitable organizations to support youth activities (7/1/85)</p> <p>2) <u>Rate reduction:</u> Aviation fuel is reduced from 7.5% to 2% for sales occurring between 7/1/85 and 6/30/87</p> <p>3) <u>Base Increase:</u> Sale of new mobile manufactured homes 12 or more feet wide (10/1/85 to 6/30/86)</p>
1987	1,840,572	11.4	7.5%	<p>1) <u>Exemptions:</u></p> <p>a) Meals under \$2 (7/1/86)</p> <p>b) Cloth and fabric for non-commercial sewing and used in making clothing (7/1/86)</p> <p>c) Disposable pads (i.e. adult diapers) (7/1/86)</p> <p>d) Diabetic required testing equipment (test strips, lancets, and glucose monitoring equipment) (7/1/86)</p> <p>e) First \$2,500 of funeral expenses (7/1/86)</p> <p>f) Sales under \$15 by non-profit nursing or convalescent home gift shops (7/1/86)</p> <p>g) Services provided by corporations participating in a joint venture, and related to the production or development of new or experimental products or systems. The joint venture is entitled to the exemption for up to 10 years. (7/1/85)</p> <p>h) Refund for repair and replacement parts which are used directly in a manufacturing or agricultural production process. The total refund per year per firm may not exceed \$7,500 (1/1/86)</p> <p>2) <u>Rate Reduction:</u> repair or replacement parts for machinery used directly in a manufacturing or agricultural production process are reduced from 7.5% to 5%.</p> <p>3) <u>Base Reductions:</u></p> <p>a) Items purchased with federal food stamps (10/1/86-\$0.1m) To conform with federal law.</p> <p>b) Commercial and industrial marketing development, testing and research services (7/1/86)</p> <p>c) All sales taxes collected at Bradley from the sale of aviation fuel is transferred to the Bradley Airport Revenue Fund from the General Fund (7/1/86)</p> <p>4) <u>Base Increase:</u> 70% of manufacturer's sale price of new mobile manufactured home from a manufacturer to a purchaser is taxable. (7/1/86)</p>
1988	2,000,380	8.7	7.5%	<p>1) <u>Exemptions:</u></p> <p>a) Aviation Fuel used in experimental testing of any product is exempt (7/1/87)</p> <p>b) Non-alcoholic beverages are included within the definition of meals for purposes of the exemption for meals costing less than \$2.00 (7/1/87)</p> <p>c) Sales of eye medications are exempt (7/1/86)</p> <p>d) The exemption for sales at non-profit nursing homes, convalescent homes or adult day care centers is increased from items costing less than \$15 to items costing less than \$100 (7/1/87)</p> <p>e) Sales of ambulances operating under a certificate or license issued by the Office of Emergency Medical Services (4/1/87).</p> <p>f) An exemption is provided for business services to a company that is 100% owned or between companies that are both 100% owned by another company. The exemption covers transactions during the period 7/1/82 through 6/30/88. Companies having paid the tax will be allowed to file for a refund (Passage).</p> <p>2) <u>Base Reduction:</u> Business services tax on services of collection agencies is eliminated (7/1/87).</p>
1989	2,097,562	4.9	7.5%	<p>1) <u>Base Increase:</u> State may collect revenue from out-of-state mail order houses, in the event that Federal legislation over turns the Bellas-Hess decision.</p> <p>2) <u>Base Decrease:</u> Sunset provision for the exemption for business services provided between affiliated companies is eliminated.</p>
1990	2,479,023	18.2	8.0%	<p>1) <u>Exemption Eliminated:</u> Meals under \$2</p> <p>2) <u>Base Increases:</u></p> <p>a) Tax imposed on natural gas, electricity and oil provided to businesses. Utilities used in manufacturing and agriculture are excluded. Exemption for first \$150 per month of electrical usage.</p> <p>b) Enumerated services base was expanded</p> <p>c) Tax imposed on telecommunications services</p> <p>d) Tax imposed on community antenna (1/1/90)</p>

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
1991	2,417,818	(2.5)	8.0%	<p>1) <u>Exemptions:</u> (effective 7/1/90)</p> <ul style="list-style-type: none"> a) Consignment fees on sales of art works or clothing b) Lodging at facilities operated by nonprofit charities c) Environmental-maintenance equipment used in computer disk production d) The price of items exempt from the tax is increased from \$5 to \$20, when sold by schools or charitable organizations to support youth activities e) Materials and equipment used for medical or surgical training program production and transmission f) Molds, dies, patterns and sand-handling equipment used in metal casting sold after 4/1/85 <p>2) <u>Base Decrease:</u></p> <ul style="list-style-type: none"> a) Definition of consulting services is narrowed (7/1/90) b) Cash-basis taxpayers may claim a credit for sales occurring after 7/1/89 if the account receivable is deemed worthless (upon passage) <p>3) <u>Base Increase:</u> Out-of-state retailers owned or controlled by a firm owning an in-state business in a similar line are required to collect the tax (7/1/90)</p>
1992	2,080,233	(14.0) (eff 10/1/91)	6.0%	<p>1) <u>Exemptions:</u> (effective 10/1/91)</p> <ul style="list-style-type: none"> a) Architectural, building engineering, planning or design services, including landscape architecture b) Interior decorating and design services c) Direct mail advertising services d) Commercial trucks with over 26,000 lbs gross vehicle weight or used exclusively for interstate freight transport e) Component parts used in manufacturing processes f) Materials and equipment used in a printing process g) Equipment associated with operating natural gas-powered vehicles purchased between 10/1/91 and 1/1/93 <p>2) <u>Base Decrease:</u> Property management services: 95% of the amount charged for separately-stated compensation, fringe benefits, workers' compensation, and payroll taxes and assessments paid on behalf of employees is excluded from the definition of sales price, applicable to sales made on or after 1/1/86</p> <p>3) <u>Base Increase:</u> (effective 10/1/91)</p> <ul style="list-style-type: none"> a) Amusement & recreation services b) Boatslip rentals for noncommercial vessels c) Extended warranties d) International phone calls e) 900 phone calls f) House painting & wallpapering services g) Miscellaneous personal services h) Motor vehicle repairs to consumers i) Motor vehicle parking except seasonal lots j) Paving services to consumers k) Roofing, siding & sheet metal working services l) Tax preparation services m) Transportation services except taxis n) Used vehicles taxed at book value <p>4) <u>Rate Change:</u> (effective 10/1/91)</p> <ul style="list-style-type: none"> a) Hotel rooms taxed at 12% b) Boats taxed at the lesser of Connecticut or destination state <p>5) <u>Other:</u> Taxpayers may use cash basis accounting if they use it for federal purposes (effective 10/1/91)</p>
1993	NA	NA	6.0%	<p>1) <u>Exemptions:</u> (effective 7/1/92 unless otherwise noted)</p> <ul style="list-style-type: none"> a) Amusement & recreation services subject to Admissions or Dues Taxes b) Receipts from parking lots owned or leased by employers for sole use by their employees c) Dance lesson services d) Land surveyor services e) Receipts from commercial passenger vehicles carrying more than 16 people f) Special equipment installed in autos for physically disable persons g) Returnable containers used for dairy products h) Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil used in vessels displacing more than 4,000 tons of dead weight i) Licensed massage therapist services (licensing program begins 7/1/93) j) Aviation fuel is exempt from the tax at 2.5% k) Aviation repair parts and service (effective 7/1/93) l) Property management service exemption for employee salaries, fringe benefits, etc. is changed from 95% to 100% m) Exemption for commercial fishing vessels and equipment is broadened to cover vessels with coastwise fishing certificates from US Coast Guard (eff 10/1/92) n) Computer and data processing services rendered by retailer who acquired data processing facility after 7/1/91 from customer receiving services (eff 7/1/93) o) Manufacturing exemption is broadened <p>2) <u>Base Decrease:</u> Out-of-state boat purchasers are required to sign an affidavit regarding residency (effective 7/1/92)</p> <p>3) <u>Base Increase:</u> (effective 7/1/92 unless otherwise noted)</p> <ul style="list-style-type: none"> a) Tax on recreation & amusement services is expanded to include participative sports, except swimming, provided to persons over age 19 by government, nonprofit hospitals and charitable or religious organizations b) Golf services at municipally-owned golf courses are taxable after 1/1/93

FISCAL REVENUES YEARLY
YEAR (000) % CHANGE RATE

BASE CHANGES

- c) Use Tax is imposed on raw materials used in building components assembled out of state but used in state
- d) The 12 $\frac{1}{2}$ Room Occupancy Tax is applied to campgrounds (effective 7/1/93)

Source: The Annual Report of the State Comptroller, various years.

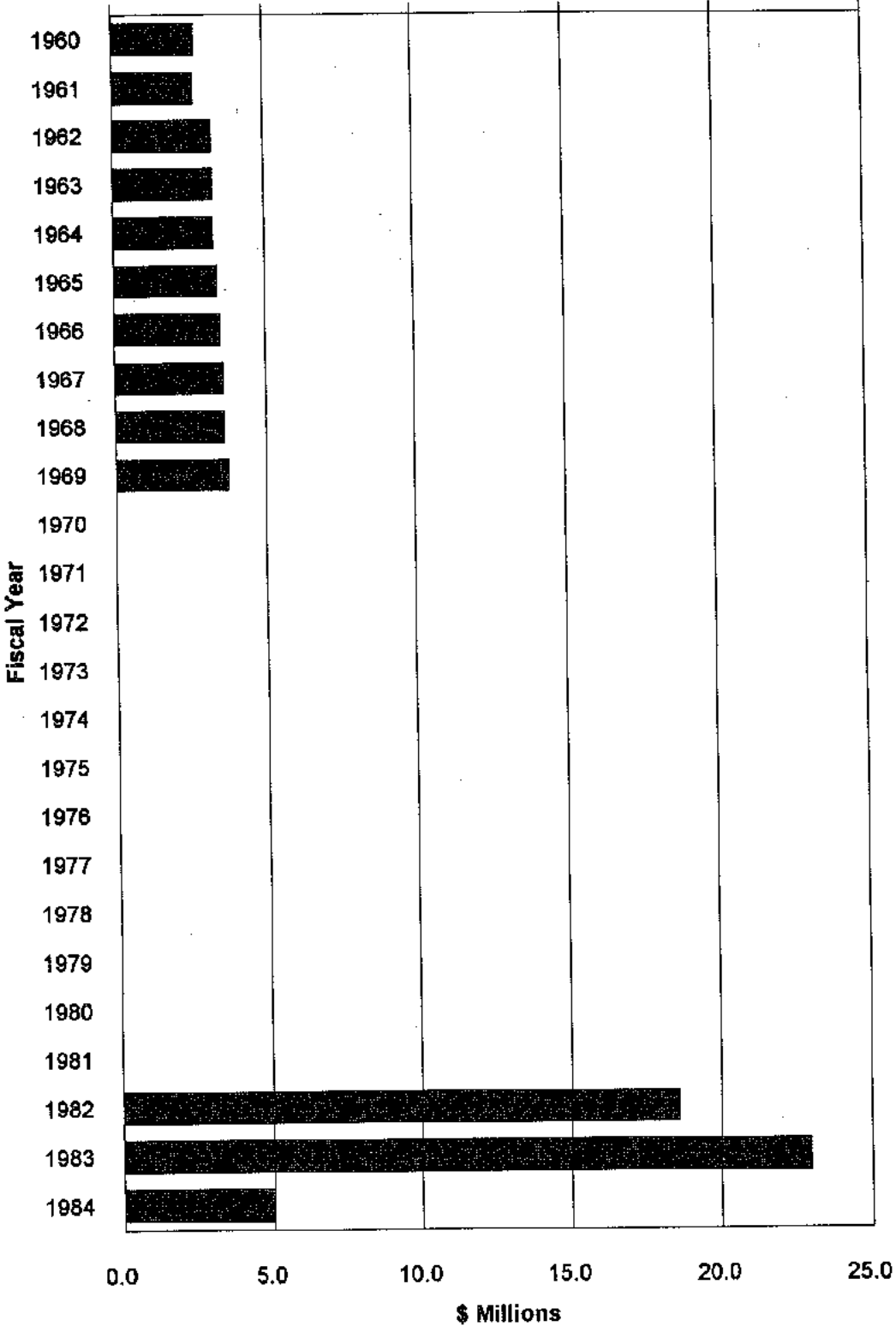
SALES TAX EXEMPTIONS
(\$ Millions)

Exemption	Tax Exemption						
	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991
Resale-Labor/Services	\$ 109.7	\$ 158.2	\$ 268.6	\$ 190.0	\$ 189.1	\$ 178.8	\$ 52.8
Resale-Lease/Rent	31.5	25.5	22.9	28.6	34.6	27.4	41.3
Resale-Sale of Goods	1,966.0	2,085.2	1,955.6	2,243.7	2,298.6	2,368.2	2,816.6
Subscription	12.1	17.1	10.8	15.4	14.9	12.4	10.2
Children's Clothing	19.2	21.2	21.3	21.7	22.1	24.8	21.0
Livestock, Fertilizer, Feed	7.5	8.1	8.3	8.0	9.9	10.1	10.7
Food for Human Consumption	229.0	229.7	209.1	245.7	278.2	320.0	326.3
Meals Under \$2	-	-	17.5	20.4	19.9	-	-
Soda, Candy, Gum-Food Stamps	-	-	-	0.4	0.2	NA	0.9
Fuel for Heating	81.7	71.2	70.4	79.3	70.1	90.6	101.6
Electricity (\$150 Month. Exemp.)	-	-	-	-	-	3.4	3.8
Utilities used in Mfg.	-	-	-	-	-	29.0	33.4
Fuel for Motor Vehicles	127.5	128.4	109.0	129.2	141.7	155.9	185.6
Aviation Fuel	-	1.6	1.7	2.8	2.8	5.7	3.4
Aviation-Fuel/Exper. Testing	-	-	-	0.0	0.2	0.5	0.1
Machinery Used in Agric./Mfg.	75.3	97.1	88.3	101.1	106.9	139.0	133.2
Production or Commercial Fishing	15.1	16.4	18.6	28.0	24.9	11.2	13.4
Repair or Replacement Parts for Mfg Prod.	-	-	-	-	-	1.4	2.6
Out-of-State Sales Labor/Services	89.8	93.9	99.2	181.8	161.0	213.4	224.4
Out-of-State Sales Leases/Rentals	18.6	23.6	16.2	24.1	25.7	45.0	39.2
Out-of-State Sales of Goods	1,183.4	1,084.4	1,144.1	1,445.0	1,630.4	1,713.5	1,990.0
Sales/Motor Veh. to Non Residents	-	-	-	5.5	8.5	11.0	14.6
Prescription Medicines	22.5	32.7	26.3	28.1	30.0	36.6	42.0
Non-prescription Medicines	-	-	4.7	5.4	6.7	10.7	10.5
Charitable Labor/Services	46.5	60.6	60.4	86.2	96.2	135.6	152.9
Charitable Leases/Rental	4.6	4.4	4.2	5.5	4.9	10.2	9.3
Charitable Sale of Goods	352.0	371.5	374.7	374.0	360.1	423.0	442.6
Cogeneration Tech.	-	0.3	0.5	1.0	1.5	2.6	9.4
Pollution Abatement Leases/Rentals	0.0	0.8	0.1	0.1	0.1	0.5	0.3
Pollution Abatement Sale of Goods	1.7	1.5	1.2	1.9	1.2	1.2	1.3
Non-taxable Labor/Services	137.0	175.4	198.7	283.4	330.2	364.2	283.3
Bus. Services/Parent-Owned Subs.	-	-	-	2.7	3.0	3.2	3.7
Repair Serv. to Nonbusiness Motor Veh.	-	-	-	-	-	8.7	11.4
Horses	0.7	0.6	0.6	0.6	0.5	0.5	0.5
Trade-Ins	20.2	16.5	24.8	28.8	29.2	28.3	24.1
Trade-In Const. Equip.	-	0.3	0.5	0.9	1.1	0.5	0.2
Taxed Goods Returned w/in 90 days	4.8	4.3	5.2	5.1	6.4	7.3	7.5
Lease/Rental Cancelled w/in 90 days	0.9	0.5	0.1	0.0	0.1	0.0	0.0
Connecticut Aircraft Sales	0.1	0.1	0.0	0.0	0.0	NA	0.1
Oxygen, Plasma, etc. - Sale of Goods	2.0	2.7	3.0	3.3	3.7	4.2	6.1
Oxygen, Plasma, etc. - Lease/Rental	0.5	0.6	0.6	0.7	0.6	1.2	0.8
Print for Future Deliv. Out-of-State	1.3	1.6	1.7	1.6	1.5	1.8	1.6
Non-Profit Ambulance Sale/Lease/Rent	0.1	0.2	0.1	0.7	3.7	2.3	0.1
Ambulance-Certif/License	-	-	-	0.3	0.2	1.1	0.7
Clothing/Footwear Under \$75.00	16.9[1]	87.7	103.9	114.2	119.9	136.1	140.3
Material/Cloth/No-Commercial	-	-	-	1.1	1.2	1.7	1.1
Low-Moderate Housing-Sale of Goods	0.3	0.6	0.8	0.4	0.3	0.3	0.2
Low-Moderate Housing-Lease/Rental	0.0	0.8	0.6	0.1	0.1	0.0	0.0
Funeral Expenses	-	-	3.1	3.2	4.0	3.5	3.7
Other Adjustments	298.8	305.5	383.8	504.6	543.0	527.1	697.5
TOTAL TAX EXEMPTION	\$4,900.1	\$5,130.9	\$5,261.7	\$6,224.3	\$6,589.0	\$7,073.9	\$7,876.3

[1] Effective at \$50 from 4/1/85 - 9/30/85

Source: Department of Revenue Services

**Unincorporated
Business Tax
FY 60 - FY 82**



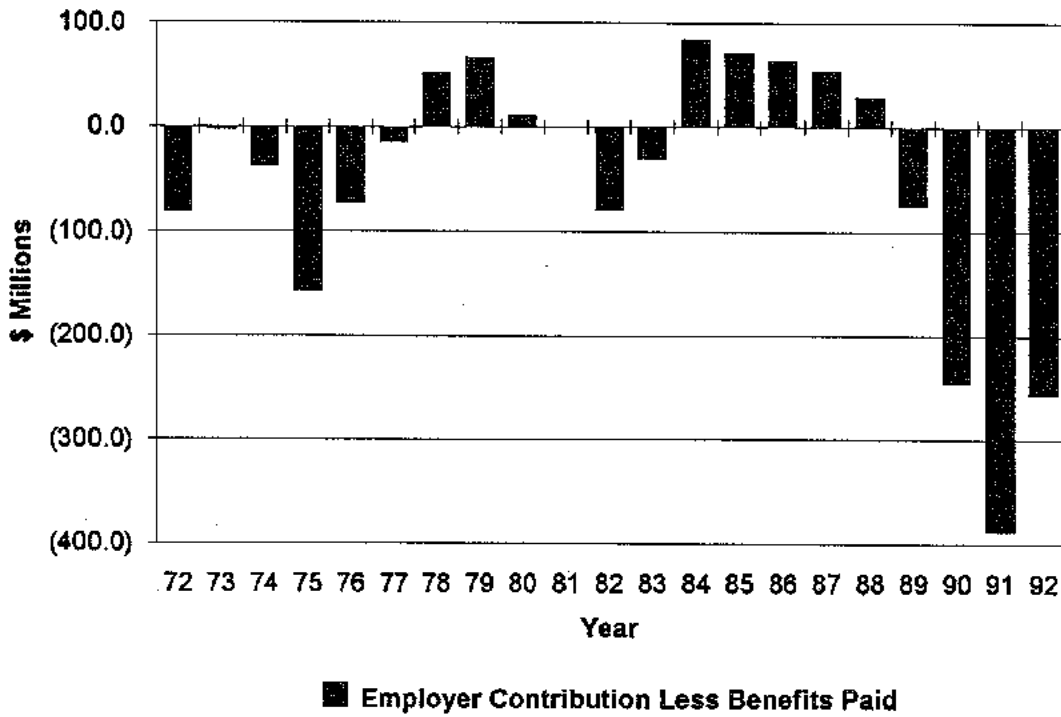
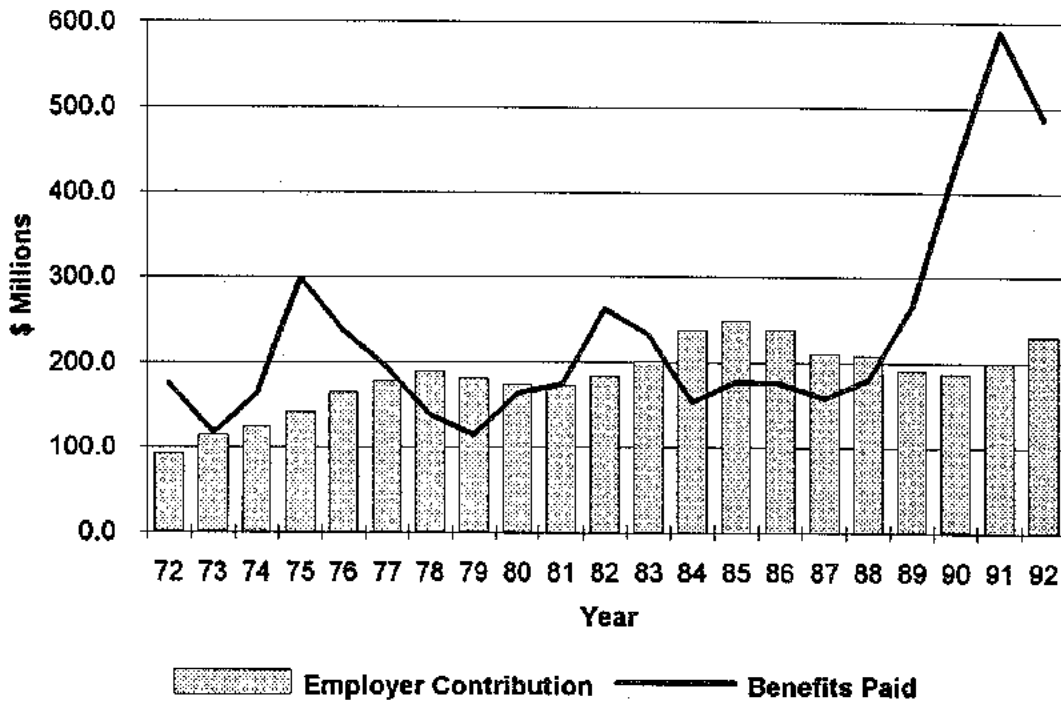
The tax forms were different during the two periods.

UNINCORPORATED BUSINESS TAX

Fiscal Year	Revenue (000)	Yearly % Change	Rate and Base
1960	2,745	3.8%	Tax on gross income: a) Wholesale: To \$60,000-25 cents/\$1,000 Over \$60,000-50 cents/\$1,000 b) Retail and Manufacturing: To \$60,000-\$1/\$1,000 Over \$60,000-\$2/\$1,000
1961	2,713	(1.2)	
1962	3,286	21.1	Tax on gross income: a) Wholesale: Up to \$60,000-35 cents per \$1,000 Over \$60,000-65 cents per \$1,000 b) Retail and Manufacturing: Up to \$60,000-\$1.30 per \$1,000 Over \$60,000-\$2.60 per \$1,000
1963	3,333	1.4	
1964	3,330	(0.001)	
1965	3,464	4.0	
1966	3,538	2.1	
1967	3,593	1.6	
1968	3,637	1.2	
1969	3,770	3.7	
1970	NA	NA	Repealed
1981			Enacted
1982	18,610	-	1) PA 81-255 a) Implemented a tax of 5% of net income provided the following two conditions were met: 1) gross receipts must exceed \$50,000 2) taxable net income must exceed \$15,000 b) Minimum tax - \$250 c) Exemptions: 1) Contributions to retirement plans which qualify for federal deferment up to \$1,750 annually for each partner 2) November special session: a) Business (not entirely conducted in Conn.) can only deduct 50% of the net income attributable to Conn. or \$15,000, whichever is greater (eff. with income years 1/1/81) (PA 81-12) b) The tax is repealed (eff. with income years 1/1/83) (PA 81-4)
1983	22,998		Repealed 1/1/83
1984	4,983		1984 revenue collected from audits.

Source: The Annual Report of the State Comptroller, Various years.

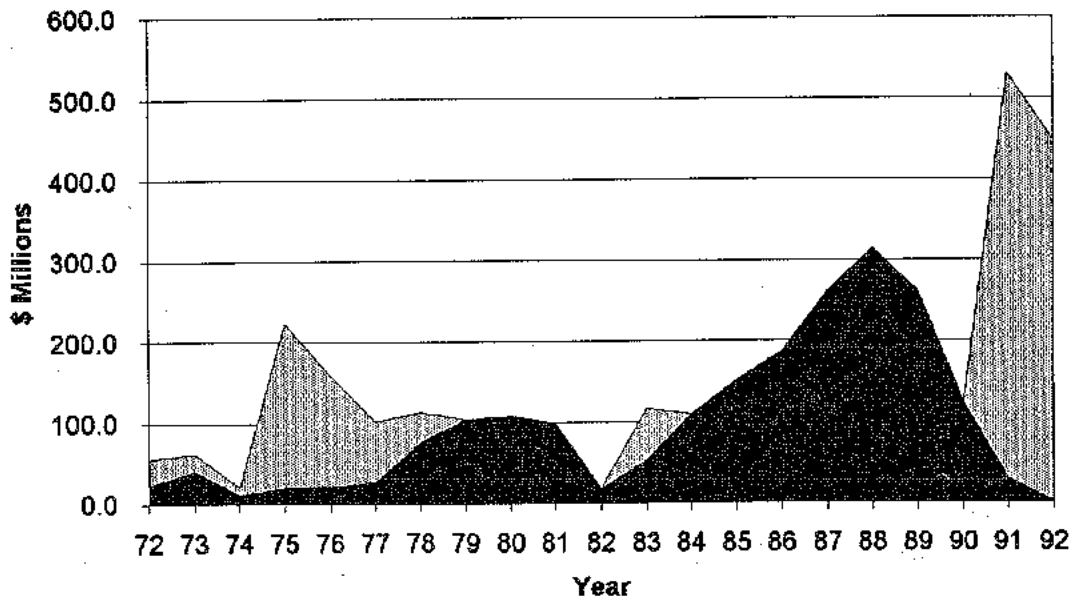
Unemployment Compensation Trust Fund 1972 - 1992*



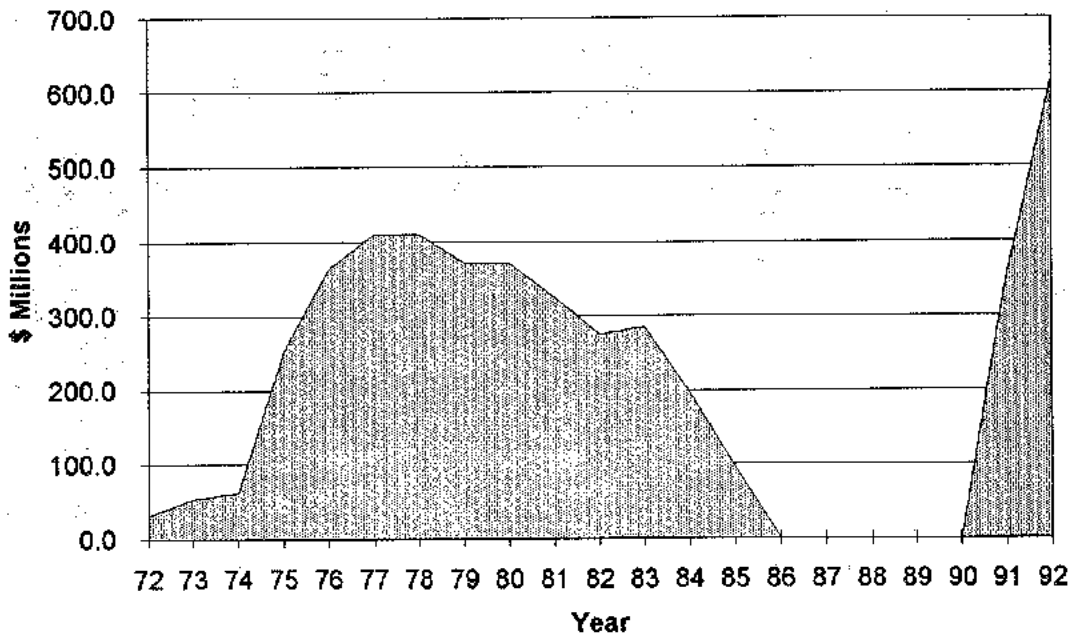
Source: Connecticut Department of Labor

* As of 10/31/92

Unemployment Compensation Trust Fund 1972 - 1992*



UC Trust Fund Reserve
 Borrowed from Federal Unemployment Compensation Fund



Outstanding Federal Loan Balance

Source: Connecticut Department of Labor

* As of 10/31/92

**Unemployment Compensation Fund
1972 - 1992*
(\$ Millions)**

Year	Benefits Paid	Employer Contribution	Federal Loans	Repayments	U. C. Trust Fund Res.	Loan Balance
1972	174.6	92.7	31.8		23.0	31.8
1973	117.6	114.2	21.7		40.8	53.5
1974	163.3	124.9	8.5		11.8	62.0
1975	298.4	140.9	203.0	12.9	20.5	252.1
1976	238.0	164.9	137.0	26.0	21.3	363.1
1977	193.2	177.7	75.0	27.3	26.7	410.8
1978	138.4	189.9	37.0	37.3	76.3	410.5
1979	114.9	181.4		39.6	103.5	370.9
1980	163.6	174.4			108.5	370.9
1981	173.7	172.8		46.6	98.6	324.3
1982	263.0	183.7		49.5	18.0	274.8
1983	232.3	201.6	63.8	54.0	53.5	284.6
1984	154.2	238.5		88.3	109.9	196.3
1985	177.9	249.1		101.0	152.3	95.3
1986	175.6	238.7		104.6	187.8	
1987	158.3	211.4			262.2	
1988	179.8	208.7			315.0	
1989	265.8	190.3			262.3	
1990	432.9	186.4			124.2	
1991	589.1	200.2	501.5	147.7	29.7	353.8
1992	487.2	230.8	447.0	185.2	0.9	615.6

**Source: Connecticut Department of Labor
* As of 10/31/93**

Gambling Activities: Division of Special Revenue

The State's gambling activities are organized into four general areas: racing, off-track betting, lottery and charitable gaming.

Racing - This area includes horse racing, dog racing and the game of jai alai. Currently, only dog racing and jai alai are operated in the state. The state imposes tax rates on the gross amount wagered at each facility as follows: dog racing, 7.25%; jai alai, 6.75%; horse racing, from 3.25% to 8.754% depending on the total amount wagered. In addition, a tax equal to one-half of the breakage to the dime is imposed on each facility. Breakage results from rounding the payoffs to the lower dime. The state makes payments to the hosting towns of each facility from the tax revenue it collects. Towns with populations in excess of 50,000 receive an amount equal to 1% of the gross amount wagered at the facility, and towns with populations under 50,000 receive 0.5% (the town of Plainfield receives .8% and NE Econ. Alliance Inc. .2%). The remaining tax revenue is transferred to the General Fund (C.G.S. Sec. 12-573a).

Off-Track Betting - The state operates an off-track betting system currently comprised of 9 parlors; a telephone betting system, New Haven Teletrack, and Bradley Teletheater located in Windsor Locks. From the gross amount wagered, the state retains 17% on regular wagering (win, place, show); 19% on certain multiple form of wagering (daily, doubles, exactas and quinellas); and 25% on the more "exotic" form of wagering (wagering on three or more animals in the same race or in two or more races). Towns in which off-track betting parlors are located receive 15% of the gross handle wagered at the facility (C.G.S. Sec. 12-571 to 12-573). Additionally, the teletrack and teletheater as well as the Bridgeport facility and Plainfield dog track are permitted by the state to provide simulcasting of various races from other out of state tracks.

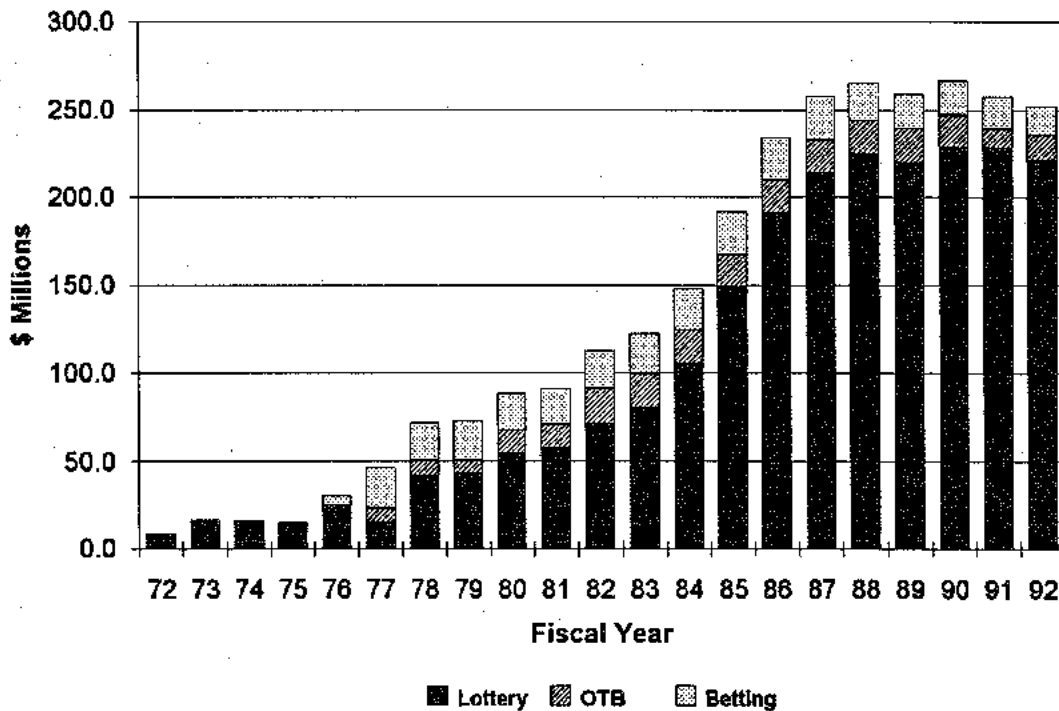
Lottery - In 1972, the State introduced a weekly lottery which brought in over \$10 million in revenue until it was eliminated in 1985. With the introduction of the instant lottery, funds derived from the sale of Instant Lottery tickets for FY 1976 and FY 1977 were distributed to towns for the Educational Equalization Grant. Therefore of the \$18.6 million received in FY 1976 from the Instant Lottery \$7.4 million was paid out to towns and did not go into the General Fund. Approximately \$10 million of the total \$11 million received in FY 1977 was paid out to towns and did not go into the General Fund.

Beginning with FY 1978 proceeds from the Instant Lottery were deposited into the General Fund. Presently, the state conducts four different lottery games: instant, daily numbers, Lotto, and Cash Lotto. Approximately 52% of the gross sales of each game is paid as prize money to winning ticketholders, 41% is transferred to the general fund, and the remaining 7% is used for lottery expenses.

Lotto is similar to Bingo: six numbers are selected by the player from a field of forty-four. Two games are played each week and winners share a pari-mutuel pool. (C.G.S. Sec. 12-568 to 12-570) Cash Lotto, Connecticut's newest game, is similar to Lotto but is played only once a week and winners matching 3 to 5 numbers (field of forty numbers) receive a lump sum prize from \$10 to \$100,000.

Charitable Games - This area includes bingos, bazaars, raffles and games of chance. All organizations conducting bingo are subject to a 5% tax on their gross receipts from bingo less prizes. The State, from the money it collects from bingo makes payments to municipalities in which bingo games are conducted. The payment is equal to one-quarter of one percent of the total money wagered less prizes within the town. The remainder of the tax revenue is transferred to the General Fund. Organizations authorized to sell sealed tickets (similar to the State's instant lottery tickets) must pay to the State an amount equal to 10% of their resale value. (C.G.S. Sec. 7-169 to 7-186p)

Annual Gambling Revenues By Source FY 72 - FY 92



GENERAL FUND REVENUES SINCE INCEPTION
(in millions)

Fiscal Year	Total Gambling	Lottery					Betting		
		Weekly	Daily	Instant	Cash Lotto	Lotto	Off-Track Betting	Plainfield (Dog Racing)	All Jai-Alai
1972	8.2	8.2	NA	NA	NA	NA	NA	NA	NA
1973	16.5	16.5	NA	NA	NA	NA	NA	NA	NA
1974	16.0	16.0	NA	NA	NA	NA	NA	NA	NA
1975	15.0	15.0	NA	NA	NA	NA	NA	NA	NA
1976	30.0	13.5	NA	11.0	NA	NA	NA	4.9	0.6
1977	46.5	9.4	4.2	11.7	NA	NA	8.0	9.9	13.3
1978	72.2	8.2	15.4	18.2	NA	NA	8.8	8.1	13.5
1979	72.8	3.9	21.0	18.2	NA	NA	7.8	7.9	14.0
1980	88.3	3.5	33.3	17.8	NA	NA	13.1	7.2	13.4
1981	91.2	1.5	34.7	21.5	NA	NA	13.5	7.5	12.6
1982	112.8	2.4	46.8	21.8	NA	NA	20.2	8.1	13.5
1983	122.5	4.1	53.6	22.8	NA	NA	19.0	9.3	13.7
1984	148.1	3.0	59.0	24.7	NA	18.8	18.8	9.8	14.0
1985	191.8	NA	64.5	31.3	NA	53.0	18.7	9.9	14.4
1986	234.1	NA	67.7	30.5	NA	92.6	18.9	9.6	14.7
1987	257.6	NA	73.1	33.6	NA	107.4	18.7	9.5	15.3
1988	265.2	NA	78.9	31.0	NA	115.1	18.8	7.9	13.5
1989	259.1	NA	84.2	30.1	NA	105.4	19.6	7.9	11.9
1990	266.8	NA	90.0	40.0	NA	98.7	18.3	7.0	12.8
1991	257.2	NA	85.5	47.9	NA	95.2	10.9	5.9	11.8
1992	252.3	NA	88.2	38.7	1.2	93.2	14.4	5.3	11.3

Note on audits:

1. The Division of Special Revenue audits "non" state-owned facilities only (i.e., Plainfield dog track and Jai-Alai Frontons).
2. The State's auditors audit OTB and the Division itself each 2 years (including lotteries). However certain segments of OTB are audited on an ongoing basis to facilitate the more detailed audit every 2 years.

GAMBLING REVENUES

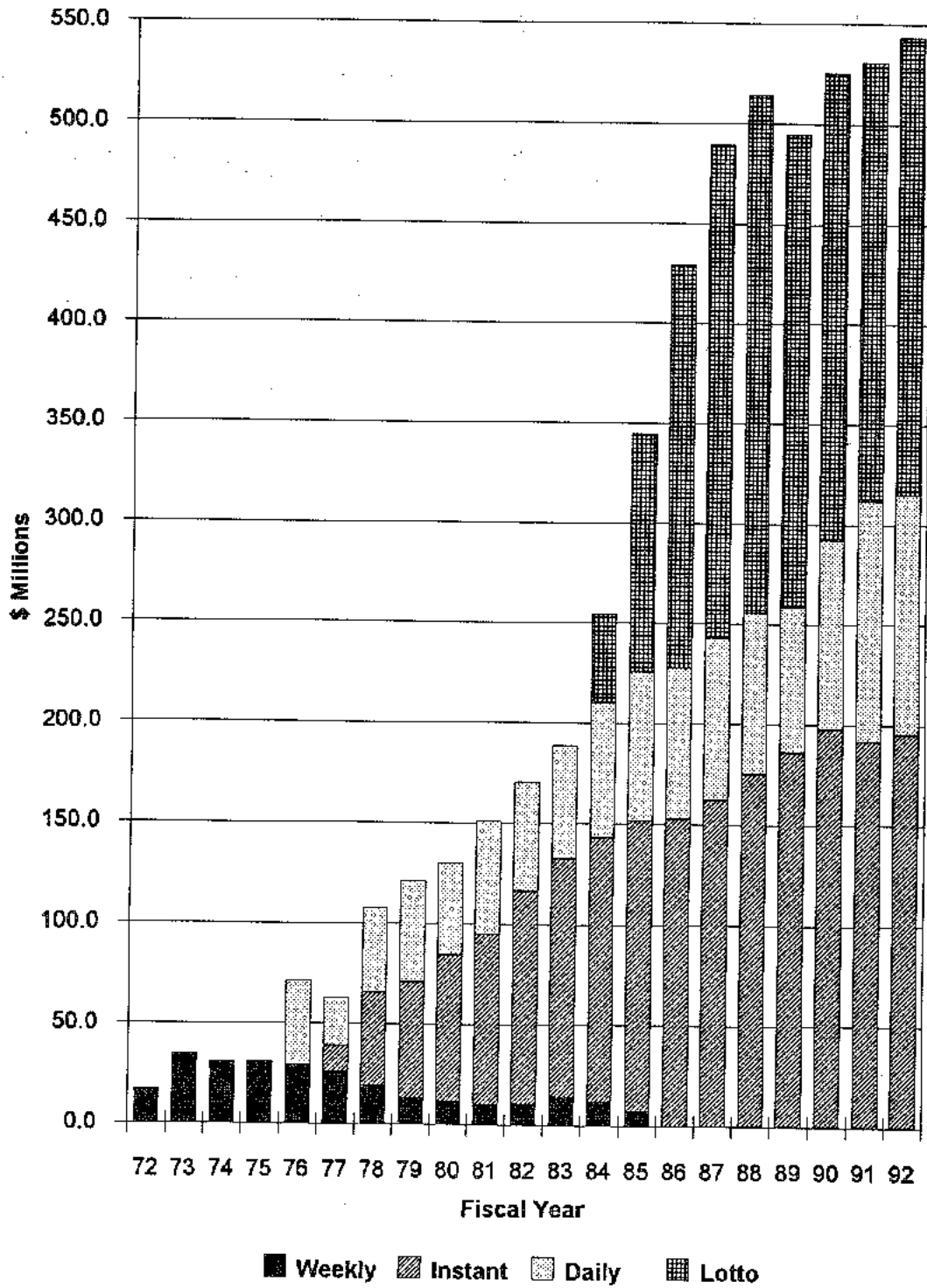
<u>Fiscal Year</u>	<u>Amount (\$000)</u>	<u>Yearly % Change</u>	<u>Base/Rate Changes</u>
1972	8,150	-	Weekly lottery established.
1973	16,500	102.5	
1974	16,000	(3.0)	
1975	15,000	(6.3)	
1976	30,034	100.2	Instant lottery added to fund education equalization grants
1977	46,530	54.9	<p>1) Daily lottery game established and mandated that \$1 million be allocated to the Department of Social Services for an Emergency Food Relief Program for persons eligible under AFDC (The \$1 million allocation was repealed by PA 77-3 and PA 77-517).</p> <p>2) Jai Alai and dog racing added.</p>
1978	72,243	55.3	<p>1) Off-track betting added: tax of 17% on feature bets, 25% on exotics.</p> <p>2) Rates on Jai Alai and dog racing handles increased: <ul style="list-style-type: none"> a) Tax rate on Jai Alai increases to 6.75% from 5.25%. b) Tax rate on dog racing is changed from a graduated schedule (ranging from 5.75% to 8.25%) to a flat rate of 8%. c) The percentage that hosting towns receive increases to: 1) 1% from .25% for towns with population of 50,000 and over and 2) .5% from .25% for towns with population under 50,000. d) Take-out percentage (amount not returned to bettors) increases to 18% from 17%. </p> <p>3) Instant lottery proceeds are directed into the General Fund. (The direct tie-in of instant lottery proceeds with the educational equalization grant is removed and proceeds from the instant lottery go into the General Fund (as do all other gaming revenues). A General Fund appropriation of a like amount is made for the equalization grant.</p>
1979	72,831	0.8	The Commission on Special Revenue is given statutory power to collect delinquent accounts of lottery agents. A 10% penalty on the delinquent amount is provided as well as an interest rate charge of 1% per month on the delinquent amount until paid.
1980	88,260	21.8	
1981	91,177	3.3	
1982	112,849	23.8	<p>1) Sundays are included in the meeting dates for racing and Jai Alai (with approval of legislative body of towns). Facilities can open no more than six days per week.</p> <p>2) An accounting change results in direct operating expenses within the Personal Services, Other Expenses, and Equipment accounts within the Daily and Instant Lottery funds being paid with General Funds appropriations. Direct operating expenses from the OTB fund will also be paid with General Fund appropriations (effective 1/1/81).</p>
1983	122,492	8.6	<p>1) The takeout on feature bets at OTB is increased to 19% from 17%.</p> <p>2) The tax on dog racing increased to 8.25% from 8%, with the .25% going to the dog owners.</p> <p>3) Interest from late payments from lottery agents and other gaming licenses is increased to 1.5% per month from 1.25% per month. A minimum fee of \$10 is also established.</p> <p>4) Licensing and registration fees administered by the Division are increased.</p> <p>5) The game of Lotto is added as a state lottery beginning 11/83.</p>
1984	147,966	20.8	<p>1) Increase the takeout from 18.5% to 19%.</p> <p>2) Increase the amount of gross wagering receipts paid to state from 8.25% to 8.5%.</p> <p>3) Increase the amount of gross wagering receipts allocated to purses from .25% to .5%.</p>

<u>Fiscal Year</u>	<u>Amount (\$000)</u>	<u>Yearly % Change</u>	<u>Base/Rate Changes</u>
			<p>4) Treatment program for chronic gamblers ends 12/31/84 (funding mechanism 6/30/84). Funding mechanism is through fees:</p> <p>a) \$135 on each licensee for each performance of jai alai or dog racing - max \$45,000 per year per licensee.</p> <p>b) \$25 on each supplier of pari-mutuel equipment to teletrack facilities.</p> <p>5) Municipal share of revenues from OTB increases to .4% from .25%.</p> <p>6) Sunday OTB is permitted on harness or thoroughbred racing events.</p> <p>7) The Saturday evening performances of Jai Alai or racing events may conclude by 1 a.m. Sunday without municipal approval.</p> <p>8) A statement indicating the chances of winning when advertising state lottery tickets is limited to advertisements in newspapers, magazines, brochures and posters, and television and radio ads at least 30 seconds.</p> <p>9) The moratorium on new gambling facilities and pari-mutuel licenses is extended from July 1, 1983 to June 30, 1985. Pari-mutuel license renewals and new betting facilities contracted prior to 5/23/79 are not affected.</p>
1985	191,823	29.6	
1986	234,058	22.0	<p>1) The moratorium on new gambling facilities and pari-mutuel licenses is extended from July 1, 1985 to June 30, 1987 (7/1/85).</p> <p>2) Wagering on make-up performances at off-track betting facilities, including tele-track, is allowed when requested by the facility and authorized by the Executive Director (7/1/85).</p> <p>3) A special fund is established to pay for the testing of greyhound urine by UCONN's lab. The Fund will receive 1/4 of 1% of all money wagered at dog racing events (previously these costs were paid by the Plainfield Track). Any revenue exceeding actual costs (as determined by an audit every two years) will be returned to the General Fund (7/1/85).</p> <p>4) The Weekly lottery game is eliminated effective 7/1/85.</p> <p>5) As of April, 1986, rules of the Lotto game were changed to reflect a choice of six numbers from a field of 40.</p> <p>6) There was an increase in weekly drawings from one on Friday evening to two (one on Tuesday and one on Friday evenings).</p> <p>7) A prize was established in Lotto for matching three numbers.</p>
1987	257,653	10.1	<p>1) The authority to regulate bingo, bazaars, raffles and games of chance is transferred from the Commissioner of Public Safety to the Division of Special Revenue. The following is also provided for:</p> <p>a) A 5% tax on gross receipts from bingo is established and payable annually by organizations having annual gross receipts in excess of \$25,000 (10/1/87)</p> <p>b) The municipal share of gross receipts from bingo is 0.25%. Bingo permit fees are decreased (10/1/87).</p> <p>c) The sale of sealed tickets by bingo permittees is legalized. Nonprofit organizations with liquor permits may also sell sealed tickets for a one year trial period (10/1/87).</p> <p>d) Volunteer fire companies conducting bazaars are allowed to award cash prizes not exceeding @\$25 for money-wheel games (10/1/86)</p> <p>e) A legalized gambling investigative unit is created within the Division of State Police.</p> <p>2) The municipal share of revenue from OTB is increased to 1% from four-tenths of one percent of the gross amount wagered. (1/1/87)</p>

<u>Fiscal Year</u>	<u>Amount (\$000)</u>	<u>Yearly % Change</u>	<u>Base/Rate Changes</u>
			<p>3) (a) Eliminates the separate daily and instant lottery funds and creates one lottery fund. (b) Changes the transfer of funds from the lottery fund to "from time to time" rather than December and June. (c) Authorities may permit games of chance in the same location twice, rather than once, every three weeks. (d) The Chronic Gamblers' Program and the funding mechanism are made permanent (see 1984 (4) above for fees).</p>
1988	265,661	3.1	<p>1) PA 87-528 - Extended the moratorium on new gambling facilities until 6/30/89. The Division is authorized to substantially upgrade one OTB branch facility. The total number of OTB branch facilities is reduced to 18 from 20 facilities.</p> <p>2) PA 87-542 - A number of changes regarding the use and payment of proceeds from dog racing are made as follows:</p> <p>a) Tax rate reduced to 7.25% from 8.5%.</p> <p>b) Increases the amount that licensees must allocate to purses by one-half of one percent of total money wagered to 3.5% from 3.0%.</p> <p>c) Requires licensees to allocate one-quarter of one percent of the handle to capital expenditures and one-quarter of one percent of the handle to promotional marketing. (Quarterly financial statements to division are required) (7/1/87)</p> <p>3) PA 87-121 - The state's OTB vendor is authorized to accept wagering on any type of racing event and not just thoroughbred and harness horse racing. Different types of racing may be offered in the same program.</p> <p>4) PA 88-363 - A number of changes concerning the operation of bingo and sealed tickets are made.</p>
1989	259,069	(2.5)	<p>1) PA 89-390 - Extended the moratorium on new gambling facilities to 6/30/91. In addition, the Division was authorized to provide simulcasting in a total of three OTB branch facilities (including the Windsor Locks Teletheater).</p> <p>2) PA 89-214 - New fees were established for equipment dealers for games of chance and for organizations to sell sealed tickets.</p> <p>3) PA 89-355 - Provided that a total of \$1 million will be transferred from the Unclaimed Lottery Prize Fund to the Department of Education for the Interdistrict Cooperation Grant Program (\$700,000) and for a pilot program in training paraprofessionals for teaching (\$300,000).</p> <p>4) A change was made in the Lotto game to increase the field of numbers from forty to forty-four.</p> <p>5) The number of instant games per year will be increased from two to four per year with two games operating concurrently in the Spring and then again, in the Fall.</p>
1990	266,761	(3.0)	<p>1) PA 90-325 - Legalized the use of animals for cow-chip bingo but because of statutory restrictions, permits must be issued for each event and no cash prizes may be awarded.</p>
1991	258,900	(3.0)	<p>1) PA 91-281 mandates lottery agents to: A) deposit collections from lottery sales into a special account in DRS's name, and 2) file reports documenting lottery receipts and transactions to DRS.</p> <p>2) PA-309 makes various changes in the laws concerning dog track operations.</p> <p>A) Authorizes the conversion of one of current operating Jai Alai frontons into a dog track.</p> <p>B) Authorizes a simulcasting theater at Plainfield's dog track.</p> <p>C) Increases the takeout rate from 19% to 20%.</p> <p>D) Replaces the fixed 7.25% tax rate on gross wagers with a sliding scale ranging from 5.0%-8.5%.</p> <p>E) Beginning in fiscal year 1992-93 Plainfield's municipal share increases from .5% to .8%.</p>

<u>Fiscal Year</u>	<u>Amount (\$000)</u>	<u>Yearly % Change</u>	<u>Base/Rate Changes</u>
			3) PA 91-320 removes location limitations on towns wishing to host Las Vegas nights. 4) PA 91-366 extends the moratorium on new gambling facilities and pari-mutual licences for an additional two years, until June 30, 1993. 5) PA 91-409 subjects gambling winnings to state capital gains tax laws.
1992	254,100	(1.9)	1) PA 92-17(MSS) expands or changes a number of gaming laws and regulations. <ul style="list-style-type: none"> A) Creates a class C bingo permit which allows between 15-40 games per year. B) Makes permanent the temporary moratorium on additional OTB facilities and authorizes one additional simulcasting facility at the current Bridgeport location. C) Increases the Jai Alai takeout rate from 18% to 20% until June 1994, after which it reverts back to 18%. D) Establishes a task force to study the feasibility of authorizing additional casino gambling in the state.

Annual Lottery Sales By Type of Game FY 72 - FY 92



LOTTERY REVENUES

COMPARISON OF GROSS SALES
WITH AMOUNTS TRANSFERRED TO THE
GENERAL FUND
(in millions)

<u>Fiscal Year</u>		<u>Gross Sales</u>	<u>Transfers to General Fund</u>	<u>Percent</u>
1971-72	Weekly	\$ 17.2	\$ 8.1	47.1
1972-73	Weekly	34.7	16.5	47.5
1973-74	Weekly	30.8	16.0	52.0
1974-75	Weekly	30.9	15.0	48.6
1975-76	Weekly	29.5	13.5	45.8
	Instant	41.9	18.4	43.9
		\$ <u>71.4</u>	\$ <u>31.9</u>	<u>44.7</u>
1976-77	Weekly	\$ 25.8	\$ 9.4	36.4
	Instant	23.8	11.7	49.2
	Daily	13.1	4.2	32.1
		\$ <u>62.7</u>	\$ <u>25.3</u>	<u>40.4</u>
1977-78	Weekly	\$ 19.2	\$ 8.2	42.7
	Instant	41.9	18.2	43.5
	Daily	46.4	15.4	33.2
		\$ <u>107.5</u>	\$ <u>42.8</u>	<u>38.9</u>
1978-79	Weekly	\$ 12.9	\$ 3.9	30.4
	Instant	49.8	18.2	36.6
	Daily	58.2	21.0	36.0
		\$ <u>120.9</u>	\$ <u>43.1</u>	<u>35.7</u>
1979-80	Weekly	\$ 11.5	\$ 3.5	30.4
	Instant	45.5	17.7	39.0
	Daily	73.2	33.3	45.5
		\$ <u>130.2</u>	\$ <u>54.5</u>	<u>41.9</u>
1980-81	Weekly	\$ 10.1	\$ 1.5	14.9
	Instant	56.2	21.5	38.3
	Daily	84.7	34.6	40.9
		\$ <u>151.0</u>	\$ <u>57.6</u>	<u>38.2</u>
1981-82	Weekly	\$ 10.4	\$ 2.4	23.1
	Instant	53.8	21.8	40.5
	Daily	105.8	46.8	44.2
		\$ <u>170.0</u>	\$ <u>71.0</u>	<u>41.8</u>
1982-83	Weekly	\$ 14.2	\$ 4.1	28.9
	Instant	56.0	22.8	40.7
	Daily	118.5	53.6	45.2
		\$ <u>188.7</u>	\$ <u>80.5</u>	<u>42.7</u>
1983-84	Weekly	\$ 11.8	\$ 3.0	25.2
	Instant	67.0	24.7	36.9
	Daily	131.5	59.0	44.9
	Lotto	44.1	18.8	42.6
		\$ <u>254.4</u>	\$ <u>105.5</u>	<u>41.4</u>

<u>Fiscal Year</u>		<u>Gross Sales</u>	<u>Transfers to General Fund</u>	<u>Percent</u>
1984-85	Weekly[1]	\$ 7.3	\$ 0.0	0
	Instant	74.4	31.3	42.0
	Daily	144.2	64.5	44.7
	Lotto	118.5	53.0	44.7
		\$ <u>344.4</u>	\$ <u>148.8</u>	<u>43.2</u>
1985-86	Instant	\$ 75.4	\$ 30.5	40.5
	Daily	152.5	67.7	44.4
	Lotto	201.2	92.6	46.1
		\$ <u>429.1</u>	\$ <u>190.8</u>	<u>44.5</u>
1986-87	Instant	\$ 80.8	\$ 33.6	41.6
	Daily	162.1	73.1	45.1
	Lotto	246.4	109.4	44.4
		\$ <u>489.3</u>	\$ <u>216.1</u>	<u>44.2</u>
1987-88	Instant	\$ 80.0	\$ 31.0	38.8
	Daily	175.3	78.9	45.0
	Lotto	259.3	115.1	44.4
		\$ <u>514.6</u>	\$ <u>225.0</u>	<u>43.7</u>
1988-89	Instant	\$ 72.3	\$ 30.1	41.6
	Daily	186.2	84.2	45.2
	Lotto	236.0	105.4	44.7
		\$ <u>494.5</u>	\$ <u>219.7</u>	<u>44.4</u>
1989-90	Instant	\$ 94.7	\$ 39.0	41.1
	Daily	197.8	90.0	45.5
	Lotto	233.0	98.7	42.4
		\$ <u>525.5</u>	\$ <u>227.7</u>	<u>43.3</u>
1990-91	Instant	\$ 120.0	\$ 47.9	39.9
	Daily	191.6	85.5	44.6
	Lotto	219.5	95.2	43.3
		\$ <u>531.1</u>	\$ <u>228.6</u>	<u>43.0</u>
1991-92	Instant	\$ 119.8	\$ 38.7	32.3
	Daily	195.2	88.2	45.2
	Lotto	219.9	93.2	43.3
	Cash Lotto	8.9	1.2	13.5
		\$ <u>543.8</u>	\$ <u>221.3</u>	<u>40.7</u>

[1] The Weekly game was eliminated on 7/1/85.

Source: The Division of Special Revenue.

CONNECTICUT STATE LOTTERY

ADVERTISING EXPENDITURES

Fiscal Year	Expenditure	Actual Sales (\$ Million)	% Actual Sales
1978	\$1,785,450	\$107.5	1.66%
1979	1,481,746	120.9	1.23
1980	1,470,235	130.2	1.13
1981	929,631	151.0	.62
1982	1,435,246	170.0	.84
1983	1,766,678	188.7	.94
1984	2,392,127	254.4	.94
1985	2,471,192	344.5	.72
1986	2,844,891	429.1	.66
1987	4,579,834	489.3	.94
1988	4,637,233	513.9	.90
1989	4,973,697	494.5	1.00
1990	5,339,452	525.5	1.02
1991	4,116,933	531.1	.78
1992	1,777,041	543.8	.33

Source: The Division of Special Revenue.

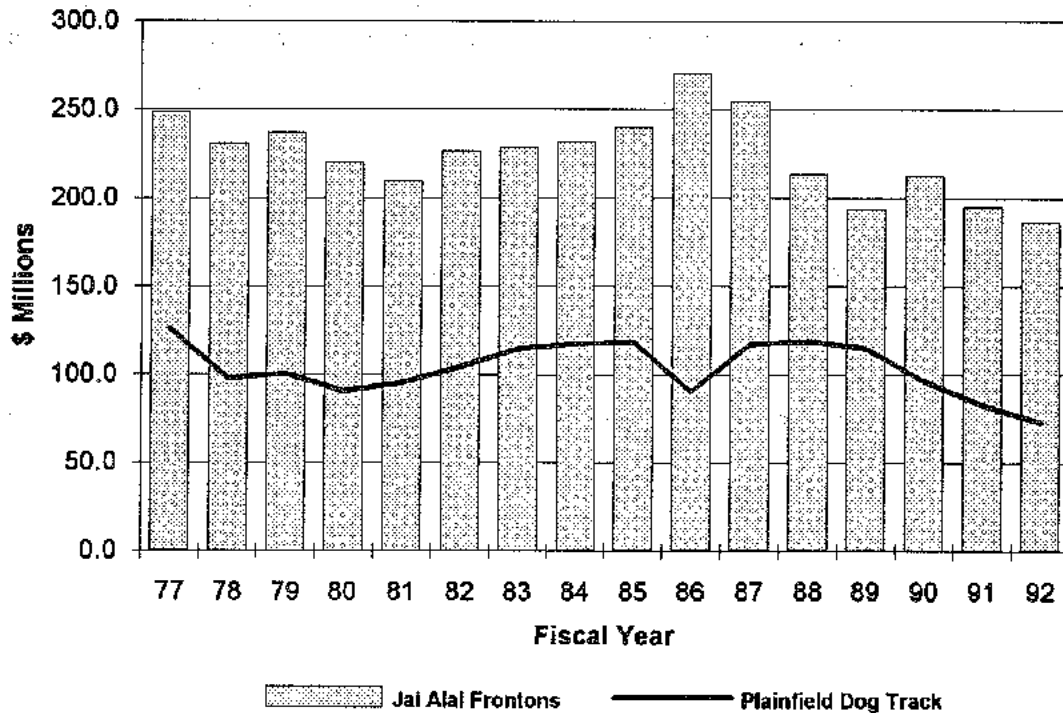
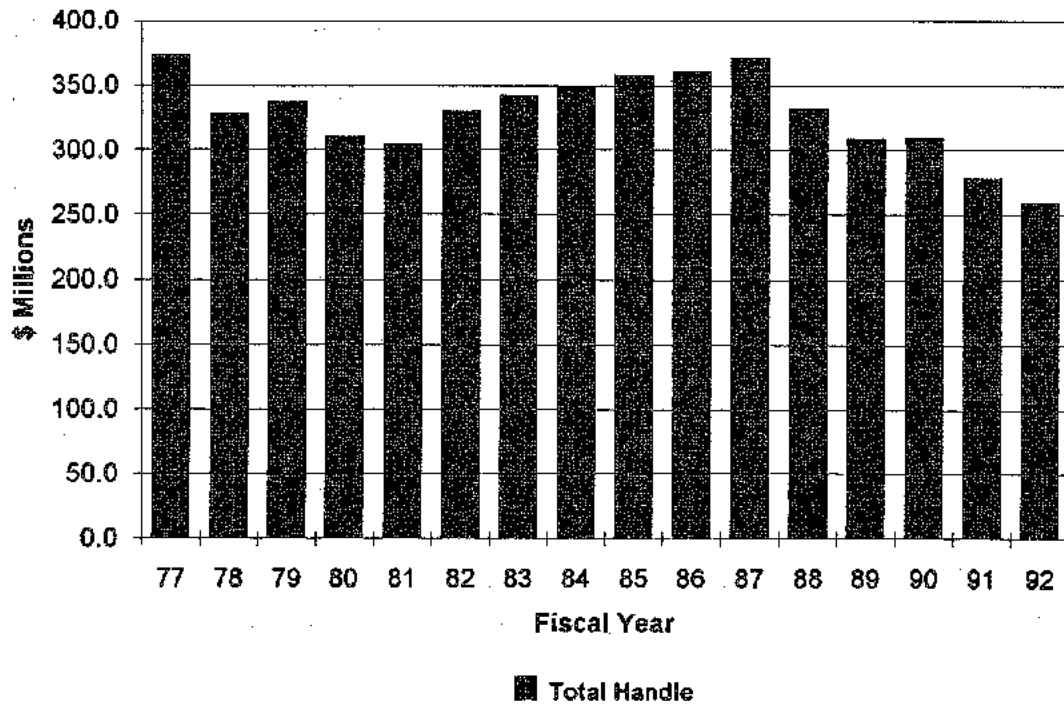
DISTRIBUTION OF EACH \$100 BET BY MAJOR GAME, 1992

Takeout Amount	[1] Jai Alai	[2] Dog Racing	Off-Track Betting		
			Win, Place, Show	Daily Double Exacta, Quinella	Three or More Animals
Amount Bet (Handle)	\$10 .00	\$100.00	\$100.00	\$100.00	\$100.00
Returned to Bettor	\$ 80.00	\$ 81.00	\$ 83.00	\$ 81.00	\$ 75.00
Takeout (Amount Not Returned to Bettors)	\$ 20.00	\$ 19.00	\$ 17.00	\$ 19.00	\$ 25.00
Municipal Share Facilities' or Tracks' Portion	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Vendor's Share	\$ 10.25	\$ 10.25	\$ 5.15	\$ 5.15	\$ 5.15
	-	-	2.50	2.50	2.50
State's Share	\$ 6.75	\$ 7.25	\$ 8.35	\$ 10.35	\$ 16.35

[1] PA 92-17 (MSS) increased the takeout rate to 20% from 18% effective July 1, 1992 to July 1, 1994.

[2] PA 91-309 established a dual tax rate for dog track. The figures above are for Bridgeport Dog Track.

Jai Alai and Dog Track Handle FY 77 - FY 92



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

Jai Alai Frontons And Plainfield Dog Track

Take Out Rates

Tax Rates

	Jai Alai	Dog Track	Jai Alai	Dog Track
1977	18%	18	5.25	5.75%-8.25%
1978	18	18	6.75	8.00
1979	18	18	6.75	8.00
1980	18	18	6.75	8.00
1981	18	18	6.75	8.00
1982	18	18	6.75	8.00
1983	18.5	18	6.75	8.25
1984	19	18	6.75	8.50
1985	19	18	6.75	8.50
1986	19	18	6.75	8.50
1987	19	18	6.75	8.50
1988	19	18	6.75	7.25
1989	19	18	6.75	7.25
1990	19	18	6.75	7.25
1991	19	18	6.75	7.25
1992	19	20	6.75	5.0%-8.50
1993	20	20	6.75	5.0%-8.50

Fiscal Year		Handle	Transfers To General Fund [1]	Percent of Handle Transferred To General Fund
1975-1976	Bridgeport	\$ 8,817,984	\$ 225,333	2.6
	Hartford	11,828,615	384,241	3.3
	Plainfield	64,877,042	4,924,536	7.6
		<u>\$ 85,523,641</u>	<u>\$ 5,534,110</u>	<u>6.5</u>
1976-1977	Bridgeport	\$ 143,282,563	\$ 7,539,664	5.3
	Hartford	81,955,826	4,215,515	5.1
	Milford	22,924,682	949,904	4.1
	Plainfield	125,554,151	9,897,029	7.9
	<u>\$ 373,717,222</u>	<u>\$ 22,602,112</u>	<u>6.1</u>	
1977-1978	Bridgeport	\$ 80,355,797	\$ 4,850,208	6.0
	Hartford	74,909,044	4,708,105	6.3
	Milford	74,834,590	4,556,746	6.1
	Plainfield	97,983,478	8,119,339	8.3
	<u>\$ 328,082,909</u>	<u>\$ 22,234,398</u>	<u>6.8</u>	
1978-1979	Bridgeport	\$ 85,290,424	\$ 5,092,827	6.0
	Hartford	72,942,500	4,199,321	5.8
	Milford	78,605,961	4,416,805	5.6
	Plainfield	100,421,789	7,806,377	7.8
	<u>\$ 337,260,664</u>	<u>\$ 21,515,330</u>	<u>6.4</u>	
1979-1980	Bridgeport	\$ 79,237,640	\$ 4,739,781	6.0
	Hartford	66,250,611	4,188,854	6.3
	Milford	74,280,918	4,738,019	6.4
	Plainfield	90,672,151	7,176,368	7.9
	<u>\$ 310,441,320</u>	<u>\$ 20,843,022</u>	<u>6.7</u>	

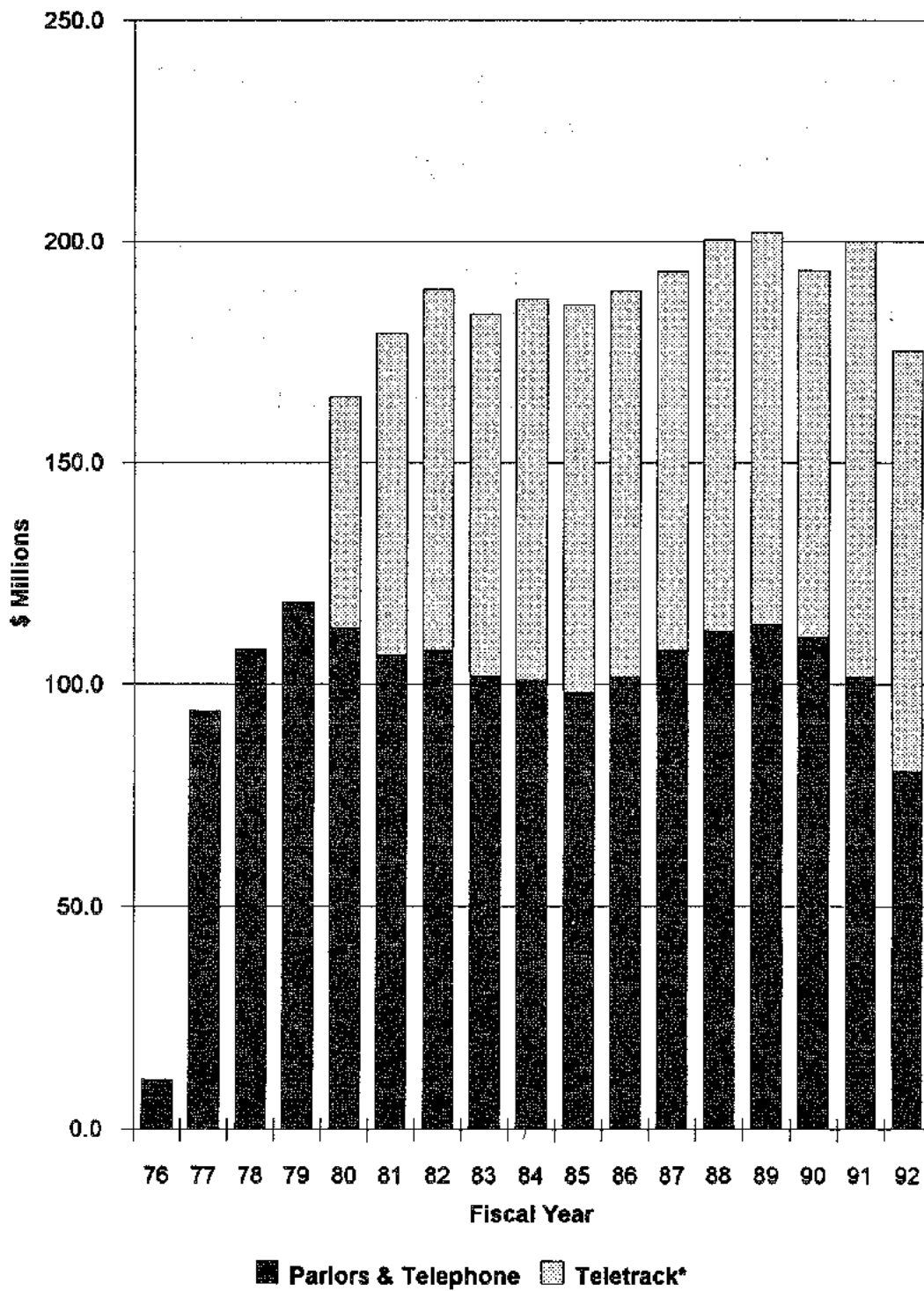
Fiscal Year		Handle	Transfers To General Fund [1]	Percent of Handle Transferred To General Fund
1980-1981	Bridgeport	\$ 77,774,090	\$ 4,659,929	6.0
	Hartford	64,345,696	3,930,327	6.1
	Milford	67,491,423	4,096,218	6.1
	Plainfield	95,088,262	7,517,524	7.9
		\$ 304,699,471	\$ 20,203,998	6.6
1981-1982	Bridgeport	\$ 74,928,969	\$ 4,479,313	6.0
	Hartford	82,564,493	4,934,239	6.0
	Milford	68,414,263	4,090,059	6.0
	Plainfield	104,240,017	8,145,684	7.8
		\$ 330,147,742	\$ 21,649,295	6.6
1982-1983	Bridgeport	\$ 73,761,454	\$ 4,412,450	6.0
	Hartford	80,742,255	4,845,766	6.0
	Milford	73,840,305	4,479,478	6.1
	Plainfield	114,441,553	9,253,891	8.1
		\$ 342,785,567	\$ 22,991,585	6.7
1983-84	Bridgeport	\$ 76,023,172	\$ 4,545,535	6.0
	Hartford	80,161,353	4,883,719	6.1
	Milford	74,934,748	4,519,901	6.0
	Plainfield	117,337,700	9,791,910	8.4
		\$ 348,456,973	\$ 23,741,065	6.8
1984-85	Bridgeport	\$ 73,251,677	\$ 4,385,626	6.0
	Hartford	86,417,900	5,218,887	6.0
	Milford	80,131,514	4,843,054	6.0
	Plainfield	118,501,313	9,875,591	8.3
		\$ 358,302,404	\$ 24,323,158	6.8
1985-86	Bridgeport	\$ 90,631,000	\$ 5,276,000	5.8
	Hartford	86,064,000	5,006,000	5.8
	Milford	64,879,000	3,779,000	5.8
	Plainfield	118,981,000	9,657,000	8.1
		\$ 360,555,000	\$ 23,718,000	6.5
1986-87	Bridgeport	\$ 83,847,000	\$ 4,876,000	5.8
	Hartford	90,011,000	5,239,000	5.8
	Milford	81,254,000	4,728,000	5.8
	Plainfield	117,036,000	9,209,000	7.9
		\$ 372,148,000	\$ 24,052,000	6.5
1987-88	Bridgeport	\$ 52,318,000	\$ 3,414,498	6.5
	Hartford	73,934,000	4,526,011	6.1
	Milford	87,224,000	5,295,122	6.1
	Plainfield	118,902,000	8,174,977	6.9
		\$ 332,378,000	\$ 21,410,609	6.4
1988-89	Bridgeport	\$ 60,355,000	\$ 3,648,252	6.0
	Hartford	53,752,000	3,360,573	6.3
	Milford	79,697,000	4,891,112	6.1
	Plainfield	114,900,000	7,919,128	6.9
		\$ 308,704,000	\$ 19,819,065	6.4

Fiscal Year		Handle	Transfers To General Fund [1]	Percent of Handle Transferred To General Fund
1989-90	Bridgeport	\$ 63,221,802	\$ 3,820,124	6.0
	Hartford	71,461,646	4,257,677	6.0
	Milford	78,104,807	4,743,205	6.1
	Plainfield	96,456,310	6,957,953	7.2
		\$ <u>309,244,565</u>	\$ <u>19,778,959</u>	<u>6.4</u>
1990-91	Bridgeport	\$ 61,423,111	\$ 3,728,412	6.1
	Hartford	64,935,222	3,931,354	6.1
	Milford	68,477,618	4,157,985	6.1
	Plainfield	83,084,933	5,936,699	7.2
		\$ <u>277,920,884</u>	\$ <u>17,754,450</u>	<u>6.4</u>
1991-92	Bridgeport	\$ 56,898,759	\$ 3,430,594	6.0
	Hartford	66,291,926	3,987,895	6.0
	Milford	63,177,675	3,843,258	5.3
	Plainfield	72,991,808	5,259,612	7.2
		\$ <u>259,360,168</u>	\$ <u>16,521,359</u>	<u>6.4</u>

[1] Transfer of money to the state occurs monthly

Source: The Division of Special Revenue.

Annual Off-Track Betting Sales FY 76 - FY 92



*Teletrack includes Windor Theater and Plainfield Simulcast.

OTB SALES AND TRANSFERS OF REVENUE TO THE GENERAL FUND

	Take-Out Rates			Tax Rates		
	Parimutuel	Feature	Exotic	Parimutuel	Feature	Exotic
1972-1976	NA	NA	NA	NA	NA	NA
1977-1982	17%	17%	25%	17%	17%	17%
1983-present	17%	19%	25%	19%	19%	19%

Fiscal Year		Gross Sales	Transfers To General Fund	Transfers as a Percent of Gross Sales
1975-76 [1]	Parlors & Telephone	\$11,298,654	-	
1976-77	Parlors & Telephone	93,966,692	\$8,000,000	8.5%
1977-78	Parlors & Telephone	108,028,104	8,800,000	8.2
1978-79	Parlors & Telephone	118,518,835	7,800,000	6.6
1979-80	Parlors & Telephone Teletrack [2]	112,701,932 52,190,000 <u>164,891,932</u>	13,100,000	7.9
1980-81	Parlors & Telephone Teletrack	106,550,169 72,615,000 <u>179,165,169</u>	13,500,000	7.5
1981-82	Parlors & Telephone Teletrack	107,529,651 81,655,000 <u>189,184,651</u>	20,200,000	10.7
1982-83	Parlors & Telephone Teletrack	101,755,729 81,792,562 <u>183,548,291</u>	19,000,000	10.4
1983-84	Parlors & Telephone Teletrack	100,811,001 86,253,642 <u>187,064,643</u>	18,800,000	10.1
1984-85	Parlors & Telephone Teletrack	98,054,407 87,535,235 <u>185,589,642</u>	18,700,000	10.1
1985-86	Parlors & Telephone Teletrack	101,654,000 87,128,000 <u>188,782,000</u>	18,900,000	10.0
1986-87	Parlors & Telephone Teletrack	107,625,000 85,635,000 <u>193,260,000</u>	18,700,000	9.7
1987-88	Parlors & Telephone Teletrack	112,114,000 88,226,000 <u>200,340,000</u>	18,800,000	9.4

OTB SALES AND TRANSFERS OF REVENUE TO THE GENERAL FUND

	Take-Out Rates			Tax Rates		
	Parimutuel	Feature	Exotic	Parimutuel	Feature	Exotic
1972-1976	NA	NA	NA	NA	NA	NA
1977-1982	17%	17%	25%	17%	17%	17%
1983-present	17%	19%	25%	19%	19%	19%

Fiscal Year		Gross Sales	Transfers To General Fund	Transfers as a Percent of Gross Sales
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1976-77	Parlors & Telephone	93,966,692	\$8,000,000	8.5%
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1978-79	Parlors & Telephone	118,518,835	7,800,000	6.6
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1980-81	Parlors & Telephone Teletrack	106,550,169 72,615,000 <u>179,165,169</u>	13,500,000	7.5
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1987-88	Parlors & Telephone Teletrack	112,114,000 88,226,000 <u>200,340,000</u>	18,800,000	9.4

Fiscal Year		Gross Sales	Transfers To General Fund	Transfers as a Percent of Gross Sales
1988-89	Parlors & Telephone	113,639,017		
	Teletrack	88,482,000		
		<u>202,121,017</u>	19,600,000	9.7
1989-90	Parlors & Telephone	110,469,000		
	Teletrack	82,959,000		
		<u>193,428,000</u>	18,300,000	9.5
1990-91	Parlors & Telephone	101,637,000		
	Teletrack	65,903,000		
	Windsor Locks [3]	32,384,000		
		<u>199,924,000</u>	10,900,000	5.5
1991-92	Parlors & Telephone [4]	80,277,872		
	Teletrack (Old)	34,798,887		
	Teletrack (Coliseum) [5]	6,659,252		
	Windsor Locks	43,958,038		
	Plainfield [6]	9,628,467		
		<u>175,313,875</u>	14,400,000	8.2

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

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

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

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

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

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

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

**SUMMARY OF PAYMENTS TO MUNICIPALITIES
OFF-TRACK BETTING AND PARIMUTUELS**

Fiscal Year	Off Track Betting[1]			Parimutuel[2]			Grand Total OTB & Parimutuels
	Total OTB	Revenues From:		Total Parimutuel	Revenues From:		
		OTB	Teletrack		Jai Alai	Dog Track	
1979	\$292,645	\$292,645	\$ 0	\$2,870,499	\$2,368,389	\$502,110	\$3,163,144
1980	410,667	278,136	132,531	2,651,053	2,197,691	453,362	3,061,720
1981	445,094	263,131	181,963	2,571,554	2,096,112	475,442	3,016,648
1982	470,236	265,657	204,579	2,780,300	2,259,099	521,201	3,250,536
1983[3,4]	474,547	264,539	210,008	2,855,650	2,283,441	572,209	3,330,197
1984	756,795	410,703	346,092	2,897,883	2,311,193	586,690	3,654,678
1985	750,577	399,622	350,955	2,990,578	2,398,071	592,507	3,741,155
1986	763,615	414,065	349,550	3,011,431	2,415,729	595,702	3,775,046
1987[5]	2,026,622	1,420,722	605,900	3,135,501	2,551,119	584,381	5,162,123
1988	2,028,253	1,142,652	885,601	2,729,241	2,134,241	595,000	4,757,494
1989	2,045,946	1,157,595	888,351	2,512,539	1,938,038	574,501	4,558,485
1990	1,957,983	1,068,503	889,480	2,610,166	2,127,883	482,283	4,568,150
1991	2,020,420	1,034,651	985,799	2,363,786	1,948,360	415,426	4,384,206
1992[6]	1,753,079	871,190	881,889	2,228,645	1,863,685	364,960	3,981,724

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

[2] The tax rates for the Parimutuel facilities are as follows:

Jai Alai - 1% of daily handle

Greyhound - 1/2% of daily handle

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

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

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

[6] Includes simulcast figures from Plainfield Dog Track.

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

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

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

Fiscal Year	Dog Track/Jai Alai		OTB
	Population		
	Under 50,000	Over 50,000	
1979	.5 %	1.0 %	.25%
1980	.5 %	1.0 %	.25%
1981	.5 %	1.0 %	.25%
1982	.5 %	1.0 %	.25%
1983	.5 %	1.0 %	.25%
1984	.5 %	1.0 %	.40%
1985	.5 %	1.0 %	.40%
1986	.5 %	1.0 %	.40%
1987	.5 %	1.0 %	1.0% (Eff. 1/1/87)
1988	.5 %	1.0 %	1.0%
1989	.5 %	1.0 %	1.0%
1990	.5 %	1.0 %	1.0%
1991	.5 %	1.0 %	1.0%
1992	.5 %	1.0 %	1.0%
1993 [2]	.5 %	1.0 %	1.0%

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

[2] Plainfield will receive .8% and NE Economic Alliance Inc. will receive .2%.

Source: The Division of Special Revenue.

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

Town	1983[1,2]	1984	1985	1986	1987	1988	1989	1990	1991	1992
Meriden (closed 11/84) Reopened 6/87)	\$7,856	\$28,373	\$11,598	-	-	\$92,174	\$101,375	\$102,163	\$91,900	\$91,356
Bridgeport #2	11,032	15,709	14,548	\$12,603	\$22,693	26,000[3]	-	-	-	-
Bridgeport #3	18,346	27,647	30,545	36,395	69,586	106,094	117,977	113,059	101,975	98,124
Torrington	11,627	17,731	16,893	19,030	34,439	46,542	44,716	44,604	37,166	35,387
New London	13,295	20,006	20,126	22,219	43,480	57,436	55,250	53,550	47,126[4]	-
Waterbury #6	19,770	30,446	31,672	37,598	71,792	96,783	103,765	102,077	95,219	111,899
Waterbury #12	16,831	26,243	25,310	20,026	31,481	43,082	41,604	40,536	33,475[4]	-
Norwich	5,682	8,263	8,401	8,166	17,000	24,469	28,147	29,224	24,760[4]	-
West Haven	15,186	24,412	24,082	22,826	48,054	65,318	64,995	61,118	80,396	101,015
Derby	14,474	21,597	21,798	21,438	40,663	57,882	56,529	52,485	39,191[4]	-
Bristol	15,325	25,605	25,912	30,419	57,612	75,879	78,340	77,409	71,413	59,915
Killingly	8,938	15,421	16,883	21,028	44,697	66,555	72,240	76,202	79,012	16,996
Norwalk	25,932	44,208	45,741	49,675	86,724	112,475	118,936	113,511	102,465	95,481
East Haven	20,174	36,744	34,827	35,708	66,189	94,726	95,472	86,153	77,918	71,065
New Haven (closed 3/83)	6,357	-	-	-	-	-	-	-	-	-
New Britain	31,091	48,768	51,809	55,399	99,618	121,512	120,063	116,371	103,858	81,589
Telephone Betting-- (New Haven)	<u>12,623</u>	<u>19,528</u>	<u>19,477</u>	<u>21,535</u>	<u>38,511</u>	<u>55,723</u>	<u>58,186</u>	<u>57,287</u>	<u>48,780</u>	<u>39,892</u>
Subtotal	264,539	410,703	399,622	414,065	776,311	1,142,651	1,157,595	1,068,503	1,034,654	802,719
Teletrack--(New Haven)	210,008	346,092	350,955	349,550	605,900	885,601	888,351	832,193	660,857	402,416
Windsor Locks	-	-	-	-	-	-	-	-	324,912	439,561
Plainfield (Sim)	-	-	-	-	-	-	-	-	-	<u>108,363</u>
Total	474,547	756,795	750,577	763,615	1,382,211	2,028,252	2,045,946	1,957,983	2,020,423	1,753,079

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

[2] The municipal share was changed to four tenths of one percent effective June 16, 1983, pursuant to PA 83-356 (OTB). PA 86-318 increased the municipal share to 1% from .4% effective January, 1987 for those towns which house an OTB parlor or teletrack.

[3] Bridgeport #2 was closed effective April, 1988.

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

Source: The Division of Special Revenue.

**CHARITABLE GAMBLING
(BINGO, BAZAARS, RAFFLES, GAMES OF CHANCE AND SEALED TICKETS)**

PA 86-419 made a number of significant changes in the way charitable gaming is conducted and regulated in Connecticut. The highlights of this act are outlined below:

1. Creates a legalized gambling investigative unit in the Division of State Police effective 10/1/86.
2. Transfers authority to regulate bingo, bazaars, raffles and games of chance from the Commissioner of Public Safety to the Division of Special Revenue beginning 10/1/87.
3. Transfers the authority to license bingo from municipalities to the Division of Special Revenue commencing 10/1/87.
4. Imposes a 5% tax on the gross receipts from bingo for organizations having annual gross receipts in excess of \$25,000 beginning 10/1/87.
5. Requires that municipalities that allow bingo receive one-quarter of one percent of gross bingo receipts in lieu of receiving bingo permit fees.
6. Raises individual bingo prize limits to \$500 from \$125.
7. Eliminates one of three types of bingo permits and reduces permit fees.
8. Legalizes the sale of sealed tickets by bingo permittees and nonprofit organizations that have liquor permits (one year trial period for nonprofits) effective 10/1/87.

PA 88-363 eliminates the requirement that an organization file financial reports up to four times per year.

PA 92-17(MSS) created a "class C" bingo permit. The addition of the class C permit makes three different bingo permits (A,B,C) which are available through the Division of Special Revenue.

Bingo: Municipal Approval: Bingo is authorized by vote of individual municipalities (C.G.S. 7-969(b)). If, prior to September 1 of any year, a petition containing 5% of the electors is submitted, a vote will be taken. If the vote is affirmative, bingo is legalized for a period of one year, at which time a new vote is taken. If affirmative, bingo is then permanently accepted in the town until a petition of 5% of the electors is submitted for a repeal of the law.

Operation of Bingo Games: Bingo games must be sponsored by charitable, fraternal, educational, civic, veterans', or religious organizations, volunteer fire departments or granges. These organizations must have been in existence for at least two years before applying for a bingo permit. In addition, certain elderly organizations are exempt from the bingo permit, tax, and reporting requirements.

Bingo Permits: Application for a bingo permit must be filed with the Division of Special Revenue (prior to 10/1/87 application was made to the State Police and local police departments, or first selectman if no such local department existed). Permits are of three classes, A,B,C :

Class A - an annual permit which allows organizations to conduct at least 15 but not more than 40 bingo games one-day-per-week.

Class B - annual permits which allow organizations to conduct at least 15 but not more than 40 bingo games per day for a maximum of ten successive days. Only one class B permit will be issued to any organization in any twelve month period.

Class C - an annual permit which allows organizations to conduct at least 15 but not more than 40 bingo games one-day-per-month.

Under the old law there were three classes of permits allowed: Class A, B and C. PA 86-419 eliminated the Class A permit which was valid for one day. The act renamed the permits previously called B and C as the new Class A and B. PA 92-17 (MSS) added a new class C permit.

Bingo Permit Fees: Bingo permit fees under PA 86-419 were \$75 for Class A and \$50 for Class B. The fee established for the new class C bingo permit under PA 92-17 (MSS) is \$50. All revenue from bingo permit fees goes to the General Fund.

Bingo Tax

1. The bingo tax applies to all organizations.
2. A 5% rate is applied to receipts remaining after prizes are paid instead of to all gross receipts (as it was prior to 1986).
3. Bingo organizations must pay the tax with their 10 day return.

Bingo Prize Structure

1. Organizations have the option of making the first and last games in a day winner-take-all games. Such games may have a maximum prize of \$500 per game. The game could be one game or a series of games until all of the money wagered has been won in prizes. The following example is an illustration:

WINNER-TAKE-ALL-GAME

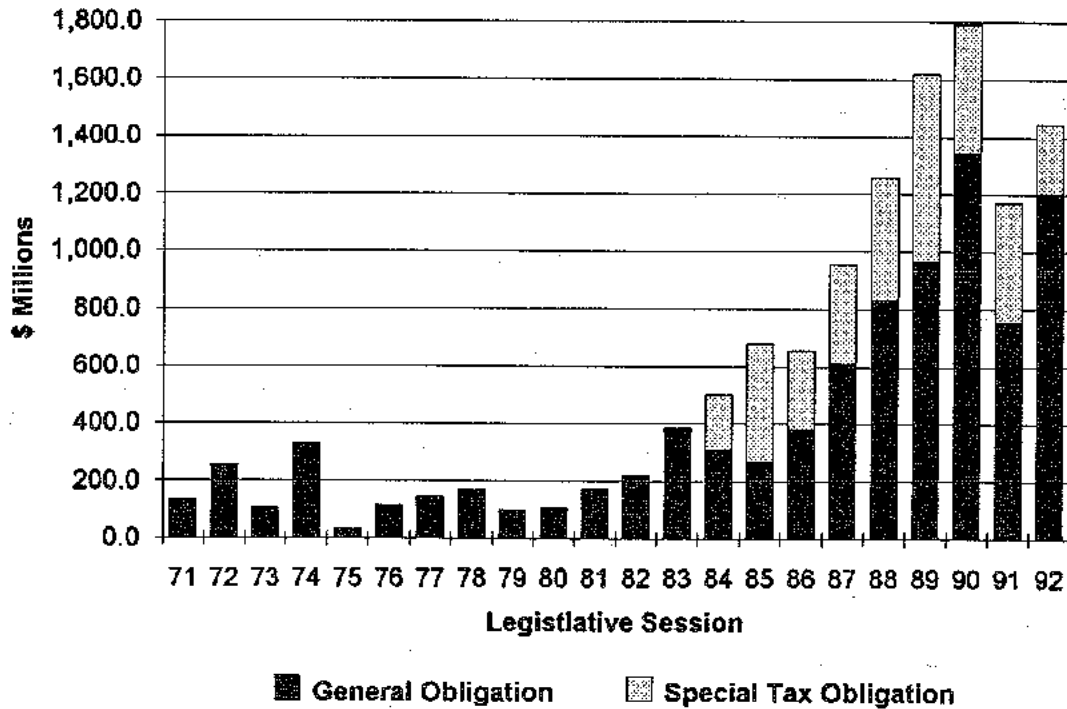
Gross Wager	\$2,000
5% State Tax	-100
Amount available for prizes	\$1,900

2. Organizations may offer a series of three \$500 prize games and one \$400 prize game.
3. Individual prizes for all other games are limited as follows:
two \$200 prizes - \$200 prize each game
four \$100 prizes - \$100 prize each game
All other prizes - not to exceed \$50
4. Door prizes valued at up to \$200. More than one door prize may be awarded per day but the total value may not exceed \$200, the limit on the single door prize's value.
5. Prizes may be paid in cash, merchandise, lottery tickets or personal property.

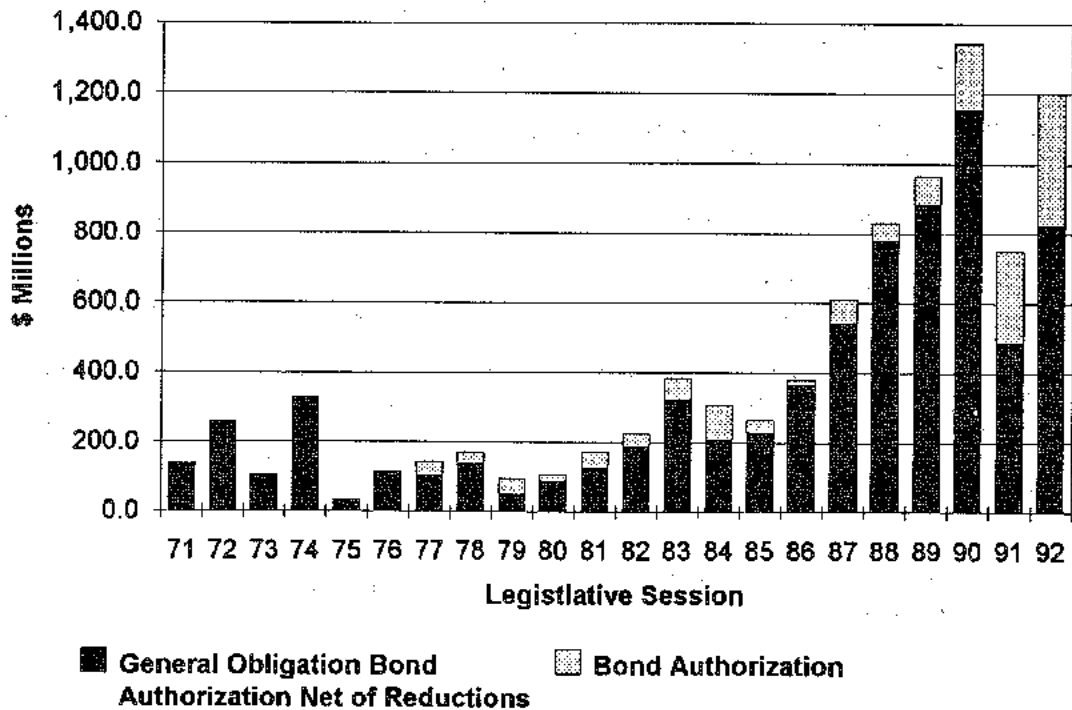
Sealed Tickets: "Sealed ticket" sales were legalized by P.A. 86-419. A sealed ticket is a card with pull tabs that expose various symbols. The ticket entitles the holder to a prize if the symbols match a winning combination. Permittees and organizations which hold a club permit or nonprofit club liquor permit, but which are not authorized to conduct bingo are authorized to sell tickets. A minimum profit of 10% must be retained from ticket sales. Tickets must still be purchased from the Division for 10% of their resale value. PA 89-214 allows such bingo permittees and organizations to operate money wheels and provide 50-50 coupon games. The permit fee is as follows:

Class A bingo permit	\$50
Class B bingo permit	\$ 5 per day
Club or nonprofit club permit	\$75

Bond Authorizations 1971 - 1992



General Obligation Bond Authorizations



**GENERAL OBLIGATION BOND AUTHORIZATIONS
FISCAL YEAR 1972-1991
(\$ Millions)**

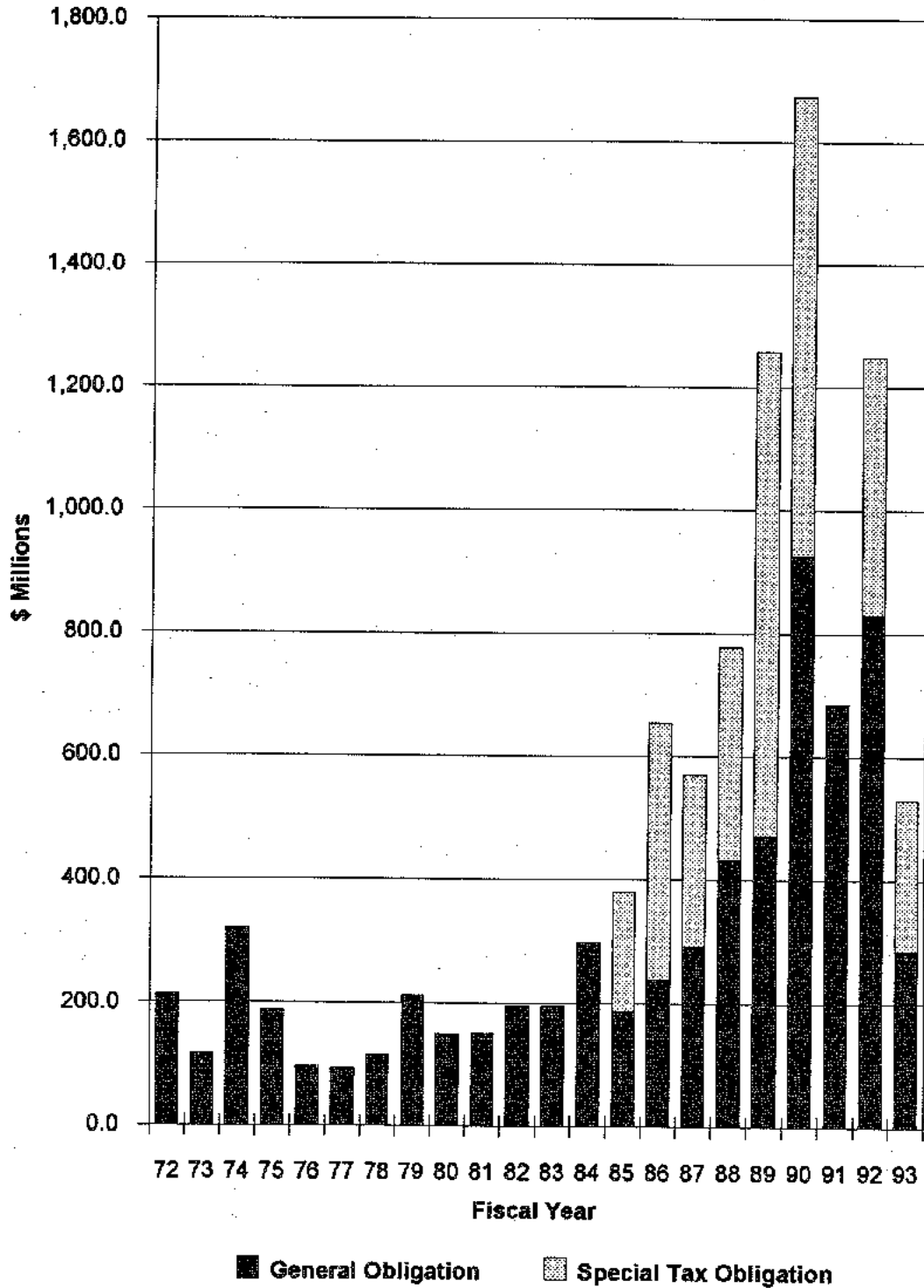
Fiscal Year	Legislative Session	Total Authorizations	Tax Supported	Self Liquidating	Reductions	Net (Total Auth. - Reductions)
1972	1971	\$137.0	\$137.0	\$0	\$0	\$137.0
1973	1972	256.8	256.8	0	0	256.8
1974	1973	106.1	106.1	0	0	106.1
1975	1974	328.31	328.31	0	0	328.31
1976	1975	34.4	34.4	0	0	34.4
1977	1976	117.4	117.4	0	0	117.4
1978	1977	145.1	145.1	0	41.8 [1]	103.3
1979	1978	169.75	166.55	3.2	31.96	137.6
1980	1979	98.0 [2]	82.25	3.6	47.86	50.14
1981	1980	108.35	105.25	3.1	19.83	88.52
1982	1981	172.365	160.695	11.67	46.2	126.165
1983	1982	223.038	221.138 [3]	1.9	37.3	185.538
1984	1983 [4]	384.205	382.33 [5]	1.875	64.995	319.21
1985	1984	307.776	296.901	10.875	100.466	207.31
1986	1985	265.76	262.225	3.535	39.127	226.633
1987	1986	379.0005	371.6005	7.4	15.858	363.1425
1988	1987	610.477	584.977	25.5	70.596	539.881
1989	1988	829.343	804.193	25.15	51.107	778.236
1990	1989	963.87	953.26	10.6	82.8	881.07
1991	1990 [6]	1,342.5 [7]	1,285.076	57.424	190.057	1,152.443
1992	1991	720.522	677.720	52.8	236.665	483.957
1993	1992	1,200.0	891.670	42.2	317.944	822.056

- [1] \$27.7 million tax supported, \$14.4 million self-liquidating
 [2] Includes \$12.15 million from the calendar 1979, October Special Session.
 [3] Includes \$34 million for various programs related to the June 1982 flood disaster.
 [4] Does not include \$100 million in revenue bonding for Bradley International Airport.
 [5] Includes \$36.3 million from the Calendar 1983, October Special Session.
 [6] Does not include \$100 million in revenue bonding for the Clean Water Program.
 [7] Includes \$130.85 million in old projects that were cancelled and reauthorized.

Special Tax Obligation Bond Authorizations

Fiscal Year	Legislative Session	Total Authorizations	Reductions	Net (Total Auth. - Reductions)
1985	1984	193.11	0	\$193.11
1986	1985	415.4	0	415.11
1987	1986	278.6	0	278.6
1988	1987	344.971	0	344.971
1989	1988	429.86	0	429.86
1990	1989	655.4	0	655.4
1991	1990	451.265	0	451.265
1992	1991	419.465	0	419.465
1993	1992	244.135	0	244.135

General and Special Tax Obligation Bond Allocations FY 72 - FY 93*



*FY 93 allocations as of 10/92.

**BOND COMMISSION ALLOCATIONS
FISCAL YEAR 1969-1993
(millions)**

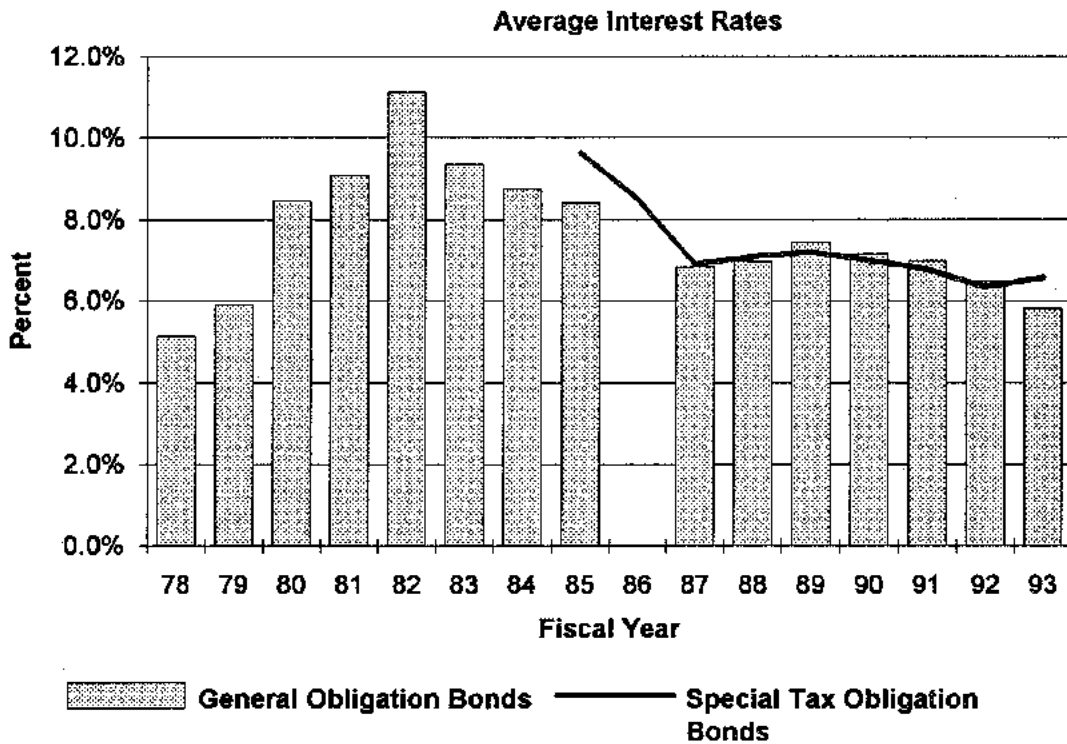
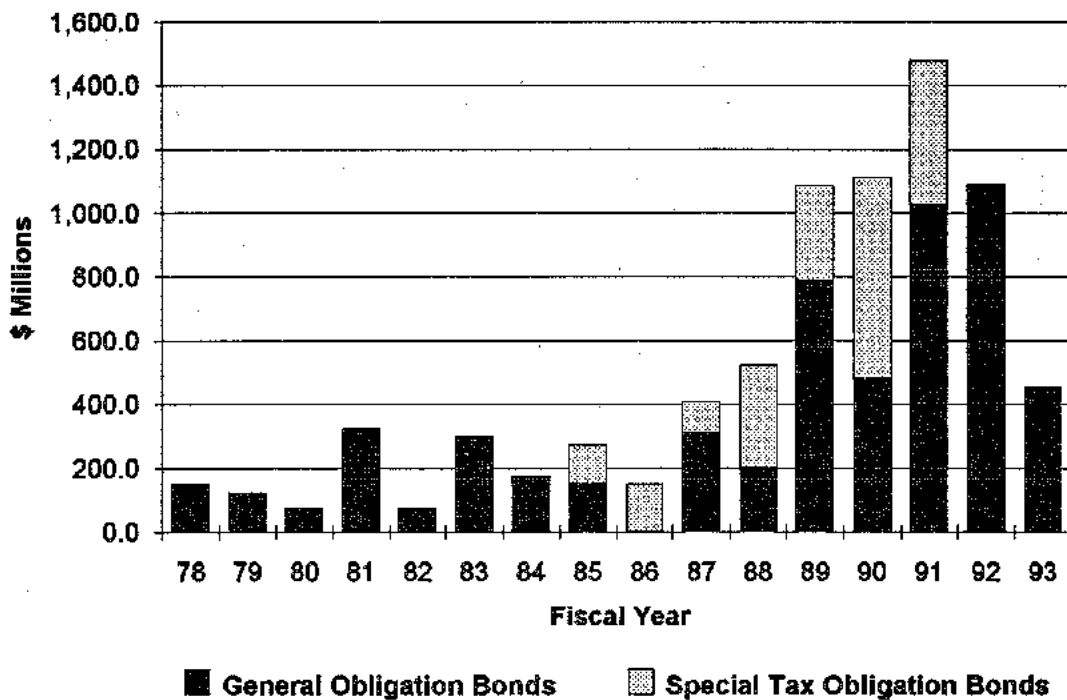
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Transportation Revenue Bonds</u>
1969	\$275.6	
1970	390.5	
1971	367.4	
1972	213.9	
1973	117.3	
1974	319.8	
1975	188.2	
1976	97.0	
1977	94.1	
1978	116.3	
1979	212.4	
1980	150.6	
1981	151.4	
1982	196.1	
1983 [1]	195.5	
1984	298.5	
1985	187.8	193.1
1986	238.7	415.4
1987	291.1	278.6
1988	432.3	344.971
1989	469.9	787.86 [2]
1990	925.0	748.7 [3]
1991	684.7	0.0
1992	830.1	419.5
1993	459.8(as of 12/92)	244.1(as of 12/92)

[1] Does not include \$100 million in revenue bonding for Bradley International Airport.

[2] A total of \$358 million was authorized and allocated in FY 1989.

[3] A total of \$451.3 million was authorized and allocated in FY 1990.

State Bond Sales General and Special Tax Obligation Bonds FY 78 - FY 93



**STATE BOND SALES
WITH ASSOCIATED INTEREST RATES
FISCAL YEAR 1978-1991**

Fiscal Year	Month of Issue	General Obligation (000,000)	Transportation Special Tax Obligation (000,000)	Clean Water Fund
1978	October, 1977	\$150		
1979	February, 1979	125		
1980	March, 1980	75		
1981	October, 1980	100		
	February, 1981	125		
	April, 1981	100		
1982	April, 1982	75		
1983	August, 1982	100		
	October, 1982	100		
	March, 1983	100		
1984	October, 1983	100		
	April, 1984	75		
1985	November, 1984	100		
	November, 1984		125	
	May, 1985	50		
1986	October, 1985		150	
1987	July, 1986	159.5 [2]		
	July, 1986	150		
	August, 1986		100	
1988	September, 1987		125	
	December, 1987	200		
	March, 1988		125	
	June, 1988		75	
1989	August, 1988	182.7		
	October, 1988		150	
	November, 1988	185.6		
	(Taxable)			
	December, 1988	100		
	(College Savings)			
	February, 1989		150	
	March, 1989	175		
	May, 1989	144.9		
	(College Savings)			
1990	July, 1989		178.7	
	August, 1989	150.7		
	November, 1989	110.3		
	(College Savings)			
	December, 1989		200	
	January, 1990	71.8		
	(Taxable)			
	March, 1990	150		
	May, 1990		250	
1991	July, 1990	325		
	September, 1990	200		
	November, 1990	130.6		
	(Part Coll Save)			
	December, 1990		250	
	December, 1990	51.6		
	(Taxable)			
	January, 1991			100
	March, 1991	200		
	May, 1991	121.5		
	(Part Coll. Save)			
		125		

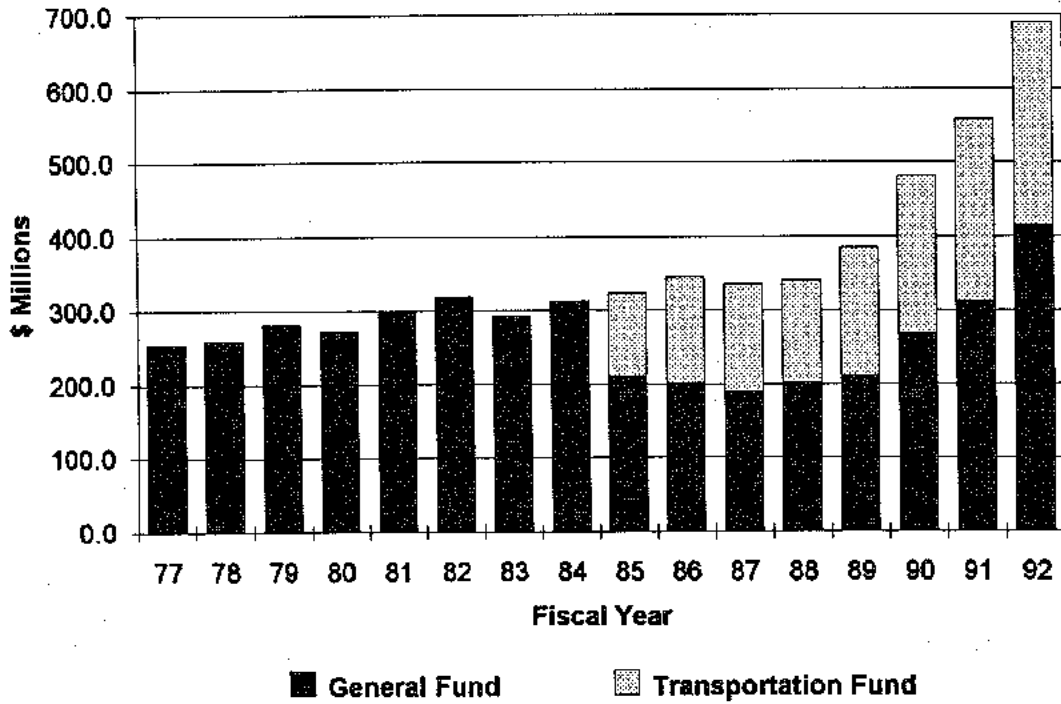
Fiscal Year	Month of Issue	General Obligation (000,000)	Transportation Special Tax Obligation (000,000)	Clean Water Fund
1992[3]	June, 1991		200	
	September, 1991			
	October, 1991		266	
	December, 1991 (Part Coll., Part Refund, Part New)	143		
	December, 1991 (Taxable)	54.4		
	January, 1992			105
	January, 1992 (Refunding)		125.7	
	March, 1992	465		
	May, 1992 (Part Coll., Part Refund, Part New)	429.2		
	1993	September, 1992		275
September, 1992 (Refunding)		216.3		
November, 1992 (Part Coll.)		239.1		

[1] The interest rate borne by the bonds in each issue varies with maturity. The rate shown is the average over the life of the issue.

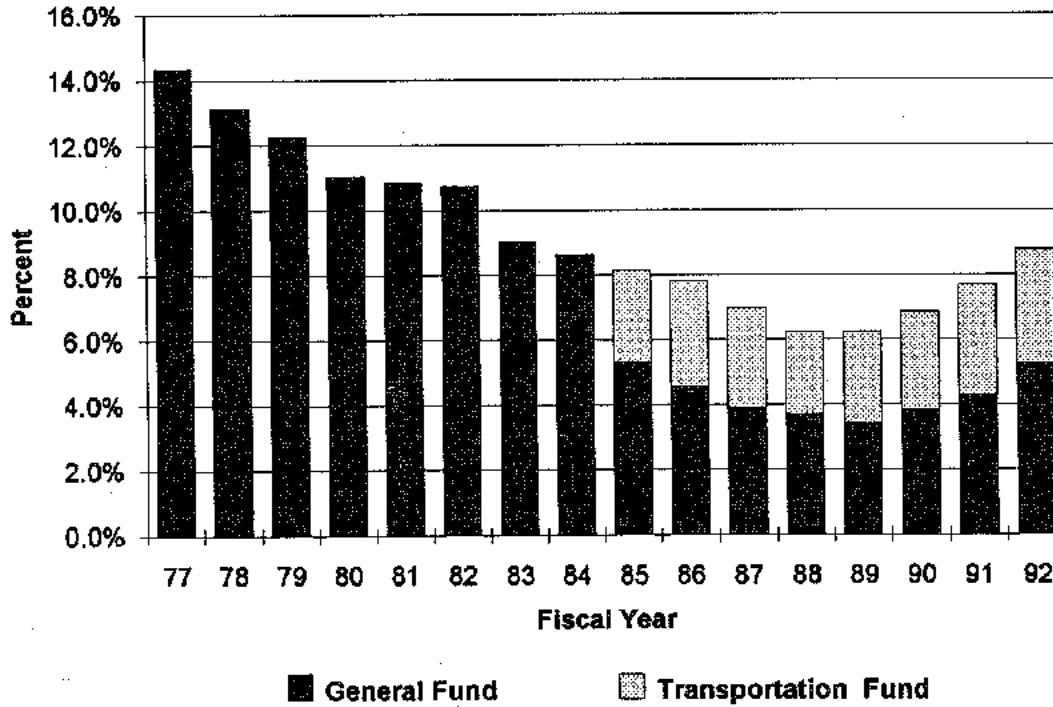
[2] These bonds were issued to refund \$137,500,000 in general obligation bonds remaining from the April 1981, April 1982 and August 1982 issues.

[3] In September and October of 1991 640.7 and 325 million in Economic Recovery Notes was issued to finance the state's budget deficit.

General Fund and Transportation Fund Debt Service FY 77 - FY 92



Debt Service as a Percent of Combined Total Expenditure



**GENERAL FUND DEBT SERVICE AS A PERCENT OF THE BUDGET
FISCAL YEARS 1979-1993**

Fiscal Year		Debt Service Expenditures	Total Expenditure	% Debt Service is of Total Budget
1979	[1]	280.2	2,286.4	12.2%
1980	[1]	272.1	2,458.3	11.1%
1981		296.3	2,726.6	10.9%
1982		318.9	2,968.6	10.7%
1983		292.6	3,241.8	9.0%
1984		312.9	3,624.6	8.6%
1985	[2] GF	209.8	3,615.8	5.8%
	TF	113.1	348.4	32.5%
	Combined	322.9	3,964.2	8.1%
1986	GF	200.3	3,962.2	5.1%
	TF	145.3	451.6	32.2%
	Combined	345.6	4,413.8	7.8%
1987	GF	188.5	4,356.2	4.3%
	TF	146.6	448.1	32.7%
	Combined	335.1	4,804.3	6.9%
1988	GF	201.9	4,966.6	4.1%
	TF	138.3	504.3	27.4%
	Combined	340.2	5,470.9	6.2%
1989	GF	210.4	5,596.1	3.8%
	TF	174.3	573.8	32.0%
	Combined	386.7	6,169.9	6.3%
1990	GF	267.6	6,374.2	4.2%
	TF	213.1	625.9	35.3%
	Combined	480.7	7,000.1	7.0%
1991	[3] GF	310.4	6,639.9	4.7%
	TF	247.3	618.4	40.0%
	Combined	557.7	7,258.3	7.7%
1992	GF	413.1	7,225.2	5.7%
	TF	277.1	644.2	43.0%
	Combined	690.2	7,869.4	8.8%
1993	(B)GF	451.6	7,928.9	5.7%
	(B)TF	331.5	769.6	43.1%
	Combined	783.1	8,698.5	9.0%

[1] The figures shown for these years have been adjusted to reflect the use of surplus funds from prior fiscal years.

[2] PA 84-254 established a Transportation Fund (TF) from which all transportation-related debt service must be paid.

[3] Includes a \$39 million debt service payment in FY 91 for housing-related bonds by the Connecticut Housing Finance Authority.

BOND RATINGS FOR THE STATE OF CONNECTICUT

	Standard & Poor		Moody's		Fitch	
	GO	STO	GO	STO	GO	STO
1973 - 5/75	AAA		AAA			
5/75 - 10/75	AA		AAA			
10/75 - 4/76	AA		AA			
4/76 - 10/77	AA		A			
10/77 - 7/81	AA		AA			
7/81 - 10/84	AA-		AA			
11/84 - 10/85	AA		AA			
10/85 - 6/86	AA	AA-	AA1	A		
6/86 - 3/90	AA+	AA	AA1	A1		
3/90 - 9/91	AA	AA-	AA	A1	AA+	AA-
9/91 - present	AA-	AA-	AA	A1	AA+	AA-

Source: State Treasurer's Office

Note:

- [1] Bond rating indicates general obligation bond rating:
 AAA = Best quality
 AA1 = Higher quality
 AA = High quality
 A = Upper medium grade
 BAA = Medium grade
- [2] GO indicates General Obligation Bonds
 STO indicates Special Tax Obligation Bonds
- [3] Fitch Investor Services were added for the April 1, 1990 issue.

STATE DEBT LIMITATIONS

<u>Fiscal Year</u>	<u>Statutory Debt Limitation [1]</u> (000)	<u>Aggregate Indebtedness [2]</u> (Adjusted) (000)	<u>Indebtedness as % of Debt Limitation</u>	<u>Aggregate Excess of Debt Limitation Over Agg. Net Indebtedness</u> (000)
1974	\$ 5,248,477	\$ 2,217,285	42.3%	\$ 3,031,189
1975	5,223,044	2,259,056	43.3	2,963,988
1976	4,963,052	2,360,892	47.6	2,602,160
1977	6,146,886	2,350,579	38.2	3,796,307
1978	6,090,791	2,293,477	37.7	3,797,314
1979	6,395,749	2,203,002	34.5	4,192,747
1980	7,166,737	2,208,840	30.8	4,957,897
1981	7,670,663	2,205,213	28.8	5,465,450
1982	8,606,735	2,151,086	25.0	6,455,649
1983	9,798,643	2,151,083	22.0	7,647,560
1984	10,720,098	2,113,333	19.7	8,606,766
1985	13,118,713	2,018,563	15.4	11,100,150
1986	14,143,453	1,831,558	13.0	12,311,896
1987	15,404,219	1,776,208	11.5	13,628,012
1988	17,541,103	2,388,707	13.6	15,152,396
1989	19,458,209	2,906,132	14.9	16,552,077
1990	21,315,279	3,089,903	14.5	18,225,376
1991	21,315,279	3,673,170	17.2	17,642,109
1992	8,559,520	7,226,586	84.4	1,332,934

[1] For years from 1974-1991 Section 3-21 CGS stipulated that when issuing debt (principally bonds and notes) the state could not exceed 4.5 times the total General Fund tax receipts during the previous fiscal year which ended not less than three or more than fifteen calendar months prior to such issuance.

For years beginning after 1991 Section 3-21 CGS as amended, set forth the debt limit as 1.6 times the total general fund tax receipts for the fiscal year in which any such authorization will become effective, as estimated by the Joint Standing Committee on Finance, Revenue, and Bonding of the General Assembly in accordance with Section 2-35 CGS.

[2] In computing adjusted aggregate indebtedness for comparison with the debt limitation Section 3-21 provides for the following additions and deductions to the total debt outstanding:

Additions:

1. Bonds and notes guaranteed by state

Deductions:

1. Revenue (tax) anticipation notes
2. Refunding or replacing indebtedness
3. Bond anticipation notes
4. Obligations payable solely from revenues of a particular public improvement
5. Aggregate value of cash and securities in debt retirement funds of the state to be used to meet principal of debt outstanding
6. All amounts certified by Secretary of Office of Policy and Management as estimated payments on account of the costs of any public improvement to be reimbursed to the state by the Federal Government and to be used to pay principal.

A COMPARISON OF GENERAL AND TRANSPORTATION FUNDS [1]

BUDGETED VS. ACTUAL EXPENDITURES (UNADJUSTED)

FISCAL YEARS 1976-1992

Function of Government	1976			1977		
	Budgeted	Actual	Actual as a % of Total	Budgeted	Actual	Actual as a % of Total
Legislative	\$ 6,126,394	\$ 6,206,832	0.4	\$ 6,589,710	\$ 7,353,578	0.4
General Government	124,247,123	113,828,126	6.8	102,682,219	100,746,609	5.7
Regulation & Protection	50,027,538	46,560,545	2.8	48,806,497	49,023,874	2.8
Conservation & Development	14,325,620	13,636,289	0.8	14,470,423	14,357,827	0.8
Health & Hospitals	134,301,896	125,614,297	7.5	128,113,000	128,206,391	7.2
Transportation	116,202,667	110,907,304	6.6	121,302,266	118,235,948	6.7
Welfare	374,758,834	394,898,847	23.6	416,646,000	417,736,438	23.6
Education, Libraries & Museums	461,991,815	463,562,555	27.6	483,731,748	477,278,462	26.9
Corrections	32,122,190	35,558,512	2.1	40,552,700	43,099,796	2.4
Judicial	31,033,609	30,340,511	1.8	32,702,993	31,761,357	1.8
Non-Functional	337,547,344	336,028,941	20.0	398,270,043	383,605,570	21.7
Total General Fund	\$1,682,685,030	\$1,677,142,759		\$1,793,867,599	\$1,771,405,850	
Less: Estimated Lapses	(6,138,000)	-		-	-	
Net General Fund	\$1,676,547,030	\$1,677,142,759	100.0	\$1,793,867,599	\$1,771,405,850	100.0

Function of Government	1978			1979		
	Budgeted	Actual	Actual as a % of Total	Budgeted	Actual	Actual as a % of Total
Legislative	\$ 6,870,515	\$ 6,969,105	0.4	\$ 8,780,857	\$ 8,927,408	0.4
General Government	113,254,085	115,976,184	6.0	127,497,300	115,865,888	5.4
Regulation	57,908,613	58,293,284	3.0	66,081,850	62,866,369	2.9
Conservation & Development	16,530,802	16,881,789	0.9	20,139,300	28,185,933	1.2
Health & Hospitals	141,151,216	148,285,600	7.7	169,296,700	167,989,238	7.8
Transportation	119,259,065	131,587,169	6.8	145,148,600	141,568,631	6.6
Welfare	472,973,489	475,580,762	24.7	508,716,730	537,023,912	24.9
Education, Libraries & Museums	526,926,301	527,415,119	27.4	576,626,390	583,642,034	27.1
Corrections	47,492,665	51,617,717	2.7	87,365,000	83,237,093	3.9
Judicial	34,467,232	35,196,425	1.8	38,841,652	45,361,686	2.1
Non-Functional	408,681,886	358,608,678	18.6	413,839,259	381,751,813	17.7
Total General Fund	\$1,945,515,851	\$1,926,411,832		\$2,162,333,638	\$2,156,420,005	
Less: Estimated Lapses	(20,000,000)	-		(27,000,000)	-	
Net General Fund	\$1,925,515,851	\$1,926,411,832	100.0	\$2,135,333,638	\$2,156,420,005	100.0

Function of Government	1980			1981		
	Budgeted	Actual	Actual as a % of Total	Budgeted	Actual	Actual as a % of Total
Legislative	\$ 8,708,618	\$ 9,229,605	0.4	\$ 11,424,185	\$ 11,680,789	0.4
General Government	115,702,337	125,129,970	5.2	134,661,621	134,586,401	4.9
Regulation & Protection	63,399,866	66,153,227	2.8	73,031,116	69,735,878	2.6
Conservation & Development	30,852,053	22,379,298	0.9	22,760,143	23,021,413	0.8
Health & Hospitals	176,879,842	193,960,915	8.0	217,906,171	228,517,205	8.3
Transportation	150,389,207	157,496,214	6.6	157,626,354	163,661,050	6.0
Welfare	588,181,942	598,832,649	24.9	663,678,085	663,537,770	24.2
Education, Libraries & Museums	629,679,962	636,624,268	26.5	727,812,216	722,479,160	26.4
Corrections	88,808,000	93,595,998	3.9	99,934,446	103,669,989	3.8
Judicial	47,699,729	49,781,063	2.1	55,660,442	55,301,675	2.0
Non-Functional	486,091,255	448,128,618	18.7	578,480,223	562,826,195	20.6
Total General Fund	\$2,386,392,811	\$2,401,311,825		\$2,742,975,002	\$2,739,017,515	
Less: Estimated Lapses	(30,000,000)	-		(35,000,000)	-	
Net General Fund	\$2,356,392,811	\$2,401,311,825	100.0	\$2,707,975,002	\$2,739,017,515	100.0

Function of Government	1982			1983		
	Budgeted	Actual	Actual as a % of Total	Budgeted	Actual	Actual as a % of Total
Legislative	\$ 12,451,489	\$ 12,479,003	0.4	\$ 14,994,282	\$ 14,905,615	0.5
General Government	176,343,279	174,826,186	5.9	189,120,126	186,845,148	5.8
Regulation & Protection	77,390,421	75,223,808	2.5	82,275,987	82,501,625	2.6
Conservation & Development	24,380,228	24,366,801	0.8	27,944,024	28,750,069	0.9
Health & Hospitals	244,586,185	249,039,879	8.4	274,428,215	281,161,585	8.6
Transportation	164,152,703	175,911,090	5.9	171,488,086	172,209,516	5.3
Welfare	729,516,460	716,593,270	24.2	752,927,319	799,212,142	24.6
Education, Libraries & Museums	801,154,048	790,414,374	26.6	886,808,860	894,443,183	27.5
Corrections	119,346,545	112,931,066	3.8	127,563,498	132,515,571	4.1
Judicial	59,427,639	58,498,192	2.0	63,588,250	66,464,334	2.1
Non-Functional	611,327,875	577,614,130	19.5	640,362,039	583,138,457	18.0
Total General Fund	\$3,020,076,872	\$2,967,897,799		\$3,231,500,686	\$3,242,147,255	
Less: Estimated Lapses	(54,551,000) [2]	-		(36,250,000)	-	
Net General Fund	\$2,965,525,872	\$2,967,897,799	100.0	\$3,195,250,686	\$3,242,147,255	100.0

Function of Government	1984			1985		
	Budgeted	Actual	Actual as a % of Total	Budgeted	Actual	Actual as a % of Total
Legislative	\$ 16,068,812	\$ 15,877,024	0.4	\$ 19,265,450	\$ 18,597,364	0.5
General Government	219,762,435	236,241,891	6.5	249,832,551	274,485,791	7.6
Regulation & Protection	93,901,782	93,578,529	2.6	103,305,589	103,252,644	2.9
Conservation & Development	31,881,489	31,607,545	0.9	34,122,983	34,404,796	0.9
Health & Hospitals	319,895,093	314,895,066	8.6	351,743,517	349,235,217	9.7
Transportation	186,924,973	186,773,116	5.2	0	8,458,209	0.2
Welfare	891,312,317	893,467,340	24.7	969,715,038	900,522,022	24.9
Education, Libraries, & Museums	1,011,965,689	997,758,173	27.5	1,096,270,185	1,095,610,037	30.3
Corrections	149,130,503	147,920,637	4.1	162,648,952	163,601,952	4.5
Judicial	78,094,822	77,382,535	2.1	85,052,375	85,719,819	2.4
Non-Functional	645,140,825	628,916,447	17.4	637,264,255	581,952,568	16.1
Total General Fund	\$3,644,078,740	\$3,624,418,303		\$3,709,220,915	\$3,615,840,419	
Less: Estimated Lapses	(54,000,000)	-		(49,000,000)	-	
Net General Fund	\$3,589,578,740	\$3,624,418,303	100.0	\$3,660,220,915	\$3,615,840,419	100.0

Transportation				241,114,750	235,236,479	67.5
Non-Functional				6,438,000	113,122,667	32.5
Total Transportation Fund				\$337,552,750	\$348,359,146	
Less: Estimated Lapses				(2,500,000)	-	
Net Transportation Fund				\$335,052,750	\$348,359,146	100.0

Function of Government	1986			1987		
	Budgeted	Actual	Actual as a % of Total	Budgeted	Actual	Actual as a % of Total
Legislative	\$ 20,123,186	\$ 19,420,872	0.5	\$ 22,537,402	\$ 21,853,621	0.5
General Government	264,978,123	262,867,535	6.6	289,433,722	290,872,754	6.6
Regulation & Protection	115,698,428	119,464,965	3.0	127,302,707	135,253,515	3.1
Conservation & Development	40,171,723	39,388,126	1.0	43,664,209	43,817,993	1.0
Health & Hospitals	429,121,217	405,021,925	10.2	488,146,422	481,665,422	11.0
Transportation	32,000	5,463,628	0.1	0	101,205	-
Welfare	999,030,076	979,073,796	24.7	1,059,631,925	1,065,313,342	24.3
Education, Libraries & Museums	1,228,407,093	1,219,007,188	30.6	1,297,964,793	1,309,588,479	29.9
Corrections	166,872,987	187,129,971	4.7	209,531,694	208,352,252	4.7
Judicial	85,574,974	85,491,126	2.1	93,338,429	94,373,481	2.2
Non-Functional	662,360,326	655,129,999	16.5	734,919,722	734,646,804	16.7
Total General Fund	\$4,032,370,133	\$3,977,459,131		\$4,366,471,025	\$4,385,838,868	
Less: Estimated Lapses	(60,000,000)	-		(70,000,000)	-	
Net General Fund	\$3,972,370,133	\$3,977,459,131	100.0	\$4,296,471,025	\$4,385,838,868	100.0
Transportation	308,790,398	307,700,485	68.1	272,732,000	291,135,560	65.8
Non-Functional	118,900,000	143,876,446	31.9	166,200,000	151,598,193	34.2
Total Transportation Fund	\$427,690,398	\$451,576,931		\$438,932,000	\$442,733,753	
Less: Estimated Lapses	(2,500,000)	-		(3,200,000)	-	
Net Transportation Fund	\$425,190,398	\$451,576,931	100.0	\$435,732,000	\$442,733,753	100.0
Total Educational Excellence Trust Fund				\$89,165,496	\$72,509,371	100.0

Function of Government	1988			1989		
	Budgeted	Actual	Actual as a % of Total	Budgeted	Actual	Actual as a % of Total
Legislative	\$ 27,092,464	\$ 27,217,067	0.5	\$ 31,772,088	\$ 31,288,874	0.5
General Government	343,411,487	288,893,430	5.8	348,248,419	333,218,080	6.0
Regulation & Protection	159,997,371	156,637,342	3.2	180,941,424	167,454,668	3.0
Conservation & Development	54,087,108	50,882,351	1.0	58,805,505	57,438,577	1.0
Health & Hospitals	583,258,276	578,226,754	11.6	671,294,941	666,704,053	11.9
Transportation	0	0		67,000	50,000	0.0
Welfare	1,180,756,911	1,212,713,382	24.4	1,362,863,930	1,402,879,298	25.1
Education, Libraries & Museums	1,490,646,689	1,491,514,261	30.0	1,683,260,437	1,654,595,417	29.5
Corrections	241,787,219	246,781,720	5.0	291,080,726	293,871,616	5.3
Judicial	104,076,386	106,186,644	2.1	119,492,770	117,689,093	2.1
Non-Functional	809,800,541	807,498,242	16.4	944,780,538	870,952,379 (3)	15.6
Total General Fund	\$4,994,914,452	\$4,966,551,193		\$5,692,607,778	\$5,596,142,055	
Less: Estimated Lapses	(79,200,000)	-		(82,060,000)	-	
Net General Fund	\$4,915,714,452	\$4,966,551,193	100.0	\$5,610,547,778	\$5,596,142,055	100.0
General Government				2,300,000	2,079,972	0.4
Transportation	440,175,900	365,988,685	72.6	332,708,705	348,298,066	60.7
Non-Functional	156,976,000	198,330,830	27.4	203,955,000	223,411,703	38.9
Total Transportation Fund	\$597,151,900	\$504,319,515		\$538,963,705	\$573,789,741	
Less: Estimated Lapses	(3,500,000)	-		(3,500,000)	-	
Net Transportation Fund	\$593,651,900	\$504,319,515	100.0	\$535,463,705	\$573,789,741	100.0
Total Educational Excellence Trust Fund	\$129,158,793	\$132,603,304	100.0	\$206,713,470	\$204,724,831	100.0

Function of Government	1990			1991		
	Budgeted	Actual	Actual as a % of Total	Budgeted	Actual	Actual as a % of Total
Legislative	\$ 33,998,012	\$ 32,976,310	0.5	\$ 37,353,033	\$ 33,658,449	0.5
General Government	366,103,778	353,722,388	5.6	331,195,559	313,504,796	4.7
Regulation & Protection	173,318,706	166,000,239	2.6	174,877,409	163,970,570	2.5
Conservation & Development	55,518,166	56,329,031	0.9	55,737,622	53,909,472	0.8
Health & Hospitals	710,279,425	693,827,519	10.9	755,784,692	763,809,217	11.5
Transportation	0	0		0	0	
Human Services	1,561,190,417	1,664,439,564	26.1	1,856,378,013	2,032,651,386	30.6
Education, Libraries & Museums	1,986,458,544	1,984,330,077	31.1	1,891,815,946	1,881,269,115	28.3
Corrections	357,253,625	346,017,454	5.4	411,106,761	411,307,041	6.2
Judicial	129,260,184	125,772,105	2.0	143,936,257	138,739,390	2.1
Non-Functional	984,560,464	950,746,919	14.9	867,476,070	847,086,760	12.8
Total General Fund	\$6,357,941,322	\$6,374,161,606		\$6,525,661,362	\$6,639,906,196	
Less: Estimated Lapses	(118,642,638)	-		(95,674,353)	-	
Net General Fund	\$6,239,298,684	\$6,374,161,606	100.0	\$6,429,987,009	\$6,639,906,196	100.0
General Government	2,262,680	2,078,203	0.3	934,000	1,071,920	0.2
Transportation	355,062,788	363,210,185	58.0	327,863,757	329,672,449	53.3
Non-Functional	261,932,000	260,577,803	41.7	294,956,000	287,677,166	46.5
Total Transportation Fund	\$619,257,468	\$625,866,191		\$623,753,575	\$618,421,535	
Less: Estimated Lapses	(15,526,134)	-		(5,323,575)	-	
Net Transportation Fund	\$603,731,334	\$625,866,191	100.0	\$618,430,000	\$618,421,535	100.0

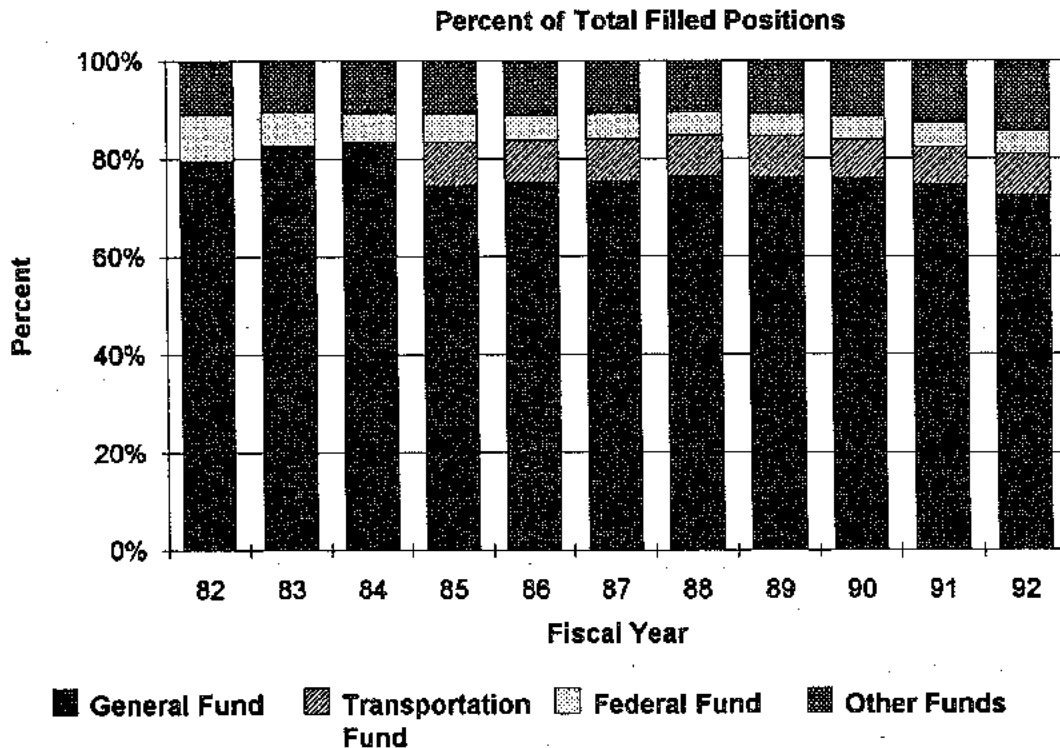
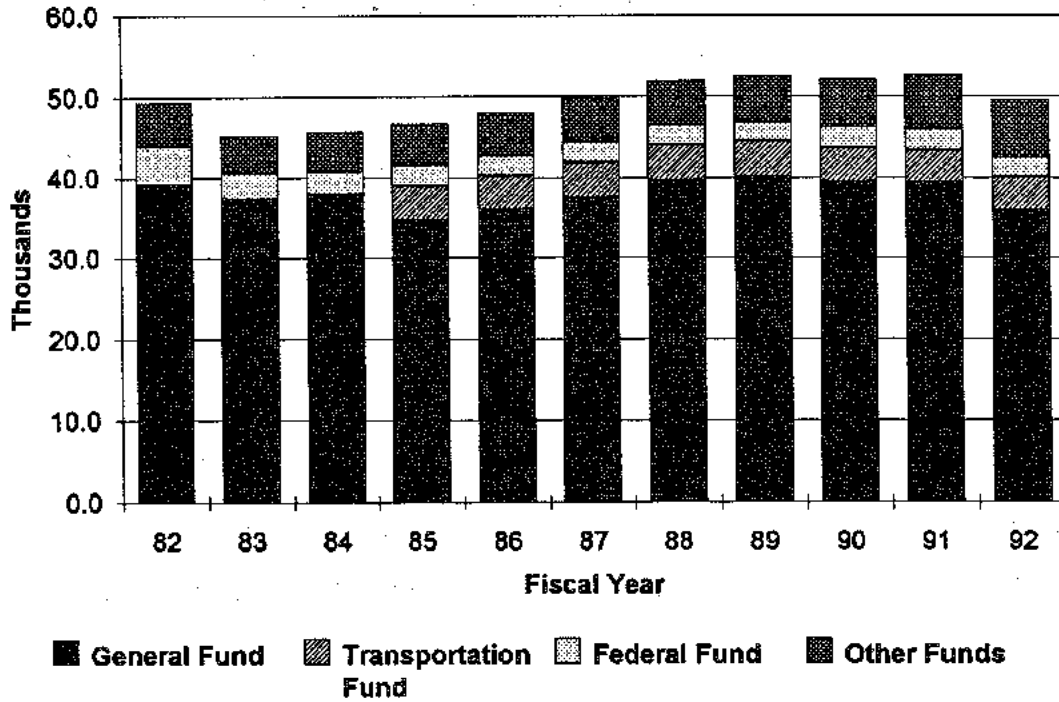
<u>Function of Government</u>	1992		<u>Actual as a % of Total</u>
	<u>Budgeted</u>	<u>Actual</u>	
Legislative	\$ 37,347,158	\$ 32,996,314	0.5
General Government	337,974,683	316,251,930	4.4
Regulation & Protection	115,775,249	101,889,886	1.4
Conservation & Development	51,126,028	47,687,001	0.7
Health & Hospitals	788,713,779	759,608,041	10.5
Transportation	0	0	
Human Services	2,332,377,056	2,548,111,734	35.1
Education, Libraries & Museums	2,039,953,279	1,996,930,878	27.5
Corrections	457,351,397	438,516,587	6.0
Judicial	150,482,380	140,664,548	1.9
Non-Functional	<u>1,116,818,679</u>	<u>872,527,981</u>	<u>12.0</u>
Total General Fund	\$7,427,919,688	\$7,255,184,900	
Less: Estimated Lapses	(458,723,753)	-	
Net General Fund	<u>\$6,969,195,935</u>	<u>\$7,255,184,900</u>	100.0.0
General Government	\$ 1,100,000	\$ 1,100,000	0.2
Regulation & Protection	38,473,081	35,684,085	5.5
Transportation	300,978,092	269,854,994	41.9
Non-Functional	<u>334,230,300</u>	<u>337,561,312</u>	<u>52.4</u>
Total Transportation Fund	\$674,781,473	\$644,200,391	
Less: Estimated Lapses	(16,311,894)	-	
Net Transportation Fund	<u>\$658,469,579</u>	<u>\$644,200,391</u>	100.0

[1] Budgeted expenditures are taken from the appropriation acts and actual figures are taken from the Annual Report of the State Comptroller, various years. Actual expenditures may include prior year appropriations which were carried forward to the next fiscal year. The Transportation Fund was included in the General Fund for Fiscal Years 1976 to 1984.

[2] The lapse amount shown includes \$19,551,000 in Appropriated Funds Not To Be Expended.

[3] Includes \$63.0 million from surplus for debt service.

Full time Positions As of June 30 FY 82 - FY 92



Source: Office of Policy and Management

State Employment

Full-Time Filled Positions as of June 30

Fund Source	FY82	FY83	FY84	FY85	FY86	FY87
General Fund	34,964	33,054	33,767	34,721	36,105	37,517
Transportation Fund	<u>4,224[1]</u>	<u>4,305[1]</u>	<u>4,279[1]</u>	<u>4,193</u>	<u>4,104</u>	<u>4,326</u>
Total	39,188	37,359	38,046	38,914	40,209	41,843
Federal Funds	4,783	3,126	2,716	2,654	2,544	2,506
Other Funds	<u>5,326</u>	<u>4,722</u>	<u>4,911</u>	<u>5,082</u>	<u>5,315</u>	<u>5,433</u>
Grand Total	49,297	45,207	45,673	46,650	48,068	49,782

Fund Source	FY88	FY89	FY90	FY91	FY92
General Fund	39,662	40,033	39,519	39,359	35,920
Transportation Fund	<u>4,360</u>	<u>4,441</u>	<u>4,248</u>	<u>4,068</u>	<u>4,165</u>
Total	44,022	44,474	43,767	43,427	40,085
Federal Funds	2,448	2,341	2,479	2,604	2,358
Other Funds	<u>5,547</u>	<u>5,765</u>	<u>5,925</u>	<u>6,682</u>	<u>7,128</u>
Grand Total	52,017	52,580	52,171	52,713	49,571

[1] Prior to FY 85 the Transportation positions were funded from the General Fund.

Source: Office of Policy and Management

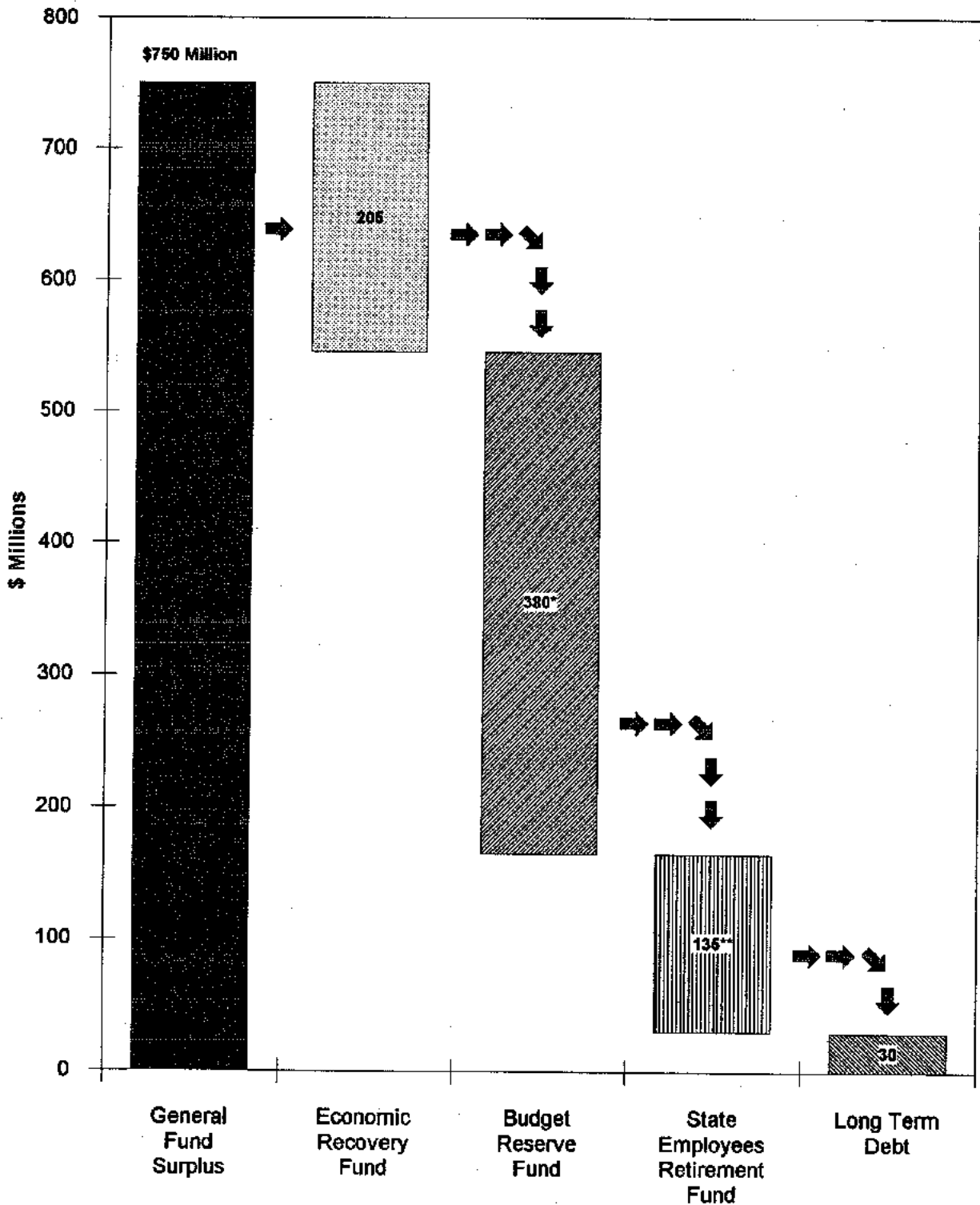
**USE OF GENERAL FUND SURPLUS
FROM OPERATIONS
FY 84 - FY 87.**

	Amount (Millions)	Percent
FY 83-84		
FY 1983 Carryover Deficit	\$ 47.9	22.2%
Transportation Fund	3.3	1.5
Budget Reserve	165.2	76.3
Total Surplus	<u>\$216.4</u>	<u>100.0%</u>
FY 84-85		
Local Infrastructure	\$214.1	54.1%
Plant Purchase	8.0	2.0
Budget Reserve	27.3	6.9
Highway Project	25.0	6.3
Local Revenue Sharing	20.0	5.1
Miscellaneous (SA 85-53)	22.2	5.6
Education	78.9	20.0
Total Surplus	<u>\$395.5</u>	<u>100.0%</u>
FY 85-86		
Budget Reserve	\$ 16.2	4.6%
Municipal Infrastructure	70.0	20.0
Transportation Fund	10.0	2.9
Municipal Liability	15.0	4.3
Education Excellence	100.0	28.5
Town Improvement	33.0	9.4
Municipal Solid Waste	10.0	2.9
Tele Access Lines	18.0	5.1
Miscellaneous	27.4	7.8
Debt Service	50.9	14.5
Total Surplus	<u>\$350.5</u>	<u>100.0%</u>
FY 86-87		
Municipal Tipping Fees	\$ 15.0	3.9%
Local Emergency Relief	5.0	1.3
Merrit & Wilbur Cross		
Pkwy - Toll Removal	2.7	0.7
Education Excellence	193.0	49.8
Budget Reserve	104.8	27.0
Health Services (AIDS)	4.3	1.0
Legislative Mgmt. - Studies	.1	
Debt Retirement	63.0	16.2
Total Surplus	<u>\$387.9</u>	<u>100.0%</u>

NOTE: Tax reductions for FY 85 and 86 estimated at \$27 million and \$37.9 million, respectively, were enacted after the passage of the original Appropriations Act for those years. These tax reduction estimates are also considered a use of surplus funds for those years.

SOURCE: Based upon information contained in the General Fund Statement of Unappropriated Surpluses, the Annual Report of the State Comptroller, various years.

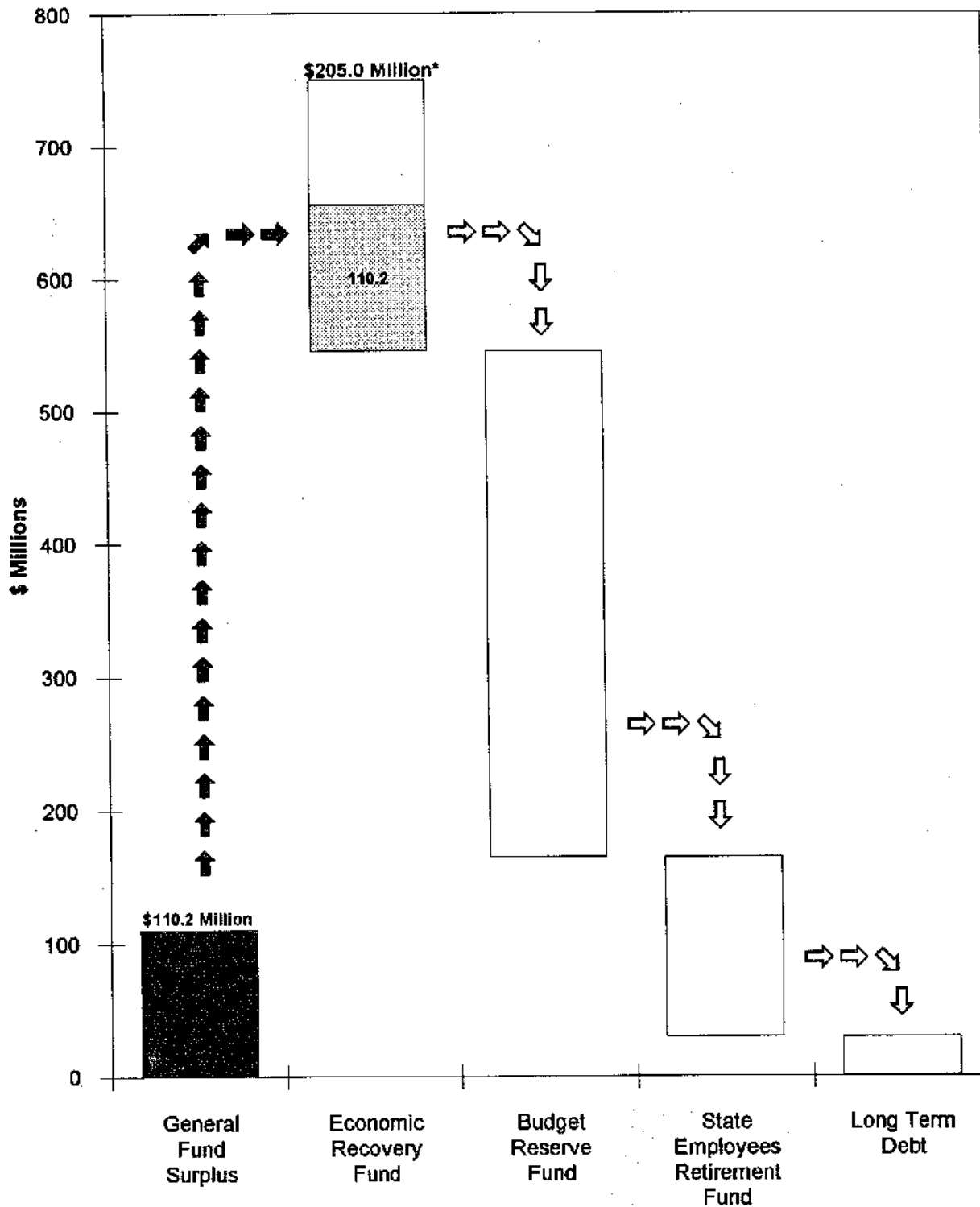
Flow of Funds from a Hypothetical \$750 Million General Fund Unappropriated "Surplus"



*5% Based on an assumed net appropriations of \$7.6 billion.

**5% Based on an assumed unfunded past service liability of \$2.7 billion.

General Fund Unappropriated "Surplus" FY 91 - FY 92



*First \$205 million is earmarked for the Economic Recovery Fund.

**BUDGET RESERVE FUND
(Rainy Day Fund)**

Legislative Changes

FY 79-80: PA 79-623 establishes a Budget Reserve Fund with the following provisions:

- a) Amount transferred to reserve fund: not less than 10% of the unappropriated surplus exceeding \$1 million was to be transferred to Budget Reserve Fund.
- b) Cap: Reserve Fund could not exceed 5% of the net General Fund appropriation.
- c) Use of Reserve Funds: Not specified (State Treasurer authorized to invest all or part of fund).
- d) Expenditure from Fund: Only at the request of the Governor and with approval of 2/3 of each house of the General Assembly.

FY 82-83: PA 82-443 revised the provisions of the fund as follows:

- a) Amount Transferred to Reserve Fund: The full unappropriated surplus would be transferred to the reserve fund until the amount equalled 5% of the net General Fund appropriation (rather than just 10% of any surplus in excess of @\$1 million).
- b) Use of Unappropriated Surplus Not Transferred to Reserve Fund: Used to reduce any state indebtedness (original act had no provision for this excess).
- c) Use of Reserve Funds: Reduce a state deficit from the preceding year (as well as use at the request of the Governor with approval of 2/3 of each house).

FY 83-84: PA 83-37 made the following revisions:

- a) Use of Unappropriated Surplus Not Transferred to Reserve Fund: Excess is to be used to retire state indebtedness over and above the normal debt.
- b) Use of Reserve Funds: Limited to pay for deficits only (Governor can no longer request use of fund, nor is it available for appropriation by the Legislature).

FY 85-86: PA 85-516 transferred \$6.7 million in investment income earnings of the Budget Reserve Fund to the General Fund.

FY 86-87: SA 87-42 increases for one year the percentage of FY 88 net General Fund appropriation going to the Budget Reserve Fund from 5 to 6.5%.

FY 88-89: SA 88-20 transfers \$73.75 million to the General Fund to finance FY 89 expenditures.

FY 91-92: Subsection (f) of Section 127 of PA 91-3 of the June Special Session requires any unappropriated surplus for FY 92, FY 93 and FY 94 up to \$205 million in any year to be transferred to the Economic Recovery Note Retirement Fund to be used to redeem prior to maturity outstanding notes issued to fund the deficit as of June 30, 1991.

FY 92-93: Section 6 of PA 92-205 appropriates any unappropriated surplus in excess of the amount required by the Budget Reserve (Rainy Day) Fund to the State Employees Retirement Fund up to an amount equal to 5 percent of the system's unfunded past service liability.

Note: Budget Reserve Fund monies not needed for cash flow purposes are invested in the State's Short Term Investment Fund. Beginning in FY 86 the investment earnings are credited to the General Fund as revenue. Formerly, earnings were credited to the Budget Reserve Fund. In FY 85 amount was \$6.9 million.

Source: Based upon information contained in the General Fund Statement of Unappropriated Surplus (Schedule B-1) and the State of Special Revenue Funds (Exhibit C), the Annual Report of the State Comptroller, various years.

STATES WITH RAINY DAY FUNDS, 1990

State	Method for Deposit	Method for Withdrawl
Alaska	By appropriation	By appropriation to cover disaster
California	Year-end surplus or by appropriation	Automatic transfer to cover shortfall or executive order to cover disaster
Colorado	4% appropriations	Automatic transfer to cover shortfall
Connecticut	Year-end surplus up to 5% General Fund appropriations (6.5% for FY 1988 only)	Automatic transfer to cover deficits
Delaware	Cap of 5% general revenues	By appropriation to cover deficits
Florida	Year-end surplus up to 10% prior year general revenues	By appropriation to cover shortfall
Georgia	Year-end surplus up to 3% general revenues	Automatic transfer to cover shortfall
Idaho	By appropriation	By appropriation
Indiana	= (Annual growth in personal income - 2%) X prior year general revenues	Automatic transfer if adjusted personal income growth rate less than 2%
Iowa	Year-end surplus up to 10% prior year general revenues	By appropriation
Kentucky	By appropriation	Transfer by governor to cover shortfall
Maryland	By appropriation	Transfer by governor if unemployment greater than 6.5%
Massachusetts	Year-end surplus up to 5% current year general revenues	By appropriation
Michigan	= (Annual growth in personal income - 2%) X prior year general revenues	Automatic transfer if adjusted annual growth rate in personal income is negative
Minnesota	By appropriation	By appropriation
Mississippi	25% of annual surplus up to 5% prior year general revenues	Transfer by Fiscal Management Board to cover shortfall
Missouri	By appropriation up to 5% of prior year general revenues	By appropriation
New Hampshire	Audited year-end surplus	Transfer with approval of Advisory Budget Control Committee and governor
New Jersey	Up to 50% surplus revenues	By appropriation

State	Method for Deposit	Method for Withdrawl
New Mexico	Surplus revenues up to 8% prior year appropriation	By appropriation to cover shortfall
New York	Year-end surplus up to 2% expenditures	By appropriation to cover deficit
North Dakota	Biennium-end surplus in excess of \$40 million	Governor may transfer if shortfall is atleast 5% of legisltive estimate
Ohio	General revenue in excess of certified biennial revenues	Automatic transfer if growth in general revenue is negative
Oklahoma	Automatic transfer up to 10% prior year general revenue	By appropriation
Pennsylvania	By appropriation	By appropriation
Rhode Island	40% lottery revenue	Automatic transfer to cover shortfall
South Carolina	Year-end surplus up to 3% General Fund revenues	Budget and Control Board transfers to cover year-end deficit
Tennessee	By appropriation	By appropriation to cover deficit
Texas	1/2 surplus revenue plus portion of oil and gas tax	By appropriation
Utah	Up to 3% surplus revenue but less than 6% prior year appropriation	By appropriation to cover deficit
Vermont	Surplus revenue up to 2% prior year appropriation	By state treasurer to cover General Fund deficit
Virginia	By appropriation	By governor to cover shortfall
Washington	= (projected growth in real personal income - 3%) X (prior year general revenue)	By appropriation
Wisconsin	By appropriation	By appropriation
Wyoming	Year-end surplus plus appropriations	By appropriation

Source: Eckl, C.L. Planning Ahead with Budget Stabilization Funds, The Fiscal Letter, March/April, 1990, pp. 6-11. National Conference of State Legislatures.

SPENDING LIMITATIONS
The Delaware Plan

The "Delaware Plan" is an expenditure limitation designed to limit appropriations in the state of Delaware to not more than 98% of estimated revenues. The limitation is authorized under the state's constitution. Specifically, this plan contains the following:

- 1) Appropriations cannot exceed 98% of estimated general fund revenue.
- 2) The two percent "surplus revenue" can be used, upon a 3/5 vote of the legislature, for "emergencies involving the health, safety, or welfare of the citizens of the state".
- 3) A "Budget Reserve Account" would be established with excess funds at the end of the fiscal year, provided the Account would not exceed 5% of the estimated revenue; any excess in the fund would be transferred for Grants-In-Aid for Urban problems. Any expenditure from the Account would require 2/3 vote of the Legislature.
- 4) Taxes could not be increased without a 3/5 vote of the Legislature.
- 5) Grants-in-Aid are limited to 1.2% of the budget and require a 3/4 vote of the Legislature.
- 6) New bonding authorizations are limited to 75% of the amount of debt retired in the prior year. A 3/4 vote of the Legislature is required for passage.

A related provision to the "Delaware Plan" was the establishment of an independent Economic and Financial Advisory Council to estimate expenditure and revenue growth. The 24 members are all appointed by the Governor and include: 5 legislators, 3 university faculty members, 3 cabinet secretaries, 2 other state officials, and 11 members from the business community. The legislature can amend the Council's estimates. The expenditures are estimated for one year and revenue for two years.

THE BOATING FUND

Fiscal Year	Collection Amount (000)	Yearly % Change	Base Changes
1982	\$2,445	-	PA 81-423: a) Eliminated the property tax on boats for 10/1/81 assessment year b) Revised the annual boat registration fee c) Established grant program [1] to reimburse towns for lost property tax revenue d) Required first \$600,000 in annual revenues go into Boating Fund [2]
1983	4,001	63.6	PA 82-282: Up to 2 vessels owned by a U.S. Coast Guard auxiliary flotilla are exempt from registration requirements PA 82-436: a) Amount of revenue received by Boating Fund is increased from to \$800,000 b) Registration fees change as follows: 1) Vessels less than 15 ft with motors less than 15 HP - \$15 fee (1/1/83) 2) Canoes with motors greater than 5 HP motors - \$15 fee 3) Vessel of non-profit org. - \$15 fee 4) Pontoon Boat (except house boats) - \$40 fee 5) Marine dealer's registration fee increased to \$25 from \$15
1984	3,907	(2.4)	PA 83-253 clarifies meaning of "use" as applied to vessels subject to registration. It also changes procedures for determination of funds available to reimburse town for enforcement and registration
1985	3,226	(17.4)	PA 84-495 reduces all registration fees by 25% (except canoes). The amount of revenues received by the Boating Fund is increased to \$1,000,000.
1986	3,394	5.2	PA 86-418 clarifies that any funds remaining in the Boating Fund together with boating fees would be used to fully reimburse towns on the 1978 list.
1987	3,734	10.0	PA 87-289 - An exemption is provided for vessels built by students of an educational institution (5/1/87).
1988	4,103	9.9	PA 88-316 - Owners of boats actively used in US Coast Guard Auxiliary operations are exempted from the first \$180 of the boat's registration fee.
1989	4,321	5.3	PA 89-23 - Owners of stolen, lost or destroyed boats with a Connecticut registration may register another boat in their name for the remainder of the first boat's registration period without paying an additional fee.
1990	4,493	4.0	
1991	4,329	(3.7)	
1992	4,356	6.2	

[1] Grant Program: Beginning December 30, 1982 towns receive a payment from annual collections equal to the property taxes received from vessels on the October 1, 1978 Grand List. Should the revenue collected be insufficient to reimburse towns at the 100% level, each town will receive a pro rata share.

[2] Boating Fund: Revenues deposited in the Boating Fund will be used to pay expenses incurred by the Departments of Environmental Protection and Motor Vehicles in registering vessels, enforcing boating safety laws and the provisions of this act. If additional funds are available they may be used to reimburse towns for expenditures on boating safety or improvements in boating facilities. (Effective October 31, 1981)

Source: Annual Report of the State Comptroller, various years.

Boating Fund Balance

Fiscal Year	DMV Revenue [1] (\$000)	DEP Expenses [2] (\$000)	DMV Expenses [3] (\$000)	OPM Expenses [4] (\$000)	Total Expenses (\$000)	Fund Balance (\$000)
1981	-	-	-	-	-	325.2
1982	2,445.0	526.0	120.0	2,382.9	3,028.9	(258.7)
1983	4,001.0	816.5	120.0	2,423.8	3,360.3	382.0
1984	3,907.0	846.3	120.0	2,399.7	3,366.0	923.0
1985	3,226.0	894.0	200.0	2,144.5	3,238.5	910.5
1986	3,394.0	1,048.4	200.0	2,653.5	3,901.9	402.6
1987	3,734.0	983.0	220.0	2,390.5	3,593.5	543.1
1988	4,103.0	1,160.9	220.0	2,390.5	3,771.4	874.7
1989	4,321.0	1,333.7	220.0	2,390.5	3,944.2	1,251.5
1990	4,493.0	1,708.3	220.0	2,390.5	4,318.8	1,425.7
1991	4,329.0	1,741.8	220.0	2,390.5	4,352.3	1,402.4
1992	4,356.0	1,796.0	220.0	2,390.5	4,406.5	1,351.9

[1] Source: Comptroller's Report, various years

[2] DEP incurs expenses for the Boating Safety Program and enforcement of the boating laws. Source: Comptroller's Report, various years

[3] DMV incurs expenses for revenue collection. Source: Department of Motor Vehicles

[4] OPM incurs expenses for the reimbursement of towns based on the 1978 list of boats. Source: Office of Policy and Management

VESSEL FEE CHART

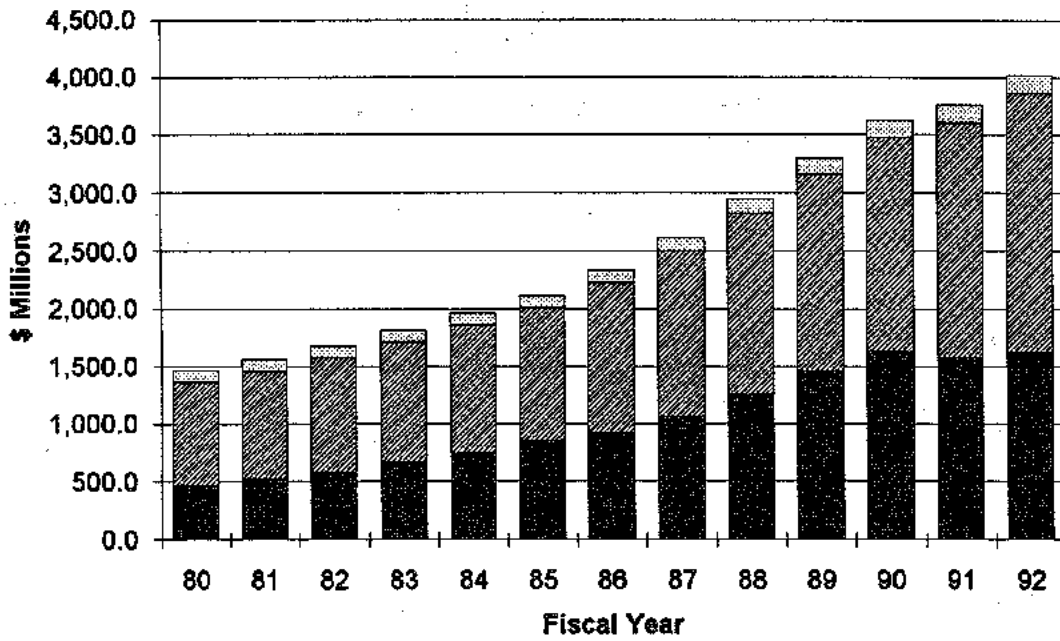
Fees are determined by the length of the vessel in accordance with the following schedule:

Overall Length in feet:	Fee	Overall Length in feet:	Fee	Overall Length in feet:	Fee
0 to 12	\$ 7.50	31 to 32	\$142.50	51 to 52	\$382.50
12 to 13	11.25	32 to 33	150.00	52 to 53	390.00
13 to 14	15.00	33 to 34	157.50	53 to 54	397.50
14 to 15	18.75	34 to 35	165.00	54 to 55	405.00
15 to 16	22.50	35 to 36	172.50	55 to 56	412.50
16 to 17	30.00	36 to 37	180.00	56 to 57	420.00
17 to 18	37.50	37 to 38	202.50	57 to 58	427.50
18 to 19	45.00	38 to 39	225.00	58 to 59	435.00
19 to 20	52.50	39 to 40	247.50	59 to 60	442.50
20 to 21	60.00	40 to 41	270.00	60 to 61	450.00
21 to 22	67.50	41 to 42	292.50	61 to 62	457.50
22 to 23	75.00	42 to 43	315.00	62 to 63	465.00
23 to 24	82.50	43 to 44	322.50	63 to 64	472.50
24 to 25	90.00	44 to 45	330.00	64 to 65	480.00
25 to 26	97.50	45 to 46	337.50	65 & Over	525.00
26 to 27	105.00	46 to 47	345.00		
27 to 28	112.50	47 to 48	353.50		
28 to 29	120.00	48 to 49	360.00		
29 to 30	127.50	49 to 50	367.50		
30 to 31	135.00	50 to 51	375.00		

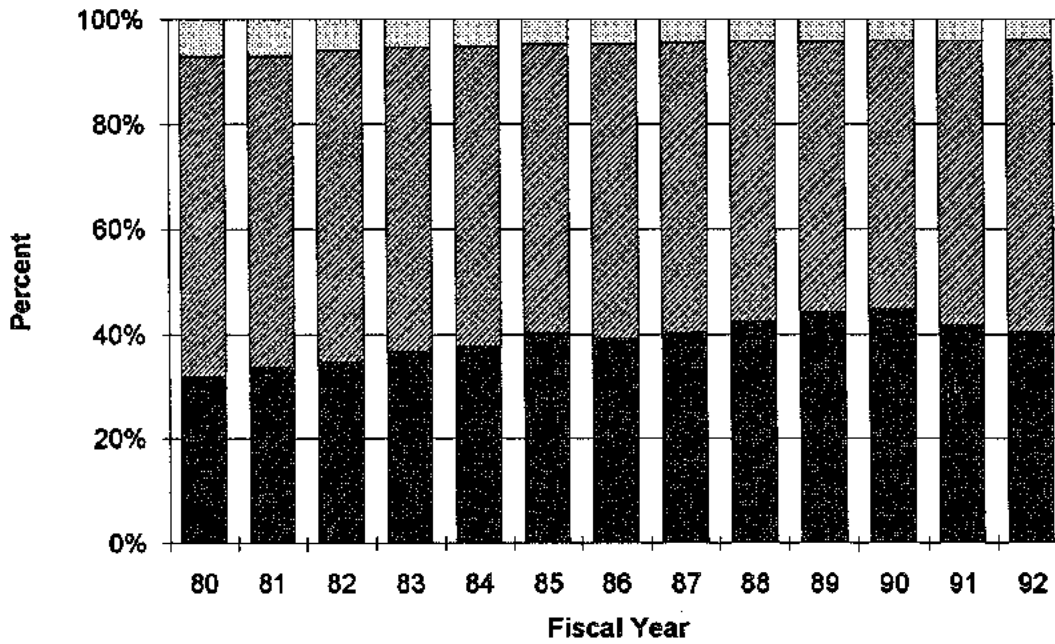
Note: Hull constructed primarily of wood:

15-24 years old - 50% of above fee
 25 & older - 25% of above fee

Sources of Revenues for Primary and Secondary Education Expenditures FY 80 - FY 92*



State Revenue
 Local Revenue
 Federal Revenue



State Revenue
 Local Revenue
 Federal Revenue

*FY 92 estimates as of 10/92.

**Sources of Revenues
for Public and Elementary and Secondary Education
Expenditures
(\$ Millions)**

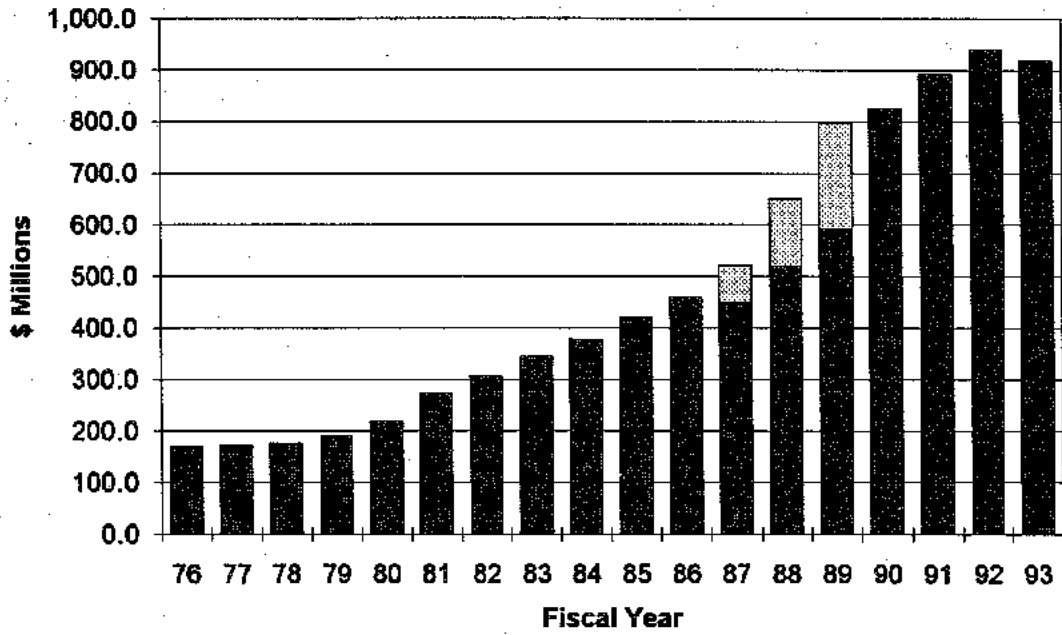
Fiscal Year	State Revenue	Local Revenue	Federal Revenue	Other Revenue	Total Revenue
1979 - 1980	466.9	894.4	104.8	7.5	1,473.6
1980 - 1981	525.1	930.9	110.7	9.4	1,576.1
1981 - 1982	582.1	995.7	101.1	8.3	1,687.2
1982 - 1983	666.1	1,049.7	99.4	7.8	1,823.0
1983 - 1984	743.1	1,114.5	104.3	7.4	1,969.3
1984 - 1985	850.2	1,154.5	103.9	7.6	2,116.2
1985 - 1986	917.5	1,305.4	110.6	6.1	2,339.6
1986 - 1987	1,055.2	1,447.1	114.9	5.8	2,623.0
1987 - 1988	1,255.2	1,569.0	122.6	6.5	2,953.3
1988 - 1989	1,462.3	1,698.7	140.6	7.8	3,309.4
1989 - 1990	1,623.8	1,856.5	145.8	8.3	3,634.4
1990 - 1991	1,571.7	2,036.1	151.2	9.6	3,768.6
1991 - 1992*	1,624.9	2,236.9	157.7	10.1	4,029.6

Source: Connecticut State Department of Education

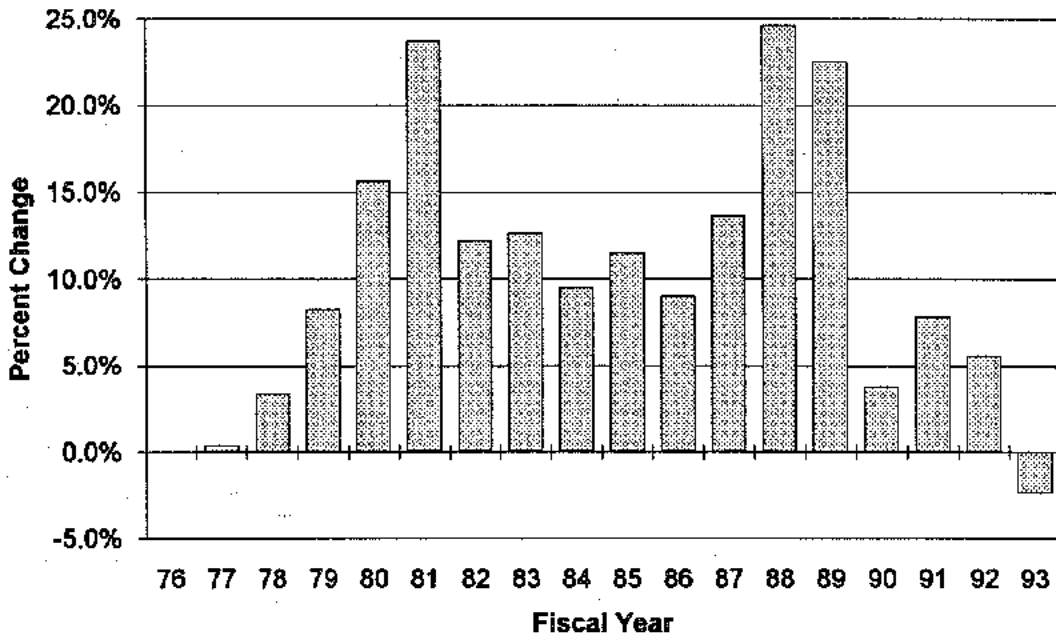
These figures reflect all state expenditures on behalf of public elementary and secondary education, including state grants and bond funds, and Department expenditures. The latter include the Vocational-Technical Schools, teachers' retirement costs and unified (state) school district expenditures.

***FY92 estimates as of 10/92.**

Education Equalization Grants to Towns FY 76 - FY 92



Equalization Grant
 Enhancement Act Aid



Annual Growth Rate

**EDUCATION EQUALIZATION GRANTS TO TOWNS
GUARANTEED TAX BASE (GTB)**

Fiscal Year	Total (000)	Equalization Expenditure (000)	ADM Grant (000)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (000)	Legislative Changes To Education Equalization Grant Program												
1976[2]	\$169,792	\$ 6,861	\$162,931	NA	\$ 7,100	<p>PA 75-341:</p> <ol style="list-style-type: none"> 1) Established new procedures and formulas for determining additional school aid for towns that had above average tax rates and relatively low levels of tax capacity 2) Limited amount of increased aid to a town under GTB to 5% of state ADM grant 3) All equalization grants were initially paid from funds acquired through the state's Instant Lottery (see PA 77-540) below 												
1977	170,449	10,090	160,357	NA	10,000	<p>PA 76-387:</p> <ol style="list-style-type: none"> 1) Raised the limit on the amount of increased aid a town received under GTB to 7.3% from 5% of the ADM grant received by town (see "a" of PA 77-579 below) 												
1978	176,116	19,939	156,178	NA	19,939	<p>PA 77-540:</p> <ol style="list-style-type: none"> 1) The \$19,939 million was comprised of \$9,939 million appropriated from the General Fund and \$10.0 million earmarked from proceeds of the Instant Lottery. The Educational Equalization program in subsequent years was funded only by General Fund appropriations, not Lottery proceeds. <p>PA 77-579:</p> <ol style="list-style-type: none"> 1) Eliminated the 7.3% cap on the amount of GTB funds a town may receive 2) Altered the method of computing a town's total population for calculating its wealth for GTB ranking 3) Changed GTB distribution formula 												
1979	190,655	40,000	150,655	NA	40,000													
1980[3]	220,509	75,885	144,624	56.0%	393,766	<p>PA 79-128:</p> <ol style="list-style-type: none"> 1) Required the state to appropriate 100% of the amount needed to provide for full entitlement to each town in FY 1984 beginning with a phase in as follows: <table border="0" style="margin-left: 40px;"> <tr> <td>56%</td> <td>of full funding</td> <td>1980</td> </tr> <tr> <td>67%</td> <td></td> <td>1981</td> </tr> <tr> <td>78%</td> <td></td> <td>1982</td> </tr> <tr> <td>89%</td> <td></td> <td>1983</td> </tr> </table> <p>These promised phase-in percents were amended each year by bills to implement the budget. For the actual percents phased-in, see the chart - Footnote 1.</p> <ol style="list-style-type: none"> 2) Repealed the average daily membership grant which provided a flat \$250 per pupil although town's ineligible for equalization still received a minimum, "hold-harmless" grant of \$250 per pupil in ADM the preceding year. 	56%	of full funding	1980	67%		1981	78%		1982	89%		1983
56%	of full funding	1980																
67%		1981																
78%		1982																
89%		1983																
1981	272,776	146,024	126,776	66.53%	410,000	<p>PA 80-6:</p> <ol style="list-style-type: none"> 1) Clarified the mathematical formula originally drafted in PA 79-553 by specifying that the formula's first factor, the population of the last decennial census, be added to the product of the remaining factors 												

Fiscal Year	Total (000)	Equalization Expenditure (000)	ADM Grant (000)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (000)	Legislative Changes To Education Equalization Grant Program
1982	306,016	167,423	138,593	72.86%	420,000	<p>PA 81-31: [4]</p> <ol style="list-style-type: none"> Made adjustments in the distribution of GTB aid for FY 1981 only by requiring that one-half of the "hold-harmless" aid to eligible towns be withheld from the April, 1981 payment. Validated the mistake made by the State Department of Education in calculating the FY 1981 grants. \$10.7 million was over paid in FY 1981 because the Department had mistakenly counted school nutrition programs as part of local education expenses when they should have been considered a state or federal expenditure. <p>PA 81-413:</p> <ol style="list-style-type: none"> Substituted an appropriation of a flat \$306 million for the 78% of full funding required by statute. This in effect represents a reduction in the percentage to approximately 72% of full funding. The minimum grants which "wealthy" towns receive was reduced (see Footnote [4]).
1983	344,813			82.0%	419,744	<p>PA 82-91:</p> <ol style="list-style-type: none"> Decreased the percentage of full funding to be appropriated to 81% from 89% for FY 1983. Towns paid a "hold-harmless" grant also receive a lower per student grant: \$203 from \$223 (or \$233 from \$245 in Regional Districts). <p>PA 82-275:</p> <ol style="list-style-type: none"> Required the Department of Education to submit to the Auditors of Public Accounts for review proposed changes in the method of calculating GTB grants.
1984	377,770			90%	419,700	<p>PA 83-4:</p> <ol style="list-style-type: none"> Reduced the GTB grant to 90% of full-funding instead of 100% and delayed full-funding until FY 1985 ("hold-harmless" grants are therefore lowered from \$250 to \$225 (or \$275 to \$248 for regional districts).
1985[5]	421,284			95%	443,400	<p>PA 84-490:</p> <ol style="list-style-type: none"> Reduces the GTB grant to 95% of full-funding from 100% and delays full-funding until FY 1986 Alters the timing of grant payments so that 25% of grant is paid in October, 25% in January, and the final 50% in April. (Under prior law two installments of 50% each in October and April were made). This change was made to improve the match of state payments to state revenue, reducing the state's use (and interest cost) of short-term debt.
1986	459,308			100%	459,308	<p>PA 85-180:</p> <ol style="list-style-type: none"> Changed the way towns' net current local expenditures (NCLE) are calculated for purposes of the "effort" portion of the GTB grant. The change will be used to calculate grants for FY 1988. Allowed towns to be eligible for an alternate minimum expenditure requirement (MER) instead of a full MER. The alternate MER allows towns below the state median in wealth and above the state median in school tax rate to match the previous year's expenditures in education and devote all GTB aid to education.

Fiscal Year	Total (000)	Equalization Expenditure (000)	ADM Grant (000)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (000)	Legislative Changes To Education Equalization Grant Program
						PA 85-550: 1) Allowed any town which would not be spending a minimum amount per pupil (as required by law under the GTB formula) to increase their net current expenditures by at least 12% and still be eligible for GTB aid 2) Allowed the city of Waterbury to make corrections in its 1982-83 data and receive a corrected GTB grant for FY 1986.
1987	449,668			100%	449,668	
1988	518,088			100%	518,088	
1989	592,228			100%	592,228	PA 88-358: 1) Replaced the GTB grant program and the grants established under the Education Enhancement Act (EEA) with a new program, the Education Cost Sharing (ECS) grant beginning in FY 1989-90. [6]
1990	827,048			21.5%	1,074,261	PA 89-355: 1) Decreased both the guaranteed wealth level and hold harmless provisions provided in PA 88-358. The original guaranteed wealth level was defined as twice the median town's wealth. The new level is defined as 1.833 times the median. The original hold harmless levels were 1% and 5%. The new levels are 1/2% and 4 1/2%. [6]
1991	891,920			45%	1,053,174	PA 90-225 1) Decreases both the guaranteed wealth level and hold harmless provisions. The new guaranteed wealth level is defined as 1.6651 times the median town's wealth, while the new hold harmless levels are 4% and 0% (level funding). 2) Redefines eligibility for each hold harmless level. Previous law had set eligibility based on old GTB data. This act sets eligibility by current wealth rank. The sixteen wealthiest towns (except Stamford) are now level funded, while all others receive 4% increases. [6]
1992	941,641			71%	1,050,025	PA 91-7 JSS 1) Decreased hold harmless funding levels by providing that hold harmless towns receive only a sliding scale portion of their hold harmless aid based on AFDC levels and mastery performance rather than guaranteed increases or flat funding.
1993	919,509			100%	919,509	PA 92-262 1) Decreases both the guaranteed wealth level and hold harmless provisions. The new guaranteed wealth level is defined as 1.5361 times the median town's wealth. Hold harmless funding is reduced from a sliding scale portion to decreased levels based on actual AFDC and mastery percentages.

Footnotes

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

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

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

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

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

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

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

Example: Minimum Grant =
$$\frac{\$360 \text{ million}}{\$420 \text{ million}} \times \$250 \text{ or } \$275 = .7286 \times \$250 \text{ or } \$275 = \$182/\$200$$

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

[5] In May, 1984, an additional Superior Court ruling in the Horton vs. Meskill case made the following recommended changes to this grant, which are currently under appeal in the State Supreme Court.

1. full funding was ordered for FY 1984-85
2. the hold-harmless component of the grant was eliminated
3. the data on which the grant is based was changed to 2 in lieu of 3 year old information
4. towns were required to fully implement their Minimum Expenditure Requirements (MER) and the "alternate MER" was struck down.

[6] The ECS formula is calculated with three basic components as follows:

$$\text{ECS Aid} = \left[1 - \frac{\text{town wealth}}{\text{guaranteed wealth}} \right] \times \text{foundation} \times \text{need students}$$

town wealth = adjusted equalized net grand list per need student

guaranteed wealth = 1.5361 x the wealth of the median town

foundation = expenditure per need student three years before grant year in the town at the 80th percentile, currently set at \$4800, this sets a minimum expenditure requirement

need students = average daily membership plus one-quarter of children on AFDC and one-quarter of students needing remedial help based on mastery exam results.

Towns whose ECS aid does not exceed level funding receive a portion of the difference between their formula aid and their previous year's aid based on the percentage of children in the town who are AFDC recipients and the results of the mastery exams.

Source: The State Budget. Office of Fiscal Analysis. various issues.

The Education Enhancement Act

The Education Enhancement Act, PA 86-1 MSS, established a series of voluntary incentive grants along with various education related programs, studies and changes in past education oriented statutes. The major portion of the act was designed to increase teachers' salaries along with stiffening certification requirements.

A special fund (Educational Excellence Trust Fund) was established and prior years' surplus were used to fund the program for three years as follows.

Educational Excellence Trust Fund (millions)

	1986-87	1987-88	1988-89
Balance as of 7/1 [1]	83.6	120.7	189.0
Surplus Transfer	100.0	193.0	0.0
Investment Income	9.6	7.8	3.5
Other Receipts [2]	0.0	0.0	8.1
Funds Available	193.2	321.5	200.6

Expenditures:

Minimum Salary Aid	12.2	13.9	8.3
Salary & General Aid	45.8	95.9	142.1
Teacher-Pupil Ratio Aid	5.3	11.6	17.6
Holdharmless	7.7	0.0	0.0
Professional Development Grants	1.2	2.5	2.5
Evaluation Development Grants	0.0	0.5	0.5
Evaluation Implementation Grants	0.0	0.0	3.0
Career Incentive Grants	0.0	0.4	0.4
Other Programs [3]	0.3	7.7	30.4
Total Expenditures	72.5	132.5	204.8
Less Reimbursements			1.7
Trust Fund Balance	120.7	189.0	(2.5)

Eligibility requirements:

1) Minimum Salary Aid:

- a) participation agreed upon by teachers' union and local school district (as authorized by the local fiscal authority).
- b) in FY 1986-87 district must pay a salary \$2,000 higher than their pre-act minimum salary or one-third the difference between pre-act minimum salary and state target minimum of \$20,000 (\$21,500 in areas of high household income), whichever is less.
- c) in FY 1987-88 district must pay \$2,000 higher than FY 1986-87 minimum salary or two-thirds the difference between pre-act minimum salary and their state target minimum, whichever is less.
- d) in FY 1988-89 district must meet the state target minimum.
- e) district will receive 100% state funding if their pre-act minimum salary is \$18,000 or more or they do not reach state target minimum until FY 1988-89.
- f) district will receive 150% state funding if their pre-act minimum is between \$16,000 and \$18,000 and they reach the state target minimum by FY 1987-88.
- g) district will receive 200% state funding if their pre-act minimum is less than \$16,000 and they reach the state target minimum by FY 1987-88.

2) **Teacher Salary Aid:** Participate in minimum salary program or already meet the state target minimum and one of the following four criteria - a,b,c,or d

- a) negotiate for salary increases for teachers above the state target minimum
- b) have an "aid eligibility factor" greater than 100.00. The factor is determined by:
 - (1) dividing the district's average teacher salary by the statewide average salary and multiplying by 100 (salary factor),
 - (2) dividing its 3 year average increase in teacher salaries by the statewide 3 year average increase and multiplying by 100 (net contract increase factor), and
 - (3) adding one-half the salary factor and one-half the contract increase factor.

In this case the salary aid may be used as general education aid.

- c) the district contracts to pay its teachers a pro rata share of teacher salary aid
- d) the district maximum salary aid is less than three-tenths of 1% of its total annual salaries. In this case the salary aid may be used as general education aid.

3) **General Education Aid:**

- a) same as salary aid except district can receive one-half the specified aid if the district meets only one of the requirements.

4) **Teacher-Pupil Ratio Aid:**

- a) district must be specified within the act as eligible for teacher-pupil ratio aid for which they will receive \$25,000 per additional staff member hired above 1985-86 levels up to the maximum additional staff stated in the act.

5) **Hold Harmless Aid:**

- a) district must be one of 36 specified districts within the act.

6) **Salary Incentive Aid:** [4]

- a) district must have approved career incentive and evaluation plan to receive \$500 per staff person to be disbursed in a manner determined by the district.

[1] The original transfer to the Educational Excellence Trust Fund from the General Fund surplus was \$78.9 million.

[2] PA 89-251 transferred these funds from the Residential Property Tax Relief Trust Fund.

[3] Other programs include the following: Cooperating Teacher/Student Teacher; Basic Skills Exam/Teachers in Training; Institutes for Educators; Beginning Teacher Support and Assessment; Celebration of Excellence and in 1988-89, \$20,000,000 of GTB.

[4] PA 87-2 eliminated this program and replaced it with planning grants for career incentives and teacher evaluations and teacher evaluation implementation grants.

Distressed Municipalities and Enterprise Zones

Distressed Municipalities

The 1978 session of the Connecticut General Assembly adopted PA 78-357, a financial assistance and tax incentive package informally known as the Urban Jobs Program. It was intended to foster economic growth in areas of high unemployment and included specific incentives for distressed municipalities.

The "distressed communities" designation is made by the US Department of Housing and Urban Development (HUD) for determining eligibility for federal Urban Development Action Grants. The following criteria are used (see Federal Regulations 24 CFR 570.452 for specific information):

1. Percentage of housing constructed before 1940
2. Per capita income change
3. Percentage of poverty
4. Population growth lag/decline
5. Unemployment

On the state level, "distressed municipality" is used in place of "distressed community." The Connecticut Department of Economic Development (DED) uses the HUD designation as a criterion for determining the eligibility of businesses for local tax abatement on real property and machinery, state Corporate Business Tax credits, grants for new jobs resulting from new investments, and working capital and fixed asset loans. DED currently lists 27 municipalities as distressed. Ten of these contain subdivisions called Enterprise Zones which receive additional economic incentives (see discussion below). PA 90-270 designated distressed municipalities containing Enterprise Zones as "targeted investment communities" which are eligible to receive a higher level of benefits than other municipalities under the Economic Development and Manufacturing Assistance Act of 1990.

Distressed Municipalities

Ansonia	Middletown	Stafford
x Bridgeport	Naugatuck	Sterling
Colchester	x New Britain	Thompson
East Haven	x New Haven	Torrington
Griswold	x New London	Voluntown
x Hartford	x Norwalk	x Waterbury
Killingly	x Norwich	West Haven
Litchfield	Plainfield	Winchester
x Meriden	Putnam	x Windham

x indicates targeted investment communities containing Enterprise Zones.

The town of Hamden is also classified as a targeted investment community because it borders New Haven's Enterprise Zone.

Economic Incentives for Distressed Municipalities

PA 90-270 sunsets the Property Tax Abatement Program, the Corporation Tax Credit Program and the Job Incentive Grant Program for businesses in distressed municipalities such that firms must have a commitment letter from DED by 3/1/91 to qualify. No restriction was placed on firms in municipalities designated as targeted investment communities.

1. Property Tax Abatement - A distressed municipality must abate 80% of the property tax, including the tax on machinery and equipment, for 5 years on a DED-certified manufacturing facility acquired, constructed, renovated or expanded after July 1, 1978 (CGS Section 12-81 (59), (60)). The municipality receives an annual state grant of 75% of the amount of the taxes abated (CGS Section 32-9s).

Manufacturers in distressed municipalities receive a 50% property tax exemption for 5 years on new machinery and equipment they acquire when technologically upgrading their manufacturing process (CGS Section 12-81(70)). The state reimburses municipalities for 50% of the tax revenue lost because of the exemption (CGS Section 32-9s). The state and municipality have a security interest in the equipment to the extent of the revenue reimbursed by the state or lost by the municipality. This interest is enforceable if a business ceases operation or moves out of state.

PA 89-235 limits the property tax exemption for machinery and equipment to items that represent additions to the town's grand list or assesment. Consequently, a business relocating within a distressed municipality cannot claim an exemption for items that are already taxable.

2. Corporation Business Tax Credit - A 25% credit is allowed against the state Corporation Business Tax for each of 10 years for new manufacturing facilities located in distressed municipalities. The credit is based on the portion of tax which is allocable to the income generated by the new facility (CGS Section 12-217e).
3. Working Capital Loans - An employment incentive revolving fund was established to make working capital loans to any business organization which recently completed or is undertaking the acquisition or development of an industrial project in a distressed municipality if such project is expected to create more than 5 new jobs. Such loans are for a maximum amount of \$75,000 and for a maximum term of 10 years (CGS Section 32-9q). PA 88-265 replaced the Small Contractors and Manufacturers Revolving Loan Fund with the the Connecticut Growth Fund as the funding source.
4. Job Incentive Grant Program - Manufacturers and certain types of service businesses can receive a grant of \$500 per job for creating at least five new jobs when they expand. The grants are for two years (CGS Sections 32-9i to 32-9l). This program is administered by DED and funded from the Business Expansion in Municipalities with High Unemployment grant account.

Enterprise Zones

Connecticut's Enterprise Zone Program went into effect July 1, 1982 (PA 81-445). Such programs give a variety of economic incentives which lower the cost of doing business and create favorable economic development conditions for manufacturing enterprises, commercial retail businesses and residential property owners in deteriorated areas.

In October of 1982, six areas in the following cities were designated by the state Department of Economic Development (DED) as Enterprise Zones:

- | | | |
|---------------|----------------|---------------|
| 1. Bridgeport | 3. New Haven | 5. New London |
| 2. Hartford | 4. New Britain | 6. Norwalk |

PA 86-258 authorized the creation of four new Enterprise Zones, increasing the total number to ten. The additional zones are in:

- | | |
|------------|---------------|
| 7. Meriden | 9. Windham |
| 8. Norwich | 10. Waterbury |

PA 88-323 authorized the Economic Development Commissioner to extend Enterprise Zone benefits to property located adjacent to a zone. A vacant or underused manufacturing structure containing at least 100,000 square feet be located on the property. It must also be situated within 150 feet of a stream which is the common boundary with the zone. This act allowed a portion of Hamden to be included in New Haven's Enterprise Zone even though Hamden itself is not a Distressed Municipality.

The Commissioner of Economic Development may remove the Enterprise Zone designation from an area if it fails to meet the criteria outlined below. However, the designation must remain on an area for a minimum of ten years.

All areas are required to meet the following qualifications:

1. Areas must consist of one or two contiguous census tracts.
2. A portion of the area must be zoned for commercial development.
3. Any area designated as an Enterprise Zone must have the approval of its municipal government.

A census tract must meet at least one of the following criteria (as determined by data published by the U. S. Bureau of the Census):

1. 25% or more of the population must have incomes below the poverty level
2. 25% or more of the families receive Income Maintenance or welfare funds
3. An unemployment rate of at least 200% of the state average

State statutes limit the number of Enterprise Zones to 10: 4 must have populations greater than 80,000 and 6 must have populations less than 80,000.

Economic Incentives for Enterprise Zones

1. Enterprise Zone ("Targeted") Business Loans - PA 81-445 provided venture capital loans for establishing small businesses financed through the Enterprise Zone Capital Formation Revolving Loan Fund. This fund was administered by DED and financed by a \$2 million state bond authorization. In 1988 the fund was consolidated under PA 88-265 into the Comprehensive Business Assistance Fund administered by the Connecticut Development Authority.

Under this program, businesses with actual or anticipated gross revenues under \$3 million can borrow up to \$250,000 for investment in real property, machinery, or working capital. Working capital loans are only made for business expansion or restructuring purposes (CGS Section 32-23x(c)(2)). The term of the loan is for a maximum of 20 years for real estate, 10 years for machinery and 7 years for working capital. The interest rate for each loan is set at one percent above the rate borne by the latest issue of state general obligation bonds (CGS Section 32-23x(a)(9)).

2. Corporation Business Tax Credit - A 50% tax reduction in the Corporation Tax is provided for 10 years if (a) at least 150 of the firm's full-time employees or (b) 30% of the full-time employees are residents of the zone or are municipal residents eligible for training under the Federal Job Training Partnership Act (JTPA) (CGS Section 12-217e). Manufacturing firms and certain types of service businesses are eligible for this benefit (CGS Sections 32-9p(d) and 12-217e; PA 90-270).
3. Job Incentive Grant Program - Manufacturing firms receive a \$1,500 grant for each additional full-time job created if (a) at least 150 of the firm's full-time employees or (b) 30% of the full-time employees are residents of the zone or are municipal residents eligible for training under JTPA (CGS Section 32-91(a); PA 90-270). A minimum of 3 positions must be created (CGS Section 32-9j(b)).

Certain types of service firms may receive a \$500 grant for each additional full-time job if a minimum of 3 are created (PA 89-235). PA 90-270 expanded the list of business types eligible for the Job Incentive Grant Program.

4. Property Tax Abatement:

Manufacturing firms - A municipality containing an Enterprise Zone must abate 80% of the property tax, including the tax on machinery and equipment, for 5 years on a DED-certified manufacturing facility acquired, constructed, renovated or expanded after July 1, 1978 (CGS Section 12-81 (59),(60) . The municipality receives an annual state grant of 75% of the amount of the taxes abated (CGS Section 32-9s).

Manufacturers receive a 50% property tax exemption for 5 years on new machinery and equipment they acquire when technologically upgrading their manufacturing process (CGS Section 12-81(70)). The state reimburses the municipality for 50% of the tax revenue lost because of the exemption (CGS Section 32-9s). The state and municipality have a security interest in the equipment to the extent of the revenue reimbursed by the state or lost by the municipality. This interest is enforceable if a business ceases operation or moves out of state.

PA 89-235 limits the property tax exemption for machinery and equipment to items that represent additions to the town's grand list or assesment. Consequently, a business relocating within the municipality cannot claim an exemption for items that are already taxable.

PA 90-270 expands the list of business types eligible for this program.

Nonmanufacturering firms: These facilities are eligible for a 7 year graduated deferral only for increases in taxes attributable to improvements on real property. The schedule is determined by the municipality, subject to the following statutory minimums (CGS Section 32-71):

<u>Year</u>	<u>% Increase Deferred</u>
1	100%
2	100
3	50
4	40
5	30
6	20
7	10

The statutes also allow municipalities to provide any additional tax abatements or deferrals they deem necessary.

Residential development is eligible for the property tax deferrals, but the deferral ceases if (CGS Section 32-71(b)):

- a. Any dwelling unit is rented to any person whose income exceeds 200 percent of the median family income of the municipality; or
- b. For any conversion condominium unit sold to any person whose income exceeds 200 percent of the median family income of the municipality.

5. State Sales Tax Exemption - Manufacturing firms receive an exemption on repair and replacement parts (CGS Section 12-412(43)).
6. State Real Estate Conveyance Tax Exemption - All real estate sales in Enterprise Zones are exempt from the state conveyance tax (PA 89-205).

Source: Department of Economic Development and the Connecticut Development Authority.

Distressed Municipality and Enterprise Zone Program Expenditures

Total Enterprise Zone Expenditures and Jobs Created

Time Period	Number of Projects	Total Expenditure (\$millions)	Number of Jobs Created
Oct 82 - Sept 83	279	\$97.1	2,648
Apr 84 - Oct 84	88	10.1	1,020
Nov 84 - Apr 85	86	27.9	656
May 85 - June 86	174	13.1	537
July 86 - Dec 86	94	81.9	388
Jan 87 - Dec 87	121	54.9	464
Jan 88 - June 88	114	30.1	189
July 88 - Dec 88	244	48.3	561
Jan 89 - June 89	71	57.7	698
July 89 - June 90	210	30.8	1,010
July 90 - June 91	Data not available due to Department of		
July 91 - June 92	Economic Development intransigence.		

Source: Department of Economic Development

Enterprise Zone Loans

Calendar Year	Number of Loans	Expenditure
1982	0	0
1983	1	\$ 50,000
1984	3	95,000
1985	7	490,000
1986	3	110,000
1987	7	479,000
Fiscal Year		
1988	7	638,250
1989	11	1,145,500
1990	9	2,322,000
1991	Data not available due to Department of	
1992	Economic Development intransigence.	

Source: Department of Economic Development

Corporation Tax Credits

Fiscal Year	Enterprise Zones		New Facilities	
	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
1984	6	\$143,822	71	\$391,704
1985	12	32,043	79	465,659
1986	14	84,682	96	591,164
1987	16	157,972	71	1,322,238
1988	19	158,645	50	743,979
1989	13	107,867	61	229,397
1990	19	79,154	66	402,964
1991	8	130,643	46	119,958

Source: Department of Revenue Services

Job Incentive Grant Program

Calendar Year	Program	Number of Jobs	Number of Firms	Payments
1979	DM	317	9	\$158,500
1980	DM	914	17	457,000
1981	DM	1,158	22	579,000
1982	DM	1,247	33	623,500
1983	DM	1,035	28	517,500
1984	DM	1,074	29	537,000
	EZ	37	1	37,000
1985	DM	1,466	42	733,000
	EZ	0	0	0
1986	DM	1,039	39	519,500
	EZ	25	2	25,000
1987	DM	769	33	384,500
	EZ	10	1	10,000
1988	DM	943	33	471,500
	EZ	0	0	0
1989	DM	352	19	176,000
	EZ	67	3	100,500
FY 90	DM	713	18	366,500
	EZ	165	4	134,500
FY 91	DM			
	EZ	Data not available due to Department of Economic Development intransigence.		
FY 92	DM			
	EZ			

DM = Distressed Municipality

EZ = Enterprise Zone

Source: Department of Economic Development

Local Property Tax Abatement Program

Fiscal Year	Abated by Town (20%)	Payment by State (60%)
1981	\$1,704,321	\$5,112,963
1982	2,211,634	6,634,901
1983	2,780,316	8,340,948
1984	2,981,036	8,943,109
1985	2,591,681	7,775,042
1986	2,165,845	6,497,536
1987	2,320,114	6,960,343
1988	2,132,000	6,396,001
1989	2,170,320	6,510,960
1990	2,168,330	6,504,989
1991	2,285,983	6,857,948

Source: Office of Policy and Management

Working Capital Loan Program

Fiscal Year	Number of Loans	Expenditure
1984	8	\$ 452,500
1985	4	260,000
1986	13	1,364,000
1987	11	1,022,685
1988	15	1,612,000
1989	16	2,494,400
1990	23	6,289,800
1991	11	2,354,500
1992	5	3,075,000

Source: Connecticut Development Authority

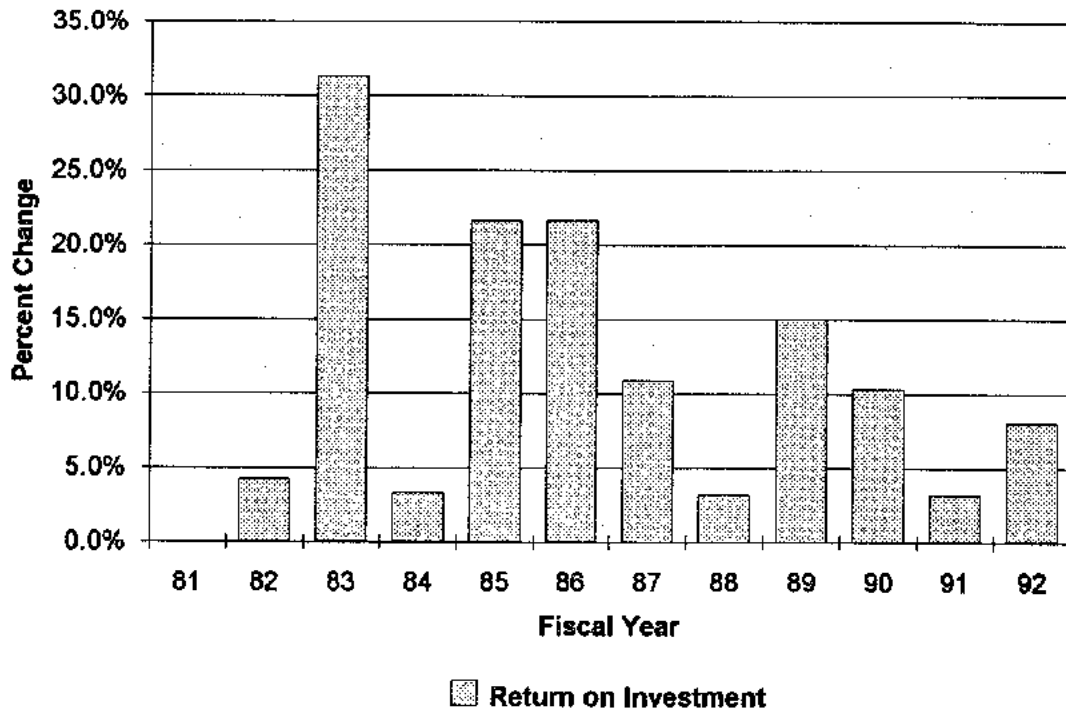
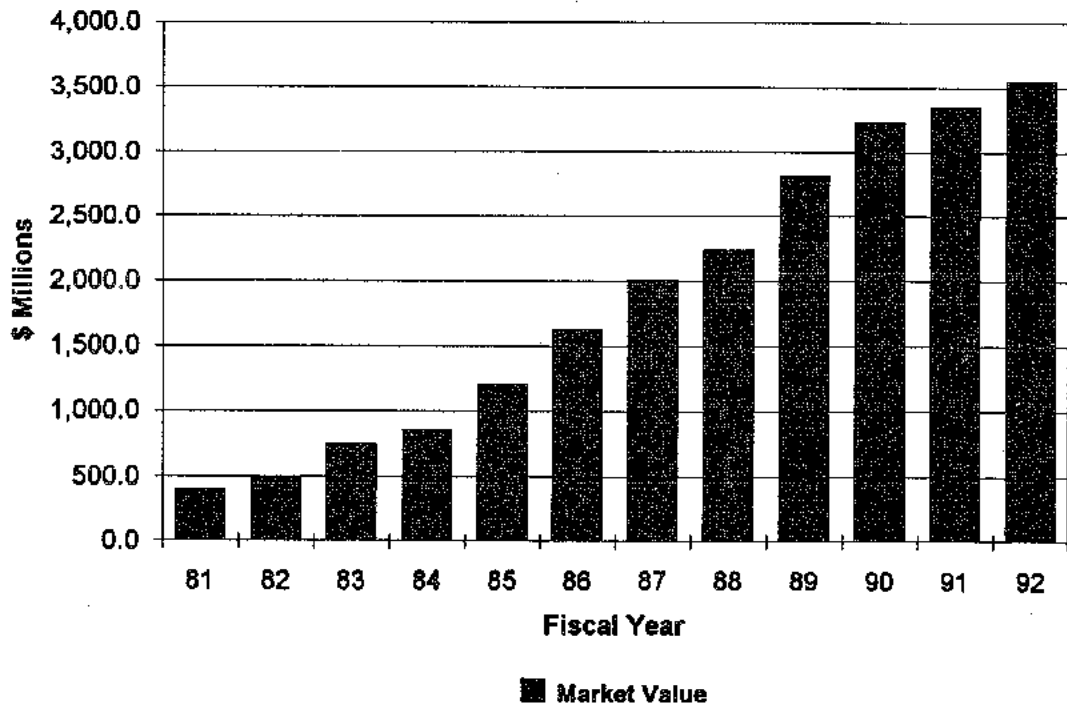
**State Employees'
Retirement Fund
(\$ Millions)**

Fiscal Year	Return on Investment	Market Value	Increase in Portfolio	Sources of Income				Investment Income	Payment to Retirees	Income Less Payments
				General Fund	Trans. Fund	Federal Contrib.	Employee Contrib.			
1981		396.3	85.7	117.3		26.0	25.2	32.1	90.8	109.8
1982	4.2%	492.4	96.1	123.9		33.4	25.7	45.9	99.4	129.5
1983	31.3%	750.4	85.7	136.8		40.2	27.1	59.1	107.2	156.0
1984	3.3%	858.4	258.0	158.8		37.1	29.0	72.6	114.8	182.7
1985	21.6%	1,204.0	345.6	196.2		38.6	30.1	76.0	126.5	214.4
1986	21.6%	1,620.1	416.1	234.2		38.7	30.5	98.5	140.1	261.8
1987	10.9%	2,007.5	387.4	275.8		43.0	27.8	95.7	154.7	287.6
1988	3.2%	2,243.0	235.5	272.2		49.3	28.0	116.0	171.9	293.6
1989	15.0%	2,815.7	572.7	294.3	30.0	50.0	28.7	148.5	192.8	358.7
1990	10.3%	3,233.7	418.0	262.0	26.4	53.0	29.2	162.2	248.7	284.1
1991	3.2%	3,346.1	112.4	192.2	16.6	55.0	33.8	149.6	262.9	184.3
1992	8.0%	3,553.1	207.0	273.8	26.4	55.0	35.5	152.8	276.1	267.4

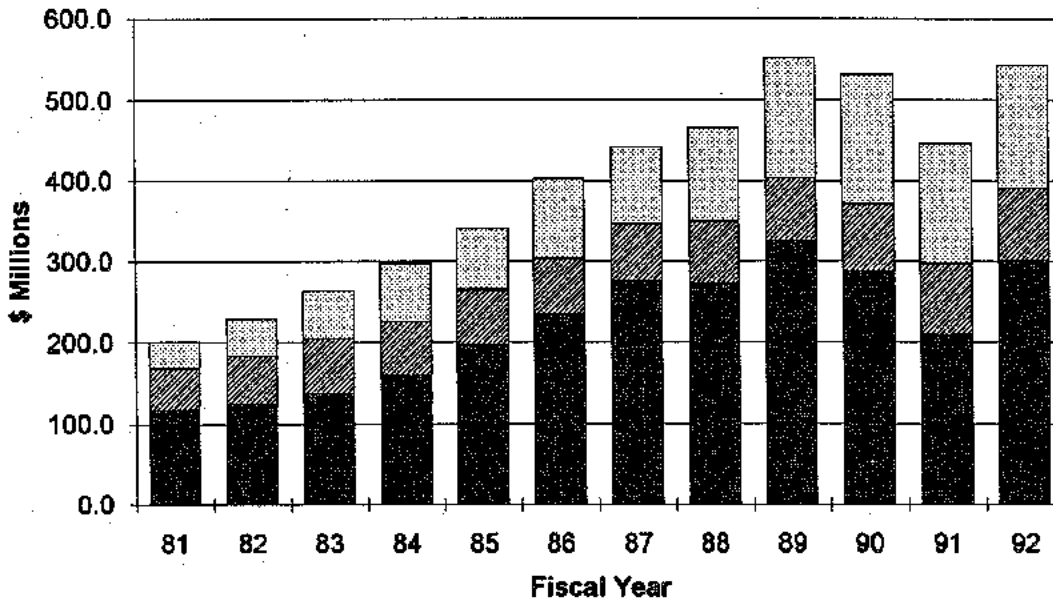
Source: State Treasurer

The State Employees' Retirement Fund (SERF) is administered by the State Employees' Retirement Commission. As of June 30, 1991 there were 55,046 active members and 23,779 retired members. Payments into the SERF are made through General and Transportation Fund Appropriations, Federal contributions or by contributions by individual employees. Income is also generated as a result of activity in the Fund's assets. The table above shows these amounts as well as the payments made to the beneficiaries of the fund. The data also indicate the return on investment as calculated by the State's Treasurer.

State Employees' Retirement Fund Assets FY 81 - FY 92

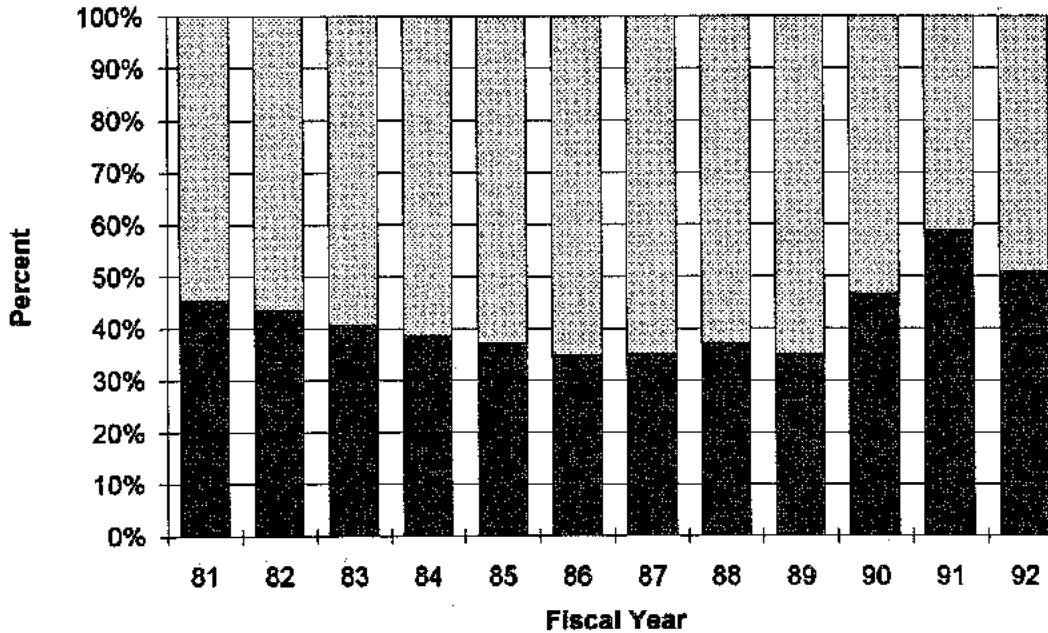


State Employees' Retirement Fund Income FY 81 - FY 92



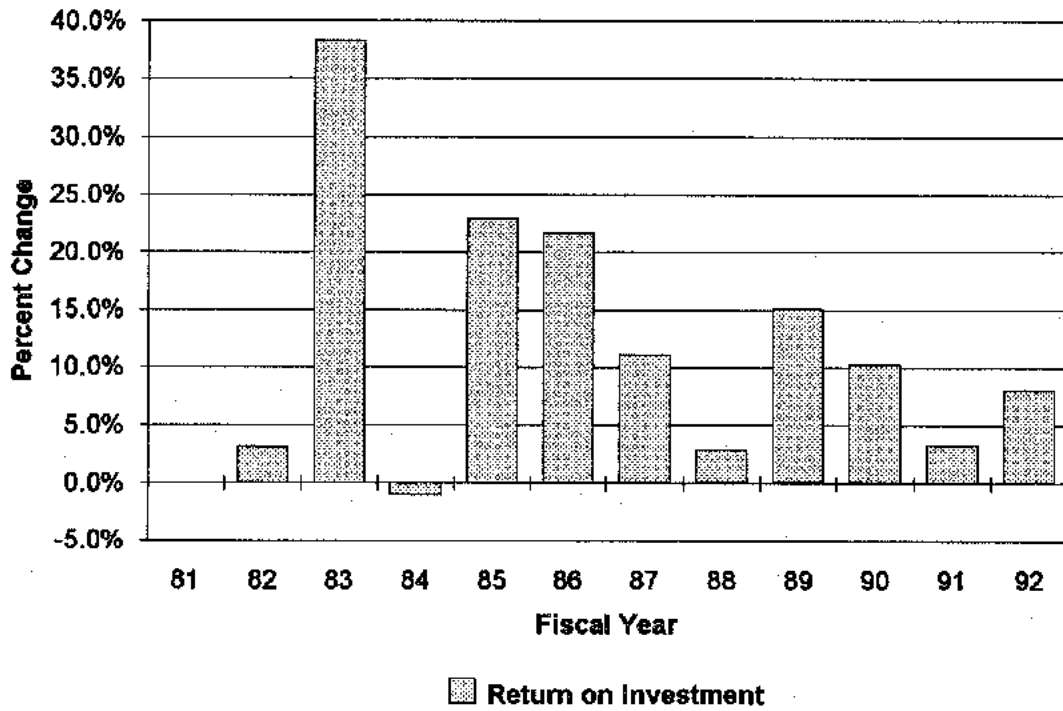
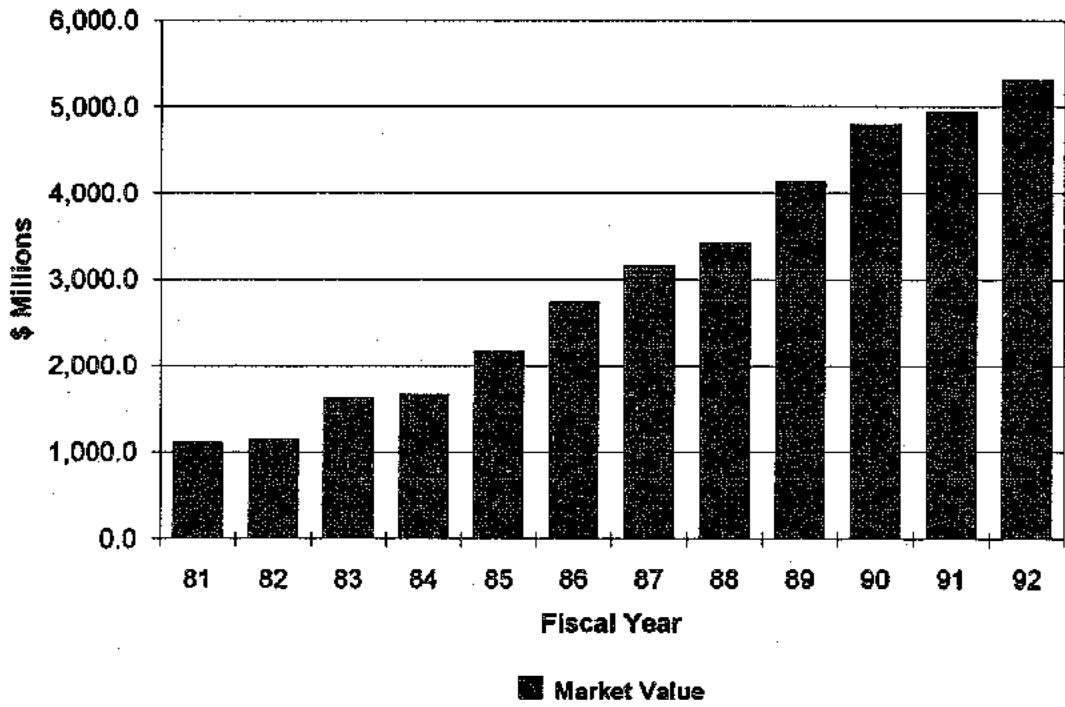
General and Transportation Fund
 Employee Contribution
 Investment Income

Payment to Retirees as a Percent of Income



Payments to Retirees
 Income Less Payments

Teachers' Retirement Fund Assets FY 81 - FY 92



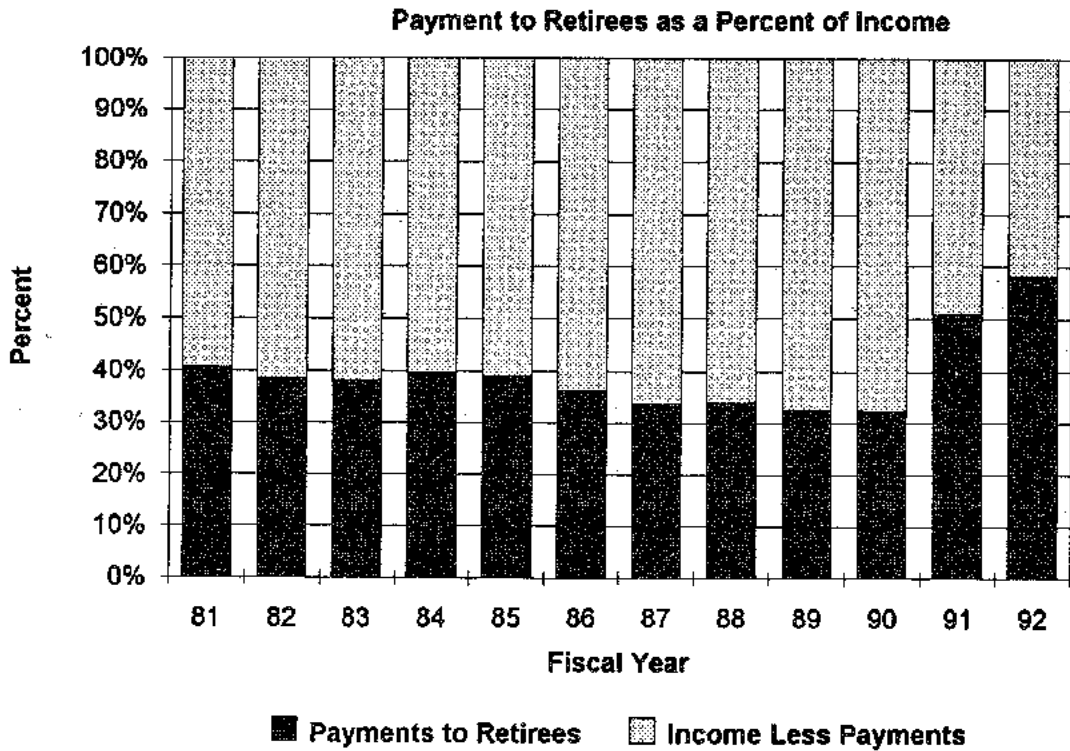
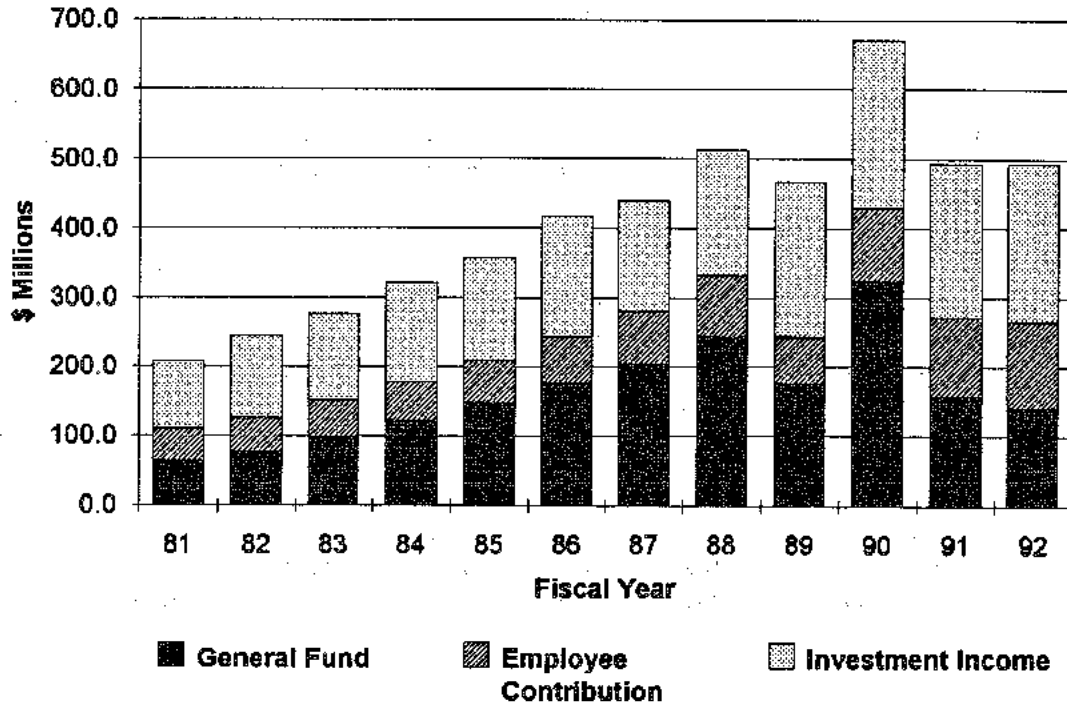
**Teachers'
Retirement Fund
(\$ Millions)**

Fiscal Year	Return on Investment	Market Value	Increase in Portfolio	Sources of Income			Payment to Retirees	Income Less Payments
				General Fund	Employee Contrib.	Investment Income		
1981		1,110.1	60.7	64.2	46.0	97.6	84.6	123.2
1982	3.1%	1,155.9	45.8	75.9	49.1	119.6	94.3	150.3
1983	38.3%	1,634.4	478.5	96.8	53.1	126.1	105.7	170.3
1984	-1.0%	1,660.1	25.7	120.5	56.7	143.3	127.4	193.1
1985	22.9%	2,168.6	508.5	146.4	61.1	149.3	139.3	217.5
1986	21.7%	2,740.8	572.2	175.8	67.1	174.2	151.0	266.1
1987	11.1%	3,157.9	417.1	204.6	75.5	159.8	147.5	292.4
1988	2.9%	3,419.9	262.0	242.6	88.7	182.1	174.5	338.9
1989	15.1%	4,138.9	719.0	175.8	67.1	223.7	151.0	315.6
1990	10.3%	4,790.9	652.0	323.0	106.9	241.9	217.0	454.8
1991	3.3%	4,949.5	158.6	156.6	115.0	222.1	251.1	242.6
1992	8.0%	5,305.9	356.4	140.1	124.9	227.8	286.4	206.4

Source: State Treasurer

The Teachers' Retirement Fund (TERF) is administered by the Teachers' Retirement Board. The Fund pays benefits to teachers and administrators of Connecticut's public school system. As of June 30, 1991 there were 39,818 active members and 14,413 members receiving benefits. Although municipalities set salary levels for teachers and administrators, they are not required to make contributions to the fund on behalf of their employees. Payments into TERF are made through General Fund appropriations and as a result of employee contributions. Income is also generated as a result of activity in the Fund's assets. The table above shows these amounts as well as the payments made to the beneficiaries of the fund. The data also indicate the return on investment as calculated by the State's Treasurer.

Teachers' Retirement Fund Income FY 81 - FY 92



STATE PENSIONS SYSTEMS: RATE OF RETURN ON INVESTMENTS ASSUMPTIONS

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

STATE EMPLOYEES RETIREMENT SYSTEM (SERS)

The SERS rate of return assumptions are as follows:

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

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

TEACHERS' RETIREMENT SYSTEM (TERS)

The TERS rate of return assumptions are as follows:

<u>Fiscal Year</u>	<u>Rate of Return Assumption</u>	<u>Determined By</u>
1980	8.0%	Actuary
1981	8.0%	Actuary
1982	8.0%	Actuary
1983	8.0%	Actuary

<u>Fiscal Year</u>	<u>Rate of Return Assumption</u>	<u>Determined By</u>
1984	8.0%	Actuary
1985	8.0%	Actuary
1986	8.0%	Actuary
1987	8.0%	Actuary
1988	8.0%	Actuary
1989	8.5%	Actuary
1990	8.5%	Actuary
1991	9.5%	(1) Legislature
1992	9.5%	Legislature
1993	8.5%	Actuary
1994(proposed)	8.5%	Actuary

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

South African Investment Law

The State of Connecticut Public Act 87-170 established July 1, 1989 as the date by which all state funds invested in any corporation doing business in South Africa shall be divested. As of July 1, the Office of the State Treasurer has successfully divested the state's portfolio of the securities of a total of 105 companies doing business in South Africa realizing a net gain of \$57 million.

The original South African investment legislation (CGS Sec. 3-13f) was signed into law in June of 1982. Under that law the State Treasurer was required to review the invested asset of all state funds for possible divestiture of those assets that were invested in:

- 1) Any financial institutions making loans to the Republic of South Africa, or a Republic of South African corporation
- 2) Any stock or obligations of any U.S. company or a subsidiary of any U.S. company doing business in the South African Republic.

Securities may have been sold for three reasons:

- 1) Nonsignatory (i.e., company or firm did not sign the Sullivan Principles)
- 2) Noncompliance with the Sullivan Principles performance rating requirement of law (the Sullivan Principles are a set of fair employment practices aimed at the elimination of racism in the work place in South Africa).
- 3) If corporations supply strategic products and services for use by the South African government.
- 4) If corporations do not recognize the right of employees to organize and strike.

Northern Ireland Investment Law

In May, 1990 the State complied with C.G.S. Sec. 3-13h by divesting itself of \$44.3 million in securities of companies with operations in Northern Ireland because these firms had not adopted the MacBride Principles. Under this statute, future investments in companies doing business in Northern Ireland are limited to those following the MacBride Principles and funds must be withdrawn from noncomplying companies.

Security	Shares	Cost	Market Value
Alex. & Alex. Service	15,600	\$ 388,589	\$ 397,800
American Home Products	302,300	15,691,961	15,984,113
Federal Express	267,600	13,379,916	14,651,100
Interface, Inc.	177,700	2,550,125	2,954,263
James River Corp.	169,728	4,789,790	3,882,528
Sonoco Products	114,993	3,216,718	3,679,776
VF Corp.	90,917	3,185,857	2,750,239
		<u>\$43,202,957</u>	<u>\$44,299,818</u>

The MacBride Principles for Northern Ireland

1. Increasing the representation of individuals from underrepresented religious groups in the workforce including managerial, supervisory, administrative, clerical and technical jobs.
2. Adequate security for the protection of minority employees both at the workplace and while travelling to and from work.
3. The banning of provocative religious or political emblems from the workplace.
4. All job openings should be publicly advertised and special recruitment efforts should be made to attract applicants from underrepresented religious groups.
5. Layoff, recall, and termination procedures should not in practice favor particular religious groupings.
6. The abolition of job reservations, apprenticeship restrictions, and differential employment criteria, which discriminate on the basis of religion or ethnic origin.
7. The development of training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills of minority employees.
8. The establishment of procedures to assess, identify, and actively recruit minority employees with potential for further advancement.
9. The appointment of a senior management staff member to oversee the company's affirmative action efforts and the setting of timetables to carry out affirmative action principles.

THE YANKEE MAC PROGRAM

Yankee Mac was enacted under PA 81-343 (Sec. 3-13d CGS) as follows:

I. Terms:

- 1) Yankee Mac mortgages are conventional 20 or 30 year, Fixed Rate mortgages
- 2) Residence must be owner-occupied, principal place of residence
- 3) Must be in Connecticut
- 4) Downpayments are ususally 20% but single home buyers paying only 5% to 10% down are required to buy private insurance to effectively raise the down payment to 28%
- 5) Mortgages generally may not exceed a \$250,000 limit, although borrowers of more than \$150,000 must pay extra.

II. Features:

- 1) Income test - payments for mortgage, taxes and insurance can be up to 33% of home buyer's gross stable income. Commercial lenders in Connecticut typically apply a 28% rule
- 2) The program has offered mortgages at rates slightly to substantially below rates offered by private lenders (see e)

III. Targeting:

- 1) Up to one-half of the loans are targeted for pension members (e.g. state employees and teachers) although in practice they have applied for only one-third of available loans
- 2) A minimum of 1/3 of the mortgages must go to buy newly constructed homes
- 3) Loans to the general public are distributed equally among Connecticut's six congressional districts since these districts are based on population (the value or market price of homes is not taken into consideration)
- 4) Single family residences (but two, three and four family homes and some condominiums qualify)

IV. Funds:

Money for the Yankee Mac program comes from four sources:

- 1) State Employees' Retirement Fund
- 2) Teachers' Retirement Fund
- 3) Municipal Employees Retirement Fund A & B and
- 4) From numerous smaller funds

V. Investment Structure:

The state has a commitment to be the sole purchaser of Yankee Mac mortgages and because of this is able to set the terms and conditions of the mortgages and to target beneficiaries.

The State Treasurer invests pension funds in securities that are backed by pools of home mortgages. The mortgage pools receive a AA rating from Standard and Poor's. To achieve a AA rating ("Very Strong Capacity to Pay Interest and Repay Principal") insurance is purchased from the Mortgage Guaranty Insurance Corporation (MGIC) to protect against a loss in principal and interest due to foreclosures. To date there has never been a foreclosure. On a national level the foreclosure rate is 1%.

All loans are originated by local banks and savings and loans having done business in the state for at least two years. These institutions make agreements with People's Bank (chosen by State Treasurer) to service the mortgages by collecting payments from homeowners. The Connecticut Bank and Trust Company acts as trustee. The financial institutions are compensated by fees established by the Treasurer.

In establishing the mortgage rates for Yankee Mac mortgages, the State Treasurer consults the State's Investment Advisory Council and banking and financial experts. Exact formulas are not used, but rates are set so that the state's yield is comparable to medium-term AA - rated industrial securities.

VI. Investment Return:

In evaluating pooled mortgages in terms of their return to the pension system the Treasurer assumes that mortgages are a comparable investment with medium-term AA industrial bonds.

Therefore the rate of return on Yankee Mac mortgages are computed as if they were corporate bonds. The corporate bond equivalent return adjusts for the fact that mortgages are paid monthly while corporate bonds normally pay semi-annual interest/dividend payments.

Chronology of Yankee Mac Offerings [4]

Series	Date of Issue	Amount Applied for (000)	Closed (000)	Total Amount Loaned To Date (000)	Interest Rate	Bond Equivalent	Approximate Number of Mortgages	
							Per Issue	Cumulative Total
A	June 1981-Nov. 1981 (First Issue)	\$ 40,000	\$ 39,000	\$ 39,000	13.75%	13.44%	715	715
B	Nov. 1981-June 1982	68,000	49,000	88,000	14.75%	14.52%	862	1,577
C	May 1982-Nov. 1983	154,000	113,000	201,000	14.75%	14.57%	1,700	3,277
D	Dec. 1982-Aug. 1983	61,000	36,000	237,000	12.75%	12.36%	590	3,867
E	June 1983-April 1984	150,000	116,000	353,000	11.75%	11.31%	1,747	5,614
F	May 1984-Aug. 1984	108,000	61,000	414,000	13.625%	13.39%	925	6,539
G	June 1985-July, 1985	97,000	61,000	475,000	[3]	10.80%	760	7,299

[1] In the event there is insufficient funds to accommodate mortgage demand the following mechanisms were utilized:

Series A - Waiting list for substitution

Series B, C & F - Random selection in place but not used. All applications accommodated

Series D & E - Random selection was used. Authorized maximum series D was \$108.0 million and for series E \$182 million.

[2] The corporate bond equivalent yield is a method of evaluating Yankee Mac mortgages in terms of their return to the pension system (see (f) investment return.

[3] Prior to Series G all loans carried the same rate plus 2 points. For Series G four different interest rate/point schemes were available as follows:

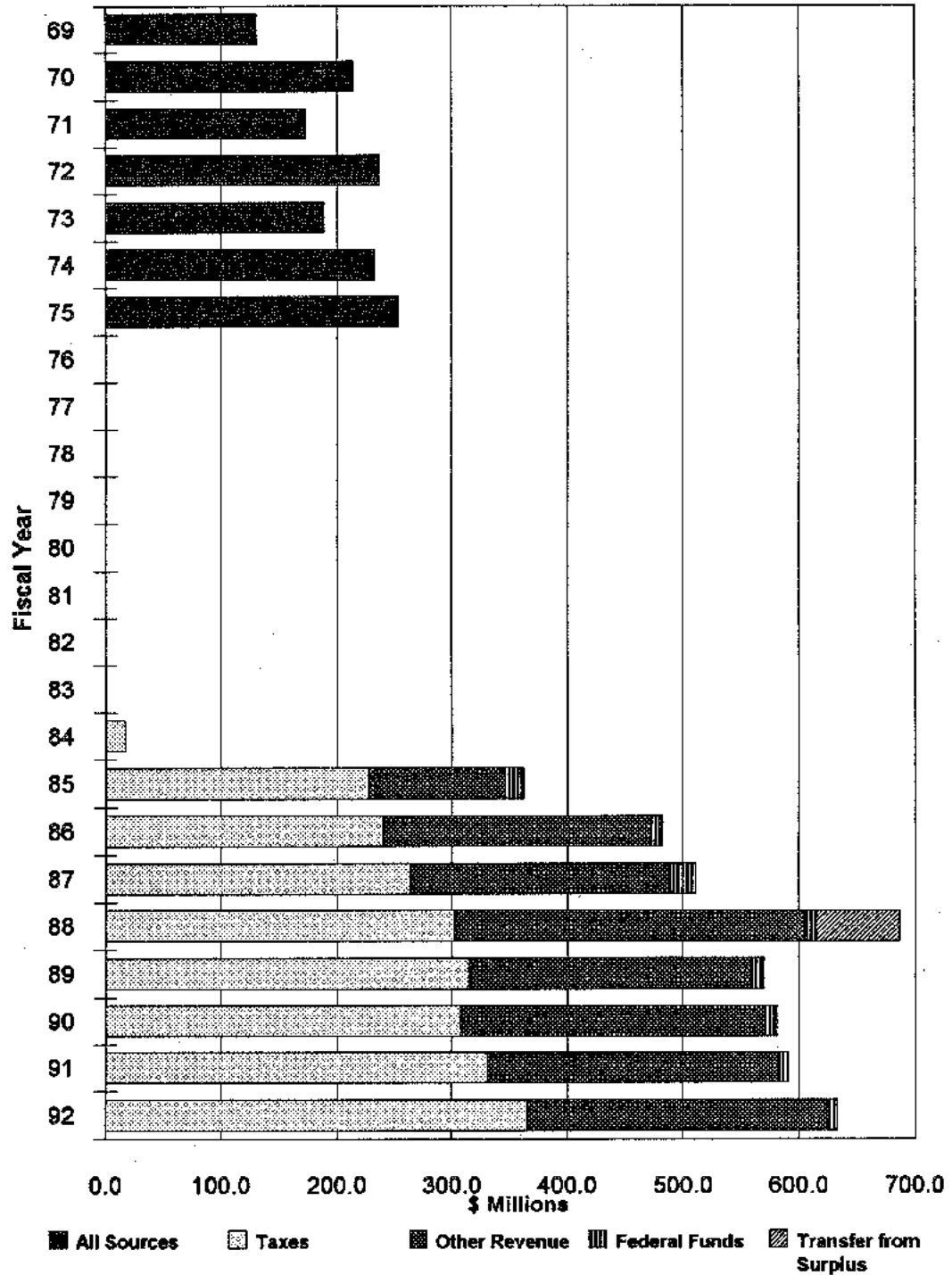
Alternative	Interest Rate/Points	Mortgage Amount	Term
#1	11.375 + 2 pts.	20,000-150,000	20-30 yrs.
#2	11.125 + 3 pts.	20,000-150,000	20-30 yrs.
#3	11.375 + 3 pts.	150,000-250,000	15-30 yrs.
#4	11.125 + 2 pts.	20,000-150,000	15 yrs.

[4] Yankee Mac mortgages were not issued during 1986 to avoid competition with the Municipal Infrastructure Trust Fund program.

[5] Much of the Yankee Mac portfolio was sold at a profit in 1987 after it was converted to the nation's first collateralized Mortgage Obligation/Real Estate Mortgage Investment Conduit (authorized by the 1986 Federal Tax Act).

Source: State Treasurer's Office

Transportation Fund Revenues* FY 69 - FY 75 and FY 84 - FY 92



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

TRANSPORTATION FUND

Fiscal Year	Total Revenues (000,000)	Fund Breakdown: (000,000)		Base Changes
		Taxes	Other	
1971	\$174.1			
1972	237.5			
1973	189.5			
1974	233.4			
1975	254.0			The Highway Fund became the Transportation Fund on 7/1/74
1976	NA			Transportation Fund was eliminated on 6/30/75. All activities were transferred to General Fund accounts.
1984	17.5			<ol style="list-style-type: none"> 1) PA 83-30 established a Special Transportation Fund for the maintenance and construction of state roads and bridges. Revenues are derived from a set aside of one cent of the State Motor Fuels Tax (currently 14 cents/gallon - Gasoline and 13 cents/gallon - gasohol). State Treasurer may utilize fund revenues as part of the State's Short Term Investment Fund. 2) PA 83-1 (October Special Session) appropriated \$3.333 million of the FY 84 General Fund surplus from operations to the Special Transportation Fund. The appropriated amount is included in the total.
1985	362.6	Taxes 227.0 Other 119.9 Federal 15.7		Special Transportation Fund expanded to include all highway-related state and federal revenues (except tolls).
1986	482.9	Taxes 240.6 Other 232.7 Federal 9.6		<ol style="list-style-type: none"> 1) PA 85-529 changes various motor vehicle fees. 2) PA 85-413 revises surcharges on motor vehicle related fines and penalties.
1987	511.2	Taxes 263.6 Other 225.9 Federal 21.7		<ol style="list-style-type: none"> 1) PA 86-383 changes various motor vehicle registration fees. 2) PA 86-271 increases fees associated with the transfer of a motor vehicle because of a business partial liquidation or reorganization (7/1/86). 3) PA 86-352 allows motor carriers registered with DRS to purchase fuel at designated stations without paying Motor Fuels Tax at the pump. The tax is paid quarterly (10/1/86).
1988	615.6	Taxes 302.3 Other 303.0 Federal 10.3		1) PA 87-329 postpones the motor vehicle fee increase scheduled for 1988 until 1992 and eliminates another increase scheduled for 1992. The fees would have increased 12.9% in 1988 and 14.3% in 1992.
1989	570.4	Taxes 315.7 Other 244.4 Federal 10.3		<ol style="list-style-type: none"> 1) PA 88-249 requires mandatory registration for all motor carriers, in-state and out-of-state, and payment of an annual registration fee of \$10. 2) PA 88-320 sets fines for not stopping at truck weighing areas and littering.
1990	582.1	Taxes 308.1 Other 264.0 Federal 10.0		
1991	591.9	Taxes 330.9 Other 251.8 Federal 9.2		
1992	634.2	Taxes 365.6 Other 260.5 Federal 8.1		1) PA 91-13 (June Special Session) changes various motor vehicle and transportation-related fees.
1993	NA	Taxes NA Other NA Federal NA		<ol style="list-style-type: none"> 1) PA 92-177 (May Special Session) changes various motor vehicle and transportation-related fees. 2) PA 92-136 establishes a motor carrier decal program. 3) PA 92-13 (May Special Session) requires employers in severe air pollution areas to pay fees when filing traffic-management compliance plans.

Note: Changes to the Motor Fuels tax may be found in the Excise Tax section.
Source: The Annual Report of the State Comptroller, various issues.

The Transportation Infrastructure Program

The State intends to accomplish its transportation infrastructure program over a 10 year period. The program will be administered by the Department of Transportation.

The 10 year cost of the infrastructure program, to be met from federal, state and local funds, is estimated at \$7.6 billion. All revenues collected will be credited to the Special Transportation Fund. The Special Transportation Fund receives revenues from five sources; three categories include transportation related taxes, fees and charges, one category includes Urban Mass Transit grants (UMTA) received by the state and one includes investment income.

The State's share of the estimated \$7.6 billion total cost of the infrastructure program is estimated to be \$3.6 billion over the next ten years. Of this amount \$3.2 billion is expected to be financed by special tax obligation bonds while the remaining \$0.4 billion will be financed from current revenues of the state. The issuance of special tax obligation bonds is expected to eliminate the need for the authorization of additional general obligation bonds of the state for transportation purposes.

Projected Pledged Revenues

The source of payments for the special tax obligation bonds are revenues that have been pledged by the state. All pledged revenues are credited to the Special Transportation Fund. Pledged revenues consist primarily of taxes, fees and charges. The tables on the following pages summarize the tax, fee and charge increases and the level of revenue that each category of pledged revenues is estimated to produce over the next ten years, respectively.

Projected Debt Service Coverage

Under the bond covenant, the state has agreed to maintain Pledged Revenues and other receipts to be twice the amount required to cover the bonds' debt service (i.e., principal plus interest payments) in each fiscal year. See the following tables for the projected relationship between Pledged Revenues and Debt Service Requirements in each of the ten fiscal years commencing with FY 84-85.

**The Infrastructure Renewal Program
Transportation Fund
(\$ Millions)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
Beginning Balance	0.3							
Motor Fuels Taxes, Receipts, Fees	339.5	422.0	473.3	523.8	542.3	547.3	556.6	593.7
UMTA Grants	15.7	9.6	21.7	10.3	10.3	10.0	9.2	8.1
Interest Income	7.4	11.6	9.4	13.6	22.7	29.1	30.1	36.8
Transfer - General Fund Surplus	0.0	25.0	10.0	0.0	0.0	0.0	0.0	0.0
Transfer - General Fund Tolls	0.0	16.3	0.0	0.0	0.0	0.0	0.0	0.0
Total - Revenues	362.9	486.5	514.4	547.7	575.3	586.4	595.9	638.6
Refunds of Taxes	0.0	-3.7	-3.2	-3.7	-4.9	-4.3	-4.0	-4.4
Total - Net Resources	362.9	482.8	511.2	544.0	570.4	582.1	591.9	634.2
Debt Service & Expenditures								
Special Tax Obligation Bonds	12.6	26.5	38.9	57.0	91.2	126.4	163.9	204.1
General Obligation Bonds	105.3	117.0	113.9	94.7	98.9	86.9	85.0	73.0
Total - Debt Service	117.9	143.5	152.8	151.7	190.1	213.3	248.9	277.1
DOT Expenditures	209.0	225.5	240.4	260.8	312.9	329.9	314.3	298.4
Program Costs paid from current operations	33.5	82.1	60.8	122.9	57.9	58.4	45.6	18.4
DMV budgeted expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.7
Other budgeted expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.4
Defeasance Transfer [1]	0.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0
Total - Expenditures	360.4	451.1	454.0	585.4	560.9	601.6	608.8	642.0
Projected Excess (Deficiency)	2.5	31.7	57.2	-41.4	9.5	-19.5	-16.9	-7.8
Cumulative Excess (Deficiency)	2.5	34.2	91.5	50.1	59.6	40.1	23.2	15.4

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

Source: The Official Statement, State of Connecticut, Special Tax Obligation Bonds, Transportation Infrastructure Purposes, September, 1988.

Summary of Enacted Tax and Fee Increases

	Motor Fuels Tax Per Gallon Increase	Gasoline Tax	Motor Vehicle Receipts (% Increase) [1]	Licenses, Permits and Fees (% Increase) [2]
7/84	1 cent	\$0.15		
7/85	1 cent	0.16	25%	0
7/86	1 cent	0.17	0	50%
7/87	2 cent	0.19	24%	0
7/88	1 cents	0.20	0	0
7/90	2 cent	0.22	0	50%
7/91	1 cent	0.23	0	0
9/91	2 cents	0.25	0	0
1/92	1 cent	0.26	0	0
7/92	0	0.26	0	25%
1/93	2 cents	0.28	0	0
7/93	1 cent	0.29	12.9%	0
1/94	1 cent	0.30	0	0
7/94	1 cent	0.31	0	25%
1/95	1 cent	0.32	0	0
7/95	1 cent	0.33	0	0
1/96	1 cent	0.34	0	0

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

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

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

**Projected Pledged Revenues--Special Transportation Fund
(\$ Millions)**

FY	Motor Fuels Tax	Motor Vehicle Receipts	LPF Revenue	FTA Grants	Interest Income	Reserve Account Release	Total	Refunds of Taxes	Total Net
1993	401.3	173.0	83.9	8.1	40.0	0	706.3	(4.6)	701.7
1994	443.0	174.3	90.9	8.0	43.3	0	759.5	(5.1)	754.4
1995	477.7	177.4	91.8	7.9	35.9	14.2	804.9	(5.4)	799.5
1996	513.1	180.4	92.7	7.8	35.0	0	829.0	(5.7)	823.3
1997	526.1	183.6	93.6	7.7	34.1	0	845.1	(5.8)	839.3

Source: The Official Statement, State of Connecticut, Special Tax Obligation Bonds, Transportation Infrastructure Purposes, September, 1992

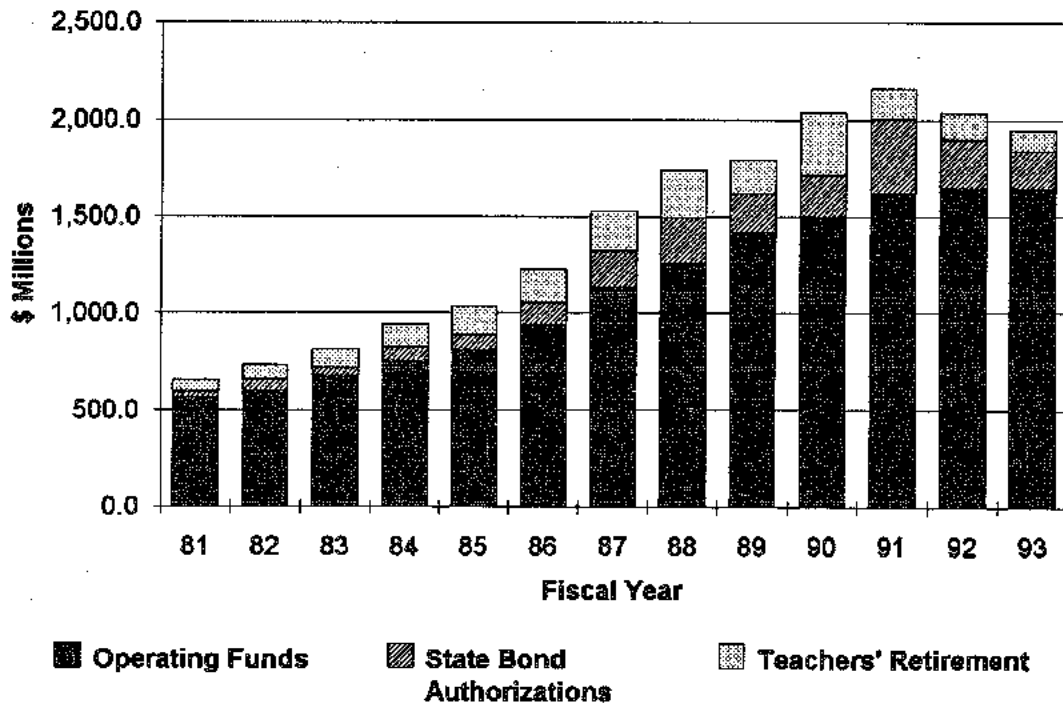
**Projected Debt Service Coverage
(\$ Millions)**

FY	Projected Pledged Revenue	1984-1992 Bonds	Additional Bonds [1]	Total Debt Service	Projected Aggregated Debt Service Ratio
1985	362.9	12.6	0.0	12.6	28.8%
1986	482.9	26.5	0.0	26.5	18.2
1987	511.2	38.9	0.0	38.9	13.1
1988	544.0	57.0	0.0	57.0	9.5
1989	570.4	91.2	0.0	91.2	6.3
1990	582.1	127.4	0.0	127.4	4.6
1991	591.9	163.2	0.0	163.2	3.6
1992	634.2	202.2	0.7	202.9	3.1
1993	701.7	237.2	7.1	244.3	2.9
1994	754.4	243.4	31.1	274.5	2.8
1995	799.5	234.7	58.1	292.8	2.7
1996	823.3	232.3	86.8	319.1	2.6
1997	839.3	232.9	115.6	348.5	2.4

[1] Assumes an interest cost of 7.5% with level debt service over 20 years in principal amounts, 400 million in 1991, \$520 million in 1992, \$330 million in 1993 and \$225 million in 1994.

Source: The Official Statement, State of Connecticut, Special Tax Obligation Bonds, Transportation Infrastructure Purposes, 1992.

State Aid to Local Governments FY 81 - FY 93



State Aid to Local Governments 1981 - 1992

Fiscal Year	Operating Funds	State Bond Authorizations	Teachers' Retirement
1981	567.0	26.3	64.2
1982	603.8	52.8	75.9
1983	677.0	40.3	96.8
1984	753.5	67.6	120.5
1985	808.6	77.9	148.4
1986	939.8	112.7	175.8
1987	1,133.1	188.8	204.6
1988	1,258.3	235.1	242.6
1989	1,416.1	202.1	175.8
1990	1,499.8	215.8	323.0
1991	1,620.0	384.8	156.6
1992	1,647.4	250.8	140.1
1993	1,646.7	191.2	111.6

Source: Office of Fiscal Analysis

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

State Grand Levies
Fiscal Years 1982-1988
(\$ Millions)

Category	FY 82 Levies	% Total	FY 83 Levies	% Total	FY 84 Levies	% Total	FY 85 Levies	% Total	FY 86 Levies	% Total
Industrial	\$104.5	5.5%	\$155.3	5.7%	\$120.3	5.6%	\$120.3	5.3%	\$126.8	5.2%
Commercial	318.2	16.9%	340.2	16.8%	361.9	16.7%	372.0	16.4%	395.0	16.3%
Public Utility	27.9	1.5%	32.9	1.6%	37.2	1.7%	44.0	2.0%	49.9	2.1%
Bus. Per. Prop.	187.8	10.0%	193.8	9.6%	211.3	9.8%	222.8	9.8%	243.9	10.1%
Total	683.4	33.9%	682.2	33.7%	730.7	33.8%	759.1	33.5%	815.6	33.7%
Residential	1099.6	58.4%	1186.7	58.6%	1261.3	58.4%	1325.3	58.5%	1400.2	57.8%
Motor Vehicles	136.7	7.2%	147.3	7.3%	161.7	7.5%	174.2	7.7%	200.4	8.2%
Land Use	3.9	0.2%	4.4	0.2%	4.7	0.2%	4.5	0.2%	4.6	0.2%
Misc.	5.2	0.3%	3.2	0.2%	2.9	0.1%	2.1	0.1%	2.2	0.1%
Total	145.8	7.7%	154.9	7.7%	169.3	7.8%	180.8	8.0%	207.2	8.5%
Total Grand Levy	\$1883.8	100.0%	\$2023.8	100.0%	\$2161.3	100.0%	\$2265.2	100.0%	\$2423.0	100.0%

Category	FY 87 Levies	% Total	FY 88 Levies	% Total	FY 89 Levies	% Total
Industrial	\$142.9	5.2%	\$151.0	5.2%	\$162.1	5.0%
Commercial	445.8	16.3%	471.2	16.3%	522.0	16.2%
Public Utility	55.3	2.0%	45.4	1.6%	48.1	1.5%
Bus. Per. Prop.	276.9	10.2%	310.1	10.8%	339.4	10.5%
Total	920.9	33.8%	977.7	33.9%	1071.6	33.2%
Residential	1573.2	57.8%	1658.5	57.4%	1856.2	57.6%
Motor Vehicles	220.4	8.1%	245.5	8.5%	286.7	8.9%
Land Use	4.8	0.2%	5.0	0.2%	6.1	0.2%
Misc.	2.7	0.1%	0.9	0.0%	3.4	0.1%
Total	227.9	8.4%	251.4	8.7%	296.2	9.2%
Total Grand Levy	\$2722.2	100.0%	\$2887.6	100%	\$3224.0	100%

Source: Analysis of Grand Lists, Connecticut Public Expenditures Council

Regional Tourism Districts

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

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

The act requires the convention and coliseum authorities to receive a portion of the lodgings tax revenue returned to their respective tourism districts. The Hartford-based Connecticut Convention Center Authority receives all of the revenues generated in Hartford, while the New Haven Coliseum Authority, the Norwalk Maritime Center Authority and the Stamford Coliseum Authority receive 75%.

The new districts are:

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

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

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

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

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

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

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

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

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

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

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

**Convention and Visitors Commissions
and Coliseum Authorities**

Any municipality (C.G.S. 7-136b) that has established a:

1. convention and visitors commission,
2. coliseum authority or
3. municipal district

may elect to receive funding under either of the following alternatives:

1. 50% of the state tax receipts collected on admission tickets for events in a municipally-owned facility or
- 2a. 1.5% of the sales taxes paid on hotel and motel room rentals in any district or
- b. 4.5% of the sales tax receipts paid on hotel and motel room rentals in any municipality.

It should be noted that alternative 2a and b above is only available to a municipality or a municipal district with a population of 85,000 or more. Additionally, in the case of municipal districts, member towns must have population of under 85,000.

LEGISLATIVE HISTORY:

PA 74-337 enabled municipalities of any size to establish a Visitor and Convention Commission. To support the activities, the municipalities would receive one-half of the amusement tax collected from events held at municipally-owned facilities.

PA 78-376 added an alternative source of funding for the Commissions in municipalities with a population of at least 85,000. These commissions could opt to receive 4.5% of the gross receipts from lodging within the municipality.

PA 81-417 allowed municipal districts to form Commissions. If the district had a population in excess of 85,000 then the Commission could opt to receive 4.5% of the gross receipts from lodging within the district.

PA 82-319 prohibited a municipality with a population of 85,000 or more from joining a municipal district for purposes of forming a Commission. In addition, the act reduced the percentage of lodging receipts that a district could receive from 4.5% to 1.5%, but continued to allow municipalities over 85,000 to receive 4.5%.

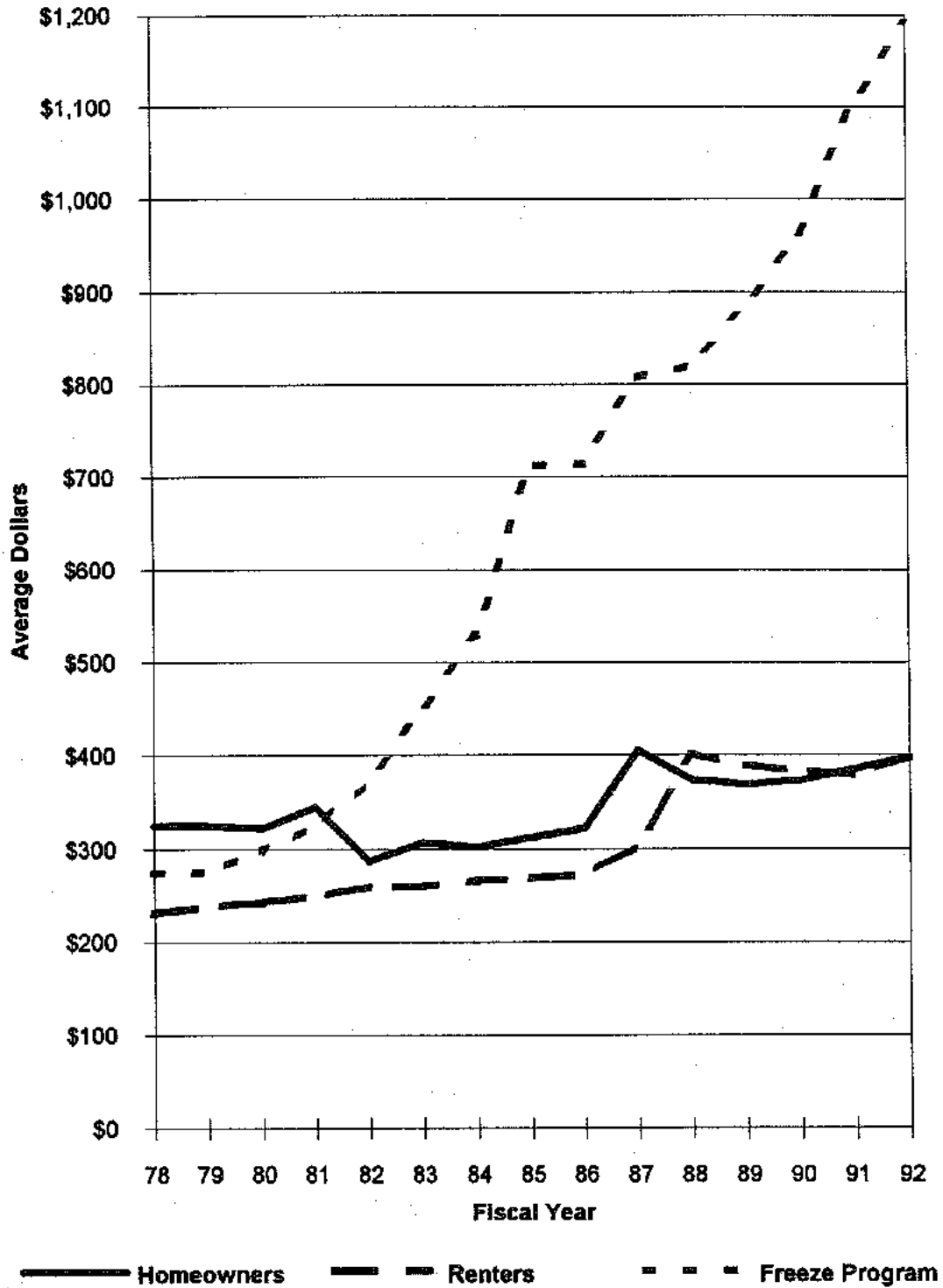
**ROOM OCCUPANCY TAX RECEIPTS
RETURNED TO DISTRICTS
BY FISCAL YEAR**

District	1987	1988	1989	1990	1991	1992
Central CT Convention & Visitors District	\$ 122,573	\$ 146,355	\$ 147,180	\$ 120,995	\$ 91,356	\$ 80,676
CT Valley Tourism Commission	114,859	133,611	128,890	159,654	169,635	183,438
CT Convention Center Authority	1,211,282	1,260,835	871,748	947,746	809,206	691,011
Housatonic Valley Travel Council	288,206	259,339	245,976	268,465	279,585	263,863
Litchfield Hills Visitors District	94,477	162,026	188,284	213,610	211,372	190,502
New Haven Coliseum Authority	440,141	527,781	589,521	543,621	493,013	517,679[1]
Stamford Coliseum Authority	1,441,505	1,508,920	1,542,126	1,401,930	1,364,831	1,271,110
Southeastern CT Tourism District	389,450	433,990	502,382	463,954	446,054	484,570
Waterbury Convention District	355,498	394,842	374,676	335,192	314,033	331,452
Bridgeport Convention & Visitors Commission (est. 5/83)	92,754	182,869	180,642	154,913	125,880	105,661
East of the River Convention Commission (est. 5/83)	130,793	119,323	124,521	126,203	134,974	151,074
Farmington Valley/West Hartford Visitors Bureau (est. 5/83)	180,132	208,710	228,701	243,315	280,171	255,077
Tobacco Valley Tourist District (est. 5/83)	292,786	351,098	347,737	359,148	358,356	365,185
Olde Towne Tourism District (est. 5/84)	100,797	100,282	105,777	101,709	97,432	139,424
Hill & Harbor Convention & Visitors District (est. 5/84)	382,424	435,648	405,207	377,623	392,130	374,980
Northeast CT Visitors District (est. 5/84)	63,520	70,299	69,732	55,139	49,728	43,648
Yankee Heritage Visitors Commission (est. 5/85)	94,112	94,014	124,808	198,027	196,032	203,116
Shoreline Visitors Bureau (est. 5/86)	43,913	99,873	95,144	99,976	92,562	64,911
Wallingford/Meriden Tourism District (est. 5/87)		95,399	115,178	127,008	102,728	124,255
Total Revenue to Districts	\$5,839,220	\$6,587,213	\$6,388,230	\$6,298,230	\$6,009,078	\$5,841,632

[1] Half of this amount (\$258,839) was paid directly to the New Haven Convention and Visitors Bureau.

Source: Department of Revenue Services

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



Source: Office of Policy and Management

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

Total Expenditures for Both Programs

Fiscal Year	Total Expenditures	Circuit Breaker Program		Freeze Program
		Homeowners	Renters	
1978	\$29,051,540	\$9,283,350	\$6,730,239	\$13,037,951
1979	29,822,682	9,661,802	7,109,147	13,051,733
1980	30,178,439	9,155,902	7,194,893	13,827,644
1981	31,279,333	9,716,016	6,577,544	14,985,773
1982	31,371,940	7,638,313	6,292,412	17,441,215
1983	29,308,757	7,691,268	6,326,470	15,291,019
1984	30,202,308	7,371,316	5,889,840	16,941,152
1985	28,776,010	7,532,842	5,606,245	15,636,923
1986	29,100,976	7,718,978	5,302,681	16,079,317
1987	28,907,182	9,488,416	5,547,907	13,870,859
1988	31,859,684	9,271,236	8,287,119	14,301,329
1989	31,633,847	10,146,208	9,131,326	12,356,313
1990	34,286,431	12,152,118	9,591,382	12,542,934
1991	34,860,167	13,162,114	9,938,449	11,759,604
1992[1]	36,970,000	14,420,000	10,668,500	11,881,500

[1] Estimate from the Governor's budget

Freeze Program

Fiscal Year	Appropriation	Expenditure	Number of Applications	Average Payment
1978	\$12,341,000	\$13,037,951	47,531	\$274
1979	14,000,000	13,051,733	47,233	276
1980	13,911,000	13,827,644	46,392	298
1981	14,506,000	14,985,773	46,143	325
1982	17,309,576	17,441,215	47,008	371
1983	15,650,000	15,291,019	33,971	450
1984	14,500,000	16,941,152	32,039	529
1985	17,791,150	15,636,923	21,994	711
1986	16,900,000	16,079,317	22,515	714
1987	15,900,000	13,870,859	17,183	807
1988	14,652,500	14,301,329	17,448	820
1989	14,475,000	12,356,313	14,011	882
1990	12,000,000	12,542,934	13,079	959
1991	13,000,000	11,759,604	10,693	1,100
1992	11,875,000	11,881,500	9,973	1,191
1993	12,000,000	NA	NA	NA

Source: Grant Information Sheets, Office of Policy and Management and the Governor's Budget

LOCAL PROPERTY TAX RELIEF FOR THE ELDERLY

Circuit Breaker Program

Homeowners

Fiscal Year	Appropriation	Expenditure	Number of Applications	Average Payment
1978	\$10,000,000	\$9,283,350	29,727	\$325
1979	10,500,000	9,661,802	29,727	325
1980	11,839,000	9,155,902	28,416	322
1981	10,309,000	9,716,016	28,205	345
1982	11,415,000	7,638,313	26,599	287
1983	10,100,000	7,691,268	25,056	307
1984	8,700,000	7,371,316	24,386	302
1985	7,771,320	7,532,842	24,137	312
1986	8,600,000	7,718,978	23,967	322
1987	9,500,000	9,488,416	23,432	405
1988	9,630,000	9,271,236	24,780	374
1989	10,930,000	10,146,208	27,507	369
1990	11,000,000	12,152,118	32,605	373
1991	14,000,000	13,162,114	34,144	385
1992	14,200,000	14,420,000	36,236	398
1993	15,500,000	NA	NA	NA

Renters

Fiscal Year	Appropriation	Expenditure	Number of Applications	Average Payment
1978	\$6,700,000	\$6,730,239	29,169	\$231
1979	7,329,000	7,109,147	29,917	238
1980	7,690,000	7,194,893	29,601	243
1981	7,444,000	6,577,544	26,467	249
1982	9,133,676	6,292,412	24,343	259
1983	7,500,000	6,326,470	24,408	259
1984	6,900,000	5,889,840	22,171	266
1985	6,490,000	5,606,245	20,951	268
1986	6,355,000	5,302,681	19,456	273
1987	7,000,000	5,547,907	18,278	303
1988	8,500,000	8,287,119	20,651	401
1989	8,900,000	9,131,326	23,464	389
1990	10,300,000	9,591,381	25,063	383
1991	10,500,000	9,938,449	26,257	379
1992	11,000,000	10,668,500	26,800	398
1993	11,400,000	NA	NA	NA

Source: Grant Information Sheets, Office of Policy and Management and the Governor's Budget

**DESCRIPTION OF PROPERTY TAX RELIEF PROGRAMS
FOR THE ELDERLY AND DISABLED**

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

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

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

Tax Freeze Program

Description:

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

Eligibility:

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

Application:

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

Circuit Breaker Program

1. Homeowners:

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

Eligibility:

- a. A homeowner must be 65 years of age or over, or the spouse who is living with him/her must be 65 or over, or be under 65 but eligible for permanent total disability benefits under Social Security requirements or a comparable program.
- b. A surviving spouse over 50 is eligible.

- c. The applicant must occupy the real property as his/her principal place of residence and must have resided in the state for one year before filing a claim.
- d. Have qualifying income for the previous year of not more than \$20,100 for unmarried individuals or if married joint income of not more than \$24,700 for homeowners filing between February 1, and May 15, 1993. (Qualifying income is defined as federal adjusted gross income plus social security income and other income not included in federal adjusted gross income. Qualifying income will be adjusted by October 1 of each year to reflect the Social Security inflation adjustment.)

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

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

2. Renters:

Description: Renters are entitled to a state grant based on the percent considered to be paid toward property taxes.

Eligibility: Same as for homeowner.

Application: Renters must apply between May 15 and September 15.

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

3. Resident of a Continuing Care Community:

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

Eligibility: Same as for homeowners.

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

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

The schedules on the following page indicate the maximum amount of payment individuals may be eligible for under these programs for FY 1990-91. The tables are based on a sliding scales, in which benefits decrease as income increases.

Property Tax Relief Programs for the Elderly and Disabled

Residents of Continuing Care Communities and Homeowner Benefits

Qualifying Income		Tax Reduction as a Percentage of Property Tax	Tax Reduction for Any Year	
Over	Not Exceeding		Maximum	Minimum
Married Homeowners				
\$ 0	\$10,000	50%	\$1,250	\$400
10,000	13,600	40	1,000	300
13,600	16,800	30	750	200
16,800	20,100	20	500	100
20,100	24,700	10	250	100
24,700		None		
Unmarried Homeowners				
\$ 0	\$10,000	40%	\$1,000	\$300
10,000	13,600	30	750	200
13,600	16,800	20	500	100
16,800	20,100	10	250	100
20,100		None		

Renter Benefits

Qualifying Income			Amount of Grant	
Over	Not Exceeding		Maximum	Minimum
Married Renters				
\$ 0	\$10,000		\$900	\$400
10,000	13,600		700	300
13,600	16,800		500	200
16,800	20,100		250	100
20,100	24,700		150	50
24,700			None	None
Unmarried Renters				
\$ 0	\$10,000		\$700	\$300
10,000	13,600		500	200
13,600	16,800		250	100
16,800	20,100		150	50
20,100			None	None

LOCAL OPTION PROPERTY TAX RELIEF FOR THE ELDERLY

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

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

The property tax relief for a principal residence may be provided to any resident who:

- (1) is 65 years of age or over, or has a spouse, age 65 or over living in the household, or is a surviving spouse, age 60 or over;
- (2) has been a taxpayer in the town for one year immediately preceding receipt of tax benefits; and
- (3) meets any income criteria which the town may have adopted.

Prior to October 1, 1987, the total amount of tax relief was limited to 75% of the total due. Commencing with the October 1, 1987 assessment year, PA 87-116 expanded the allowable tax relief to 100% provided that when total tax relief exceeds 75% of the tax due, the town must file a lien against the property and charge interest, at a rate determined by the town.

It should be noted that the local option elderly homeowner tax relief benefits program was extended by PA 87-91 to permanently and totally disabled persons, regardless of age commencing with the October 1, 1987 assessment year.

VETERAN'S PROPERTY TAX EXEMPTION

The veteran's local property tax exemptions were increased by PA 85-573. Beginning with the 1985 assessment year veterans whose gross income is below certain limits are entitled to an additional exemption equal to twice the amount of the basic exemption they have been receiving. In addition, persons eligible for the basic exemption, but who do not meet the income requirements, are entitled to an additional exemption equal to one-half of the base exemption (see Veteran's Exemption Chart). Beginning with the 1989 assessment year and following the completion and implementation of a revaluation, Public Act 88-342 requires veterans' exemptions to be increased by a rate equal to the increase in the grand list following revaluation.

Reimbursement: Towns continue to bear the cost of the original or basic exemption. The State reimburses towns for any additional tax loss associated with the additional exemptions.

Eligibility for Basic Exemption:

In order to qualify for one of the basic veteran's exemptions (as described under Section 12-81 subsections (19) through (26) of the C.G.S.) a veteran's Honorable Discharge must be filed in the Town Clerk's Office on or before September 30.

ADDITIONAL VETERAN'S EXEMPTION CHART (PA 85-573)

Statute Summary	BENEFITS WITH INCOME REQUIREMENT PA 85-573			BENEFITS WITH NO INCOME REQUIREMENT PA 85-573		
	Present Entitlement	Additional Reimbursed	Total Entitlement	Present Entitlement	Additional Reimbursed	Total Entitlement
Sec. 12-81 (19) 90 Day service during time of war, or discharge was recorded Prior to Oct., 1977	\$1,000	\$2,000	\$3,000	\$1,000	\$500	\$1,500
Sec. 12-81 (20)						
V.A. Rating						
10% - 25%	\$1,500	\$3,000	\$4,500	\$1,500	\$750	\$2,250
26% - 50%	\$2,000	\$4,000	\$6,000	\$2,000	\$1,000	\$3,000
51% - 75%	\$2,500	\$5,000	\$7,500	\$2,500	\$1,250	\$3,750
76% - 100% or Over 65 yrs. and > 10%	\$3,000	\$6,000	\$9,000	\$3,000	\$1,500	\$4,500
Sec. 12-81 (21a)						
Severe disability: VA Rated [1]	\$10,000	\$20,000	\$30,000	\$10,000	\$5,000	\$15,000
Service-Connected [1]	\$5,000	\$10,000	\$15,000	\$5,000	\$2,500	\$7,500
Sec. 12-81 (22)						
Surviving Spouse or minor child if service related death	\$1,000 \$3,000	\$2,000 \$6,000	\$3,000 \$9,000	\$1,000 \$3,000	\$500 \$1,500	\$1,500 \$4,500
Sec. 12-81 (23)						
Surviving Spouse receives annuities or compensation from U. S. (Federal)	\$1,000	\$2,000	\$3,000	\$1,000	\$500	\$1,500
Sec. 12-81 (24)						
Active duty service-connected death, surviving spouse re- ceives compensation from V.A.	\$3,000	\$6,000	\$9,000	\$3,000	\$1,500	\$4,500
Sec. 12-81 (25)						
Benefits to single parent of one who left no surviving spouse, or when spouse remarried	\$1,000	\$2,000	\$3,000	\$1,000	\$500	\$1,500
Sec. 12-81 (26)						
Parents of serviceman receiving pension annuity or compensation from U.S. (Federal)	\$1,000	\$2,000	\$3,000	\$1,000	\$500	\$1,500
Sec. 12-81g	Income requirements for above benefits:					
General:	\$21,600 (married)	\$17,600 (single)		Sec. 12-90(a) No individual entitled to exemption under two or more of subdivisions (19), (20), (22), (23), (25), (26) and (28) of section 12-82 shall receive more than one exemption.		
	Income includes: Adjusted gross + any other income					
100% VA Rating:	\$21,000 (married)	\$18,000 (single)				
	Income includes: Adjusted Gross					

[1] Real property exemption to be applied on domicile.

Source: State Office of Policy and Management, Intergovernmental Relations Division.

Appeals Board for Property Valuation

PA 87-404 created a Connecticut Property Valuation Appeals Board to review local tax review boards' decisions relating to assessments in place of the courts. However the state Appeals Board's decisions may be appealed in court. PA 89-231 (1) reduced the membership of the Appeals Board from five to three, (2) delayed the Board's appointment from 1989 to 1991, and (3) delayed appeals the Board can act upon from those based on 1988 grand lists to those based on 1990 lists. PA 90-266 and PA 92-254 delayed the appointments to 1994 and delays appeals to the Board to the 1993 Grand List. In keeping with this delay, the act extends the procedure for appeals to Superior Court, which was to have ended with appeals from 1989 grand lists. It also makes the Office of Policy and Management responsible for the Board's administrative requirements.

Beginning with the October 1, 1993 assessment list any taxpayer aggrieved by a decision made by the local tax review board may, within two months, seek an appeal with the state Appeals Board.

Appeal Procedure

Anyone aggrieved by a local tax review board's decision may seek an Appeals Board review (i.e. either a property owner or a municipality) within two months by filing a request and paying a \$50 fee. Upon receipt of an appeal, the Appeals Board must send the date of the hearing by certified mail to the petitioner, the local board of tax review and other parties. This notice must be given at least 21 days prior to the hearing.

The Appeals Board review is not limited to the issues or evidence presented to the local tax review board. Additionally, the Board may assign a single member to conduct hearings for appeals involving any property with an assessed value of less than \$350,000. However the findings must be submitted for consideration by the entire Board.

The Appeals Board must issue a decision affirming, modifying, or reversing the local tax review board's action within 90 days after the hearing and must send copies by certified mail to the appealing party and the local board of tax review. The decision must include the Appeal Board's factual findings and legal conclusions. Parties aggrieved by the decision of the state review board may appeal legal questions within 20 days (in accordance with the Uniform Administrative Procedures Act) and findings within two months directly to the court.

Board Membership

The Appeals Board is composed of three members appointed by the governor with the approval of the legislature. No more than two members may be from the governor's political party. Two members constitute a quorum.

Except for the chairman, each member must have at least 10 years of experience in appraising or assessing real or personal property and must have attained the immediately preceding three years experience primarily in Connecticut. The chairman must be a licensed Connecticut attorney with at least 10 years of law practice. Board members serve full time. Between January 1 and March 1, 1994, the governor must appoint two board members to serve six years and one to serve four years.

Property Taxation of Farm, Forest and Open Space Land

Enacted in 1963, PA 490 (C.G.S. 12-107a-107c) represents the state's policy of preserving farm, forest, and open space land by preferential taxation by allowing such land to be assessed for tax purposes according to its current use as opposed to its market value. In an attempt to prevent abuse and to help recover abated taxes, a declining conveyance tax was placed on sales occurring during the first ten years.

The classification of land as farm land and forest land is made by the town assessor and the state forester respectively following the submission of a written request from the property owners. The municipal planning commission, in preparing a development plan, may designate areas as open space. The legislative body of the municipality must approve the designation by a majority vote.

For purposes of classification farm land means any tract of land, including woodland and wasteland, constituting a farm unit. Forest land is any tract of land of at least 25 acres or more in an area bearing tree growth. Open Space land means any area of land including forest lands and designated wetlands, the preservation of which would:

1. Maintain and enhance the conservation of natural or scenic resources
2. Protect natural streams or water supply
3. Promote conservation of soils, wetlands, beaches or tidal marshes
4. Enhance the value to the public of abutting or neighboring parks, forests, etc.
5. Enhance public recreation opportunities
6. Preserve historic sites or
7. Promote orderly urban or suburban development

Conveyance taxes are levied on the sale of land which has been classified by the owner as farm, forest or open space as follows:

Land classified as Open Space:

Number of years following classification:	1	2	3	4	5	6	7	8	9	10	than 10
	% Total Sales Price:	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%

Land classified as Farm or Forest:

Number of years since ownership:	1	2	3	4	5	6	7	8	9	10	than 10
	% Total Sales Price:	10%	9%	8%	7%	6%	5%	4%	3%	2%	1%

MOBILE MANUFACTURED HOMES
RECENT LEGISLATION AFFECTING TAXATION

PA 85-512

From October 1, 1985 to June 30, 1986:

1. The sale of 'New' mobile manufactured homes (MMH) 12 feet wide or wider is subject to the sales tax. For purposes of the sales tax, a mobile manufactured home means a home at least twelve feet wide, which cannot proceed under its own power, which is towed or placed on flatbed trucks to be taken to its destination and which requires a limited duration over-size load permit in order to be transported on the highways.
2. The "Resale" of MMH located in licensed mobile home parks or on a single family lot is subject to the real estate conveyance tax.

PA 86-310

The provisions of PA 85-512 regarding the imposition of sales tax on new MMH and the imposition of the real estate conveyance tax on the sale of used MMH is made permanent with the following modification: The sales tax on a new MMH applies to 70% of the selling price of a new MMH sold by the manufacturer.

PA 310 also made a number of other tax related changes as follows:

1. A uniform procedure for towns to assess and tax mobile homes is established. Beginning with the 10/1/86 grand list MMH occupied as residences and connected to utilities must be assessed as residential real property (i.e., assessed at 70% of true market value). Under certain conditions (see phase-in below) the assessed value may be phased-in over a 5 year period. Prior to this act, there was no uniform statewide procedure for assessing mobile homes and assessors could tax mobile homes as either real or personal property.

Phase-in: The act phases in any increase in the assessed value of mobile homes when, (1) mobile homes are assessed as real property for the first time on or after 10/1/86 and (2) where the assessment results in a tax increase of over 25%. The phase-in occurs over a 5 year period, with 20% of the increased assessment being phased-in on the 10/1/86 grand list and 20% in each of the next four assessment years.

2. The act eliminated the authority of a town to charge a mobile home owner a monthly fee in lieu of the property tax.
3. The act renames a 'Mobile Home' a 'Mobile Manufactured Home' and changes the definition with regard to property taxation. A Mobile Manufactured Home is defined as: (1) a detached residential unit having three-dimensional components which are intrinsically mobile, with or without a wheel chasses, or (2) a detached unit built after 6/15/76 in accordance with federal standards. In either case, the home must have sleeping accommodations, electrical connections and be designed for long-term occupance. As under existing law, a home must have running water, bathing facilities, and a flush toilet.

PA 87-447 (as amended by PA 87-589)

PA 87-447 was amended to allow towns, by ordinance, to tax mobile manufactured homes as personal property instead of real property, from 10/1/86 until the first sale of the home. Mobile homes must be taxed as real property on the first assessment date following the first sale. First sale does not include conveyance to an owner's spouse, his sibling who resides in the unit being sold, or an owner who uses the sale proceeds to purchase a mobile home and place it on the same leasehold site as the exsiting home.

MUNICIPAL PROPERTY TAX EXEMPTIONS

The following property is exempt from taxation: (C.G.S. Section 12-81)

- 1) Property of the United States.
- 2) State property, reservation land held in trust by the state for an Indian tribe
- 3) County property.
- 4) Municipal property.
- 5) Property held by trustees for public purposes.
- 6) Property of volunteer fire companies and property for public use.
- 7) Property used for scientific, educational, literary, historical or charitable purposes.
- 8) College property.
- 9) Personal property loaned to tax-exempt educational institutions.
- 10) Property belonging to agricultural or horticultural societies.
- 11) Property held for cemetery use.
- 12) Personal property of religious organizations devoted to religious or charitable use.
- 13) Houses of religious worship.
- 14) Property of religious organizations used for certain purposes.
- 15) Houses used by officiating clergymen as dwellings.
- 16) Hospitals and sanatoriums.
- 17) Blind persons.
- 18) Property of veterans' organizations.
 - (a) Property of bona fide war veterans' organization.
 - (b) Property of the Grand Army of the Republic.
- 19) Veteran's exemptions.
- 20) Servicemen and veterans having disability ratings.
- 21) Disabled veterans with severe disability.
 - (a) Disabilities.
 - (b) Exemptions hereunder additional to others. Surviving spouse's rights.
 - (c) Municipal option to allow total exemption for residence with respect to which veteran has received assistance for special housing under Title 38 of United States Code.
- 22) Surviving spouse or minor child of servicemen and veterans.
- 23) Serviceman's surviving spouse receiving federal benefits.
- 24) Surviving spouse and minor child of veteran receiving compensation from Veteran's Administration.
- 25) Surviving parent of deceased serviceman or veteran.
- 26) Parents of veterans.
- 27) Property of grand army posts.
- 28) Property of United States army instructors.
- 29) Property of American National Red Cross.
- 30) Fuel and provisions.
- 31) Household furniture.
- 32) Private libraries.
- 33) Musical instruments.
- 34) Watches and jewelry.
- 35) Wearing apparel.
- 36) Commercial fishing apparatus.
- 37) Mechanic's tools.
- 38) Farming tools.
- 39) Farm produce.
- 40) Sheep, goats and swine.
- 41) Dairy and beef cattle and oxen.
- 42) Poultry.
- 43) Cash.
- 44) Nursery products.
- 45) Property of units of Connecticut National Guard.
- 46) Watercraft owned by nonresident.

- 47) Carriages, wagons and bicycles.
- 48) Airport improvements.
- 49) Nonprofit camps or recreational facilities for charitable purposes.
- 50) Exemption of manufacturers' inventories.
- 51) Water pollution control structures and equipment exempt.
- 52) Structures and equipment for air pollution control.
- 53) Motor vehicle of serviceman.
- 54) Wholesale and retail business inventory.
- 55) Property of totally disabled persons.
- 56) Solar energy systems.
- 57) Solar energy generating systems.
- 58) Property leased to a charitable, religious or nonprofit organization.
- 59) Manufacturing facility in a distressed municipality or a targeted investment community.
- 60) Machinery and equipment in a manufacturing facility in a distressed municipality or a targeted investment community.
- 61) Vessels used primarily for commercial fishing.
- 62) Passive solar energy systems.
- 63) Solar energy electricity generating and cogeneration systems.
- 64) Vessels.
- 65) Vanpool vehicles.
- 66) Motor vehicles leased to state agencies.
- 67) Beach property belonging to or held in trust for cities.
- 68) Any livestock used in farming or any horse or pony assessed at less than \$1,000.
- 69) Property of the Metropolitan Transportation Authority.
- 70) Manufacturing and equipment acquired as part of the technological upgrading of a manufacturing process in a distressed municipality or a targeted investment community.
- 71) Any motor vehicle owned by a member of an indigenous Indian tribe or their spouse, and garaged on the reservation of the tribe (PA 89-368).
- 72) New machinery and equipment (acquired after 10/1/91) and newly-acquired machinery and equipment (acquired after 7/1/92) applicable only in the four full assessment years following acquisition (PA 90-270 and PA 92-193).
- 73) Temporary structures used in seasonal agricultural production, including hoop houses, poly houses, high tunnels, overwintering structures and shade houses (PA 91-257)

Section 12-91 exempts farm machinery valued at less than \$100,000 and horses or ponies used exclusively in farming. To qualify for this exemption, PA 92-64 requires that a person have at least \$15,000 in gross sales or incur at least \$15,000 in expenses from farming during the most recently completed tax year.

PA 89-251 amended C.G.S. Section 12-71 (which describes personal property subject to taxation) by excluding computer software except when included in the purchase price of computer hardware.

**Comparison of Personal Income
for Connecticut and the United States
Percent per Year
1972 - 1991**

Year	Nominal Personal Income Growth		Implicit Price Deflator for Personal Consumption*	Real Personal Income Growth**	
	CT	us		CT	us
1973	9.8	12.2	5.7	4.1	6.5
1974	8.8	10.0	10.2	(1.5)	(0.2)
1975	6.6	8.6	8.2	(1.6)	0.4
1976	9.1	10.6	5.9	3.2	4.7
1977	10.3	10.8	6.9	3.3	3.8
1978	11.5	12.7	7.2	4.3	5.5
1979	12.7	12.3	8.9	3.8	3.3
1980	13.4	11.1	10.4	3.1	0.8
1981	11.7	11.5	9.0	2.8	2.6
1982	7.4	5.9	5.7	1.8	0.3
1983	7.5	6.4	4.9	2.6	1.6
1984	10.8	9.4	3.9	6.9	5.5
1985	7.4	7.0	3.9	3.5	3.1
1986	8.9	7.9	3.1	5.8	4.8
1987	8.9	5.8	4.2	4.8	1.7
1988	9.5	7.2	4.2	5.3	3.0
1989	6.6	7.5	4.7	1.9	2.8
1990	4.8	6.4	5.4	(0.6)	1.0
1991	2.0	3.5	4.3	(2.4)	(0.8)

Source Survey of Current Business, Department of Commerce

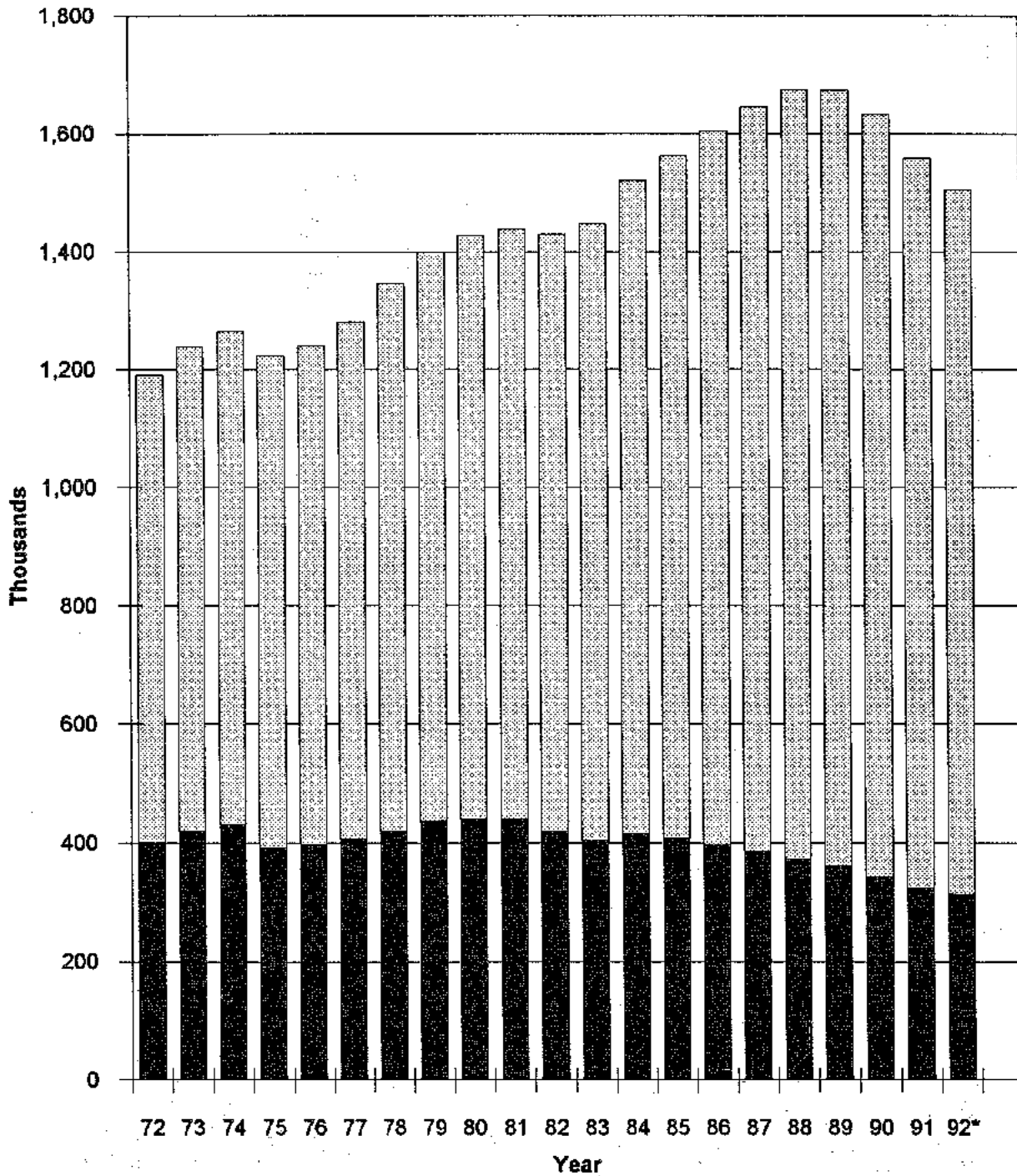
*Implicit Price Deflator is a measure for price inflation.
**Real personal income is personal income adjusted for inflation.

**Connecticut
Socioeconomic Data
1972 - 1991**

Year	Nonagricultural Employment		Unemployment	Total Personal Income		Population	
	Average (Thousands)	Percent Change	Average Rate	Total (Millions \$)	Percent Change	Total (Thousands)	Percent Change
1972	1,190		8.6	17,271		3,069	
1973	1,239	4.1	6.3	18,956	9.8	3,068	(0.03)
1974	1,264	2.0	6.1	20,615	8.8	3,074	0.2
1975	1,223	(3.2)	9.1	21,979	6.6	3,083	0.3
1976	1,240	1.3	9.5	23,965	9.1	3,083	0.0
1977	1,280	3.3	7.0	26,445	10.3	3,086	0.1
1978	1,345	5.1	5.3	29,490	11.5	3,092	0.2
1979	1,398	3.9	5.1	33,233	12.7	3,096	0.1
1980	1,427	2.1	5.9	37,692	13.4	3,108	0.4
1981	1,439	0.8	6.2	42,115	11.7	3,123	0.5
1982	1,430	(0.6)	6.9	45,237	7.4	3,128	0.2
1983	1,446	1.2	6.0	48,630	7.5	3,147	0.6
1984	1,520	5.1	4.6	53,893	10.8	3,160	0.4
1985	1,562	2.7	4.9	57,892	7.4	3,176	0.5
1986	1,604	2.7	3.8	63,066	8.9	3,194	0.6
1987	1,645	2.5	3.3	68,699	8.9	3,212	0.6
1988	1,675	1.8	3.0	75,211	9.5	3,232	0.6
1989	1,674	0.0	3.7	80,156	6.6	3,239	0.2
1990	1,633	(2.5)	5.1	83,978	4.8	3,287	1.5
1991	1,558	(4.6)	6.7	85,642	2.0	3,286	(0.03)

**Source: Connecticut Department of Labor
US Department of Commerce, Bureau of Economic Analysis
US Department of Commerce, Bureau of the Census**

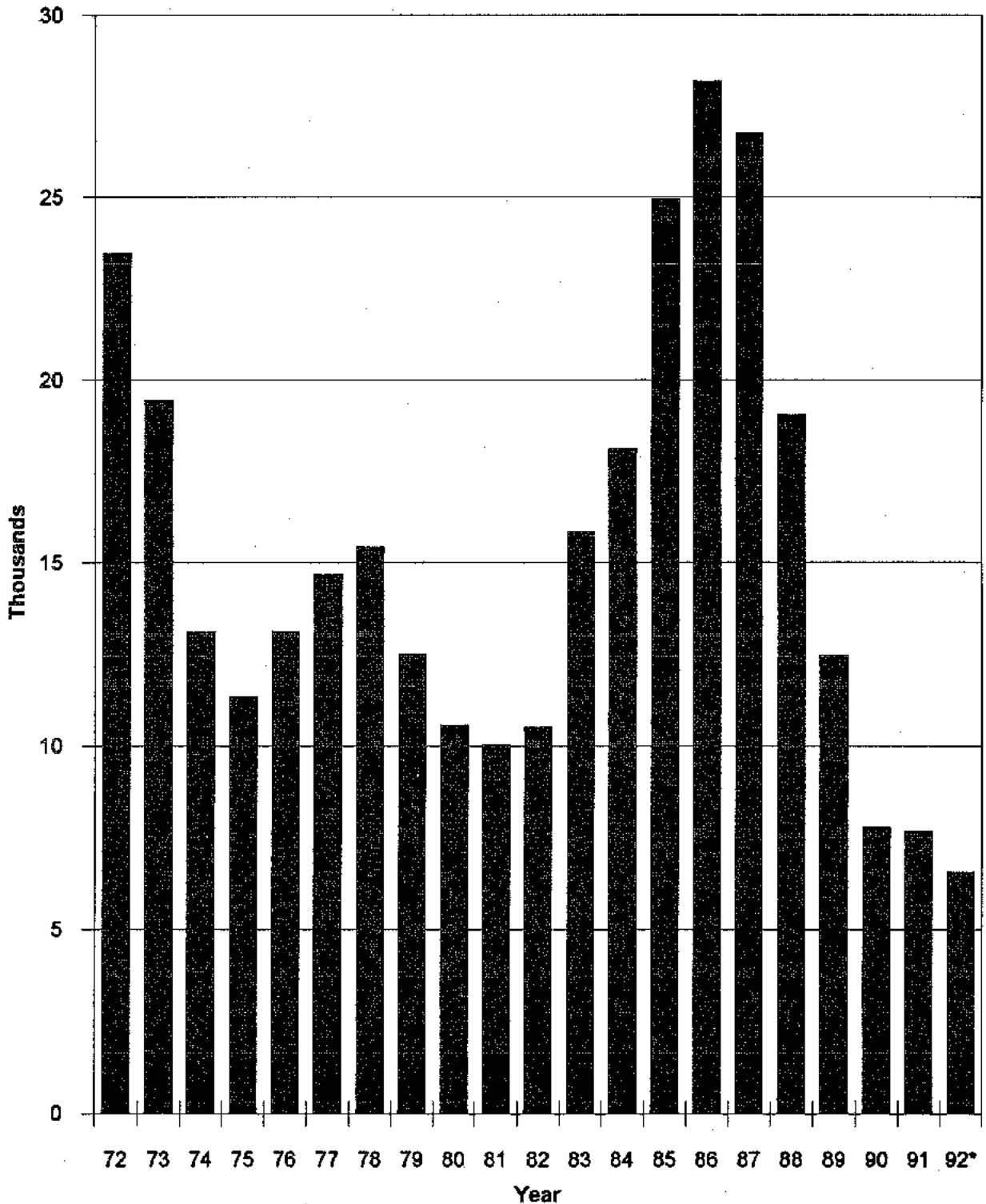
Connecticut Nonagricultural Employment 1972 - 1992



Manufacturing Employment
 Non-Manufacturing Employment

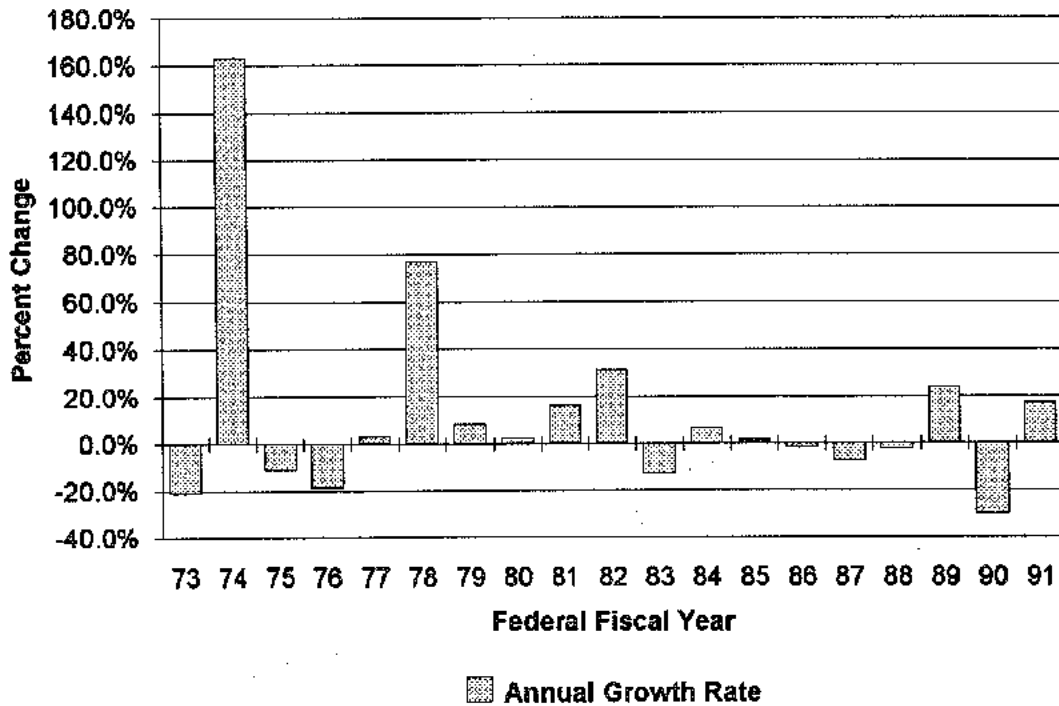
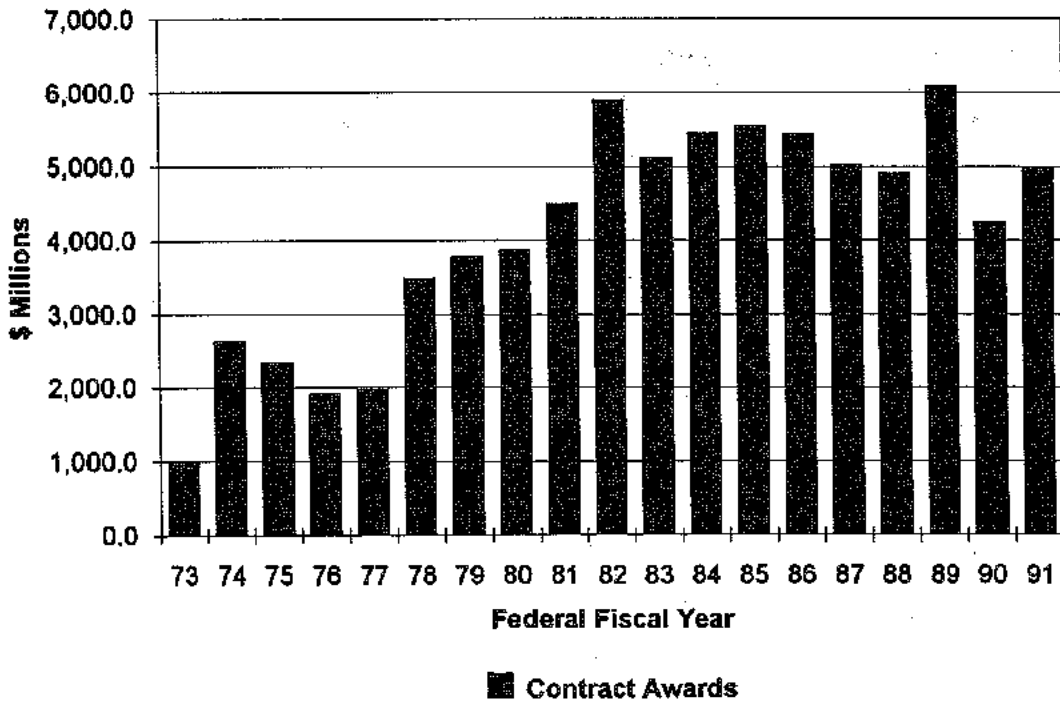
Source: Connecticut Department of Labor
 *As of October 1992.

Connecticut Housing Building Permits 1972 - 1992



Source: Connecticut Department of Housing
*As of October 1992.

Defense Contract Awards to Connecticut FY 73 - FY 91



Source: U. S. Department of Defense

DEFENSE CONTRACT AWARDS

Federal Fiscal Year	Total Contract Awards (\$000)	CT Rank for Total Awards	Yearly % Change
1973	\$1,004,462	9th	(21.0)
1974	2,641,470	3rd	162.9
1975	2,348,567	3rd	(11.1)
1976	1,913,089	6th	(18.5)
1977	1,974,323	7th	3.2
1978	3,489,199	4th	76.7
1979	3,777,393	4th	8.3
1980	3,867,188	4th	2.4
1981	4,492,205	5th	16.2
1982	5,896,865	4th	31.3
1983	5,126,170	7th	(13.1)
1984	5,459,344	6th	6.5
1985	5,543,448	7th	1.5
1986	5,441,063	7th	(1.8)
1987	5,030,505	8th	(7.6)
1988	4,911,301	9th	(2.4)
1989	6,082,210	6th	23.8
1990	4,241,210	10th	(30.3)
1991	4,978,594	8th	17.4

Source: United States Department of Defense, Prime Contract Awards by State, various years.

The Connecticut General Drift Indicator

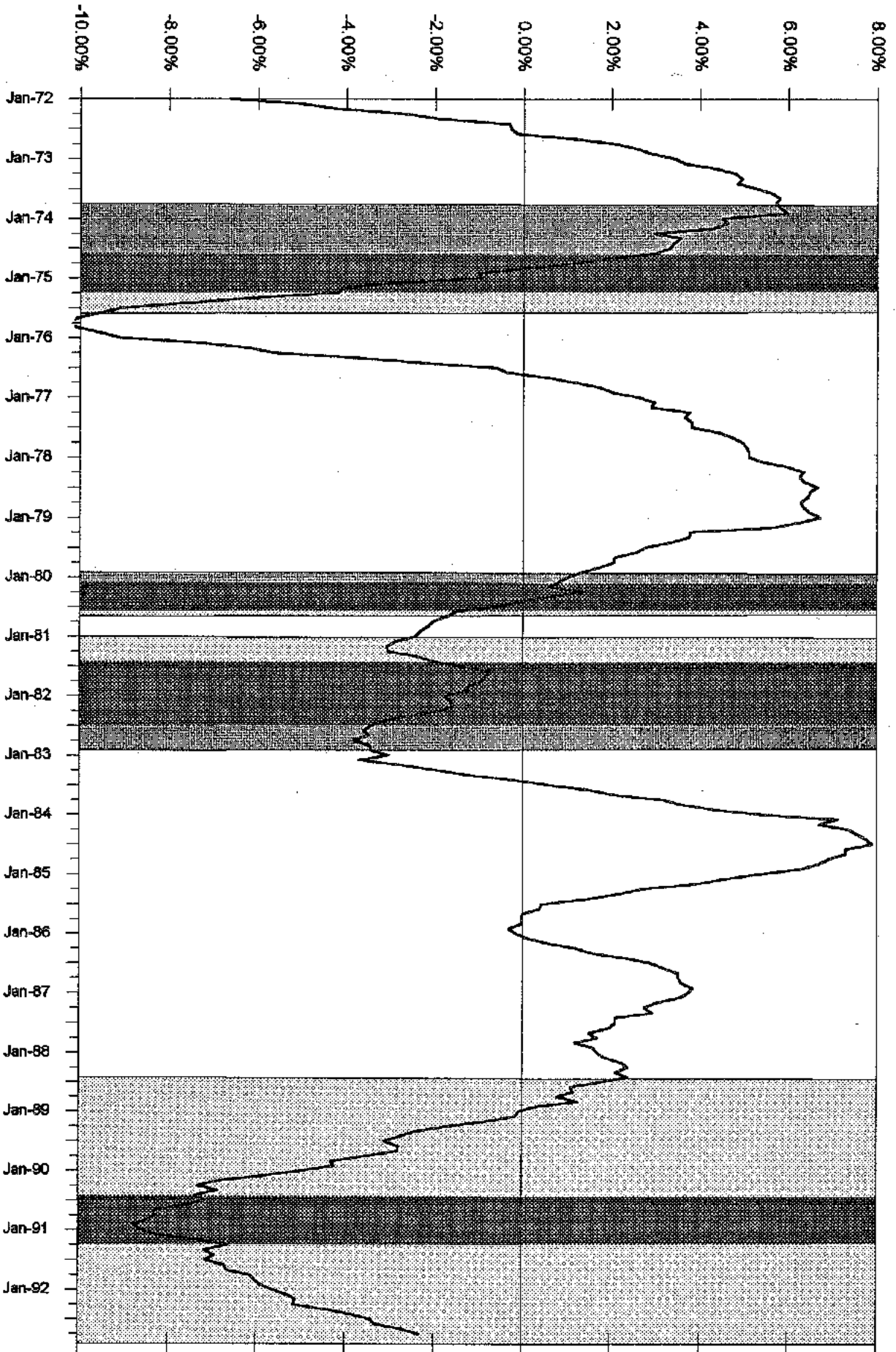
The Caldwell, Beauregard & Associates Connecticut General Drift Indicator (GDI) is designed to track the direction, magnitude and duration of economic activity in the State. Components of the CT GDI include Nonagricultural and Manufacturing Employment and Average Weekly Hours, Personal Income, Unemployment Level and Building Permits. The CT GDI, shown as a dark solid line, indicates with a high coincidence the start and end of recessionary periods for the State.

The highlighted areas on the chart show the beginning and end of recessionary periods. The lighter grey shading represents Connecticut's recessions and the medium shading represents national recessions. The darkest shading indicates overlap of the two recessions, US and CT, or concurrent recessions. Concurrent recessions occur when both the State and the nation are experiencing a recession or downturn in economic activity.

Historically, Connecticut has lagged the nation in the onset of its recessions and has had shorter recessionary periods. For example, in late 1973 the nation began a recession which lasted for 16 months. Connecticut's recession for this period began 10 months later and only lasted for 11 months.

This historical relationship has been reversed in the current recession: Connecticut went into recession almost two years before the nation. The US recession officially ended in March 1991, lasting only 8 months, while Connecticut has yet to see end.

Connecticut General Drift Indicator



*Source: Caldwell, Beauregard Associates, 1/5/93