

STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES



FISCAL YEAR 2008-2009 ANNUAL REPORT

M. Jodi Rell
Governor

Richard D. Nicholson
Commissioner



A Message from the Commissioner:

I am pleased to present the Department of Revenue Services' Annual Report for Fiscal Year 2008-09. The Department administers 42 separate taxes, receives 3.7 million returns each year and collects approximately \$12.4 billion annually.

We continue to work with taxpayers and tax practitioners to find ways to make compliance less burdensome by providing timely guidance on complex areas of our tax laws. Our goal is to collect what is due and increase voluntary compliance. We are also striving to reduce costs wherever possible. To that end, we continue to encourage and expand electronic filing opportunities.

Our annual report provides a general overview and summary statistical data of the taxes we administer. Should you require more detailed information, you may contact the Department's Research Unit directly at (860) 297-5688 or through email at drs.taxresearch@po.state.ct.us.

We hope you find this report helpful. We welcome any comments or suggestions you may have.

Sincerely

Richard D. Nicholson
Commissioner of Revenue Services

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DEPARTMENT MISSION

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

LEGISLATIVE SUMMARY 2009 GENERAL ASSEMBLY REGULAR & SPECIAL SESSIONS

ATTORNEY OCCUPATIONAL TAX

Public Act 09-8 (September Special Session)

Increases annual attorney occupational tax from \$450 to \$565. Effective for calendar years commencing on or after January 1, 2009.

TAX AMNESTY/SETTLEMENT PROGRAM

Public Act 09-3 (June Special Session)

This bill established a Connecticut Tax Incentive Settlement Initiative (CTSI) Program. The Settlement Program, which ran from October 15, 2009, to December 15, 2009, was a limited-time program offered to taxpayers that had eligible tax liabilities. Identified taxpayers were eligible for a waiver of both remaining civil penalties and 50% of the remaining interest they owed in connection with the eligible liability if the taxpayer made full payment of the Settlement Offer Total Due to DRS no later than December 15, 2009.

CIGARETTE TAX

Public Act 09-3 (June Special Session)

- Increased the annual license fee for cigarette chain store

distributors other than “chain store” distributors. Effective for the issuance of a new license for a period beginning on or after October 1, 2009 and to the renewal of a license that expires on or after September 30, 2009.

- Increases the cigarette tax from \$2.00 per pack to \$3.00 per pack (or from 100 mills per cigarette to 150 mills per cigarette). Effective for sales occurring on or after October 1, 2009.
- Increases the annual fee for a cigarette manufacturer’s license from \$5,000 to \$5,250. The fee increase applies to licenses for the licensure period beginning on or after October 1, 2009. Also increases the fee for a duplicate copy of a manufacturer’s license from \$5.00 to \$15.00.
- Increases the annual fee for a cigarette dealer’s license from \$25 to \$50. The fee increase applies to licenses for the licensure period beginning on or after October 1, 2009. Also increases the fee for a duplicate copy of a dealer’s license from \$5.00 to \$15.00.

Public Act 09-8 (September Special Session)

Increases the annual license fee for a cigarette distributor’s license from \$1,000 to \$1,250 for distributors that are other than “chain store” distributors

(those distributors who sell cigarettes exclusively to retail stores that they operate). Effective for the issuance of a new license for a period beginning on or after October 1, 2009 and to the renewal of a license that expires on or after September 30, 2009.

CORPORATION BUSINESS TAX

Public Act 09-2 (June 19 Special Session)

Decouples the Corporation Business Tax from the federal deferral of cancellation of debt income (CODI) that arises when taxpayers repurchase their own debt. The federal deferral of CODI was created by the American Recovery and Reinvestment Act of 2009 (ARRA). Effective upon passage for income years beginning on or after January 1, 2009.

Public Act 09-3 (June Special Session)

- Imposes the Corporation Business Tax on any company that derives income from sources in Connecticut or that has a substantial economic presence in Connecticut to the extent permitted by the U.S. Constitution. Effective upon passage for income years beginning on or after January 1, 2010.
- Imposes a 10% surtax on the Corporation Business Tax calculated under either Conn. Gen. Stat. §12-214(a) (the income base) or Conn. Gen. Stat. §12-

219(a) (the capital base) applicable for the three income years beginning between 1/1/09 and 1/1/12. The surtax does not apply to companies whose tax is equal to \$250. Companies whose gross income is less than \$100 million are exempt from this surtax unless they file as part of a combined or unitary return. The surtax is calculated without any reduction on account of any credit against the corporation business tax. Effective for income years beginning between 1/1/09 and 1/1/12.

- Decouples the Corporation Business Tax from the deduction allowed for qualified domestic production activities under IRC §199. Effective upon passage for income years beginning on or after January 1, 2009.
- Changes the carry forward period of the tax credit for donation of open space established in Conn. Gen. Stat. §12-217dd from 15 years to 25 years. Effective upon passage for income years beginning on or after January 1, 2009.
- Places administration of the Film Production Infrastructure tax credit established in Conn. Gen. Stat. §12-217kk with the Department of Economic and Community Development (DECD) rather than the Commission on Culture and

Tourism (CCT). Allows for a 20% credit for costs \$3M and over. Allows DECD to charge a reasonable administration fee. Allows post-certification remedies to be taken against any entity that commits fraud or misrepresentation. Effective upon passage for income years beginning on or after January 1, 2010.

Public Act 09-8 (September Special Session)

- Places administration of the film production tax credit established under Con. Gen. Stat. §12-217j with the DECD rather than CCT. Effective from passage, allows a 10% film production credit for costs from \$100,000 to \$500,000, a 15% credit for costs from \$500,000 to \$1,000,000, and a 30% credit for costs over \$1,000,000.
- Requires 50% of principal photography days to be in Connecticut or 50% of postproduction costs to be incurred in Connecticut. Removes infomercials from the definition of “qualified production.” Places an aggregate cap of \$20 million per production for star talent. Removes from eligible costs expenses incurred in certifying eligible costs. Effective from passage for income years beginning on or after January 1, 2010.
- For income years beginning between 1/1/09 and 1/1/10, allows 50% of film production costs incurred outside Connecticut and used inside Connecticut. For income years beginning after 1/1/10, allows no costs incurred outside Connecticut.
- Effective from passage for income years commencing on or after January 1, 2006, eliminates film production credit carry forwards but allows all or any part of the credit to be claimed in the year the costs were incurred or the next three succeeding years.
- Requires film production companies to choose an independent auditor from a list of professionals approved by DECD. Allows DECD to charge a reasonable administration fee. Allows post-certification remedies against any entity that commits fraud or misrepresentation. Applies to income years beginning on or after January 1, 2010.
- Places administration of the tax credit for digital animation production companies under Conn. Gen. Stat. §12-217ll with DECD rather than CCT. Effective from passage, allows for a 10% credit for costs from \$100,000 to 500,000, a 15% credit for costs from \$500,000 to \$1,000,000, and a

30% credit for costs over \$1,000,000.

- Places an aggregate cap of \$20 million for star talent per digital animation production. Removes from eligible costs, expenses incurred in certifying eligible costs.
- Effective from passage, eliminates digital animation production credit carry forwards but allows all or any part of the credit to be claimed in the year the costs were incurred or the next three succeeding years.
- Requires digital animation production companies to choose an independent auditor from a list of professionals approved by DECD. Allows DECD to charge a reasonable administration fee. Post-certification remedies are allowed against any entity that commits fraud or misrepresentation. Applies to income years beginning on or after January 1, 2010.
- Creates a "Green Building Credit" program. The credits will be available for income years beginning on or after January 1, 2012. Effective for income years commencing on or after January 1, 2012.
- Increases the preference tax maximum from \$250,000 to \$500,000. Effective for income

years beginning on or after January 1, 2009.

INCOME TAX

Public Act 09-2 (June 19 Special Session)

- Expands the required addition modification to include cancellation of debt income. To the extent that a taxpayer makes this election and does not include such cancellation of debt income in gross income for federal income tax purposes, the taxpayer is required, in computing his or her Connecticut adjusted gross income, to add to his or her federal adjusted gross income any cancellation of debt income.
- Expands the allowed subtraction modification to include any income from the discharge of indebtedness in connection with any reacquisition, after December 31, 2008 and before January 1, 2011, pursuant to Section 1231 of the American Recovery and Reinvestment Act of 2009. To the extent the taxpayer includes this amount in gross income for federal income tax purposes, the taxpayer is allowed, in computing his or her Connecticut adjusted gross income, to deduct such amount from his or her federal adjusted gross income. Effective from passage (June 26, 2009) and applicable to taxable

years ending after December 31, 2008.

Public Act 09-3 (June Special Session)

- Establishes “economic nexus” as the basis for determining whether nonresident partners or members of a partnership or S corporation are subject to Connecticut income tax on income derived from or connected with sources within the state. A partnership or S corporation has “substantial economic presence” in Connecticut if it purposefully directs business towards the state. Effective from passage (September 9, 2009) and applicable to taxable years commencing on or after January 1, 2010.
- Requires the DRS Commissioner to include a use tax table on state income tax forms showing the Connecticut use tax rate and the total taxes that would be due for various amounts spent. Effective from passage (September 9, 2009).
- Increases income taxes for those with taxable incomes over \$1 million for joint filers, \$800,000 for heads of households, and \$500,000 for single filers and married people filing separately. It adds a third, higher-income tax bracket and increases the marginal tax rate for income in

that bracket from 5.0% to 6.5%. It also increases the flat income tax rate for trusts and estates from 5.0% to 6.5%. Effective from passage (September 9, 2009) and applicable to taxable years commencing on or after January 1, 2009.

- Expands the allowed Connecticut fiduciary adjustments to include the deduction allowable as qualified domestic production activities income. A trust or estate, in calculating the Connecticut fiduciary adjustment, shall add the deduction allowable as a qualified domestic production activity income pursuant to Sec. 199 of the Internal Revenue Code. Effective from passage (September 9-, 2009) and applicable to taxable years commencing on or after January 1, 2009.
- Expands the allowed addition modification to include the deduction allowable as qualified domestic production activities income. An individual is required, in computing his or her Connecticut adjusted gross income to add to his or her federal adjusted gross income the deduction allowable as qualified domestic production activities income pursuant to Section 199 of the Internal Revenue Code. Effective from passage (September 9, 2009) and

applicable to taxable years commencing on or after January 1, 2009.

- Delays the scheduled increase in the personal tax exemption for single filers by three years until the 2012 taxable year. Effective from passage (September 9, 2009) and applicable to taxable years commencing on or after January 1, 2009.
- Delays the scheduled increase in the personal tax credit for single filers is delayed by three years until the 2012 taxable year. Effective from passage (September 9, 2009) and applicable to taxable years commencing on or after January 1, 2009.
- Delays the scheduled increase in Connecticut adjusted gross income thresholds used by single filers in calculating the reduction in the property tax credit allowable by three years until the 2012 taxable year. Effective from passage (September 9, 2009) and applicable to taxable years commencing on or after January 1, 2009.

MOTOR VEHICLE FUELS TAX

Public Act 07-1 (June Spec. Sess.) - Ongoing Annual Change

Effective July 1, 2009, the motor vehicle fuels tax rate on the sale or use of diesel fuel increases from 43.4¢ to 45.1¢ per gallon. The motor fuels tax increase is intended to be revenue neutral as the tax increase is offset by the exemption from petroleum products gross earnings tax for diesel fuel sold in Connecticut.

Additionally, the tax rate will be determined annually by the Department of Revenue Services using a formula based on the average wholesale price per gallon for diesel fuel.

REAL ESTATE CONVEYANCE TAX

Public Act 09-3 (June Special Session)

Repeals the real estate conveyance tax exemption for deeds made pursuant to a decree of the Superior Court under Conn. Gen. Stat. §49-24 (pertaining to foreclosures by sale). Effective for conveyances occurring on or after January 1, 2010.

SALES AND USE TAXES

Public Act 09-200

This bill allows asphalt producers who do not sell the majority of their product to another party to otherwise be considered manufacturers. Effective from passage (July 8, 2009).

Public Act 09-3 (June Special Session)

Increases seller's permit fee for new and reissued permits from \$50 to \$100.

Timing is not an issue for this permit, as the fee is paid at the time of applying for a permit. Thus, permits applied for on or after 10/1/09 are to be accompanied by the increased fee. Effective October 1, 2009.

TOBACCO PRODUCTS TAX

Public Act 09-3 (June Special Session)

- Increases the rate of tax imposed on all untaxed tobacco products from 20% of the wholesale sales price of such products to 27.5% of the wholesale sales price of such products. Increases the tax imposed on snuff tobacco products from \$0.40 per ounce to \$0.55 per ounce. Effective for sales occurring on or after October 1, 2009.
- Increases the annual fee for a tobacco products distributor's license from \$100.00 to \$200.00. New licenses issued on or after October 1, 2009 and existing licenses renewed on or after October 1, 2009 will be subject to the fee increase. Effective October 1, 2009.

UNIFIED GIFT AND ESTATE TAX

Public Act 09-8 (September Special Session)

- Defines the "Connecticut taxable estate" of estates of decedents dying on or after January 1, 2010 as the sum of (1) the federal gross

estate less allowable deductions (other than the deduction for state death taxes paid under Section 2058 of the Internal Revenue Code), as determined for federal estate tax purposes, and (2) the aggregate amount of all Connecticut taxable gifts made by the decedent for all calendar years beginning on or after January 1, 2005.

- Allows a credit against the Connecticut estate tax for Connecticut gift taxes paid on Connecticut taxable gifts made on or after January 1, 2005; however, the credit shall not exceed the amount of the Connecticut estate tax. Effective October 5, 2009 and applicable to estates of decedents dying on or after January 1, 2010.
- For the estate of a decedent dying on or after July 1, 2009, the estate tax is payable at the expiration of six months from the date of the decedent's death. For the estate of a decedent dying on or after July 1, 2009, refund interest on estate tax overpayments begins to accrue from the expiration of six months after the decedent's death, or the date of payment, whichever is later. Effective October 5, 2009 and applicable to estates of decedents dying on or after July 1, 2009.
- For the estate of a decedent dying on or after January 1, 2010, if the

decedent's Connecticut taxable estate is over \$3.5 million, the Connecticut estate tax return (Form CT-706/709) is to be filed with the Department and a copy is to be filed with the probate court for the district within which the decedent resided at the date of his or her death or, if the decedent died a nonresident of this state, the probate court for the district within which the real or tangible personal property of the estate is situated.

- For the estate of a decedent dying on or after January 1, 2010, if the decedent's Connecticut taxable estate is \$3.5 million or less, Form CT-706 NT is to be filed with the probate court for the district within which the decedent resided at the date of his or her death or, if the decedent died a nonresident of this state, the probate court for the district within which the real or tangible personal property of the estate is situated. If the decedent's Connecticut taxable estate is \$3.5 million or less, the certificate of release of the Connecticut estate tax lien is to be issued by the probate court. Effective for estates of decedents dying on or after January 1, 2010.
- Reduces the gift tax on Connecticut taxable gifts made during a calendar year beginning on or after January 1, 2010, by creating a new rate table, and

eliminating gift tax "cliffs." For Connecticut taxable gifts made during a calendar year beginning on or after January 1, 2010, a donor will not pay Connecticut gift tax unless the aggregate amount of the Connecticut taxable gifts during all calendar years beginning on or after January 1, 2005 exceeds \$3.5 million. Allows a credit against the Connecticut gift tax for Connecticut gift taxes paid on Connecticut taxable gifts made on or after January 1, 2005; however, the credit shall not exceed the amount of the Connecticut gift tax.

Public Act 09-3 (June Special Session)

Reduces the estate tax for estates of decedents dying on or after January 1, 2010, by creating a new rate table, and eliminating estate tax "cliffs." For estates of decedents dying on or after January 1, 2010, the estate tax is only payable on the amount of the Connecticut taxable estate (which includes the aggregate amount of Connecticut taxable gifts made during all calendar years beginning on or after January 1, 2005) that exceeds \$3.5 million.

CONNECTICUT'S TAXES

*The Department collected
over \$12.4 billion in revenue
for fiscal year 2008-09.*

*83% of collections
was attributable to the Income Tax,
Corporation Business Tax and
Sales and Use Tax.*

State Revenue Sources

Tax Type & Citation	Fiscal Year Ending		
	June 30, 2007	June 30, 2008	June 30, 2009
Admissions & Dues Tax <i>Ch. 225</i>	\$ 33,435,994	\$ 37,249,574	\$36,032,559
Alcoholic Beverages Tax <i>Ch. 220</i>	46,030,284	47,015,949	47,064,448
Business Entity Tax <i>Ch. 213a</i>	34,399,588	38,865,233	47,028,872
Cigarette Tax <i>Ch. 214</i>	264,411,843	329,715,851	312,628,428
Cable, Satellite & Video Companies. <i>Ch. 211</i>	51,992,188	52,471,292	55,180,466
Connecticut Estate Tax <i>Ch. 217</i>	4,436,038	2,195,774	-573,411
Controlled Substances <i>Ch. 228d</i>	40,851	61,262	34,538
Controlling Interest Transfer <i>Ch. 228b</i>	15,834,803	5,044,821	8,654,001
Corporation Business Tax <i>Ch. 208 & 209</i>	853,314,917	693,247,940	565,925,529
Dry Cleaners Surcharge <i>Ch. 211b</i>	804,900	791,958	764,935
Electric and Power Companies <i>Ch. 212</i>	126,057,123	123,864,372	153,897,278
Gas and Electric Companies <i>Ch. 212</i>	59,780,761	63,298,692	63,620,790
Gift and Estate Tax <i>Ch. 217 & 228c</i>	170,352,076	165,710,310	238,328,026
Gift Tax <i>Ch. 228c</i>	5,748,635	3,780,766	2,282,744
Health Care Centers <i>Ch. 207</i>	45,121,639	29,336,531	19,389,876
Income Tax <i>Ch. 229</i>	6,749,357,350	7,512,709,860	6,386,095,766
Insurance Companies, Domestic <i>Ch. 207</i>	41,880,953	44,105,921	34,372,178
Insurance Companies, Foreign <i>Ch. 207</i>	146,639,982	135,025,730	130,378,757
Motor Carrier Road Tax <i>Ch. 222</i>	14,091,454	17,044,595	18,355,598
Motor Vehicle Fuels Tax <i>Ch. 221</i>	464,453,326	478,388,435	476,950,921
Nursing Home User Fee <i>Ch. 319x</i>	126,329,508	124,183,370	125,304,846
Occupational Tax <i>Ch. 876</i>	7,029,355	6,685,047	6,327,908
Public, Educational & Governmental Programming Tax <i>Ch. 289</i>	0	2,083,722	5,534,080
Petroleum Products Tax <i>Ch. 227</i>	309,403,945	367,783,240	267,813,157
Railroad Companies <i>Ch. 210</i>	170,310	199,151	11,448
Real Estate Conveyance Tax <i>Ch. 223</i>	195,216,150	153,668,527	82,148,185
Rental Surcharge <i>Ch. 228h</i>	401,543	309,084	167,866
Sales and Use Taxes <i>Ch. 219</i>	3,498,793,678	3,582,463,224	3,319,642,835
Solid Waste <i>Ch. 446d</i>	3,499,093	3,335,342	3,371,682
Succession Tax <i>Ch. 216</i>	5,122,957	2,723,379	3,723,224
Tobacco Products <i>Ch. 214a</i>	5,295,540	5,820,315	5,399,964
Tourism Tax <i>Ch. 228e</i>	4,949,007	5,002,452	4,688,286
Unauthorized Insurers <i>Ch. 698d</i>	6,161,195	6,152,603	6,336,417
Unrelated Business Income Tax <i>Ch. 208a</i>	2,240,230	2,220,568	2,664,590
Water Companies <i>Ch. 212</i>	0	(246)	0
Total	\$13,292,797,216	\$14,042,554,644	\$12,429,546,786

ADMISSIONS AND DUES TAX

Revenue	
FY 2006-07	\$ 33,435,994
2007-08	37,249,574
2008-09	36,032,559

Exemptions

Admissions charges:

- under \$1;
- of a non-profit organization;
- to motion pictures not more than \$5.00;
- to live performances at non-profit theaters or playhouses, Gateway Candlewood Playhouse, and Ocean Beach Park;
- to sporting or athletic activities in which patrons participate;
- to any carnival or to any amusement ride;
- to cabarets;
- to home games of the New Britain Rock Cats;
- to any event at the:
 - Arena at Harbor Yard,
 - Bridgeport Harbor Yard Stadium,
 - Connecticut Convention Center,
 - Connecticut Exposition Center,
 - Dodd Stadium,
 - Hartford Civic Center,
 - Lime Rock Park,
 - Nature's Art,
 - New Britain Beehive Stadium,
 - New Britain Stadium,
 - New Britain Veterans Memorial Stadium,
 - Stafford Motor Speedway,
 - Tennis Foundation of Connecticut or any successor organization,
 - Thompson Speedway,
 - Waterford Speedbowl, and
 - William A. O'Neill Convocation Center.

Dues:

- Annual dues under \$100;
- Lawn Bowling Clubs;
- Locker Rental Fees;
- Additional charges used to acquire open space land;
- Dues of a charitable, religious, governmental or non-profit educational institution; and
- Dues of any society, order or association operating under the lodge system or local fraternal organizations among students of a college or university.

ADMISSIONS AND DUES TAX (cont.)

Number of Taxpayers / Filing Frequency

Admissions	238 taxpayers / Monthly
Dues	302 taxpayers / Monthly

Basis and Rate

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

Comparative Data

	Tax Due		
	FY 2006-07	FY 2007-08	FY 2008-09
Motion Picture Admissions	\$5,292,918	\$5,881,712	\$6,103,672
Other Admissions	5,597,185	7,069,625	6,133,943
Dues	22,545,891	24,298,237	23,794,944
Total	\$33,435,994	\$37,249,574	\$36,032,559

ALCOHOLIC BEVERAGES TAX

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

Revenue	
FY 2006-07	\$46,030,284
2007-08	47,015,949
2008-09	47,064,448

Exemption

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

Number of Taxpayers/Filing Frequency

319 distributors/ Monthly

Basis and Rate

Beer	\$6.00 per barrel (31 gallons)
Beer	20¢ per gallon
Still Wines	60¢ per gallon
Small Wineries	15¢ per gallon
Sparkling Wines	\$1.50 per gallon
Alcohol	\$4.50 per proof gallon
Distilled Liquor	\$4.50 per gallon
Liquor Coolers	\$2.05 per gallon

Comparison of Gallonage

TYPE	FY 2006-07 (gallons)	FY 2007-08 (gallons)	FY 2008-09 (gallons)
Beer - barrels	183,778	197,208	190,343
Beer - gallons	53,982,954	52,739,327	53,472,028
Still Wine	11,972,965	12,358,073	12,524,187
Small Wineries	109,853	157,006	191,330
Sparkling Wine	398,974	428,856	420,831
Distilled Liquor	5,655,532	5,981,237	6,005,219
Liquor Cooler	26,146	24,189	19,905
Alcohol	43,804	48,281	51,209

BUSINESS ENTITY TAX

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

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

Revenue	
FY 2006-07	\$34,399,588
2007-08	38,865,233
2008-09	47,028,872

Exemptions

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

Number of Taxpayers/Filing Frequency

146,910 Entities/ Annually

Basis and Rate

\$250 per taxable year.

CIGARETTE TAX

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

Revenue	
FY 2006-07	264,155,137
2007-08	329,499,570
2008-09	312,404,170

Exemptions

- * Sales or purchases at military bases; and
- * Cigarettes sold to any state institution other than a correctional institution.

Number of Taxpayers/ Filing Frequency

41 taxpayers/ Monthly

Basis and Rate

The cigarette tax is 100 mills per cigarette or \$2.00 per pack of twenty. Effective October 1, 2009 the cigarette tax is increased from 100 mills per cigarette to 150 mills per cigarette or from \$2.00 per pack of twenty to \$3.00 per pack of twenty.

CONTROLLED SUBSTANCES TAX

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

Revenue	
FY 2006-07	40,851
2007-08	61,262
2008-09	34,538

Basis and Rate

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

CONTROLLING INTEREST TRANSFER TAX

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

Revenue	
FY 2006-07	\$15,834,803
2007-08	5,044,821
2008-09	8,654,001

Exemptions

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

Filing Frequency / Number of Taxpayers

The month following the month in which the transfer was made.
34 transfers in FY 2008-09

Basis and Rate

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

CORPORATION BUSINESS TAX

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

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

Revenue	
FY 2006-07	\$853,314,918
2007-08	693,247,940
2008-09	565,925,529

Basis and Rate

Net Income Base Method

The method under which most Corporation Business Tax revenue is derived is the Net Income Base. Corporations compute their Connecticut Net Income by applying the adjustments allowed or required by Connecticut law to the federal taxable income of the corporation. Additions to the base include interest income wholly exempt from federal tax, deductions taken for qualified domestic production activities under I.R.C. §199 (beginning with the 2009 income year), and unallowable deductions for corporation or franchise taxes paid to other states. Deductions from the federal base include 70% of the dividends received from domestic corporations in which ownership is less than 20% and capital loss carryover, if not deducted in computing federal capital gain.

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

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

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

CORPORATION BUSINESS TAX (cont.)

Capital Base Method

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

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

Minimum Tax

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

Surtax

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

Unitary Returns

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

CORPORATION BUSINESS TAX (cont.)

Combined Returns

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

Preference Tax

A preference tax is imposed on corporations filing a combined return. These corporations are not entitled to the first \$250,000 of tax savings over what they would pay if they filed separately. Combined filers must determine the total tax due as if they were filing separately. The difference, up to \$250,000, between this amount and the total combined tax is the preference tax and must be added to the total combined tax. For income years beginning on or after January 1, 2009, the maximum preference tax increases to \$500,000.

The total amount due for income year 2007 combined filers had they filed separate single returns would have been \$461.5M. The preference tax due by these filers was \$28.1M. The total tax due by combined filers was \$237.2M, including the \$28.1M in preference tax.

Exemptions

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

CORPORATION BUSINESS TAX (cont.)

Filing Frequency

Annually with four estimated installments.

Number of Taxpayers

2007 Corporation Business Tax Returns

	Number of Taxpayers	Tax Due Before Credits	Tax Due After Credits
Single Filers			
Net Income	8,924	\$245,182,177	\$220,193,419
Capital Base	4,886	31,551,631	22,330,619
Minimum Tax	24,823	6,209,548	6,207,320
Exempt	3,443	0	0
Combined Filers			
Net Income	313	187,831,632	140,230,729
Capital Base	325	39,551,354	26,755,140
Minimum Tax	392	9,878,461	6,021,507
Unitary Filers			
Net Income	62	27,102,477	16,875,270
Capital Base	26	3,411,330	2,592,838
Minimum Tax	27	144,250	144,250
Total	43,221	\$550,862,860	\$441,351,092

CORPORATION BUSINESS TAX (cont.)

2007 Corporation Business Tax Returns

Industry Sector	Number of Returns	Tax Due Before Credits	Tax Due After Credits
11 Agriculture, Forestry, Fishing and Hunting	162	\$ 1,292,477	\$1,234,096
21 Mining	67	2,303,684	2,178,988
22 Utilities	118	12,933,653	6,084,085
23 Construction	3,842	11,578,480	11,169,049
31-33 Manufacturing	4,262	108,350,706	76,785,032
42 Wholesale Trade	2,853	36,195,097	32,591,092
44-45 Retail Trade	3,841	40,774,189	31,395,128
48-49 Transporting and Warehousing	920	9,340,362	7,897,571
51 Information	1,087	50,793,463	37,760,873
52 Finance and Insurance	3,078	71,609,953	63,540,014
53 Real Estate and Rental and Leasing	4,162	13,069,225	12,323,729
54 Professional, Scientific and Tech Services	6,120	30,407,531	26,423,439
55 Management of Companies and Enterprises	839	44,836,310	31,040,101
56 Administrative and Support Services	1,455	15,827,728	14,522,116
61-62 Education, Health Care and Social Assistance	2,147	13,336,139	9,344,656
71 Arts, Entertainment, and Recreation	520	2,023,657	1,212,527
72 Accommodation and Food Services	1,075	3,440,316	3,247,909
81-92 Other Services	3,799	9,461,804	9,077,567
999999 Not Yet Assigned	2,874	73,288,088	63,523,120
Total	43,221	\$550,862,860	\$441,351,092

CORPORATION BUSINESS TAX CREDITS

The State of Connecticut offers many Corporation Business Tax credits which a corporation may take advantage of to reduce its liability to the state. The amount of tax credits allowable cannot exceed 70% of the amount of tax due or reduce the amount of tax to less than \$250.

Apprenticeship Training

Reference: Conn. Gen. Stat. §12-217g

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

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

Clean Alternative Fuels

Reference: Conn. Gen. Stat. §12-217i

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

A 10% credit was allowed for the incremental cost of purchasing vehicles exclusively powered by clean alternative fuels.

A 50% credit was available for the expenses of equipment used in a compressed natural gas, liquefied petroleum gas or liquefied natural gas filling or electric recharging station and the purchase of equipment needed to convert a vehicle to clean alternative fuel. The credit also applied to amounts spent directly on the construction of any filling station or improvements to any existing filling station in order to provide compressed natural gas, liquefied petroleum gas or liquefied natural gas.

CORPORATION BUSINESS TAX CREDITS (cont.)

Computer Donation

Reference: Conn. Gen. Stat. §10-228b

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

The amount of credit granted to any business firm cannot exceed \$75,000 annually. The total amount of credits allowed in any fiscal year is capped at \$1 million.

Digital Animation Production

Reference: Conn. Gen. Stat. §12-217ll as amended by 2009 Conn. Pub. Acts 3 (June Spec. Sess.), §99 and 2009 Conn. Pub. Acts 8 (Sept. Spec. Sess.), §§ 4 and 5

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

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

Displaced Workers

Reference: Conn. Gen. Stat. §12-217hh

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

Displaced Workers Hired By Electric Suppliers

Reference: Conn. Gen. Stat. §12-217bb

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

CORPORATION BUSINESS TAX CREDITS (cont.)

Donation of Land

Reference: Conn. Gen. Stat. §§ 12-217dd as amended by 2009 Conn. Pub. Acts 3 (June Spec. Sess.), §96

This credit is available in an amount equal to 50% of the use value of the donation of land to be permanently preserved as protected open space or for educational use. Donations of land must be made to the state, a political subdivision of the state, or a nonprofit land conservation organization and may include any discount in the sales price. For income years beginning on or after January 1, 2009, unused credit may be carried forward for up to twenty five years.

Electronic Data Processing Equipment

Reference: Conn. Gen. Stat. §12-217t

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

Employer Assisted Housing

Reference: Conn. Gen. Stat. §12-217p

This credit was based on monies paid to a revolving loan fund to provide revolving loans for housing to a corporation's low and moderate income employees. The credit could be carried back or forward for five years.

Effective June 7, 2006, the credit is repealed.

Enterprise Zone Credit For Qualifying Corporations

Reference: Conn. Gen. Stat. §12-217v

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

CORPORATION BUSINESS TAX CREDITS (cont.)

Enterprise Zone or Entertainment District

Reference: Conn. Gen. Stat. §12-217e

The Enterprise Zone or Entertainment District Credit allows a business credit of 50% of its allocable tax for operating a manufacturing facility which meets certain employment criteria and is located within a designated enterprise zone or other area designated as having enterprise zone level benefits. Certification is required from the Department of Economic and Community Development. Corporations may claim this credit for 10 years beginning with the first year following the year of certification.

Film Production

Reference: Conn. Gen. Stat. §12-217jj as amended by as amended by 2009 Conn. Pub. Acts 3 (June Spec. Sess.), §97 and 2009 Conn. Pub. Acts 8 (Sept. Spec. Sess.), §§ 1 through 3

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

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

Film Production Infrastructure

Reference: Conn. Gen. Stat. §12-217kk as amended by as amended by 2009 Conn. Pub. Acts 3 (June Spec. Sess.), §98

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

For income years beginning prior to January 1, 2010, credit percentages range from 10% for projects costing less than \$150,000 to 20% for projects costing more than \$1 million. For income years beginning on or after January 1, 2010, a 20% credit is allowed for costs \$3 million and over. Unused credits may be carried forward for three succeeding income years or assigned to another taxpayer.

CORPORATION BUSINESS TAX CREDITS (cont.)

Financial Institutions

Reference: Conn. Gen. Stat. §12-217u

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

Fixed Capital Investments

Reference: Conn. Gen. Stat. §12-217w

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

Hiring Incentive

Reference: Conn. Gen. Stat. §12-217y

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

Historic Investment

Reference: Conn. Gen. Stat. §10-416b

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

CORPORATION BUSINESS TAX CREDITS (cont.)

Historic Homes Rehabilitation

Reference: Conn. Gen. Stat. §10-416

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

Historic Structures Rehabilitation

Reference: Conn. Gen. Stat. §10-416a

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

Housing Program Contribution

Reference: Conn. Gen. Stat. §8-395

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

Human Capital Investments

Reference: Conn. Gen. Stat. §12-217x

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

CORPORATION BUSINESS TAX CREDITS (cont.)

Insurance Reinvestment Fund

Reference: Conn. Gen. Stat. §38a-88a

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

Machinery and Equipment

Reference: Conn. Gen. Stat. §12-217o

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

Manufacturing Facility in a Targeted Investment Community

Reference: Conn. Gen. Stat. §12-217e

A credit of 25% may be applied against the portion of the Corporation Business tax allocable to a manufacturing facility located in a targeted investment community. The Commissioner of Economic and Community Development must certify that the facility is operating in a designated area of high unemployment. The credit period lasts for ten years beginning with the first year following certification.

CORPORATION BUSINESS TAX CREDITS (cont.)

Neighborhood Assistance Act Program

Reference: Chapter 228a of the Conn. Gen. Stat.

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

The NAA program has several statutory limits. A business is limited to receiving \$75,000 in tax credit annually. A non-profit organization is limited to receiving \$150,000 in contributions in the aggregate. Also, a business' total charitable contributions must equal or exceed its prior year's amount. The minimum contribution on which credit can be granted is \$250. The program has a \$5M cap, which if exceeded, results in proration of approved donations.

New Jobs Creation

Reference: Conn. Gen. Stat. §12-217ii

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

Research and Development Expenditures

Reference: Conn. Gen. Stat. §12-217n

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

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

CORPORATION BUSINESS TAX CREDITS (cont.)

Research and Development Grants to Institutions of Higher Education

Reference: Conn. Gen. Stat. §12-217l

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

Research and Experimental Expenditures

Reference: Conn. Gen. Stat. §12-217j

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

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

Service Facility

Reference: Conn. Gen. Stat. §12-217e

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

CORPORATION BUSINESS TAX CREDITS (cont.)

Small Business Guaranty Fee

Reference: Conn. Gen. Stat. §12-217cc

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

Traffic Reduction Programs

Reference: Conn. Gen. Stat. §12-217s

This is a 50% credit for traffic reduction program expenses related to the attainment of federal Clean Air Act standards. This credit is available for corporations employing 100 or more people located in a severe non-attainment area. The credit cannot exceed \$250 per participating employee.

Urban and Industrial Site Reinvestment

Reference: Conn. Gen. Stat. §32-9t

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

CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the number of corporation tax credits claimed and the amounts taken for each of the corporation credit programs utilized by businesses. The figures represent credit claimed on 2007 returns and any credits carried forward from prior years and used in 2007.

Credit Claimed on 2007 Corporation Business Returns

Type of Credit	Number of Credits	Amount Claimed
Apprenticeship Training	8	\$ 106,757
Clean Alternative Fuels	2	1,958
Displaced Workers	1	5,999
Donation of Land	4	94,876
Electronic Data Processing	1,477	13,736,970
Employer Assisted Housing	2	32,425
Film Production	10	11,438,432
Fixed Capital	2,207	46,228,288
Hiring Incentive	1	4,500
Historic Rehabilitation	57	4,680,420
Housing Program Contribution	8	3,146,933
Human Capital	162	1,514,318
Insurance Reinvestment	6	5,868,838
Machinery and Equipment	132	1,854,847
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	41	3,469,806
Neighborhood Assistance	59	752,850
Research & Development	134	5,321,279
Research & Development Grants to Institutions of Higher Education	1	21,657
Research & Experimental Expenditures	153	10,637,252
SBA Guaranty Fee	2	33,324
Urban and Industrial Site Reinvestment	1	560,040
Total	4,468	\$109,511,768

DRY CLEANING SURCHARGE

The Dry Cleaning Surcharge is used to provide grants to dry cleaning establishments for the containment and removal or mitigation of environmental pollution resulting from dry cleaning activity. The surcharge is also used to fund measures, which are approved by the Commissioner of Economic and Community Development, undertaken to prevent pollution. Monies collected are deposited into the Dry Cleaning Remediation Account, which is used to provide these grants.

Revenue	
FY 2006-07	\$804,900
2007-08	791,958
2008-09	764,935

Basis and Rate

1% of gross receipts at retail.

Number of Taxpayers/Filing Frequency

467 taxpayers/Quarterly

GIFT AND ESTATE TAX

Connecticut taxable gifts made during calendar years beginning on or after January 1, 2005 but prior to January 1, 2010 are subject to tax once they exceed \$2 million in the aggregate. For Connecticut taxable gifts made on or after January 1, 2010, a donor will not pay Connecticut gift tax unless the aggregate amount of the Connecticut taxable gifts during all calendar years beginning on or after January 1, 2005, exceeds \$3.5 million.

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

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

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

Resident and nonresident estates of decedents dying on or after January 1, 2005 but prior to January 1, 2010 are liable for the Connecticut Estate Tax if their Connecticut taxable estate is more than \$2 million. Once the \$2 million threshold for these estates, is exceeded, the tax is payable on the entire amount, including the first \$2 million. For estates of decedents dying on or after January 1, 2010, the estate tax is only payable on the amount that exceeds the new higher threshold of \$3.5 million.

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

Under prior law, the Connecticut Estate Tax was equal to the amount that the federal government allowed as a tax credit for state death taxes. A credit was allowed for the amount of Connecticut Succession Tax imposed and paid. Federal legislation had phased-out the federal credit for state death taxes, thereby eliminating the basis of the Connecticut Estate Tax by 2005.

	Gift Tax Revenue*	Connecticut Estate Tax Revenue*	Gift and Estate Tax Revenue
FY 2006-07	\$5,748,635	\$4,436,038	\$170,352,076
2007-08	3,780,766	2,195,774	165,710,310
2008-09	2,282,744	-573,411	238,328,026

* Revenues from late returns and audit activity.

GIFT AND ESTATE TAX (cont.)

Basis and Rate

For gifts made, or the estates of decedents dying on or after January 1, 2005, but prior to January 1, 2010 the table below is used to compute the Gift and Estate tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate		Tax
More Than	Not Over	
	\$2,000,000	No tax
\$2,000,000	\$2,100,000	5.085% of the excess over \$0
\$2,100,000	\$2,600,000	\$106,800 plus 8% of the excess over \$2,100,000
\$2,600,000	\$3,100,000	\$146,800 plus 8.8% of the excess over \$2,600,000
\$3,100,000	\$3,600,000	\$190,800 plus 9.6% of the excess over \$3,100,000
\$3,600,000	\$4,100,000	\$238,800 plus 10.4% of the excess over \$3,600,000
\$4,100,000	\$5,100,000	\$290,800 plus 11.2% of the excess over \$4,100,000
\$5,100,000	\$6,100,000	\$402,800 plus 12% of the excess over \$5,100,000
\$6,100,000	\$7,100,000	\$522,800 plus 12.8% of the excess over \$6,100,000
\$7,100,000	\$8,100,000	\$650,800 plus 13.6% of the excess over \$7,100,000
\$8,100,000	\$9,100,000	\$786,800 plus 14.4% of the excess over \$8,100,000
\$9,100,000	\$10,100,000	\$930,800 plus 15.2% of the excess over \$9,100,000
\$10,100,000		\$1,082,800 plus 16% of the excess over \$10,100,000

GIFT AND ESTATE TAX (cont.)

Basis and Rate (cont.)

For gifts made, or the estates of decedents dying on or after January 1, 2010 the table below is used to compute the Gift and Estate tax:

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

Detail of Revenue

For Fiscal Year 2008-09, total Gift and Estate Tax revenue collected was \$238,328,026. Most of this revenue is either attributable to returns from the estates of decedents or prepayments that apply against upcoming tax returns. A breakdown of returns from estates received during fiscal year 2008-09 follows.

GIFT AND ESTATE TAX (cont.)

GIFT AND ESTATE TAX RETURNS FROM ESTATES OF DECEDENTS RECEIVED DURING FY 2008-09

Amount of Taxable Estate More Than	Not Over	# of Returns	Tax Due
\$2 Million	\$3 Million	128	\$ 14,408,298
\$3 Million	\$4 Million	51	10,142,468
\$4 Million	\$5 Million	36	10,180,981
\$5 Million	\$6 Million	11	4,084,107
\$6 Million	\$7 Million	17	9,257,640
\$7 Million	\$8 Million	15	9,544,263
\$8 Million	\$10 Million	19	14,774,410
\$ 10 Million	\$15 Million	18	23,580,490
\$15 Million	\$ 25 Million	10	26,600,119
\$25 Million		10	105,530,700
Total		315	\$228,103,475

For Fiscal Year 2008-09, an additional amount of the gift and estate tax was attributable to tax returns filed by non-decedents. A breakdown of calendar year 2008 returns is shown below.

GIFT AND ESTATE TAX RETURNS 2008 GIFT TAX ONLY

Amount of Taxable Gifts	# of Returns	Tax Due
Not Over \$2 Million	26	\$ 1,521,786
Between \$2 Million to \$3 Million	10	1,872,542
More Than \$3 Million	10	18,414,788
Total		\$ 21,809,116

INCOME TAX

Connecticut's highest marginal rate for individuals is 6.5%. Nonresidents and part-year resident individuals, trusts and estates are also subject to the tax on income derived from or connected with sources within the State. Connecticut taxable income is defined as adjusted gross income for federal tax purposes with certain modifications and exemptions described below.

Revenue	
FY 2006-07	\$6,749,357,350
2007-08	7,512,709,860
2008-09	6,386,095,766

Number of Taxpayers/Filing Frequency

1.74 million taxpayers/ Annually

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

Basis and Rate

FOR TAXABLE YEARS PRIOR TO JANUARY 1, 2009:

Filing Status	Connecticut Taxable Income	Rate of Tax
*Single	Not over \$10,000	3%
	Over \$10,000	\$300, plus 5% of the excess over \$10,000
Head of Household	Not over \$16,000	3%
	Over \$16,000	\$480, plus 5% of the excess over \$16,000
**Joint Filers	Not over \$20,000	3%
	Over \$20,000	\$600, plus 5% of the excess over \$20,000

FOR TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2009:

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

*The Single filing status includes Married Filing Separately for federal and Connecticut purposes and Filing Separately for Connecticut only.

**The Joint Filer filing status includes Filing Jointly for federal and Connecticut purposes and Filing Jointly for Connecticut only.

INCOME TAX (cont.)

Generally, one's filing status for Connecticut must be the same as his or her federal filing status. However, since 2006 Connecticut has authorized same sex couples to enter into civil unions. In addition, since November 12, 2008, Connecticut recognizes same sex marriages under the Connecticut Supreme Court decision in *Kerrigan v. Commissioner of Public Health*, 289 Conn. 135 (2008).

Exemptions

- \$13,000 for taxable years commencing on or after January 1, 2008 but prior to January 1, 2012. For taxpayers with Connecticut AGI in excess of \$26,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$37,000;
- \$12,000 for married persons filing separately and filing separately for Connecticut only. For taxpayers with Connecticut AGI in excess of \$24,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$35,000;
- \$19,000 for heads of household. For taxpayers with a Connecticut AGI in excess of \$38,000, the exemption decreases by \$1,000 for each additional \$1,000 of Connecticut AGI. There is no exemption if the taxpayer earns more than \$56,000;
- \$24,000 for married persons filing jointly, filing jointly for Connecticut only, or qualifying widow(er) with dependent child. The exemption for joint filers decreases by \$1,000, for taxpayers whose Connecticut AGI exceeds \$48,000, for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$71,000;
- Social Security benefits for single filers and married individuals filing separately whose federal adjusted gross income for the taxable year is less than \$50,000. Social Security benefits for married individuals filing jointly and head of household filers whose federal adjusted gross income for the taxable year is less than \$60,000; and
- Fifty percent of federally taxable military retirement pay. Effective for taxable years commencing on or after January 1, 2008 there is allowed a subtraction from federally adjusted gross income for fifty percent of income received from the United States government as retirement pay for a retired member of the Armed Forces of the United States as defined in Section 101 of Title 10 of the U.S. Code or the National Guard, as defined in Section 101 of Title 10 of the U.S. Code.

INCOME TAX (cont.)

Common Additions

- Interest on state and local obligations other than Connecticut;
- Exempt-interest dividends (other than those derived from obligations of the State of Connecticut or its municipalities);
- Pro rata share of certain S Corporation shareholder's loss;
- The total taxable amount of a lump sum distribution for the taxable year deductible from gross income in calculating federal adjusted gross income; and
- Loss on sale of Connecticut bonds.

Common Subtractions

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

Withholding Requirement

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

Estimated Tax Payments

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

INCOME TAX (cont.)

Connecticut Alternative Minimum Tax

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

Tax Credit For Property Taxes Paid To A Political Subdivision

Connecticut residents are eligible for an income tax credit for property taxes paid to a Connecticut political subdivision on a primary residence and/or privately owned or leased motor vehicle. The maximum credit is \$500 per return. The credit cannot exceed the amount of qualifying property taxes paid or income tax liability.

Tax Credit For Income Taxes Paid To Qualifying Jurisdictions

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

INSURANCE PREMIUMS TAX

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

Revenue	
FY 2006-07	\$239,803,770
2007-08	214,620,785
2008-09	190,477,228

Exemptions

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

Number of Taxpayers/Filing Frequency

1,400 insurance companies/ Annually

Quarterly estimated payments for domestic and foreign insurers and health care centers.

Basis and Rate

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

INSURANCE PREMIUMS TAX (cont.)

Comparative Data

	FY 2006-07	FY 2007-08	FY 2008-09
Domestic	\$ 41,880,953	\$ 44,105,921	\$34,372,178
Foreign	146,639,982	135,025,730	130,378,757
Health Care Center	45,121,639	29,336,531	19,389,876
Unauthorized	6,161,195	6,152,603	6,336,417
Total	\$239,803,769	\$214,620,785	\$190,477,228

Tax Credits

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

Insurance Department Assessment Credit

Reference: Conn. Gen. Stat. §12-202

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

Calendar Year 2008 Insurance Business Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	33	\$15,923,908
Insurance Department Assessment	8	690,815
Insurance Reinvestment	17	2,653,339
Neighborhood Assistance	10	655,000
Film Production	21	20,618,603
Film Production Infrastructure	1	1,596,465
Historic Homes	6	1,169,112
Total Credits	96	\$43,307,242

MOTOR CARRIER ROAD TAX

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

Revenue	
FY 2006-07	\$13,792,065
2007-08	16,736,065
2008-09	18,073,706

Exemption

- Motor bus companies whose operations in Connecticut are exclusively for purposes of charter or special operations; and
- Alternative fuels (compressed natural gas, liquefied petroleum gas, and liquefied natural gas).

Number of Taxpayers/Filing Frequency

2,876 IFTA filers/Quarterly
 3,565 Motor Carrier filers/Quarterly

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢
Diesel Fuel – 7/1/08 - 7/1/09	43.4¢
Diesel Fuel – effective 7/1/09	45.1¢
Natural Gas or Propane	26¢

MOTOR VEHICLE FUELS TAX

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

Revenue	
FY 2006-07	\$464,453,326
2007-08	478,388,435
2008-09	476,950,921

Exemptions

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

Number of Taxpayers/Filing Frequency

950 taxpayers/Monthly

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢
Diesel Fuel - 7/1/08 - 7/1/09	43.4¢
Diesel Fuel - effective 7/1/08	45.1¢
Natural Gas or Propane	26¢

MOTOR VEHICLE FUELS TAX (cont.)

Comparative Data

	Number of Gallons Sold		
	FY 2006-07	FY 2007-08	FY 2008-09
Gasoline*	0	0	0
Special Fuel	258,514,245	262,043,901	239,749,018
Gasohol	1,571,127,264	1,526,124,814	1,499,730,971
Total Gallons	1,829,641,509	1,788,168,715	1,739,479,989

* MTBE Ban

As result of the ban on the additive methyl tertiary butyl ether (MTBE) being used in fuel, no gasoline sales have been reported since Fiscal Year 2003-2004. This will continue in the future.

NURSING HOME USER FEE

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

Revenue	
FY 2006-07	\$126,329,508
2007-08	124,183,370
2008-09	125,304,846

Basis and Rate

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

Number of Taxpayers/Filing Frequency

218 taxpayers/Quarterly

OCCUPATIONAL TAX

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

Revenue	
FY 2006-07	\$7,029,356
2007-08	6,685,047
2008-09	6,327,908

Exemptions

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

Number of Taxpayers/Filing Frequency

13,035 Attorneys/ Annually

Basis and Rate

\$450 per practicing attorney

Effective for calendar years commencing on or after January 1, 2009 the tax is increased from \$450 to \$565 per practicing attorney.

PETROLEUM PRODUCTS GROSS EARNINGS TAX

A tax is levied on the gross earnings of companies distributing petroleum products in Connecticut. Petroleum products include gasoline, aviation fuel, kerosene, diesel fuel, benzol, distillate fuels, residual fuels, crude oil and derivatives of petroleum such as paint, detergents, antiseptics, fertilizers, nylon, asphalt, plastics and other similar products.

Revenue	
FY 2006-07	\$309,403,945
2007-08	367,783,240
2008-09	267,813,157

Exemptions

- Number 2 heating oil used exclusively for heating purposes or in a commercial fishing vessel;
- Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil used in vessels displacing over 4,000 dead weight tons;
- Kerosene used exclusively for heating purposes, when the fuel is delivered via a truck with a metered delivery ticket, or to a centrally metered system serving a group of homes;
- Propane gas used exclusively for heating and used as a fuel for a motor vehicle;
- Paraffin and microcrystalline waxes;
- Gross earnings from the sale or use of Number 2 heating oil used exclusively in vessels engaged in interstate commerce and Number 6 fuel oil used by manufacturers;
- Petroleum products used as fuel for a fuel cell;
- Commercial heating oil blend containing not less than 10% alternative fuels derived from agricultural produce, food waste, waste vegetable oil or municipal solid waste, including, but not limited to biodiesel or low sulfur dyed diesel fuel and kerosene. Such blended products must be used for commercial heating; and
- Diesel fuel to be used exclusively in a qualified motor vehicle by a motor carrier, as both are defined in Conn. Gen. Stats. §12-478.

Number of Taxpayers/Filing Frequency

624 taxpayers/Quarterly

Basis and Rate

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

PUBLIC SERVICE COMPANIES TAX

Revenue	
FY 2006-07	\$238,000,382
2007-08	241,917,229
2008-09	278,244,062

Exemptions

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

Number of Taxpayers/Filing Frequency

120 taxpayers:

75 Public Utility Companies/Quarterly
29 Community Antenna TV Companies/Quarterly
4 Satellite TV Companies /Quarterly
12 Railroad Companies/ Annually (July 1)

Basis and Rate

Community Antenna TV*	5.5% Effective 10/1/07 - 10/1/09
Certified Competitive Video Service Provider*	5.5% Effective 10/1/07 - 10/1/09
Satellite TV*	5.5% Effective 10/1/07 - 10/1/09
Railroad	2 - 3.5%
Gas, Electric and Power	5%
Gas and Electric sales to residential customers	4%
Electric Distribution Companies	6.8% for residential customers 8.5% for nonresidential customers (other than manufacturers)

*Effective October 1, 2007 through September 30, 2009 Certified Competitive Video Service Providers, Community Antenna TV, and Satellite TV service providers are subject to an additional 0.5% tax for a total tax rate equal to 5.5%. Effective October 1, 2009 the additional tax will be 0.25%. The 0.5% tax will be used to fund the Public, Educational and Governmental Programming and Education Technology Investment Account newly established under Public Act 07-253.

PUBLIC SERVICE COMPANIES TAX (cont.)

Residential Credit

The electric, power, and gas companies claimed \$7,427,849 in Fiscal Year 2008-09 under the one-percent credit attributable to the sale of gas and electric power for residential use.

Manufacturing Companies Credit

\$15,751,917 was claimed in credit for Fiscal Year 2008-09 for gas and electric sales used directly by a company engaged in a manufacturing production process.

Comparative Data

	FY 2006-07	FY 2007-08	FY 2008-09
Cable, Satellite & Video Companies	\$51,992,188	\$52,471,291	\$55,180,466
Electric & Power Companies	126,057,123	123,864,372	153,897,278
Gas and Electric Companies	59,780,761	63,298,692	63,620,790
Public, Educational & Governmental Programming Tax*	0	2,083,722	5,534,080
Railroad Companies	170,310	199,151	11,448
Total Tax	\$238,000,382	\$241,917,228	\$278,244,062

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

Municipal Electric Utilities

Effective for calendar quarters commencing on or after July 1, 2006, the gross earnings of municipal electric utilities in Connecticut will be taxed in the same manner as the gross earnings of electric distribution companies. For calendar quarters commencing on or after July 1, 2006 municipal electric utilities are subject to gross earnings tax only on their gross earnings from providing electric transmission services and electric distribution services and will no longer be taxed on their gross earnings from other sources. The rate is 6.8% for transmitting and distributing power to residential customers and 8.5% on nonresidential services.

REAL ESTATE CONVEYANCE TAX

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

Revenue	
FY 2006-07	\$195,216,150
2007-08	153,668,527
2008-09	82,148,185

Exemptions

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

REAL ESTATE CONVEYANCE TAX (cont.)

Basis and Rate

Classification	Rate
Unimproved Land	0.5%
Nonresidential property other than Unimproved Land	1.0%
Residential Dwelling:	
Portion \$800,000 or less	0.5%
Portion that exceeds \$800,000	1.0%
Residential Property other than Residential Dwelling	0.5%
Delinquent Mortgage	0.5%

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

REAL ESTATE CONVEYANCE TAX (cont.)

Fiscal Year 2008-09 Conveyances

Amount of Consideration	Number of Taxable Conveyances	Number of Non-Taxable Conveyances *	Number of Exempt Conveyances	Tax Remitted
Under \$2,000	0	26,769	7,698	\$ 0
\$ 2,000 to \$ 29,999.99	1,245	0	19	91,133
\$ 30,000 to \$ 39,999.99	457	0	4	79,589
\$ 40,000 to \$ 49,999.99	533	0	9	120,116
\$ 50,000 to \$ 59,999.99	598	0	6	162,718
\$ 60,000 to \$ 69,999.99	620	0	11	203,137
\$ 70,000 to \$ 79,999.99	686	0	10	262,585
\$ 80,000 to \$ 89,999.99	734	0	13	314,165
\$ 90,000 to \$ 99,999.99	668	0	20	317,367
\$100,000 to \$109,999.99	777	0	19	409,855
\$110,000 to \$119,999.99	800	0	21	463,333
\$120,000 to \$129,999.99	1,026	0	27	641,781
\$130,000 to \$139,999.99	1,004	0	23	682,960
\$140,000 to \$149,999.99	1,072	0	26	779,882
\$150,000 to \$159,999.99	1,241	0	29	965,759
\$160,000 to \$169,999.99	1,272	0	18	1,055,813
\$170,000 to \$179,999.99	1,379	0	18	1,208,676
\$180,000 to \$189,999.99	1,308	0	28	1,219,793
\$190,000 to \$199,999.99	1,189	0	23	1,164,710
\$200,000 to \$249,999.99	5,428	0	73	6,143,800
\$250,000 to \$299,999.99	3,968	0	34	5,482,263
\$300,000 to \$399,999.99	5,035	0	37	8,859,416
\$400,000 to \$499,999.99	2,543	0	16	5,809,556
\$500,000 to \$599,999.99	1,477	0	8	4,238,499
\$600,000 to \$699,999.99	903	0	9	3,120,657
\$700,000 to \$799,999.99	662	0	5	2,621,085
\$800,000 and over	2,331	0	23	36,289,612
Total	38,956	26,769	8,227	\$82,708,261

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

RENTAL SURCHARGE

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

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

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

Revenue	
FY 2006-07	\$ 401,543
2007-08	309,084
2008-09	167,866

Exemptions

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

Number of Taxpayers / Filing Frequency

193 taxpayers / Annually

Basis and Rate

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

Comparative Data

Gross collections of the surcharge by rental companies during 2008 amounted to \$6,335,093. Rental companies retained the difference between gross collections and the amount remitted to reimburse personal property taxes and titling and registration fees paid in Connecticut.

REPEALED TAXES

SUCCESSION TAX

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

Revenue collected for Fiscal Year 2008-09: \$ 3,723,224

SALES AND USE TAXES

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

Revenue	
FY 2006-07	\$ 3,498,793,678
2007-08	3,582,463,224
2008-09	3,319,642,835

Basis and Rate

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

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

1% on computer and data processing services;

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

Exemptions

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

The following table provides a summary of the major exemptions claimed by businesses during Fiscal Year 2008-09. Note that the revenue forgone for each exemption monitored is computed at the 6% rate.

FY 2008-09 SALES TAX EXEMPTIONS
(In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Sale for Resale - Goods	\$ 81,847.7	\$ 4,910.9
Sale for Resale - Leases and Rentals	1,366.4	82.0
Sale for Resale - Labor and Services	2,359.2	141.5
All Newspapers and Magazines by Subscription	239.1	14.3
Trucks with Gross Vehicle Weight Over 26,000 Pounds or Used for Interstate Freight	99.8	6.0
Food Products for Human Consumption	6,177.1	370.6
Fuel for Motor Vehicles	6,669.2	400.2
Electricity/Gas/Heating Fuel (residential)	2,930.3	175.8
Electricity (\$150 monthly per business)	42.0	2.5
Electricity/Gas/Heating Fuel for Manufacturing or Agricultural Production	847.5	50.8
Aviation Fuel	84.9	5.1
Sales of Tangible Personal Property to Farmers	80.0	4.8
Machinery/Materials/ Tools/Fuel - Mfg. Product	1,742.1	104.5
Machinery/Materials/ Equip. - Printing	93.1	5.6
Machinery/Materials/ Tools/Fuel - Comm. Fishing	77.2	4.6
Out-of-State - Sale of Goods	40,886.0	2,453.2
Out-of-State - Leases/Rentals	583.4	35.0
Out-of-State - Labor and Services	8,563.0	513.8
Sales of Motor Vehicles, Vessels to Nonresidents	738.1	44.3
Prescription Medicines	5,281.4	316.9
Non-Prescription Medicines and Diabetic Equipment	274.6	16.5
Charitable/Government/Religious - Sale of Goods	7,508.2	450.5
Charitable/Government/Religious - Leases and Rentals	219.9	13.2
Charitable/Government/Religious - Labor and Services	4,352.1	261.1

FY 2008-09 SALES TAX EXEMPTIONS (cont.)
(In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Pollution Abatement	\$ 44.2	\$ 2.7
Non-Taxable Labor and Services	14,180.1	850.8
Business Services/Parent Owned Subs.	363.2	21.8
Trade-ins of Like-Kind Personal Property	555.7	33.3
Taxed Goods returned within 90 days	76.0	4.6
Oxygen, Plasma, Prostheses, etc.	209.2	12.6
Printed Material for Future Delivery Out-of-State	31.7	1.9
Clothing/Footwear under \$50	2,289.0	137.3
Material for Non-commercial Production of Clothing	8.7	0.5
Funeral Expenses up to \$2,500	84.1	5.0
Repair or Replacement Parts/Repair Services to Aircraft	162.3	9.7
Certain Machinery - Manufacturing Recovery Act of 1992 (Difference between the 6% and 3% Rates)	29.7	1.8
Sales of Machinery, Equipment, Tools, Fuel, and Supplies used in the Biotechnology Industry	22.6	1.4
Sales of Repair and Maintenance Service to Vessels	55.3	3.3
Computer and Data Processing Services (Difference between the 6% and 1% Rates)	1,474.8	88.5
Renovation Services to Residential Property	364.9	21.9
Sales to Direct Payment Permit Holders	389.9	23.4
Sales of College Textbooks	44.2	2.7
Sales Tax Holidays	84.8	5.1
Weatherization Products	91.6	5.5
Other Adjustments	9,985.8	599.1
TOTAL	\$ 203,610.1	\$ 12,216.6

SALES AND USE TAXES (cont.)

Number of Taxpayers/Filing Frequency

166,990 Sales and Use Taxpayers
 29,640 / Monthly
 47,210 / Quarterly
 90,140 / Annually

3,360 Business Use Taxpayers

665 Room Occupancy Taxpayers
 480 / Monthly
 185 / Quarterly

Comparative Data

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

Table I:
(In Millions)

Gross Receipts Attributable to:	FY 2006-07	FY 2007-08	FY 2008-09
Sales of Tangible Personal Property	\$225,156.7	\$225,311.2	\$209,596.5
Leasing/Rental of Tangible Personal Property	3,306.3	3,534.7	3,528.4
Rendering of Services	39,619.0	41,875.4	38,037.6
Business Use Purchases	3,265.3	4,320.1	3,251.5
Room Occupancy	666.4	702.2	612.6

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

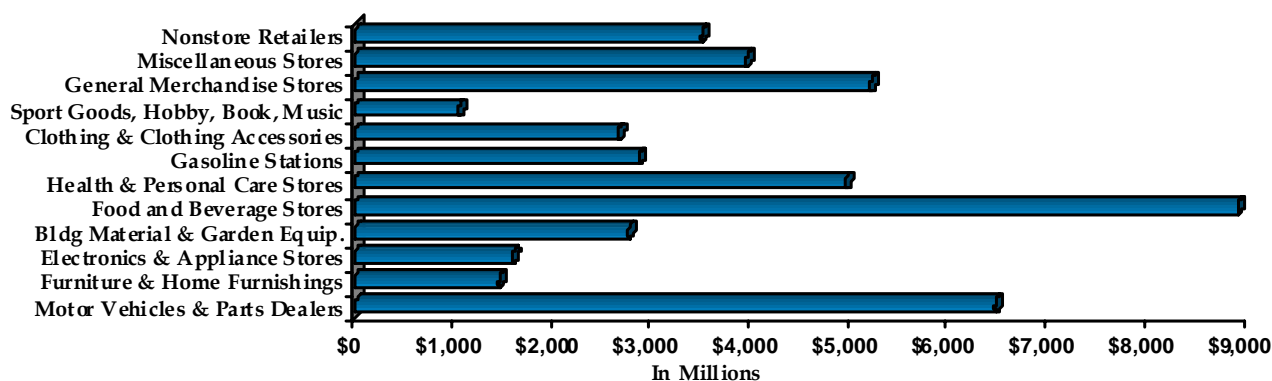
SALES AND USE TAXES (cont.)

TABLE II: Retail Sales Volume - Fiscal Years 2007 - 2009
(In Millions)

	FY 2006-07	FY 2007-08	FY 2008-09
Motor Vehicle and Parts Dealers (NAICS 441)	\$8,602.4	\$8,213.8	\$6,474.5
Furniture and Home Furnishings Stores (NAICS 442)	2,634.9	1,995.6	1,455.8
Electronics and Appliance Stores (NAICS 443)	1,627.4	1,689.1	1,594.7
Building Material and Garden Equipment and Supplies Dealers (NAICS 444)	3,464.7	3,245.2	2,766.7
Food and Beverage Stores (NAICS 445)	6,471.6	9,492.9	8,926.6
Health and Personal Care Stores (NAICS 446)	4,219.2	3,906.9	4,961.5
Gasoline Stations (NAICS 447)	3,072.7	3,427.3	2,868.4
Clothing and Clothing Accessories Stores (NAICS 448)	2,838.4	2,951.0	2,667.5
Sporting Goods, Hobby, Book and Music Stores (NAICS 451)	1,155.3	1,195.0	1,052.3
General Merchandise Stores (NAICS 452)	5,135.1	5,194.1	5,215.3
Miscellaneous Store Retailers (NAICS 453)	3,997.7	4,092.3	3,964.4
Nonstore Retailers (NAICS 454)	3,208.5	3,628.7	3,507.6
TOTAL (NAICS 44-45)	\$46,427.9	\$49,032.0	\$45,455.3

RETAIL SALES FY 2008-09

RETAIL ESTABLISHMENTS (NAICS 44-45)



SALES AND USE TAXES (cont.)

Table III provides total sales and use taxes revenues by the economic activities sectors of the North American Industry Classification System (NAICS) for fiscal years 2007 through 2009. The revenues are from regular payments and represent 94% of the total sales and use taxes collected in FY 2008-09.

TABLE III: Sales & Use Tax - From Regular Payments
Fiscal Years 2007 - 2009
(In Millions)

	NAICS Code	FY 2006-07	FY 2007-08	FY 2008-09
<i>Motor Vehicle and Parts Dealers</i>	441	\$374.3	\$ 358.0	\$ 299.0
<i>Furniture and Home Furnishings</i>	442	84.0	76.5	64.4
<i>Electronics and Appliance Stores</i>	443	78.6	75.7	67.9
<i>Building Material and Garden Equipment</i>	444	178.6	164.8	142.4
<i>Food and Beverage Stores</i>	445	170.3	176.0	180.1
<i>Health and Personal Care Stores</i>	446	43.3	43.9	44.6
<i>Gasoline Stations</i>	447	33.4	33.4	33.9
<i>Clothing and Clothing Accessories Stores</i>	448	79.5	80.5	70.4
<i>Sporting Goods, Hobby, Book & Music Stores</i>	451	50.8	52.5	46.3
<i>General Merchandise Stores</i>	452	179.8	178.5	174.7
<i>Miscellaneous Store Retailers</i>	453	158.3	163.6	152.2
<i>Nonstore Retailers</i>	454	57.8	60.1	53.8
Retail Sector Subtotal	44-45	\$1,488.7	\$1,463.4	\$1,329.7
Utilities	22	114.1	120.0	124.7
Construction	23	144.6	144.5	122.7
Manufacturing	31-33	170.7	189.9	171.7
Wholesale Trade	42	193.0	190.1	159.5
Information	51	254.5	264.7	267.2
Arts, Entertainment & Recreation	71	24.0	24.3	23.5
Accommodation and Food Services	72	256.5	267.2	262.9
Other Services (except Public Admin)	81	126.6	129.1	123.3
All Other Businesses		540.8	570.2	517.6
TOTAL SALES & USE TAX REVENUE		\$3,313.5	\$3,363.4	\$3,102.8

SOLID WASTE TAX

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

Revenue	
FY 2006-07	\$3,499,093
2007-08	3,335,342
2008-09	3,371,682

Number of Taxpayers / Filing Frequency

8 taxpayers / Quarterly

Basis and Rate

\$1.50 per ton of solid waste processed.

TOBACCO PRODUCTS TAX

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

Revenue	
FY 2006-07	\$5,266,085
2007-08	5,797,038
2008-09	5,375,407

Exemptions

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

Number of Taxpayers/Filing Frequency

170 distributors/Monthly

Basis and Rate

20% of the wholesale sales price. Snuff tobacco products are taxed at a rate of 40¢ per ounce. Effective October 1, 2009 the rate is increased to 27.55 of the wholesale sales price. Effective October 1, 2009 snuff tobacco products are taxed at a rate of 55¢ per ounce.

TOURISM SURCHARGE

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

Revenue	
FY 2006-07	\$4,949,007
2007-08	5,002,452
2008-09	4,688,286

Exemption

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

Number of Taxpayers / Filing Frequency

23 taxpayers / Monthly
80 taxpayers / Quarterly

Basis and Rate

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

UNRELATED BUSINESS TAXABLE INCOME TAX

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

Revenue	
FY 2006-07	\$ 2,240,230
2007-08	2,220,568
2008-09	2,664,590

Number of Taxpayers / Filing Frequency

360 organizations / Annually

Basis and Rate

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

Credits

For the 2007 income year, 47 taxpayers claimed \$32,911 in Electronic Data Processing Property Tax Credits.

FY 2008-09 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
ANDOVER	39	37	\$ 9,820,780	\$ 59,979
ANSONIA	168	152	30,375,103	154,602
ASHFORD	62	54	13,663,300	68,317
AVON	229	250	119,206,769	675,135
BARKHAMSTED	47	55	13,298,056	66,490
BEACON FALLS	68	71	20,962,332	105,492
BERLIN	213	249	71,310,298	388,331
BETHANY	55	48	18,490,872	101,954
BETHEL	201	183	74,544,610	405,396
BETHLEHEM	47	35	11,496,060	67,980
BLOOMFIELD	208	277	68,685,414	372,058
BOLTON	53	62	18,884,558	99,298
BOZRAH	31	21	3,929,500	19,648
BRANFORD	353	389	122,741,897	701,444
BRIDGEPORT	1,163	1,187	219,081,227	1,256,271
BRIDGEWATER	27	16	8,044,900	45,975
BRISTOL	575	704	135,611,220	732,196
BROOKFIELD	169	241	97,984,268	572,462
BROOKLYN	87	109	25,822,971	146,640
BURLINGTON	96	129	44,848,738	224,244
CANAAN	23	17	5,614,663	29,023
CANTERBURY	76	61	13,540,113	68,201
CANTON	139	146	47,285,355	251,639
CHAPLIN	36	24	5,471,361	32,657
CHESHIRE	267	299	102,716,126	552,619
CHESTER	56	42	15,123,515	81,783
CLINTON	160	177	52,137,084	277,715
COLCHESTER	162	203	46,772,503	236,320
COLEBROOK	34	22	4,745,001	24,430
COLUMBIA	93	65	15,812,019	79,560
CORNWALL	50	20	5,643,000	29,340
COVENTRY	183	169	39,320,315	199,352
CROMWELL	139	219	72,416,314	424,707
DANBURY	628	780	259,861,714	1,502,809
DARIEN	196	201	247,719,236	1,768,832
DEEP RIVER	53	36	8,913,975	44,570
DERBY	102	113	24,083,340	130,205
DURHAM	71	77	25,234,100	139,646
EASTFORD	20	12	2,310,500	12,115
EAST GRANBY	63	104	30,468,459	163,820
EAST HADDAM	111	117	25,777,688	130,338
EAST HAMPTON	157	191	45,073,712	226,369
EAST HARTFORD	408	573	104,840,067	611,735

FY 2008-09 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
EAST HAVEN	314	343	\$ 67,192,819	\$ 345,514
EAST LYME	297	296	106,351,730	598,446
EASTON	87	62	38,083,708	207,501
EAST WINDSOR	122	154	35,606,404	207,667
ELLINGTON	135	195	51,092,175	258,011
ENFIELD	379	498	142,097,634	989,073
ESSEX	102	71	32,824,843	197,264
FAIRFIELD	467	644	440,043,569	2,675,004
FARMINGTON	327	407	156,766,279	907,832
FRANKLIN	22	21	6,475,226	39,501
GLASTONBURY	373	523	205,882,948	1,169,585
GOSHEN	65	59	23,876,280	138,816
GRANBY	111	139	41,456,528	210,827
GREENWICH	561	490	882,876,876	7,186,339
GRISWOLD	160	159	29,305,351	149,652
GROTON	383	394	109,121,258	630,367
GUILFORD	285	276	122,724,644	690,350
HADDAM	102	99	27,958,613	149,603
HAMDEN	511	717	302,186,326	1,624,235
HAMPTON	22	20	3,690,823	18,454
HARTFORD	691	711	156,468,464	991,250
HARTLAND	17	21	3,485,275	17,426
HARWINTON	80	55	12,900,035	64,500
HEBRON	97	96	24,099,113	122,246
KENT	66	57	21,036,084	126,255
KILLINGLY	250	266	40,742,243	209,726
KILLINGWORTH	94	70	26,419,421	143,247
LEBANON	99	94	19,654,957	98,275
LEDYARD	159	187	42,178,393	224,052
LISBON	53	35	6,609,298	33,046
LITCHFIELD	113	84	26,734,306	145,635
LYME	44	31	17,867,564	108,438
MADISON	208	212	121,082,078	725,294
MANCHESTER	509	657	154,595,210	852,730
MANSFIELD	172	163	31,696,749	160,284
MARLBOROUGH	52	62	20,952,020	104,810
MERIDEN	533	680	123,667,546	722,307
MIDDLEBURY	101	110	57,964,754	378,144
MIDDLEFIELD	63	40	11,100,171	55,501
MIDDLETOWN	414	537	208,201,948	1,173,586
MILFORD	540	651	243,147,764	1,507,704
MONROE	170	198	76,724,320	394,972
MONTVILLE	205	195	35,416,539	182,258

FY 2008-09 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
MORRIS	45	23	\$ 12,322,579	\$ 80,513
NAUGATUCK	302	322	66,758,102	349,066
NEW BRITAIN	564	662	132,480,347	720,747
NEW CANAAN	227	182	331,368,806	2,483,774
NEW FAIRFIELD	153	136	49,926,562	275,378
NEW HARTFORD	103	66	15,121,985	81,010
NEW HAVEN	982	1,031	219,442,255	1,276,719
NEWINGTON	313	468	109,737,676	594,446
NEW LONDON	243	298	100,678,685	787,877
NEW MILFORD	334	322	103,945,257	605,594
NEWTOWN	275	268	123,255,203	671,499
NORFOLK	40	27	7,679,000	46,583
NORTH BRANFORD	145	129	35,409,007	194,400
NORTH CANAAN	39	56	9,135,377	46,552
NORTH HAVEN	233	203	64,278,199	353,625
NORTH STONINGTON	68	51	9,909,775	49,799
NORWALK	654	801	398,255,582	2,418,498
NORWICH	372	392	85,571,170	500,259
OLD LYME	193	116	49,310,921	270,045
OLD SAYBROOK	214	157	71,661,102	463,645
ORANGE	148	107	82,914,390	631,861
OXFORD	171	175	68,433,771	352,839
PLAINFIELD	189	194	32,230,460	184,573
PLAINVILLE	150	237	60,027,442	350,384
PLYMOUTH	134	134	23,917,830	123,839
POMFRET	52	35	9,476,973	47,388
PORTLAND	86	123	28,532,225	145,374
PRESTON	78	44	11,961,697	68,058
PROSPECT	88	132	37,953,742	196,894
PUTNAM	95	97	17,972,483	98,017
REDDING	111	76	45,612,369	256,325
RIDGEFIELD	282	281	208,631,508	1,269,729
ROCKY HILL	149	245	81,160,934	525,835
ROXBURY	37	22	15,867,848	102,777
SALEM	65	54	11,271,225	57,681
SALISBURY	88	59	32,221,944	192,742
SCOTLAND	31	11	1,818,000	9,090
SEYMOUR	145	207	52,225,492	269,895
SHARON	55	29	12,788,224	74,076
SHELTON	331	375	144,659,741	841,876
SHERMAN	65	45	20,567,584	114,263
SIMSBURY	233	306	111,126,143	588,809
SOMERS	108	111	35,671,281	192,156

FY 2008-09 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
SOUTHBURY	212	288	\$ 82,592,276	\$ 427,381
SOUTHINGTON	441	519	138,646,106	742,750
SOUTH WINDSOR	276	326	88,766,353	459,172
SPRAGUE	38	31	5,518,800	27,594
STAFFORD	134	171	24,351,676	122,758
STAMFORD	896	1,156	792,735,741	4,946,562
STERLING	56	45	10,828,395	55,417
STONINGTON	273	226	72,781,876	421,109
STRATFORD	441	589	148,525,460	816,818
SUFFIELD	164	175	50,138,525	258,416
THOMASTON	87	80	15,697,778	89,464
THOMPSON	147	94	17,407,200	91,286
TOLLAND	138	153	43,909,986	228,433
TORRINGTON	365	452	81,578,214	470,968
TRUMBULL	327	328	136,318,034	723,194
UNION	20	5	935,790	4,679
VERNON	263	324	66,092,773	365,714
VOLUNTOWN	37	28	3,634,700	18,174
WALLINGFORD	402	509	142,907,294	836,872
WARREN	30	16	9,719,600	69,023
WASHINGTON	92	67	44,607,122	307,392
WATERBURY	1,075	1,312	209,715,228	1,184,653
WATERFORD	268	261	62,583,922	334,820
WATERTOWN	249	204	53,890,002	312,469
WESTBROOK	291	186	31,798,667	166,543
WEST HARTFORD	604	851	301,861,320	1,582,866
WEST HAVEN	425	536	101,427,253	543,822
WESTON	141	119	105,044,165	686,220
WESTPORT	316	331	466,283,280	3,514,224
WETHERSFIELD	254	300	80,621,125	452,996
WILLINGTON	58	55	11,881,460	60,282
WILTON	149	177	164,522,210	1,084,867
WINCHESTER	128	134	22,194,641	117,523
WINDHAM	181	213	33,523,271	185,171
WINDSOR	268	362	87,573,760	495,373
WINDSOR LOCKS	136	182	42,849,505	279,090
WOLCOTT	175	188	51,195,510	274,530
WOODBIDGE	81	102	46,391,724	245,353
WOODBURY	118	121	43,383,789	246,254
WOODSTOCK	116	118	24,380,074	121,900
TOWN UNKNOWN	61	97	28,492,200	154,201
TOTAL	34,996	38,956	\$ 13,728,639,015	\$82,708,261

PENALTY AND INTEREST RECEIPTS

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

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

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

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

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

Penalty and Interest Revenue By Tax Source

Tax Type		FY 2006-07	FY 2007-08	FY 2008-09
Corporation	Penalty	\$ 1,915,872	\$ 2,714,032	\$ 3,190,706
	Interest	37,373,504	40,639,484	40,861,286
Income Tax	Penalty	14,861,631	27,886,918	19,430,576
	Interest	36,869,280	61,797,231	45,108,363
Sales & Use	Penalty	12,521,061	12,317,512	13,765,657
	Interest	26,211,972	22,234,972	38,053,366
All Other Taxes	Penalty	4,937,885	5,978,266	6,109,481
	Interest	9,826,044	11,714,072	11,986,008
Total	Penalty	34,236,449	48,896,728	42,496,420
	Interest	110,280,800	136,385,760	136,009,023

TAX REFUNDS

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

Refunds of the Personal Income Tax owed to any person or entity with a debt obligation to Connecticut, the Internal Revenue Service or another reciprocating state may be withheld to offset the outstanding debt. There were 33,937 external offsets in Fiscal Year 2008-09, totaling \$9,134,025. This is an increase over the 31,693 external offsets in Fiscal Year 2007-08, which totaled \$8,018,027.

Listed below are the refund amounts by tax type for Fiscal Years 2006-07 through 2008-09.

AMOUNT OF TAXES REFUNDED			
	FY 2006-07	FY 2007-08	FY 2008-09
Admissions & Dues	\$ 83,144	\$ 152,285	\$ 429,482
Business Entity	894,604	289,443	418,588
Business Use	2,449,915	1,442,011	1,000,242
Cigarette	643,102	1,360,157	606,738
Community Antenna	90,201	339,846	270,057
Controlling Interest	1,406,455	786,841	988,848
Corp. R&D Credit Buyback	5,982,857	11,362,507	8,428,079
Corporation Business	109,152,899	124,618,293	170,021,934
CT Estate Tax	1,519,438	696,749	2,293,994
Domestic Insurers	528,705	1,074,088	16,392,047
Foreign Insurers	5,223,536	14,042,312	14,492,544
Gas & Electric Companies	110,537	2,265	95,067
Gasoline	2,620,006	4,195,742	4,061,062
Gift Tax	432,288	324,073	139,111
Gift & Estate	4,349,954	5,737,416	4,677,527
Health Care Centers	91,623	0	25,965,824
Income Tax	596,386,119	660,773,873	776,825,243
Individual Use Tax	305,056	300,341	217,232
Motor Carrier	1,452,316	1,713,747	1,863,647
Nursing Home User Fee	236,016	152,826	522,141
Occupational	53,526	85,756	47,996
Petroleum Products	6,304,866	2,852,210	5,403,868
Real Estate Conveyance	123,306	2,456,234	3,114,059
Room Occupancy	231,794	171,691	59,140
Sales & Use Taxes	13,778,673	31,949,338	26,363,917
Special Fuel	3,948,674	1,089,699	159,901
Succession Tax	1,408,807	1,657,464	714,279
Tobacco Distributor	467,792	389,732	925,736
Unauthorized Insurance	109,330	207,927	3,762
Unrelated Business Income	151,025	299,543	332,906
Miscellaneous	19,789	21,432	43,323
Total	\$760,556,353	\$870,545,841	\$ 1,066,878,294

**COMPARATIVE SUMMARY OF RETAIL SALES AND
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TOWN	Retail Sales	Retail Sales	Sales & Use Tax	Sales & Use Tax	SUT Collections
	FY 2007-08	FY 2008-09	FY 2007-08	FY 2008-09	% Change
	NAICS 44-45	NAICS 44-45	(All Businesses)	(All Businesses)	FY 08 /FY 09
ANDOVER	\$ 2,000,752	\$ 2,092,870	\$ 394,406	\$ 415,550	5.4%
ANSONIA	82,521,071	70,163,314	4,322,175	3,771,895	-12.7%
ASHFORD	2,995,358	2,971,614	654,666	744,183	13.7%
AVON	82,421,448	64,382,959	8,039,966	7,715,948	-4.0%
BARKHAMSTED	3,532,019	3,512,503	588,949	595,443	1.1%
BEACON FALLS	7,300,007	10,288,229	710,342	789,175	11.1%
BERLIN	295,467,319	218,171,386	77,584,616	73,698,019	-5.0%
BETHANY	5,629,660	6,165,412	1,131,858	1,019,583	-9.9%
BETHEL	86,420,734	85,873,632	7,899,611	7,004,918	-11.3%
BETHLEHEM	7,904,808	8,607,893	794,673	791,454	-0.4%
BLOOMFIELD	219,147,001	180,341,613	13,900,504	12,738,918	-8.4%
BOLTON	22,179,297	16,396,290	1,861,627	1,741,335	-6.5%
BOZRAH	8,016,786	7,427,133	1,383,453	1,465,719	5.9%
BRANFORD	686,560,580	637,592,443	32,402,565	31,102,258	-4.0%
BRIDGEPORT	1,184,660,202	1,213,926,106	52,657,807	46,914,947	-10.9%
BRIDGEWATER	6,799,744	5,980,325	377,534	357,932	-5.2%
BRISTOL	433,319,816	379,530,615	25,830,757	23,689,395	-8.3%
BROOKFIELD	287,639,899	254,708,933	14,700,766	14,175,819	-3.6%
BROOKLYN	26,895,502	34,227,891	1,906,909	2,325,393	21.9%
BURLINGTON	12,621,907	6,158,718	1,204,094	1,052,068	-12.6%
CANAAN	44,704,806	75,585,354	2,962,049	2,807,034	-5.2%
CANTERBURY	2,690,247	2,242,102	497,141	458,835	-7.7%
CANTON	151,295,231	127,811,728	10,581,890	9,361,349	-11.5%
CHAPLIN	7,590,807	6,494,961	419,386	375,846	-10.4%
CHESHIRE	443,825,948	436,392,124	19,138,064	16,863,609	-11.9%
CHESTER	12,332,651	8,283,425	1,207,407	1,048,427	-13.2%
CLINTON	120,174,423	101,577,173	9,023,611	8,490,978	-5.9%
COLCHESTER	176,663,853	140,602,712	7,350,606	6,311,878	-14.1%
COLEBROOK	166,881	562,393	26,786	41,053	53.3%
COLUMBIA	52,785,584	42,406,814	3,142,366	2,612,760	-16.9%
CORNWALL	4,617,286	3,635,966	695,926	619,327	-11.0%
COVENTRY	29,803,305	23,935,809	1,669,427	1,607,612	-3.7%
CROMWELL	60,828,319	53,194,011	7,369,960	6,755,163	-8.3%
DANBURY	4,438,484,960	3,696,402,177	109,724,603	102,049,114	-7.0%
DARIEN	468,953,968	374,010,003	27,105,119	22,600,093	-16.6%

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**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN*
FISCAL YEARS ENDING JUNE 30, 2008 AND 2009**

TOWN	Retail Sales	Retail Sales	Sales & Use Tax	Sales & Use Tax	SUT Collections
	FY 2007-08	FY 2008-09	FY 2007-08	FY 2008-09	% Change
	NAICS 44-45	NAICS 44-45	(All Businesses)	(All Businesses)	FY 08 /FY 09
DEEP RIVER	\$ 13,821,246	\$ 13,377,449	\$ 1,282,437	\$ 1,209,456	-5.7%
DERBY	126,259,683	104,043,738	6,767,056	5,513,412	-18.5%
DURHAM	25,573,650	25,464,661	2,026,599	2,015,149	-0.6%
EAST GRANBY	41,414,144	35,557,945	2,635,765	2,644,377	0.3%
EAST HADDAM	36,915,112	38,738,375	2,106,636	1,962,270	-6.9%
EAST HAMPTON	24,015,526	24,997,380	2,193,005	2,192,072	0.0%
EAST HARTFORD	849,544,845	740,723,635	39,916,914	37,733,906	-5.5%
EAST HAVEN	180,432,139	158,018,947	9,187,319	7,576,125	-17.5%
EAST LYME	97,845,640	82,402,980	5,630,197	5,027,736	-10.7%
EAST WINDSOR	234,061,475	212,345,158	12,308,971	10,925,968	-11.2%
EASTFORD	7,258,922	9,019,285	446,557	386,752	-13.4%
EASTON	7,100,562	6,366,278	1,072,829	1,054,800	-1.7%
ELLINGTON	94,081,284	80,405,855	5,226,133	4,644,394	-11.1%
ENFIELD	354,201,303	334,096,164	25,108,198	23,535,550	-6.3%
ESSEX	59,215,104	50,577,539	4,516,882	3,819,296	-15.4%
FAIRFIELD	708,465,811	670,220,023	54,386,689	51,250,450	-5.8%
FARMINGTON	729,566,978	687,819,276	38,948,823	34,466,974	-11.5%
FRANKLIN	42,581,424	45,461,532	3,005,824	2,799,547	-6.9%
GLASTONBURY	222,096,857	181,376,733	17,616,053	16,290,295	-7.5%
GOSHEN	7,494,611	7,051,435	637,544	589,356	-7.6%
GRANBY	37,903,603	32,965,539	3,195,227	2,864,568	-10.3%
GREENWICH	1,249,773,907	1,036,056,263	66,303,019	53,596,149	-19.2%
GRISWOLD	32,569,785	30,602,687	1,728,961	1,714,512	-0.8%
GROTON	236,942,092	176,351,527	18,238,396	17,237,505	-5.5%
GUILFORD	191,645,904	160,346,390	8,417,199	7,549,088	-10.3%
HADDAM	29,884,819	24,414,184	1,508,222	1,438,432	-4.6%
HAMDEN	334,547,996	280,012,421	22,455,207	19,844,210	-11.6%
HAMPTON	280,853	218,363	128,129	108,826	-15.1%
HARTFORD	1,209,331,699	1,022,993,189	125,448,365	105,442,914	-15.9%
HARTLAND	574,955	507,662	194,129	185,013	-4.7%
HARWINTON	7,839,076	9,117,038	1,344,822	1,100,987	-18.1%
HEBRON	27,694,821	27,685,570	1,329,703	1,287,171	-3.2%
KENT	25,778,262	24,177,563	1,877,835	1,638,602	-12.7%
KILLINGLY	141,044,303	100,424,869	7,503,863	5,321,642	-29.1%
KILLINGWORTH	8,644,512	8,078,693	1,209,227	1,137,688	-5.9%

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TOWN	Retail Sales	Retail Sales	Sales & Use Tax	Sales & Use Tax	SUT Collections
	FY 2007-08	FY 2008-09	FY 2007-08	FY 2008-09	% Change
	NACIS 44-45	NACIS 44-45	(All Businesses)	(All Businesses)	FY 08 /FY 09
LEBANON	\$ 7,365,858	\$ 6,470,832	\$ 793,073	\$ 689,841	-13.0%
LEDYARD	34,862,762	30,730,668	4,176,066	5,022,570	20.3%
LISBON	11,071,747	3,819,670	1,239,531	825,392	-33.4%
LITCHFIELD	81,896,324	61,681,630	6,012,281	5,485,853	-8.8%
LYME	1,759,075	1,624,075	97,928	65,606	-33.0%
MADISON	99,051,775	84,107,040	7,504,405	6,512,731	-13.2%
MANCHESTER	3,142,884,318	2,986,039,358	134,529,455	127,021,295	-5.6%
MANSFIELD	67,030,667	58,312,579	3,922,425	3,178,664	-19.0%
MARLBOROUGH	19,889,589	15,852,767	1,213,013	1,144,198	-5.7%
MERIDEN	380,069,722	381,064,450	23,109,963	21,757,007	-5.9%
MIDDLEBURY	62,437,384	54,799,038	4,289,457	3,898,237	-9.1%
MIDDLEFIELD	11,741,335	11,174,970	1,698,648	1,553,849	-8.5%
MIDDLETOWN	311,895,131	258,208,531	25,752,871	23,321,984	-9.4%
MILFORD	1,066,415,420	621,192,813	44,702,774	40,011,624	-10.5%
MONROE	161,325,502	127,658,776	12,001,674	9,232,624	-23.1%
MONTVILLE	71,145,453	61,601,988	6,761,813	6,392,561	-5.5%
MORRIS	3,286,256	3,056,029	433,212	454,088	4.8%
NAUGATUCK	89,696,989	85,847,742	8,869,834	8,274,600	-6.7%
NEW BRITAIN	285,741,062	259,235,654	20,712,459	18,968,653	-8.4%
NEW CANAAN	210,844,118	160,204,276	10,011,202	8,667,485	-13.4%
NEW FAIRFIELD	24,340,190	21,213,498	1,619,733	1,542,812	-4.7%
NEW HARTFORD	13,296,069	14,665,565	1,069,579	1,069,681	0.0%
NEW HAVEN	1,032,738,867	984,751,714	126,492,928	119,904,630	-5.2%
NEW LONDON	322,280,382	274,823,850	16,644,511	13,987,647	-16.0%
NEW MILFORD	204,641,589	175,094,674	12,160,367	10,802,429	-11.2%
NEWINGTON	215,938,581	195,734,837	26,679,906	23,587,385	-11.6%
NEWTOWN	121,402,004	97,498,501	6,947,345	6,297,068	-9.4%
NORFOLK	1,547,247	2,436,837	380,453	418,284	9.9%
NORTH BRANFORD	72,710,223	65,299,240	5,695,001	5,151,405	-9.5%
NORTH CANAAN	1,916,824	1,232,274	506,844	312,073	-38.4%
NORTH HAVEN	1,408,457,183	1,300,671,227	84,866,979	77,249,849	-9.0%
NORTH STONINGTON	16,318,978	12,541,939	1,819,762	1,650,051	-9.3%
NORWALK	1,425,130,726	1,278,767,169	117,931,179	110,783,527	-6.1%
NORWICH	335,788,461	291,208,319	19,315,283	17,410,870	-9.9%
OLD LYME	74,710,262	31,094,031	3,448,423	3,105,021	-10.0%

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TOWN	Retail Sales	Retail Sales	Sales & Use Tax	Sales & Use Tax	SUT Collections
	FY 2007-08	FY 2008-09	FY 2007-08	FY 2008-09	% Change
	NAICS 44-45	NACIS 44-45	(All Businesses)	(All Businesses)	FY 08 / FY 09
OLD SAYBROOK	\$ 274,256,200	\$ 246,252,528	\$ 13,016,495	\$ 11,670,609	-10.3%
ORANGE	154,945,796	124,577,282	44,015,742	47,234,681	7.3%
OXFORD	51,005,567	36,117,496	3,856,261	3,601,416	-6.6%
PLAINFIELD	122,098,717	102,737,640	5,375,771	4,878,035	-9.3%
PLAINVILLE	142,402,894	130,742,378	12,627,186	12,273,229	-2.8%
PLYMOUTH	47,804,259	43,222,099	3,262,703	2,857,075	-12.4%
POMFRET	3,702,197	5,068,292	832,336	833,087	0.1%
PORTLAND	93,249,700	80,743,496	3,409,270	3,167,876	-7.1%
PRESTON	25,282,843	23,372,694	1,201,144	1,015,893	-15.4%
PROSPECT	41,093,043	34,510,684	2,398,118	2,214,636	-7.7%
PUTNAM	83,771,751	61,784,393	6,037,352	5,148,372	-14.7%
REDDING	21,141,492	19,152,399	1,828,973	1,763,833	-3.6%
RIDGEFIELD	196,697,072	155,465,617	15,051,165	14,212,277	-5.6%
ROCKY HILL	91,284,070	82,936,210	15,650,034	14,616,071	-6.6%
ROXBURY	2,303,879	1,406,756	406,986	278,543	-31.6%
SALEM	9,705,814	9,005,207	798,159	741,030	-7.2%
SALISBURY	23,581,778	19,531,543	2,179,312	2,086,029	-4.3%
SCOTLAND	780,354	897,910	73,305	66,191	-9.7%
SEYMOUR	77,288,239	62,825,843	5,830,259	4,883,565	-16.2%
SHARON	12,086,850	8,210,884	869,392	875,969	0.8%
SHELTON	266,823,209	264,441,695	23,276,622	21,652,426	-7.0%
SHERMAN	5,473,381	4,270,274	602,052	565,203	-6.1%
SIMSBURY	188,678,036	157,176,379	15,679,360	14,498,284	-7.5%
SOMERS	32,728,724	32,409,703	1,641,566	1,696,650	3.4%
SOUTH WINDSOR	285,831,762	247,666,255	22,020,495	19,086,858	-13.3%
SOUTHBURY	78,161,719	60,919,252	19,261,777	16,768,076	-12.9%
SOUTHINGTON	226,370,121	208,845,697	21,771,292	20,173,660	-7.3%
SPRAGUE	1,791,465	1,422,893	323,413	368,348	13.9%
STAFFORD	146,477,292	142,539,244	10,825,707	10,368,196	-4.2%
STAMFORD	1,006,381,278	929,717,356	110,259,899	99,498,898	-9.8%
STERLING	2,025,840	2,189,482	184,383	182,006	-1.3%
STONINGTON	198,888,010	166,628,915	15,046,076	13,318,807	-11.5%
STRATFORD	488,980,646	367,660,159	48,566,156	45,615,830	-6.1%
SUFFIELD	39,983,367	22,277,050	3,162,481	2,082,824	-34.1%
THOMASTON	28,737,471	23,520,867	4,158,415	3,751,774	-9.8%

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TOWN	Retail Sales FY 2007-08 NACIS 44-45	Retail Sales FY 2008-09 NACIS 44-45	Sales & Use Tax FY 2007-08 (All Businesses)	Sales & Use Tax FY 2008-09 (All Businesses)	SUT Collections % Change FY 08 / FY 09
THOMPSON	\$ 9,584,246	\$ 13,145,653	\$ 1,171,048	\$ 1,303,872	11.3%
TOLLAND	42,117,839	51,857,124	3,417,839	3,090,874	-9.6%
TORRINGTON	693,810,980	649,613,614	30,288,462	25,732,064	-15.0%
TRUMBULL	282,746,132	246,397,556	12,023,931	11,381,250	-5.3%
UNION	146,581	1,092,445	118,674	163,911	38.1%
VERNON	244,049,067	206,703,447	15,598,939	14,659,322	-6.0%
VOLUNTOWN	5,232,682	6,753,891	368,539	380,246	3.2%
WALLINGFORD	455,751,032	384,657,871	38,211,354	33,797,235	-11.6%
WARREN	2,348,549	2,165,222	202,349	204,402	1.0%
WASHINGTON	22,189,888	17,524,258	2,734,046	2,482,298	-9.2%
WATERBURY	932,635,361	877,531,264	46,586,224	44,413,325	-4.7%
WATERFORD	1,063,316,787	1,045,472,450	39,261,272	39,396,300	0.3%
WATERTOWN	517,305,224	401,719,241	17,774,396	16,330,565	-8.1%
WEST HARTFORD	406,276,751	375,889,193	37,253,742	36,459,499	-2.1%
WEST HAVEN	265,573,921	232,163,047	16,092,107	14,505,610	-9.9%
WESTBROOK	114,277,935	95,043,619	8,845,666	7,609,203	-14.0%
WESTON	16,749,143	14,677,492	1,305,867	1,085,392	-16.9%
WESTPORT	896,036,458	663,022,232	47,331,992	35,729,934	-24.5%
WETHERSFIELD	148,528,001	198,654,563	9,130,735	9,130,538	0.0%
WILLINGTON	9,958,026	8,005,660	1,767,342	1,804,300	2.1%
WILTON	251,828,967	216,417,411	19,004,637	15,681,013	-17.5%
WINCHESTER	44,658,747	38,697,324	2,750,467	2,497,384	-9.2%
WINDHAM	158,737,784	146,609,922	9,999,654	9,652,552	-3.5%
WINDSOR	222,829,189	182,451,693	14,441,796	12,970,358	-10.2%
WINDSOR LOCKS	80,268,833	58,185,947	14,964,239	13,465,166	-10.0%
WOLCOTT	134,134,393	140,333,021	10,251,973	10,614,320	3.5%
WOODBIDGE	44,280,123	34,625,585	3,288,370	2,980,471	-9.4%
WOODBURY	82,042,095	66,486,223	4,703,801	4,161,507	-11.5%
WOODSTOCK	28,948,134	20,596,831	1,881,232	1,492,506	-20.7%
OUT OF STATE	9,116,830,837	10,415,143,717	828,597,076	789,636,516	-4.7%
TOTAL	\$49,031,991,693	\$45,455,273,626	\$3,363,442,159	\$3,102,828,001	-7.7%

* NOTE: Large retailers with more than one establishment usually report all of their sales and use taxes from their primary location; therefore, the figures for various towns may not reflect actual business activity.

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DEPARTMENT OF REVENUE SERVICES
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