

**STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES
ANNUAL REPORT**



FISCAL YEAR 2009-2010

Dannel P. Malloy
Governor

Kevin B. Sullivan
Commissioner



A Message from the Commissioner:

I am pleased to present the Fiscal Year 2010 Annual Report of the Department of Revenue Services. In 1789, the first order of business for America's new government was to generate independent revenues that would guarantee the nation's survival. Here in Connecticut, that fundamental purpose remains our core mission at the Department of Revenue Services.

The Department administers 42 separate taxes, processed over 4.4 million tax returns and collected \$12.6B for the benefit of the people of our state. In doing so, we strived to be efficient, effective, honest, transparent and, above all, fair. We need to assure that the voice of taxpayers is heard and the impact of our actions on their lives is understood in all that we do.

We are a large state agency and, as such, have a special responsibility to be open, accessible, and welcoming to all those we serve as individual and business taxpayers. We expect the best from our hardworking employees and are continuously focused on improving the services we provide.

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

Our annual report provides a general overview and summary statistical data for the taxes we administer. If you want more detailed information, please contact the Department's Research Unit directly through e-mail at drs.taxresearch@po.state.ct.us or by telephone at (860) 297-5688.

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

Sincerely,

Kevin B. Sullivan
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 2010 GENERAL ASSEMBLY REGULAR & SPECIAL SESSIONS

CORPORATION BUSINESS TAX

Public Act 10-98

Allows the service facility corporation business tax credit for the portion of tax attributed to an eligible facility within the Bradley Airport Development Zone. Effective for income years commencing on or after January 1, 2012.

Public Act 10-107

Makes several changes to the film production tax credit. Effective for income years beginning on or after January 1, 2010:

- eliminates bonus pay, stock options, and other similar types of compensation as eligible production expenses;
- reduces the amount of principal photography that must be done in Connecticut from 50% to 25%;
- requires leases that qualify as an expense to be capital leases; and
- allows a production to qualify for the credit if they spend \$1 million in post production expenses within the state.

Public Act 10-75

Makes several changes to corporation business tax credits:

- establishes a new small business job creation tax credit to be administered by DECD;
- establishes a vocational rehabilitation job creation tax credit;
- sunsets the following credits for income years commencing on or after January 1, 2014: computer donation tax credit (CGS §10-228b), financial institutions credit (CGS §12-2717u), small business guaranty fee credit (CGS §12-217cc); and
- revamps the insurance reinvestment credit. New funds can only generate credits applicable to the insurance premiums tax.

Public Act 10-188

The bill establishes a new provision to address Real Estate Investment Trusts. The bill eliminates a state corporation tax deduction for federally deductible dividends companies receive from “captive” real estate investment trusts (REITs) unless the captive REIT is also subject to the Connecticut corporation tax.

Additionally, the bill modifies the procedures for filing an amended CT return in situations where taxpayers file amended Federal income or corporate returns to require filing an amended return with the Department within 90

days of the final Federal determination. Effective for income years commencing on or after January 1, 2010.

INCOME TAX

Public Act 10-117

Requires DRS to put a link and/or information on the tax return instructions addressing how to become an organ donor.

Public Act 10-75

Establishes an angel investor tax credit against the personal income tax for individuals who invest in qualified CT start-up businesses. The credit is equal to 25% of the cash investment up to \$125,000. Credits cannot exceed \$6 million per year in fiscal years 2011 and 2012 and \$3 million in subsequent fiscal years.

Public Act 10-188

Modifies the procedures for filing an amended CT return in situations where taxpayers file amended Federal income or corporate returns to require filing an amended return with the Department within 90 days of the final Federal determination.

INSURANCE PREMIUMS TAX

Public Act 10-75

- modifies but does not shut down completely the insurance reinvestment fund;
- Creates a new insurance reinvestment fund program. The bill uses state-certified funds to organize business investments. Insurance businesses are designated to receive the funds' investments and taxpayers qualify for the insurance premiums tax credits by investing in the designated businesses through the funds. The fund can invest in any CT-based business. Under current law the fund must invest in insurance companies. The credit is equal to 100% of the insurer's investment and must claim a portion of the credits over seven years, from 2013 to 2019.

MISCELLANEOUS TAXES

Public Act 10-25

The bill transfers the administration of the bottle deposit initiator fee from DEP to DRS. Effective July 1, 2010.

Public Act 10-114

The bill provides for a credit against any payment made by a deposit initiator for beverage containers that have been donated for a charitable purpose.

Public Act 10-12

The bill increases the civil penalty to employers engaging in employee misclassification and misrepresentation.

Public Act 10-188

Lowers the EFT (Electronic Funds Transfer) threshold from \$10,000 in annual liability to \$4,000 for various taxes and lowers the EFT threshold for employers paying over withholding from \$10,000 in annual withholding to \$2,000. In addition, any person required to file electronically pursuant to the regulations adopted under §12-690 would also be required to pay electronically.

Public Act 10-146

Exempts from the Admissions Tax charges for interscholastic athletic events held at Rentschler Field. Effective July 1, 2010 and applicable to admission charges imposed on or after said date.

Public Act 10-1 (June Special Session)

The bill requires a review, to be conducted by DECD, of state tax credits.

MOTOR VEHICLE FUELS TAX

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

Effective July 1, 2010, the motor vehicle fuels tax rate on the sale or use of diesel fuel increases from 45.1¢ to 39.6¢ 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.

Public Act 10-74

This bill establishes biodiesel blending requirements for heating oil starting at 2% in 2011 and increasing incrementally to 20% by 2020. Effective October 1, 2010.

REAL ESTATE CONVEYANCE TAX

Public Act 10-1 (June Special Session)

- Extends sunset of the 0.25% municipal real estate conveyance tax rate for one year, until July 1, 2011; and
- Exempts from the Real Estate Conveyance Tax: foreclosures by sales; deed in lieu of foreclosure; and short sales.

SALES AND USE TAXES

Public Act 10-75

The bill establishes a renewable and clean energy sales tax exemption.

Public Act 10-188

The bill amends §12-409 involving the cancellation of a taxpayer's Sales and Use Tax Permit based on inactivity. It allows DRS to send notice by regular mail instead of registered or certified mail.

CONNECTICUT'S TAXES

*The Department collected
over \$12.6 billion in revenue
for fiscal year 2009-10.*

*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, 2008	June 30, 2009	June 30, 2010
Admissions & Dues Tax <i>Ch. 225</i>	\$ 37,249,574	\$36,032,559	\$35,100,766
Alcoholic Beverages Tax <i>Ch. 220</i>	47,015,949	47,064,448	48,196,509
Business Entity Tax <i>Ch. 213a</i>	38,865,233	47,028,872	40,520,151
Cigarette Tax <i>Ch. 214</i>	329,715,851	312,628,428	380,512,620
Cable, Satellite & Video Companies. <i>Ch. 211</i>	52,471,292	55,180,466	55,752,434
Connecticut Estate Tax <i>Ch. 217</i>	2,195,774	-573,411	816,233
Controlled Substances <i>Ch. 228d</i>	61,262	34,538	22,321
Controlling Interest Transfer <i>Ch. 228b</i>	5,044,821	8,654,001	2,691,067
Corporation Business Tax <i>Ch. 208 & 209</i>	693,247,940	565,925,529	624,815,570
Dry Cleaners Surcharge <i>Ch. 211b</i>	791,958	764,935	672,524
Electric and Power Companies <i>Ch. 212</i>	123,864,372	153,897,278	163,051,140
Gas Companies <i>Ch. 212</i>	63,298,692	63,620,790	55,413,321
Gift and Estate Tax <i>Ch. 217& 228c</i>	165,710,310	238,328,026	177,600,970
Gift Tax <i>Ch. 228c</i>	3,780,766	2,282,744	822,698
Health Care Centers <i>Ch. 207</i>	29,336,531	19,389,876	23,863,638
Income Tax <i>Ch. 229</i>	7,512,709,860	6,386,095,766	6,585,854,470
Insurance Companies, Domestic <i>Ch. 207</i>	44,105,921	34,372,178	33,017,215
Insurance Companies, Foreign <i>Ch. 207</i>	135,025,730	130,378,757	152,140,265
Motor Carrier Road Tax <i>Ch. 222</i>	17,044,595	18,355,598	19,769,648
Motor Vehicle Fuels Tax <i>Ch. 221</i>	478,388,435	476,950,921	484,156,213
Nursing Home User Fee <i>Ch. 319x</i>	124,183,370	125,304,846	122,394,630
Occupational Tax <i>Ch. 876</i>	6,685,047	6,327,908	8,873,512
Public, Educational & Governmental Programming Tax <i>Ch. 289</i>	2,083,722	5,534,080	5,473,904
Petroleum Products Tax <i>Ch. 227</i>	367,783,240	267,813,157	264,917,723
Railroad Companies <i>Ch. 210</i>	199,151	11,448	84,866
Real Estate Conveyance Tax <i>Ch. 223</i>	153,668,527	82,148,185	97,576,032
Rental Surcharge <i>Ch. 228h</i>	309,084	167,866	77,679
Sales and Use Taxes <i>Ch. 219</i>	3,582,463,224	3,319,642,835	3,205,427,713
Solid Waste <i>Ch. 446d</i>	3,335,342	3,371,682	3,550,344
Succession Tax <i>Ch. 216</i>	2,723,379	3,723,224	1,611,893
Tobacco Products <i>Ch. 214a</i>	5,820,315	5,399,964	7,282,491
Tourism Tax <i>Ch. 228e</i>	5,002,452	4,688,286	4,414,841
Unauthorized Insurers <i>Ch. 698d</i>	6,152,603	6,336,417	6,204,053
Unrelated Business Income Tax <i>Ch. 208a</i>	2,220,568	2,664,590	1,606,904
Water Companies <i>Ch. 212</i>	(246)	0	0
Total	\$14,042,554,644	\$12,429,546,786	\$12,614,286,358

ADMISSIONS AND DUES TAX

Revenue	
FY 2007-08	\$ 37,249,574
2008-09	36,032,559
2009-10	35,100,766

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 interscholastic athletic events held at Rentschler Field after July 1, 2010;
- to 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	235 taxpayers / Monthly
Dues	299 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 2007-08	FY 2008-09	FY 2009-10
Motion Picture Admissions	\$5,881,712	\$6,103,672	\$5,194,677
Other Admissions	7,069,625	6,133,943	6,826,378
Dues	24,298,237	23,794,944	23,079,711
Total	\$37,249,574	\$36,032,559	\$35,100,766

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 2007-08	\$47,015,949
2008-09	47,064,448
2009-10	48,196,509

Exemption

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

Number of Taxpayers/Filing Frequency

375 distributors/ Monthly

Basis and Rate

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 2007-08 (gallons)	FY 2008-09 (gallons)	FY 2009-10 (gallons)
Beer - barrels	197,208	190,343	193,587
Beer - gallons	52,739,327	53,472,028	55,255,523
Still Wine	12,358,073	12,524,187	12,909,886
Small Wineries	157,006	191,330	318,995
Sparkling Wine	428,856	420,831	452,693
Distilled Liquor	5,981,237	6,005,219	6,172,439
Liquor Cooler	24,189	19,905	17,567
Alcohol	48,281	51,209	54,199

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 2007-08	\$38,865,233
2008-09	47,028,872
2009-10	40,520,151

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

141,920 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 2007-08	\$329,715,851
2008-09	312,628,428
2009-10	380,512,620

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 was 100 mills per cigarette or \$2.00 per pack of twenty until September 30, 2009. Effective October 1, 2009 the cigarette tax 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 2007-08	\$61,262
2008-09	34,538
2009-10	22,321

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 2007-08	\$5,044,821
2008-09	8,654,001
2009-10	2,691,067

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.
40 transfers in FY 2009-10

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 2007-08	\$693,247,940
2008-09	565,925,529
2009-10	624,815,570

Basis and Rate

Net Income Base Method

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

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

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

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

CORPORATION BUSINESS TAX (cont.)

Capital Base Method

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

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

Minimum Tax

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

Surtax

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

Unitary Returns

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

CORPORATION BUSINESS TAX (cont.)

Combined Returns

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

Preference Tax

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

For income years beginning during 2008, the maximum preference tax had been limited to \$250,000. The total amount due for income year 2008 combined filers had they filed separate single returns would have been \$359.2M. The preference tax due by these filers was \$24.9M. The total tax due by combined filers was \$193.6M, including the \$24.9M 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

2008 Corporation Business Tax Returns

	Number of Taxpayers	Tax Due Before Credits	Tax Due After Credits
Single Filers			
Net Income	8,015	\$224,115,842	\$191,071,480
Capital Base	5,081	37,868,945	29,006,217
Minimum Tax	24,417	6,112,941	6,105,634
Exempt	3,522	0	0
Combined Filers			
Net Income	293	146,153,907	79,966,987
Capital Base	306	37,667,288	25,201,207
Minimum Tax	393	9,801,061	6,312,561
Unitary Filers			
Net Income	53	22,659,137	12,769,080
Capital Base	38	4,899,167	2,369,116
Minimum Tax	39	372,970	297,566
Total	42,157	\$489,651,257	\$353,099,848

CORPORATION BUSINESS TAX (cont.)

2008 Corporation Business Tax Returns

Industry Sector	Number of Returns	Tax Due Before Credits	Tax Due After Credits
11 Agriculture, Forestry, Fishing and Hunting	151	\$1,191,589	\$1,098,939
21 Mining	61	1,668,735	1,601,597
22 Utilities	107	12,136,643	5,143,308
23 Construction	3,683	10,012,668	9,585,559
31-33 Manufacturing	4,160	120,717,493	73,070,415
42 Wholesale Trade	2,745	29,413,458	25,690,000
44-45 Retail Trade	3,727	37,601,702	29,634,707
48-49 Transporting and Warehousing	872	8,735,470	6,898,256
51 Information	991	47,941,910	25,518,332
52 Finance and Insurance	2,989	63,974,309	52,216,781
53 Real Estate and Rental and Leasing	4,008	8,863,460	8,172,181
54 Professional, Scientific and Tech Services	5,998	34,839,249	28,813,765
55 Management of Companies and Enterprises	820	51,015,834	36,326,924
56 Administrative and Support Services	1,404	7,674,441	6,122,668
61-62 Education, Health Care and Social Assistance	2,038	11,972,787	9,791,619
71 Arts, Entertainment, and Recreation	504	2,118,635	1,357,296
72 Accommodation and Food Services	1,029	2,582,787	2,444,874
81-92 Other Services	3,734	7,326,384	6,837,380
99 Not Yet Assigned	3,136	29,863,703	22,775,247
Total	42,157	\$489,651,257	\$353,099,848

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 as amended by 2010 Conn. Pub. Acts 75, §25

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. Effective for income years beginning on or after January 1, 2014 this credit is eliminated.

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 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 and 12-217ff as amended by 2009 Conn. Pub. Acts 3 (June Spec. Sess.), §96

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

For income years beginning on or after January 1, 2009, unused credit for donations of protected open space land may be carried forward for up to 25 years. Unused credit for donations of land for educational use may be carried forward for 15 succeeding income years.

Electronic Data Processing Equipment

Reference: Conn. Gen. Stat. §12-217t

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

Enterprise Zone Credit For Qualifying Corporations

Reference: Conn. Gen. Stat. §12-217v

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

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.

CORPORATION BUSINESS TAX CREDITS (cont.)

Film Production

Reference: Conn. Gen. Stat. §12-217jj as amended by as amended by 2009 Conn. Pub. Acts 3 (June Spec. Sess.), §97; 2009 Conn. Pub. Acts 8 (Sept. Spec. Sess.), §§ 1 through 3; and 2010 Conn. Pub. Acts 107 §1

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

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.

Financial Institutions

Reference: Conn. Gen. Stat. §12-217u as amended by 2010 Conn. Pub. Acts 75, §26-27

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

Effective for income years beginning on or after January 1, 2014 this credit is repealed.

CORPORATION BUSINESS TAX CREDITS (cont.)

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 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.

CORPORATION BUSINESS TAX CREDITS (cont.)

Historic Preservation

Reference: Conn. Gen. Stat. §10-416b as amended by 2010 Conn. Pub. Acts 188, §15

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

Historic Structures Rehabilitation

Reference: Conn. Gen. Stat. §10-416a

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 as amended by 2010 Conn. Pub. Acts 75, §14

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

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

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. as amended by 2010 Conn. Pub. Acts 188, §§8-10

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.

Qualified Small Business Job Creation

Reference: 2010 Conn. Pub. Acts 75, §8

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

CORPORATION BUSINESS TAX CREDITS (cont.)

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.

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.

CORPORATION BUSINESS TAX CREDITS (cont.)

Service Facility

Reference: Conn. Gen. Stat. §12-217e as amended by 2010 Conn. Pub. Acts 98, §4

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.

Small Business Guaranty Fee

Reference: Conn. Gen. Stat. §12-217cc as amended by 2010 Conn. Pub. Acts 75, §28

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

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.)

Vocational Rehabilitation Job Creation

Reference: 2010 Conn. Pub. Acts 75, §9

An employer may earn a tax credit equal to \$200 per month for hiring a new employee who is receiving rehabilitation services from the Department of Social Services or from the Board of Education and Services for the Blind. The new employee must be hired to work at least 20 hours per week for 48 weeks of a calendar year. The tax credit can be claimed in the income year of the hire and the next two income years if the new employee remains employed by the employer at the close of that income year. The tax credit is administered by the Department of Economic and Community Development.

CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the number of corporation tax credits claimed and the amounts taken for each of the corporation credit programs utilized by businesses. The figures represent credit claimed on 2008 returns and any credits carried forward from prior years and used in 2008.

Credit Claimed on 2008 Corporation Business Returns

Type of Credit	Number of Credits	Amount Claimed
Apprenticeship Training	6	\$ 21,071
Clean Alternative Fuels	1	7,511
Displaced Workers	3	9,605
Donation of Land	3	1,344,066
Electronic Data Processing	1,371	13,025,091
Film Production Infrastructure	2	323
Film Production	11	12,923,918
Financial Institutions	3	184,219
Fixed Capital	2,076	69,555,015
Hiring Incentive	2	265
Housing Program Contribution	2	3,113,438
Human Capital	140	1,626,952
Insurance Reinvestment	5	3,590,856
Machinery and Equipment	103	1,508,658
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	35	1,013,317
Neighborhood Assistance	56	1,382,983
Research & Development	130	4,827,816
Research & Development Grants to Institutions of Higher Education	1	321
Research & Experimental Expenditures	153	20,564,948
SBA Guaranty Fee	1	991
Urban and Industrial Site Reinvestment	8	1,850,045
Total	4,112	\$136,551,409

CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the amount of unused credit amounts reported on 2008 corporation business tax returns as being carried forward to the 2009 income year.

Credits Carried Forward to 2009 Income Year

Type of Credit	Carryforward Amount
Clean Alternative Fuels	\$ 10,936
Digital Animation	109,295
Donation of Land	2,944,314
Electronic Data Processing	142,362,406
Film Production	5,594,968
Film Production Infrastructure	8,094
Fixed Capital	288,575,234
Hiring Incentive	3,414
Housing Program Contribution	1,044,106
Human Capital	6,018,543
Insurance Reinvestment	28,112
Research & Development	963,639,060
Research & Experimental Expenditures	552,388,928
SBA Guaranty Fee	185,979
Urban and Industrial Site Reinvestment	12,979,502
Total Carryforward Credits	\$1,975,892,891

DRY CLEANING SURCHARGE

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

Revenue	
FY 2007-08	\$791,958
2008-09	764,935
2009-10	672,524

Basis and Rate

1% of gross receipts at retail.

Number of Taxpayers/Filing Frequency

482 taxpayers/Quarterly

GIFT AND ESTATE TAX

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

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

For Connecticut taxable gifts made during a calendar year beginning on or after January 1, 2010, a donor must pay Connecticut gift tax if the aggregate amount of the Connecticut taxable gifts made on or after January 1, 2005, exceeds \$3.5 million. A credit is allowed against the Connecticut gift tax for Connecticut gift taxes paid on Connecticut taxable gifts made during calendar years beginning on or after January 1, 2005; however, the credit cannot exceed the amount of the Connecticut gift tax.

For Connecticut taxable gifts made on or after January 1, 2005 but prior to January 1, 2010, a donor paid Connecticut gift tax if the aggregate amount of the Connecticut taxable gifts during all calendar years beginning on or after January 1, 2005, exceeded \$2 million.

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

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

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

	Gift Tax Revenue*	Connecticut Estate Tax Revenue*	Gift and Estate Tax Revenue
FY 2007-08	\$3,780,766	\$ 2,195,774	\$165,710,310
2008-09	2,282,744	-573,411	238,328,026
2009-10	822,698	816,233	177,600,970

* 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 2009-10, total Gift and Estate Tax revenue collected was \$177,600,970. Much of this revenue is attributable to prepayments that apply against upcoming tax returns. A breakdown of returns from estates received during fiscal year 2009-10 follows.

GIFT AND ESTATE TAX (cont.)

GIFT AND ESTATE TAX RETURNS FROM ESTATES OF DECEDENTS RECEIVED DURING FY 2009-10

Amount of Taxable Estate More Than	Not Over	# of Returns	Tax Due
\$2 Million	\$3 Million	125	\$14,632,669
\$3 Million	\$4 Million	82	15,152,400
\$4 Million	\$5 Million	31	8,478,062
\$5 Million	\$6 Million	13	4,195,530
\$6 Million	\$7 Million	12	6,914,252
\$7 Million	\$10 Million	16	10,291,226
\$10 Million	\$15 Million	12	12,533,963
\$15 Million		14	27,561,654
Total		305	\$99,759,756

For Fiscal Year 2009-10, an additional amount of the gift and estate tax was attributable to tax returns filed by non-decedents. A breakdown of calendar year 2009 returns is shown below.

GIFT AND ESTATE TAX RETURNS 2009 GIFT TAX ONLY

Amount of Taxable Gifts	# of Returns	Tax Due
Not Over \$2 Million	28	\$999,664
More Than \$2 Million	18	23,630,181
Total		\$24,629,845

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 2007-08	\$7,512,709,860
2008-09	6,386,095,766
2009-10	6,585,854,470

Number of Taxpayers/Filing Frequency

1.73 million taxpayers/ Annually

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

Basis and Rate

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

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

INCOME TAX (cont.)

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);
- Cancellation of debt income;
- The total taxable amount of a lump sum distribution for the taxable year deductible from gross income in calculating federal adjusted gross income; and
- Loss on sale of Connecticut bonds.

Common Subtractions

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

Withholding Requirement

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

Estimated Tax Payments

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

INCOME TAX (cont.)

Connecticut Alternative Minimum Tax

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

Tax Credit For Property Taxes Paid To A Political Subdivision

Connecticut residents are eligible for an income tax credit for property taxes paid to a Connecticut political subdivision on a primary residence and/or privately owned or leased motor vehicle. 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.

New Tax Credits:

2010 Conn. Pub. Acts created three new tax credits that can be applied against the personal income tax:

- **Qualified Small Business Job Creation Tax Credit Program** is available to a qualified small business that hires a new employee. The credit is applicable to taxable years beginning on or after January 1, 2010. To be eligible to claim the credit a qualified small business must apply to the Department of Economic and Community Development (DECD). The amount of the credit is \$200 per month for each new employee hired. The new employee must reside in Connecticut and be hired after May 6, 2010, to fill a new full time job in which he or she is required to work at least 35 or more hours per week for not less than 48 weeks in a calendar year during the income years beginning on or after January 1, 2010, and prior to January 1, 2013 with certain restrictions.;

INCOME TAX (cont.)

- **Vocational Rehabilitation Job Creation Tax Credit Program** is also administered by DECD and is applicable to taxable years beginning on or after January 1, 2010. The credit is equal to \$200 per month for each new qualifying employee hired by an employer engaged in business in Connecticut. A new qualifying employee must reside in CT and be required to work at least 20 hours or more per week for not less than 48 weeks in a calendar year.;
- **Angel Investor Tax Credit** provides for a tax credit against the tax imposed under Chapter 229 of the Connecticut General Statutes for a cash investment of not less than \$100,000 in the qualified securities of a Connecticut business by an angel investor. This new tax credit is applicable to taxable years beginning on or after January 1, 2010.

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

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

INSURANCE PREMIUMS TAX

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

Revenue	
FY 2007-08	\$214,620,785
2008-09	190,477,228
2009-10	215,225,171

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

1,529 insurance companies/ Annually:

98	Domestic companies
1,026	Foreign companies
10	Health Care Centers
395	Unauthorized Insurers

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 2007-08	FY 2008-09	FY 2009-10
Domestic	\$ 44,105,921	\$34,372,178	\$33,017,215
Foreign	135,025,730	130,378,757	152,140,265
Health Care Center	29,336,531	19,389,876	23,863,638
Unauthorized	6,152,603	6,336,417	6,204,053
Total	\$214,620,785	\$190,477,228	\$215,225,171

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 2009 Insurance Business Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	34	\$13,413,648
Insurance Department Assessment	9	805,210
Insurance Reinvestment	12	910,642
Neighborhood Assistance	15	824,657
Urban & Industrial Site Reinvestment	3	1,724,623
Film Production	28	16,860,636
Film Production Infrastructure	8	1,436,594
Digital Animation	5	2,662,535
Historic Homes	3	725,897
Total Credits	117	\$39,364,442

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 2007-08	\$17,044,595
2008-09	18,355,598
2009-10	19,769,648

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

2,726 IFTA filers/Quarterly
 3,331 Motor Carrier filers/Quarterly

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢
Diesel Fuel - 7/1/09 - 6/30/10	45.1¢
Diesel Fuel – effective 7/1/10	39.6¢
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.

<u>Revenue</u>	
FY 2007-08	\$478,388,435
2008-09	476,950,921
2009-10	484,156,213

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

964 taxpayers/Monthly

Basis and Rate

	<u>Rate per Gallon</u>
Gasoline	25¢
Gasohol	25¢
 Diesel Fuel – 7/1/09 - 6/30/10	 45.1¢
Diesel Fuel - effective 7/1/10	39.6¢
Natural Gas or Propane	26¢

MOTOR VEHICLE FUELS TAX (cont.)

Comparative Data

	Number of Gallons Sold		
	FY 2007-08	FY 2008-09	FY 2009-10
Special Fuel*	262,043,901	239,749,018	234,923,457
Gasohol	1,526,124,814	1,499,730,971	1,512,566,402
Total Gallons	1,788,168,715	1,739,479,989	1,747,489,859

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

NURSING HOME USER FEE

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

Revenue	
FY 2007-08	\$124,183,370
2008-09	125,304,846
2009-10	122,394,630

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 2007-08	\$6,685,047
2008-09	6,327,908
2009-10	8,873,512

Exemptions

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

Number of Taxpayers/Filing Frequency

12,580 Attorneys/ Annually

Basis and Rate

\$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 2007-08	\$367,783,240
2008-09	267,813,157
2009-10	264,917,723

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

<u>Revenue</u>	
FY 2007-08	\$241,917,229
2008-09	278,244,062
2009-10	279,775,665

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*	5.25% Effective 10/1/09
Certified Competitive Video Service Provider*	5.25% Effective 10/1/09
Satellite TV*	5.25% Effective 10/1/09
Railroad	2 - 3.5%
Gas Companies	5%
Gas sales to residential customers	4%
Electric Distribution Companies	6.8% for residential customers 8.5% for nonresidential customers (other than manufacturers)

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

PUBLIC SERVICE COMPANIES TAX (cont.)

Residential Credit

Gas companies claimed \$6,236,044 in Fiscal Year 2009-10 under the one-percent credit attributable to the sale of gas and electric power for residential use.

Manufacturing Companies Credit

\$10,987,248 was claimed in credit for Fiscal Year 2009-10 for gas sales used directly by a company engaged in a manufacturing production process.

Comparative Data

	FY 2007-08	FY 2008-09	FY 2009-10
Cable, Satellite & Video Companies	\$52,471,291	\$55,180,466	\$55,752,434
Electric & Power Companies	123,864,372	153,897,278	163,051,140
Gas Companies	63,298,692	63,620,790	55,413,321
Public, Educational & Governmental Programming Tax*	2,083,722	5,534,080	5,473,904
Railroad Companies	199,151	11,448	84,866
Total Tax	\$241,917,228	\$278,244,062	\$279,775,665

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

Municipal Electric Utilities

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

REAL ESTATE CONVEYANCE TAX

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

Revenue	
FY 2007-08	\$153,668,527
2008-09	82,148,185
2009-10	97,576,032

Exemptions

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

REAL ESTATE CONVEYANCE TAX (cont.)

Exemptions (cont.)

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

Basis and Rate

Classification	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 2009-10 Conveyances

Amount of Consideration	Number of Taxable Conveyances	Number of Non-Taxable Conveyances *	Number of Exempt Conveyances	Tax Remitted
Under \$2,000	0	25,946	7,131	\$ 0
\$ 2,000 to \$ 29,999.99	1,437	0	15	109,724
\$ 30,000 to \$ 39,999.99	536	0	5	92,402
\$ 40,000 to \$ 49,999.99	609	0	10	137,546
\$ 50,000 to \$ 59,999.99	720	0	10	197,370
\$ 60,000 to \$ 69,999.99	788	0	17	256,051
\$ 70,000 to \$ 79,999.99	782	0	14	296,917
\$ 80,000 to \$ 89,999.99	884	0	8	376,788
\$ 90,000 to \$ 99,999.99	810	0	9	388,886
\$100,000 to \$109,999.99	882	0	14	465,166
\$110,000 to \$119,999.99	1,016	0	12	591,158
\$120,000 to \$129,999.99	1,257	0	10	790,816
\$130,000 to \$139,999.99	1,268	0	15	859,102
\$140,000 to \$149,999.99	1,343	0	18	976,499
\$150,000 to \$159,999.99	1,573	0	21	1,228,697
\$160,000 to \$169,999.99	1,646	0	11	1,362,293
\$170,000 to \$179,999.99	1,634	0	14	1,430,881
\$180,000 to \$189,999.99	1,650	0	18	1,529,031
\$190,000 to \$199,999.99	1,442	0	11	1,404,601
\$200,000 to \$249,999.99	6,524	0	53	7,366,332
\$250,000 to \$299,999.99	4,594	0	23	6,333,681
\$300,000 to \$399,999.99	5,789	0	25	10,126,006
\$400,000 to \$499,999.99	2,801	0	23	6,338,222
\$500,000 to \$599,999.99	1,535	0	18	4,307,608
\$600,000 to \$699,999.99	970	0	3	3,265,892
\$700,000 to \$799,999.99	655	0	8	2,557,159
\$800,000 and over	2,742	0	16	42,682,195
Total	45,887	25,946	7,532	\$95,471,023

* 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 2007-08	\$ 309,084
2008-09	167,866
2009-10	77,679

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

187 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 2009 amounted to \$5,856,955. 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 2009-10: \$ 1,611,893

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 2007-08	\$ 3,582,463,224
2008-09	3,319,642,835
2009-10	3,205,427,713

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 2009-10. Note that the revenue forgone for each exemption monitored is computed at the 6% rate.

FY 2009-10 SALES TAX EXEMPTIONS
(In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Sale for Resale - Goods	\$77,880.5	\$4,672.8
Sale for Resale - Leases and Rentals	1,933.7	116.0
Sale for Resale - Labor and Services	2,166.4	130.0
Magazines by Subscription and All Newspapers	181.3	10.9
Trucks with Gross Vehicle Weight Over 26,000 Pounds or Used for Interstate Freight	86.0	5.2
Food Products for Human Consumption	6,704.7	402.3
Fuel for Motor Vehicles	6,589.2	395.4
Electricity/Gas/Heating Fuel (residential)	2,513.9	150.8
Electricity (\$150 monthly per business)	52.7	3.2
Electricity/Gas/Heating Fuel for Manufacturing or Agricultural Production	669.0	40.1
Aviation Fuel	208.3	12.5
Sales of Tangible Personal Property to Farmers	75.3	4.5
Machinery/Materials/ Tools/Fuel - Mfg. Product	1,752.0	105.1
Machinery/Materials/ Equip. - Printing	42.0	2.5
Machinery/Materials/ Tools/Fuel - Comm. Fishing	10.8	0.6
Out-of-State - Sale of Goods	68,519.7	4,111.2
Out-of-State - Leases/Rentals	638.1	38.3
Out-of-State - Labor and Services	7,671.0	460.3
Sales of Motor Vehicles, Vessels to Nonresidents	560.6	33.6
Prescription Medicines	4,892.2	293.5
Non-Prescription Medicines and Diabetic Equipment	260.3	15.6
Charitable/Government/Religious - Sale of Goods	8,370.9	502.3
Charitable/Government/Religious - Leases and Rentals	124.7	7.5
Charitable/Government/Religious - Labor and Services	4,838.9	290.3

FY 2009-10 SALES TAX EXEMPTIONS (cont.)
(In Millions)

Deductible Item	Total Deductions	Revenue Forgone
Pollution Abatement	42.0	2.5
Non-Taxable Labor and Services	12,641.3	758.5
Business Services/Parent Owned Subs.	383.2	23.0
Trade-ins of Like-Kind Personal Property	681.3	40.9
Taxed Goods returned within 90 days	67.6	4.1
Oxygen, Plasma, Prostheses, etc.	253.4	15.2
Printed Material for Future Delivery Out-of-State	33.9	2.0
Clothing/Footwear under \$50	2,113.6	126.8
Material for Non-commercial Production of Clothing	14.8	0.9
Funeral Expenses up to \$2,500	81.0	4.9
Repair or Replacement Parts/Repair Services to Aircraft	343.5	20.6
Certain Machinery - Manufacturing Recovery Act of 1992 (Difference between the 6% and 3% Rates)	16.7	1.0
Sales of Machinery, Equipment, Tools, Fuel, and Supplies used in the Biotechnology Industry	28.1	1.7
Sales of Repair and Maintenance Service to Vessels	50.3	3.0
Computer and Data Processing Services (Difference between the 6% and 1% Rates)	1,456.0	87.4
Renovation Services to Residential Property	317.3	19.0
Sales to Direct Payment Permit Holders	348.9	20.9
Sales of College Textbooks	34.6	2.1
Sales Tax Holidays	65.0	3.9
Weatherization Products	100.6	6.0
Other Adjustments - Sales of Goods	5,838.4	350.3
Other Adjustments - Leases and Rentals	312.3	18.7
Other Adjustments - Labor and Services	1,256.7	75.4
TOTAL	\$ 223,222.4	\$ 13,393.3

SALES AND USE TAXES (cont.)

Number of Taxpayers/Filing Frequency

157,560	Sales and Use Taxpayers
29,150	/ Monthly
44,035	/ Quarterly
84,375	/ Annually
3,100	Business Use Taxpayers
655	Room Occupancy Taxpayers
495	/ Monthly
160	/ 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 2007-08	FY 2008-09	FY 2009-10
Sales of Tangible Personal Property	\$225,311.2	\$209,596.5	\$230,063.7
Leasing/Rental of Tangible Personal Property	3,534.7	3,528.4	4,192.8
Rendering of Services	41,875.4	38,037.6	35,982.3
Business Use Purchases	4,320.1	3,614.8	3,170.2
Room Occupancy	702.2	612.6	582.6

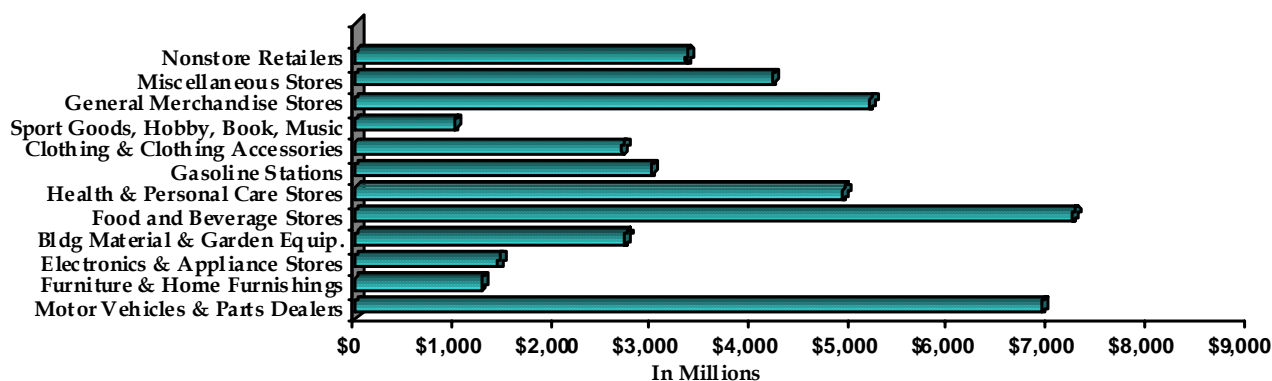
Table II, on the following page, provides a summary of retail sales of goods for the state of Connecticut for the past three fiscal years. The figures reflect fluctuations in sales of durable and non-durable goods. Durable goods are usually more expensive items expected to last more than three years, 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 2008 - 2010
(In Millions)

	FY 2007-08	FY 2008-09	FY 2009-10
Motor Vehicle and Parts Dealers (NAICS 441)	\$8,213.8	\$6,474.5	\$6,943.5
Furniture and Home Furnishings Stores (NAICS 442)	1,995.6	1,455.8	1,279.5
Electronics and Appliance Stores (NAICS 443)	1,689.1	1,594.7	1,452.3
Building Material and Garden Equipment and Supplies Dealers (NAICS 444)	3,245.2	2,766.7	2,730.9
Food and Beverage Stores (NAICS 445)	9,492.9	8,926.6	7,258.7
Health and Personal Care Stores (NAICS 446)	3,906.9	4,961.5	4,937.5
Gasoline Stations (NAICS 447)	3,427.3	2,868.4	2,990.5
Clothing and Clothing Accessories Stores (NAICS 448)	2,951.0	2,667.5	2,708.7
Sporting Goods, Hobby, Book and Music Stores (NAICS 451)	1,195.0	1,052.3	1,002.0
General Merchandise Stores (NAICS 452)	5,194.1	5,215.3	5,211.8
Miscellaneous Store Retailers (NAICS 453)	4,092.3	3,964.4	4,214.2
Nonstore Retailers (NAICS 454)	3,628.7	3,507.6	3,356.6
TOTAL (NAICS 44-45)	\$49,032.0	\$45,455.3	\$44,086.2

RETAIL SALES FY 2009-10 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 2008 through 2010. The revenues are from regular payments and represent 94% of the total sales and use taxes collected in FY 2009-10.

TABLE III: Sales & Use Tax - From Regular Payments
Fiscal Years 2008 - 2010
(In Millions)

	NAICS Code	FY 2007-08	FY 2008-09	FY 2009-10
<i>Motor Vehicle and Parts Dealers</i>	441	\$ 358.0	\$ 299.0	\$ 313.2
<i>Furniture and Home Furnishings</i>	442	76.5	64.4	58.2
<i>Electronics and Appliance Stores</i>	443	75.7	67.9	60.4
<i>Building Material and Garden Equipment</i>	444	164.8	142.4	140.8
<i>Food and Beverage Stores</i>	445	176.0	180.1	184.7
<i>Health and Personal Care Stores</i>	446	43.9	44.6	45.3
<i>Gasoline Stations</i>	447	33.4	33.9	36.1
<i>Clothing and Clothing Accessories Stores</i>	448	80.5	70.4	72.1
<i>Sporting Goods, Hobby, Book & Music Stores</i>	451	52.5	46.3	44.6
<i>General Merchandise Stores</i>	452	178.5	174.7	172.5
<i>Miscellaneous Store Retailers</i>	453	163.6	152.2	152.2
<i>Nonstore Retailers</i>	454	60.1	53.8	55.6
Retail Sector Subtotal	44-45	\$1,463.4	\$1,329.7	\$1,335.9
Utilities	22	120.0	124.7	108.0
Construction	23	144.5	122.7	104.5
Manufacturing	31-33	189.9	171.7	157.0
Wholesale Trade	42	190.1	159.5	147.6
Information	51	264.7	267.2	259.2
Arts, Entertainment & Recreation	71	24.3	23.5	25.3
Accommodation and Food Services	72	267.2	262.9	264.5
Other Services (except Public Admin)	81	129.1	123.3	129.4
All Other Businesses		570.2	517.6	485.8
TOTAL SALES & USE TAX REVENUE		\$3,363.4	\$3,102.8	\$3,017.1

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 2007-08	\$3,335,342
2008-09	3,371,682
2009-10	3,550,344

Number of Taxpayers / Filing Frequency

7 taxpayers / Quarterly

Basis and Rate

\$1.50 per ton of solid waste processed.

TOBACCO PRODUCTS TAX

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

Revenue	
FY 2007-08	\$5,820,315
2008-09	5,399,964
2009-10	7,282,491

Exemptions

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

Number of Taxpayers/Filing Frequency

202 distributors/Monthly

Basis and Rate

20% of the wholesale sales price until September 30, 2009. Effective October 1, 2009 the rate is increased to 27.55 of the wholesale sales price.

Snuff tobacco products are taxed at a rate of 40¢ per ounce prior to October 1, 2009. 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 2007-08	\$5,002,452
2008-09	4,688,286
2009-10	4,414,841

Exemption

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

Number of Taxpayers / Filing Frequency

21 taxpayers / Monthly
68 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 2007-08	\$ 2,220,568
2008-09	2,664,590
2009-10	1,606,904

Number of Taxpayers / Filing Frequency

301 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 2008 income year, 39 taxpayers claimed \$17,724 in Electronic Data Processing Property Tax Credits.

FY 2009-10 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
ANDOVER	34	34	\$ 7,188,669	\$ 35,943
ANSONIA	145	190	34,559,012	178,014
ASHFORD	42	74	14,013,285	70,066
AVON	212	322	140,955,781	781,886
BARKHAMSTED	53	40	10,181,263	50,906
BEACON FALLS	61	96	27,621,175	138,668
BERLIN	212	269	72,214,209	394,739
BETHANY	59	72	20,795,690	106,463
BETHEL	186	243	84,862,353	450,947
BETHLEHEM	52	44	12,526,410	62,632
BLOOMFIELD	212	284	65,775,428	368,350
BOLTON	55	63	16,451,404	84,757
BOZRAH	23	23	5,726,882	34,934
BRANFORD	340	437	122,797,163	698,080
BRIDGEPORT	1,086	1,370	192,325,539	1,047,421
BRIDGEWATER	23	23	8,434,165	43,671
BRISTOL	632	869	179,262,993	1,006,537
BROOKFIELD	162	236	82,996,373	436,072
BROOKLYN	95	128	26,172,566	138,471
BURLINGTON	101	125	37,145,677	192,728
CANAAN	26	17	4,367,103	23,211
CANTERBURY	58	75	13,844,392	73,832
CANTON	85	141	43,957,856	229,489
CHAPLIN	24	23	4,785,860	29,154
CHESHIRE	256	399	125,289,124	654,208
CHESTER	36	54	19,585,914	115,030
CLINTON	175	202	61,098,108	348,369
COLCHESTER	161	221	48,298,689	242,993
COLEBROOK	27	21	4,837,279	24,586
COLUMBIA	59	77	17,149,658	85,748
CORNWALL	33	19	8,060,503	49,547
COVENTRY	161	177	44,496,659	248,158
CROMWELL	156	258	63,761,453	361,130
DANBURY	573	889	247,329,967	1,357,332
DARIEN	205	316	454,480,170	3,440,413
DEEP RIVER	53	58	16,378,936	99,652
DERBY	148	148	31,158,928	169,931
DURHAM	73	97	30,016,875	154,704
EASTFORD	28	27	5,468,000	27,340
EAST GRANBY	72	111	27,357,931	142,225
EAST HADDAM	148	164	39,914,967	204,675
EAST HAMPTON	149	219	49,009,235	246,471
EAST HARTFORD	455	672	100,810,522	520,636

FY 2009-10 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
EAST HAVEN	279	409	\$ 94,837,863	\$ 526,353
EAST LYME	269	314	88,877,634	453,508
EASTON	73	83	52,887,098	285,563
EAST WINDSOR	106	200	41,990,266	227,976
ELLINGTON	137	226	63,984,791	322,311
ENFIELD	342	546	104,594,542	556,895
ESSEX	89	105	43,992,125	246,526
FAIRFIELD	527	804	517,616,120	3,131,765
FARMINGTON	319	455	186,384,373	1,156,901
FRANKLIN	27	36	7,385,700	36,929
GLASTONBURY	364	550	186,029,556	980,644
GOSHEN	64	57	15,453,971	77,670
GRANBY	113	162	49,233,572	267,493
GREENWICH	625	775	1,620,661,800	13,360,018
GRISWOLD	128	178	31,835,181	167,767
GROTON	296	447	115,534,690	616,480
GUILFORD	249	312	127,280,905	682,774
HADDAM	111	119	38,255,953	200,080
HAMDEN	464	775	174,816,315	929,169
HAMPTON	17	23	4,559,900	22,800
HARTFORD	576	774	141,122,238	855,961
HARTLAND	20	31	6,432,088	34,740
HARWINTON	93	65	14,284,324	75,422
HEBRON	103	112	28,467,433	147,472
KENT	62	62	28,942,181	190,181
KILLINGLY	244	290	49,275,783	261,564
KILLINGWORTH	87	55	17,119,735	85,599
LEBANON	103	96	18,947,725	94,739
LEDYARD	151	195	39,347,291	196,736
LISBON	67	41	11,912,952	77,065
LITCHFIELD	99	122	40,861,979	237,240
LYME	64	43	17,129,688	97,248
MADISON	194	268	145,209,396	853,290
MANCHESTER	455	791	192,510,062	1,172,476
MANSFIELD	134	186	41,113,220	208,593
MARLBOROUGH	66	85	23,037,645	125,608
MERIDEN	539	849	133,899,440	690,921
MIDDLEBURY	80	91	34,128,098	178,890
MIDDLEFIELD	44	48	12,299,900	62,725
MIDDLETOWN	387	646	134,382,978	717,385
MILFORD	465	753	236,603,168	1,364,246
MONROE	130	225	81,149,545	427,982
MONTVILLE	184	251	45,002,231	231,024

FY 2009-10 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
MORRIS	34	33	\$ 8,486,101	\$ 45,856
NAUGATUCK	268	423	71,461,240	379,269
NEW BRITAIN	542	748	104,183,623	548,401
NEW CANAAN	215	299	406,314,956	2,950,215
NEW FAIRFIELD	142	188	73,933,051	406,853
NEW HARTFORD	69	84	20,426,123	110,677
NEW HAVEN	983	1,074	210,195,460	1,169,969
NEWINGTON	313	504	120,422,279	683,226
NEW LONDON	236	338	51,556,382	282,673
NEW MILFORD	337	408	136,771,218	858,943
NEWTOWN	224	320	138,285,564	708,616
NORFOLK	36	31	10,420,102	57,106
NORTH BRANFORD	135	163	44,137,987	251,440
NORTH CANAAN	43	50	7,972,560	44,516
NORTH HAVEN	214	265	114,746,978	799,433
NORTH STONINGTON	78	68	13,571,777	75,558
NORWALK	595	950	448,174,069	2,609,480
NORWICH	389	479	74,326,535	415,417
OLD LYME	170	111	44,506,639	231,358
OLD SAYBROOK	166	203	74,773,947	428,185
ORANGE	149	152	87,878,946	481,273
OXFORD	129	162	52,952,008	276,175
PLAINFIELD	207	206	35,342,031	221,321
PLAINVILLE	169	280	53,017,657	284,014
PLYMOUTH	142	178	29,632,840	156,322
POMFRET	61	41	11,678,778	64,394
PORTLAND	129	139	31,232,592	163,775
PRESTON	72	85	15,588,130	77,941
PROSPECT	77	144	40,159,764	212,799
PUTNAM	83	129	27,846,580	176,095
REDDING	112	102	64,208,338	371,563
RIDGEFIELD	285	367	277,596,546	1,757,570
ROCKY HILL	176	265	62,455,106	322,046
ROXBURY	38	51	52,244,168	382,633
SALEM	81	63	14,462,930	75,715
SALISBURY	90	69	36,376,310	215,587
SCOTLAND	24	14	2,902,950	14,515
SEYMOUR	148	236	55,509,326	283,357
SHARON	58	63	35,663,153	225,606
SHELTON	354	492	166,755,706	941,248
SHERMAN	70	56	29,870,995	173,830
SIMSBURY	213	360	161,615,465	1,058,222
SOMERS	99	107	30,668,566	156,463

FY 2009-10 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
SOUTHBURY	209	379	\$ 123,549,333	\$ 629,944
SOUTHINGTON	473	655	179,280,434	1,014,295
SOUTH WINDSOR	259	439	113,985,989	605,932
SPRAGUE	35	43	8,280,388	41,402
STAFFORD	131	190	24,863,557	126,083
STAMFORD	749	1,379	840,234,695	5,217,234
STERLING	40	59	11,786,473	60,057
STONINGTON	227	279	103,328,833	599,024
STRATFORD	465	733	176,931,869	924,416
SUFFIELD	125	216	64,376,229	356,921
THOMASTON	61	93	18,374,870	105,424
THOMPSON	138	111	16,775,304	85,872
TOLLAND	129	153	41,543,551	207,718
TORRINGTON	349	487	71,282,881	369,642
TRUMBULL	304	421	249,996,529	1,718,242
UNION	8	9	1,166,204	5,831
VERNON	253	461	84,038,621	443,447
VOLUNTOWN	30	36	6,018,275	30,091
WALLINGFORD	348	588	147,319,951	804,510
WARREN	32	28	22,314,400	161,697
WASHINGTON	73	76	72,652,365	543,384
WATERBURY	1,186	1,309	154,168,447	811,225
WATERFORD	231	274	70,951,098	368,888
WATERTOWN	210	258	56,586,354	296,422
WESTBROOK	268	178	46,363,193	279,933
WEST HARTFORD	567	1,007	345,491,812	1,781,646
WEST HAVEN	383	595	105,242,897	544,539
WESTON	92	133	112,390,201	685,240
WESTPORT	371	425	532,146,178	3,866,791
WETHERSFIELD	281	404	94,020,175	477,090
WILLINGTON	46	67	14,199,830	70,999
WILTON	138	223	187,349,006	1,147,176
WINCHESTER	156	158	32,528,697	180,311
WINDHAM	169	264	44,750,135	266,436
WINDSOR	215	403	83,868,429	433,830
WINDSOR LOCKS	134	217	43,647,959	247,851
WOLCOTT	183	180	40,290,562	210,128
WOODBIDGE	82	114	50,860,652	288,571
WOODBURY	114	137	44,198,768	236,459
WOODSTOCK	115	133	26,952,319	134,762
TOWN UNKNOWN	52	91	24,739,409	135,061
TOTAL	33,478	45,887	\$15,722,027,965	\$95,471,023

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 2007-08	FY 2008-09	FY 2009-10
Corporation	Penalty	\$ 2,714,032	\$ 3,190,706	\$ 3,467,103
	Interest	40,639,484	40,861,286	48,071,103
Income Tax	Penalty	27,886,918	19,430,576	18,165,377
	Interest	61,797,231	45,108,363	45,340,145
Sales & Use	Penalty	12,317,512	13,765,657	14,187,221
	Interest	22,234,972	38,053,366	31,311,751
All Other Taxes	Penalty	5,978,266	6,109,481	5,681,789
	Interest	11,714,072	11,986,008	9,853,117
Total	Penalty	48,896,728	42,496,420	41,501,490
	Interest	136,385,760	136,009,023	134,576,116

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 34,556 external offsets in Fiscal Year 2009-10, totaling \$9,743,979. This is an increase over the 33,937 external offsets in Fiscal Year 2008-09, which totaled \$9,134,025.

AMOUNT OF TAXES REFUNDED			
	FY 2007-08	FY 2008-09	FY 2009-10
Admissions & Dues	\$ 152,285	\$ 429,482	\$43,432
Business Entity	289,443	418,588	1,007,326
Business Use	1,442,011	1,000,242	181,455
Cigarette	1,360,157	606,738	955,168
Community Antenna	339,846	270,057	1,408
Controlling Interest	786,841	988,848	185,689
Corp. R&D Credit Buyback	11,362,507	8,428,079	8,936,648
Corporation Business	124,618,293	170,021,934	148,905,977
CT Estate Tax	696,749	2,293,994	72,311
Domestic Insurers	1,074,088	16,392,047	858,434
Foreign Insurers	14,042,312	14,492,544	10,403,870
Gas Companies	2,265	95,067	66,671
Gasoline	4,195,742	4,061,062	5,015,045
Gift Tax	324,073	139,111	112
Gift & Estate	5,737,416	4,677,527	9,499,886
Health Care Centers	0	25,965,824	375,708
Income Tax	660,773,873	776,825,243	817,008,193
Individual Use Tax	300,341	217,232	286,750
Motor Carrier	1,713,747	1,863,647	1,835,542
Nursing Home User Fee	152,826	522,141	389,753
Occupational	85,756	47,996	63,585
PEG Account	0	0	134,448
Petroleum Products	2,852,210	5,403,868	11,001,714
Real Estate Conveyance	2,456,234	3,114,059	1,466,050
Room Occupancy	171,691	59,140	123,851
Sales & Use Taxes	31,949,338	26,363,917	57,132,777
Special Fuel	1,089,699	159,901	464,387
Succession Tax	1,657,464	714,279	60,683
Tobacco Distributor	389,732	925,736	843,915
Unauthorized Insurance	207,927	3,762	7,504
Unrelated Business Income	299,543	332,906	341,332
Miscellaneous	21,432	43,323	15,503
Total	\$870,545,841	\$ 1,066,878,294	\$ 1,077,685,127

**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN*
FISCAL YEARS ENDING JUNE 30, 2009 AND 2010**

TOWN	Retail Sales	Retail Sales	Sales & Use Tax	Sales & Use Tax	SUT Collections
	FY 2008-09 NAICS 44-45	FY 2009-10 NAICS 44-45	FY 2008-09 (All Businesses)	FY 2009-10 (All Businesses)	% Change FY 09/FY10
ANDOVER	\$ 2,092,870	\$ 2,449,170	\$ 415,550	\$ 404,954	-2.5%
ANSONIA	70,163,314	55,981,026	3,771,895	3,470,312	-8.0%
ASHFORD	2,971,614	2,770,458	744,183	627,598	-15.7%
AVON	64,382,959	66,288,310	7,715,948	7,152,536	-7.3%
BARKHAMSTED	3,512,503	3,492,496	595,443	581,078	-2.4%
BEACON FALLS	10,288,229	12,868,515	789,175	761,562	-3.5%
BERLIN	218,171,386	205,110,733	73,698,019	60,040,336	-18.5%
BETHANY	6,165,412	6,132,519	1,019,583	922,530	-9.5%
BETHEL	85,873,632	76,462,517	7,004,918	6,487,721	-7.4%
BETHLEHEM	8,607,893	8,292,417	791,454	798,547	0.9%
BLOOMFIELD	180,341,613	133,870,667	12,738,918	11,342,820	-11.0%
BOLTON	16,396,290	16,947,467	1,741,335	1,744,528	0.2%
BOZRAH	7,427,133	7,350,963	1,465,719	1,353,215	-7.7%
BRANFORD	637,592,443	665,815,379	31,102,258	31,004,720	-0.3%
BRIDGEPORT	1,213,926,106	1,110,955,469	46,914,947	44,005,207	-6.2%
BRIDGEWATER	5,980,325	5,902,218	357,932	307,215	-14.2%
BRISTOL	379,530,615	387,414,040	23,689,395	23,624,982	-0.3%
BROOKFIELD	254,708,933	224,464,925	14,175,819	13,251,523	-6.5%
BROOKLYN	34,227,891	32,788,794	2,325,393	2,333,685	0.4%
BURLINGTON	6,158,718	5,892,333	1,052,068	893,214	-15.1%
CANAAN	75,585,354	59,345,604	2,807,034	2,738,969	-2.4%
CANTERBURY	2,242,102	2,149,955	458,835	440,526	-4.0%
CANTON	127,811,728	140,619,655	9,361,349	9,636,509	2.9%
CHAPLIN	6,494,961	6,662,616	375,846	389,810	3.7%
CHESHIRE	436,392,124	403,588,964	16,863,609	16,510,903	-2.1%
CHESTER	8,283,425	13,047,593	1,048,427	1,040,557	-0.8%
CLINTON	101,577,173	113,581,049	8,490,978	7,734,516	-8.9%
COLCHESTER	140,602,712	135,075,539	6,311,878	5,805,150	-8.0%
COLEBROOK	562,393	453,033	41,053	31,611	-23.0%
COLUMBIA	42,406,814	47,637,658	2,612,760	2,658,820	1.8%
CORNWALL	3,635,966	3,420,193	619,327	527,522	-14.8%
COVENTRY	23,935,809	19,647,682	1,607,612	1,563,265	-2.8%
CROMWELL	53,194,011	50,817,734	6,755,163	6,101,511	-9.7%
DANBURY	3,696,402,177	2,007,566,042	102,049,114	101,434,831	-0.6%
DARIEN	374,010,003	374,301,400	22,600,093	22,154,762	-2.0%

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**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN*
FISCAL YEARS ENDING JUNE 30, 2009 AND 2010**

TOWN	Retail Sales	Retail Sales	Sales & Use Tax	Sales & Use Tax	SUT Collections
	FY 2008-09 NAICS 44-45	FY 2009-10 NAICS 44-45	FY 2008-09 (All Businesses)	FY 2009-10 (All Businesses)	% Change FY 09/FY10
DEEP RIVER	\$ 13,377,449	\$ 15,791,342	\$ 1,209,456	\$ 1,200,348	-0.8%
DERBY	104,043,738	83,811,397	5,513,412	4,265,724	-22.6%
DURHAM	25,464,661	24,885,002	2,015,149	2,081,161	3.3%
EAST GRANBY	35,557,945	25,714,534	2,644,377	2,417,509	-8.6%
EAST HADDAM	38,738,375	35,288,311	1,962,270	1,925,907	-1.9%
EAST HAMPTON	24,997,380	23,456,249	2,192,072	2,197,775	0.3%
EAST HARTFORD	740,723,635	796,940,059	37,733,906	39,990,855	6.0%
EAST HAVEN	158,018,947	170,070,511	7,576,125	8,537,600	12.7%
EAST LYME	82,402,980	80,246,450	5,027,736	5,141,755	2.3%
EAST WINDSOR	212,345,158	190,316,693	10,925,968	11,088,297	1.5%
EASTFORD	9,019,285	11,475,583	386,752	370,559	-4.2%
EASTON	6,366,278	6,200,533	1,054,800	1,067,782	1.2%
ELLINGTON	80,405,855	76,722,423	4,644,394	4,544,956	-2.1%
ENFIELD	334,096,164	350,396,947	23,535,550	23,895,081	1.5%
ESSEX	50,577,539	39,838,768	3,819,296	3,517,019	-7.9%
FAIRFIELD	670,220,023	656,972,986	51,250,450	49,512,569	-3.4%
FARMINGTON	687,819,276	704,923,767	34,466,974	32,759,451	-5.0%
FRANKLIN	45,461,532	43,263,333	2,799,547	2,538,296	-9.3%
GLASTONBURY	181,376,733	175,212,283	16,290,295	16,180,933	-0.7%
GOSHEN	7,051,435	7,520,509	589,356	575,572	-2.3%
GRANBY	32,965,539	25,020,738	2,864,568	2,471,674	-13.7%
GREENWICH	1,036,056,263	1,067,808,844	53,596,149	52,849,865	-1.4%
GRISWOLD	30,602,687	30,795,364	1,714,512	1,721,759	0.4%
GROTON	176,351,527	178,727,041	17,237,505	16,048,906	-6.9%
GUILFORD	160,346,390	152,773,939	7,549,088	6,958,014	-7.8%
HADDAM	24,414,184	22,150,841	1,438,432	1,532,666	6.6%
HAMDEN	280,012,421	280,934,279	19,844,210	19,402,705	-2.2%
HAMPTON	218,363	79,842	108,826	96,901	-11.0%
HARTFORD	1,022,993,189	949,512,202	105,442,914	93,836,103	-11.0%
HARTLAND	507,662	99,893	185,013	181,526	-1.9%
HARWINTON	9,117,038	14,049,758	1,100,987	1,060,239	-3.7%
HEBRON	27,685,570	27,753,567	1,287,171	1,204,139	-6.5%
KENT	24,177,563	21,927,172	1,638,602	1,393,101	-15.0%
KILLINGLY	100,424,869	99,482,301	5,321,642	4,843,609	-9.0%
KILLINGWORTH	8,078,693	8,750,862	1,137,688	1,126,632	-1.0%

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**COMPARATIVE SUMMARY OF RETAIL SALES AND
TAX RECEIPTS BY TOWN*
FISCAL YEARS ENDING JUNE 30, 2009 AND 2010**

TOWN	Retail Sales	Retail Sales	Sales & Use Tax	Sales & Use Tax	SUT Collections
	FY 2008-09 NACIS 44-45	FY 2009-10 NACIS 44-45	FY 2008-09 (All Businesses)	FY 2009-10 (All Businesses)	% Change FY 09/FY10
LEBANON	\$ 6,470,832	\$ 5,112,961	\$ 689,841	\$ 669,291	-3.0%
LEDYARD	30,730,668	30,088,148	5,022,570	4,360,867	-13.2%
LISBON	3,819,670	3,467,950	825,392	823,905	-0.2%
LITCHFIELD	61,681,630	64,899,620	5,485,853	5,502,371	0.3%
LYME	1,624,075	1,443,636	65,606	74,716	13.9%
MADISON	84,107,040	77,535,379	6,512,731	6,491,914	-0.3%
MANCHESTER	2,986,039,358	3,021,813,338	127,021,295	127,133,125	0.1%
MANSFIELD	58,312,579	49,244,717	3,178,664	2,875,444	-9.5%
MARLBOROUGH	15,852,767	11,082,392	1,144,198	1,035,955	-9.5%
MERIDEN	381,064,450	400,166,586	21,757,007	21,402,373	-1.6%
MIDDLEBURY	54,799,038	62,537,877	3,898,237	4,278,928	9.8%
MIDDLEFIELD	11,174,970	10,208,709	1,553,849	1,438,315	-7.4%
MIDDLETOWN	258,208,531	281,691,060	23,321,984	24,630,140	5.6%
MILFORD	621,192,813	652,419,471	40,011,624	42,219,837	5.5%
MONROE	127,658,776	127,861,314	9,232,624	8,691,423	-5.9%
MONTVILLE	61,601,988	65,635,934	6,392,561	6,307,750	-1.3%
MORRIS	3,056,029	3,081,643	454,088	418,772	-7.8%
NAUGATUCK	85,847,742	87,577,428	8,274,600	8,112,321	-2.0%
NEW BRITAIN	259,235,654	253,780,186	18,968,653	18,276,561	-3.6%
NEW CANAAN	160,204,276	163,886,152	8,667,485	8,532,102	-1.6%
NEW FAIRFIELD	21,213,498	19,926,862	1,542,812	1,526,859	-1.0%
NEW HARTFORD	14,665,565	12,678,164	1,069,681	1,048,617	-2.0%
NEW HAVEN	984,751,714	1,015,993,101	119,904,630	118,317,434	-1.3%
NEW LONDON	274,823,850	260,356,811	13,987,647	14,065,714	0.6%
NEW MILFORD	175,094,674	141,521,916	10,802,429	9,599,520	-11.1%
NEWINGTON	195,734,837	193,192,317	23,587,385	22,306,209	-5.4%
NEWTOWN	97,498,501	90,090,966	6,297,068	5,994,481	-4.8%
NORFOLK	2,436,837	3,042,380	418,284	454,338	8.6%
NORTH BRANFORD	65,299,240	67,966,162	5,151,405	5,251,686	1.9%
NORTH CANAAN	1,232,274	989,836	312,073	269,743	-13.6%
NORTH HAVEN	1,300,671,227	1,299,784,483	77,249,849	79,182,631	2.5%
NORTH STONINGTON	12,541,939	11,841,820	1,650,051	1,603,451	-2.8%
NORWALK	1,278,767,169	1,215,376,804	110,783,527	110,104,251	-0.6%
NORWICH	291,208,319	279,464,351	17,410,870	16,840,129	-3.3%
OLD LYME	31,094,031	29,885,938	3,105,021	3,174,653	2.2%

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TAX RECEIPTS BY TOWN*
FISCAL YEARS ENDING JUNE 30, 2009 AND 2010**

TOWN	Retail Sales	Retail Sales	Sales & Use Tax	Sales & Use Tax	SUT Collections
	FY 2008-09	FY 2009-10	FY 2008-09	FY 2009-10	% Change
	NACIS 44-45	NACIS 44-45	(All Businesses)	(All Businesses)	FY 09/FY10
OLD SAYBROOK	\$ 246,252,528	\$ 262,959,675	\$ 11,670,609	\$ 11,764,117	0.8%
ORANGE	124,577,282	101,855,483	47,234,681	50,372,334	6.6%
OXFORD	36,117,496	34,105,167	3,601,416	3,331,036	-7.5%
PLAINFIELD	102,737,640	101,964,485	4,878,035	5,018,189	2.9%
PLAINVILLE	130,742,378	125,803,157	12,273,229	12,118,952	-1.3%
PLYMOUTH	43,222,099	45,272,496	2,857,075	2,715,633	-5.0%
POMFRET	5,068,292	5,124,257	833,087	834,179	0.1%
PORTLAND	80,743,496	78,070,332	3,167,876	3,293,238	4.0%
PRESTON	23,372,694	15,895,561	1,015,893	925,432	-8.9%
PROSPECT	34,510,684	25,239,900	2,214,636	2,159,630	-2.5%
PUTNAM	61,784,393	68,062,104	5,148,372	5,417,226	5.2%
REDDING	19,152,399	16,819,814	1,763,833	1,531,617	-13.2%
RIDGEFIELD	155,465,617	149,951,984	14,212,277	16,499,401	16.1%
ROCKY HILL	82,936,210	77,260,911	14,616,071	12,956,125	-11.4%
ROXBURY	1,406,756	2,337,150	278,543	267,454	-4.0%
SALEM	9,005,207	7,758,251	741,030	648,301	-12.5%
SALISBURY	19,531,543	19,827,571	2,086,029	2,000,769	-4.1%
SCOTLAND	897,910	855,090	66,191	57,493	-13.1%
SEYMOUR	62,825,843	57,406,283	4,883,565	4,655,525	-4.7%
SHARON	8,210,884	6,673,859	875,969	855,205	-2.4%
SHELTON	264,441,695	267,846,352	21,652,426	20,547,712	-5.1%
SHERMAN	4,270,274	4,179,694	565,203	440,143	-22.1%
SIMSBURY	157,176,379	163,575,456	14,498,284	14,597,251	0.7%
SOMERS	32,409,703	31,261,785	1,696,650	1,616,466	-4.7%
SOUTH WINDSOR	247,666,255	220,580,031	19,086,858	17,229,479	-9.7%
SOUTHBURY	60,919,252	54,210,887	16,768,076	17,792,464	6.1%
SOUTHINGTON	208,845,697	196,512,334	20,173,660	19,401,660	-3.8%
SPRAGUE	1,422,893	1,261,635	368,348	336,687	-8.6%
STAFFORD	142,539,244	142,712,369	10,368,196	10,227,245	-1.4%
STAMFORD	929,717,356	914,328,719	99,498,898	83,176,946	-16.4%
STERLING	2,189,482	1,898,550	182,006	181,397	-0.3%
STONINGTON	166,628,915	201,132,788	13,318,807	13,246,651	-0.5%
STRATFORD	367,660,159	366,753,475	45,615,830	44,517,206	-2.4%
SUFFIELD	22,277,050	18,187,761	2,082,824	1,726,441	-17.1%
THOMASTON	23,520,867	25,272,974	3,751,774	3,665,051	-2.3%

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TAX RECEIPTS BY TOWN*
FISCAL YEARS ENDING JUNE 30, 2009 AND 2010**

TOWN	Retail Sales FY 2008-09 NACIS 44-45	Retail Sales FY 2009-10 NACIS 44-45	Sales & Use Tax FY 2008-09 (All Businesses)	Sales & Use Tax FY 2009-10 (All Businesses)	SUT Collections % Change FY 09/FY10
THOMPSON	\$ 13,145,653	\$ 13,395,967	\$ 1,303,872	1,205,978	-7.5%
TOLLAND	51,857,124	49,891,527	3,090,874	3,408,500	10.3%
TORRINGTON	649,613,614	619,386,399	25,732,064	24,583,298	-4.5%
TRUMBULL	246,397,556	248,694,838	11,381,250	10,549,125	-7.3%
UNION	1,092,445	1,401,802	163,911	103,278	-37.0%
VERNON	206,703,447	194,762,780	14,659,322	14,322,893	-2.3%
VOLUNTOWN	6,753,891	7,256,301	380,246	392,960	3.3%
WALLINGFORD	384,657,871	402,849,267	33,797,235	32,932,670	-2.6%
WARREN	2,165,222	2,079,370	204,402	250,692	22.6%
WASHINGTON	17,524,258	17,282,521	2,482,298	2,333,831	-6.0%
WATERBURY	877,531,264	886,891,635	44,413,325	44,361,161	-0.1%
WATERFORD	1,045,472,450	1,039,474,749	39,396,300	39,733,936	0.9%
WATERTOWN	401,719,241	415,138,614	16,330,565	16,516,942	1.1%
WEST HARTFORD	375,889,193	329,965,547	36,459,499	35,402,464	-2.9%
WEST HAVEN	232,163,047	215,058,123	14,505,610	13,651,815	-5.9%
WESTBROOK	95,043,619	102,425,530	7,609,203	6,675,488	-12.3%
WESTON	14,677,492	16,583,343	1,085,392	1,017,903	-6.2%
WESTPORT	663,022,232	641,730,248	35,729,934	33,798,575	-5.4%
WETHERSFIELD	198,654,563	250,661,917	9,130,538	9,300,525	1.9%
WILLINGTON	8,005,660	8,104,662	1,804,300	1,717,432	-4.8%
WILTON	216,417,411	219,604,178	15,681,013	15,043,787	-4.1%
WINCHESTER	38,697,324	37,790,307	2,497,384	2,405,710	-3.7%
WINDHAM	146,609,922	145,129,203	9,652,552	9,530,466	-1.3%
WINDSOR	182,451,693	271,113,626	12,970,358	12,406,555	-4.3%
WINDSOR LOCKS	58,185,947	54,437,382	13,465,166	13,565,608	0.7%
WOLCOTT	140,333,021	139,527,535	10,614,320	10,194,744	-4.0%
WOODBIDGE	34,625,585	30,461,944	2,980,471	2,602,005	-12.7%
WOODBURY	66,486,223	63,493,814	4,161,507	3,938,873	-5.3%
WOODSTOCK	20,596,831	19,097,180	1,492,506	1,245,304	-16.6%
OUT OF STATE	10,415,143,717	11,005,811,332	789,636,516	776,371,403	-1.7%
TOTAL	\$45,455,273,626	\$44,086,185,849	\$3,102,828,001	\$3,017,118,937	-2.8%

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NATIONWIDE COMPARISON OF TAX RATES

(Effective as of 1/1/10)

STATE	CORPORATION TAX RATES (%)	SALES AND USE TAX RATES (%)	GASOLINE TAX RATES (¢ PER GAL)	CIGARETTE TAX RATE (¢ PER PACK)
Alabama	6.5	4.0	18.0	42.5
Alaska	9.4	None	8.0	200.0
Arizona	6.968	5.6	18.0	200.0
Arkansas	6.5	6.0	21.5	115.0
California	8.84	8.25	18.0	87.0
Colorado	4.63	2.9	22.0	84.0
Connecticut	7.5	6.0	25.0	300.0
Delaware	8.7	None	23.0	160.0
Florida	5.5	6.0	16.0	133.9
Georgia	6.0	4.0	16.8	37.0
Hawaii	6.4	4.0	17.0	260.0
Idaho	7.6	6.0	26.0	57.0
Illinois	7.3	6.25	20.1	98.0
Indiana	8.5	7.0	18.0	99.5
Iowa	12.0	6.0	21.0	136.0
Kansas	4.0	5.3	24.0	79.0
Kentucky	6.0	6.0	24.1	60.0
Louisiana	8.0	4.0	20.0	36.0
Maine	8.93	5.0	29.5	200.0
Maryland	8.25	6.0	23.5	200.0
Massachusetts	8.75	6.25	21.0	251.0
Michigan	4.95	6.0	19.0	200.0
Minnesota	9.8	6.875	27.1	123.0
Mississippi	5.0	7.0	18.4	68.0
Missouri	6.25	4.225	17.55	17.0
Montana	6.75	None	27.0	170.0
Nebraska	7.81	5.5	27.7	64.0
Nevada	None	6.85	24.055	80.0
New Hampshire	8.5	None	19.625	178.0
New Jersey	9.0	7.0	14.50	270.0
New Mexico	7.6	5.0	18.875	91.0
New York	7.1	4.0	24.4	275.0
North Carolina	6.9	5.75	30.55	45.0
North Dakota	6.4	5.0	23.0	44.0
Ohio	N/A	5.5	28.0	125.0
Oklahoma	6.0	4.5	17.0	103.0
Oregon	7.9	None	24.0	118.0
Pennsylvania	9.99	6.0	31.2	160.0
Rhode Island	9.0	7.0	31.0	346.0
South Carolina	5.0	6.0	16.0	7.0
South Dakota	None	4.0	22.0	153.0
Tennessee	6.5	7.0	21.4	62.0
Texas	N/A	6.25	20.0	141.0
Utah	5.0	4.7	24.5	69.5
Vermont	8.5	6.0	24.5	224.0
Virginia	6.0	5.0	17.5	30.0
Washington	None	6.5	37.5	202.5
West Virginia	8.5	6.0	32.2	55.0
Wisconsin	7.9	5.0	32.9	252.0
Wyoming	None	4.0	14.0	60.0

ANNUAL REPORT FY 2009-10
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