FY 2025 Midterm
Economic Report of the Governor

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The United States Economy

For the nation, the overall economy proved to be strong in calendar year 2023. Preliminary estimates claim that real gross domestic product (GDP) in the fourth quarter of 2023 grew at an annualized rate of 3.3% over quarter 3 of 2023, which exceeded economists' expectations. Overall, real GDP increased by 2.5% in calendar year 2023 over 2022. Looking at employment levels, payrolls expanded by approximately 2.7 million jobs in 2023, down from last year where the United States added about 4.8 million jobs in 2022. Comparatively, the nation closed out calendar year 2023 with an unemployment rate of 3.7% which is slightly elevated compared to the 3.4% rate that the year started with. At the beginning of the year, economists feared that the economy would dip into a recession, however, the national economy proved resilient despite some areas that could raise a yellow flag.

Although federal interest rates continued to increase in 2023, they did not increase as rapidly as in 2022. The federal funds interest rate began 2023 at 4.25% before the Federal Reserve made the decision to increase them four more times between February and July to 5.25%. The rates have not changed since July. Comparatively, the Federal Reserve increased interest rates seven times in 2022 from 0% to 4.25% bringing the total number of interest rate increases to eleven in just 17 months from March 2022 to July 2023. Economists were hopeful that the Federal Reserve would cut rates in the latter half of 2023 following the last increase in July, but instead, the federal government took no action and let the rates remain at 5.25%. At the last Federal Reserve meeting of 2023 in December, the Federal Reserve signaled that there is potential for three rate cuts in calendar year 2024.

Following the actions taken by the Federal Reserve to increase interest rates after inflation had been rising to near record-high levels, inflation has been moderating, and the news for potential rate cuts in 2024 came after the latest inflation data was released. At the beginning of 2023, the general inflation rate for all items was around 6.4%, but the year closed with an inflation rate of 3.4% – almost half of what the year started at. Between the data signaling that inflation was cooling, the inaction by the Federal Reserve to increase interest rates further, and the indication that the federal government may even cut rates in 2024, the markets rallied in the last half of 2023. The S&P 500 ended 2023 with 24.2% growth after contracting by 19.4% in 2022. Although the S&P 500 was growing for just about all of 2023, the growth was only in the single digits through the end of May 2023, with robust performance occurring in the latter half of the year following a change in market perceptions regarding the outlook for inflation and interest rates.

The housing market in the nation has been better. 2023 experienced the lowest number of home sales in about 30 years. This is due in part to low housing inventory for buyers which has led to elevated home prices. Although the elevated home prices may grab the attention of those who may be looking to sell their current homes, the downside is that mortgage interest rates remain elevated which further increases the cost of buying a new home. 30-year mortgage rates started 2023 around 6.48% and grew to approximately 7.79% by October 2023. Since October 2023, rates had cooled rather dramatically to 6.61%, a decline of more than one percentage point in just a couple months by the end of December 2023. Homebuyers and sellers are hopeful that these interest rates will continue to cool with the expectation of the Federal Reserve cutting interest rates in 2024.

One major event that could have a negative impact on the economy moving forward are student loans. For just about three and a half years, from March 2020 to October 2023, student loans were not accruing

interest and payment requirements were on pause for most borrowers as part of various COVID-19 relief measures. The Biden Administration attempted multiple times to try to ease the burden on student loan borrowers by either extending the pause further or eliminating some or all student loan debt. Ultimately, there were two policies that were implemented in order to reduce the burden on borrowers and allow them to transition from no payment to making payments after such a long period of time. The SAVE plan was implemented as a repayment option which essentially revised a repayment formula to cut payments on undergraduate loans from 10% of discretionary income to 5%. The SAVE plan also allows certain borrowers who make less than $15 per hour to not have to make any payments and balances would be forgiven after a certain number of years. On top of the SAVE plan, the federal Department of Education (DOE) instituted an 'on-ramp' for restarting student loan payments. Although interest has started and will continue to accrue, the DOE is allowing a 12-month repayment on-ramp from October 1, 2023 to September 30, 2024 where missed payments will not be reported to credit bureaus, placed in default, or referred to debt collection agencies. Approximately 22 million people had student loan bills due in October 2023, and in just the first couple of months following resumption of student loan payments, approximately 40% or 8.8 million of those who had bills due have not made a payment with about half of them claiming it is because they simply could not afford them. The magnitude of the impact on the economy of resuming student loan repayment is uncertain.

The overall economy in the United States seems to be on the right track heading in 2024. Early projections call for more positivity in 2024, however, there is still some level of uncertainty. Geopolitical uncertainty increased in 2023 as a new war in the Middle East commenced between Israel and Hamas, in addition to the ongoing war between Russia and Ukraine. Looking ahead, another area of uncertainty will be the outcome of the 2024 presidential election in November.

The Connecticut Economy

The economy in Connecticut is also thriving. Similar to the United States, real gross state product (GSP) in Connecticut grew by approximately 2.0% in fiscal year 2023, the latest data available. With a combination of an increasing population, rising employment levels, and low unemployment rates, the economy in the state remained strong and stable. According to the U.S. Census Bureau, Connecticut experienced net-in migration in calendar years 2021 and 2022. Over both years, almost 68,000 people moved to Connecticut, reversing the historical trend of people moving out of the state. In general, the overall population has also been increasing. Population totals increased by approximately 0.6% in fiscal year 2022 and by another 0.1% in fiscal year 2023, a positive turn of events after many years of losses.

Alongside the positive population growth in the state, employment levels also rose in Connecticut in calendar year 2023. Approximately 22,700 jobs were added over the course of the year. In addition, the state was able to reach pre-pandemic employment levels. From February to April of 2020, the state lost approximately 289,100 jobs due to the COVID-19 pandemic and government-induced economic slowdown. The number of jobs lost equates to about 17.0% of the state's workforce. 44 months later, in October of 2023, the state had attained employment levels reached in February 2020 meaning the state had fully recovered all of the jobs that were lost due to the pandemic. With all the jobs being added, the state was also able to reach unemployment rates it had not experienced since right before the pandemic and for more than a decade before then. Although there were a few months in calendar year 2023 where the state's unemployment rate was lower than the US unemployment rate, the nation's unemployment rate averaged 3.6% in calendar year 2023 compared to 3.7% for Connecticut.

Similar to the nation, the housing market in Connecticut has been tough for buyers and better for sellers. Following robust home sales in FY 2021 which increased by 25.0% over FY 2020 levels, home sales in Connecticut declined by 11.0% in FY 2022 and continued to decline by another 26.4% into FY 2023. Elevated interest rates may deter a homeowner looking to sell their home and buy a new one resulting in lower-than-normal housing inventory in the Connecticut housing market. Low inventory has resulted in high home prices as buyers in the market are battling with other buyers to place an offer for the same few available houses. Additionally, in FY 2023, the affordability index for buying a single-family home for the nation reached a record low since the late 1980s. Two factors contributing to this are the elevated 30-year mortgage rates and the elevated housing prices. In just five years from FY 2019 to FY 2023, the median home sale price in CT has increased by 48% from $283,089 to $418,758 – a change of +$135,669. Looking forward, current projections estimate that the home affordability index will fall below FY 2023 levels for the next two years which does not bode well for homebuyers in the Connecticut market. In an effort to improve the housing market and housing affordability in the state, Governor Lamont has recommended and made significant investments in the housing sector. In the 2023 legislative session, the General Assembly approved almost half of a billion dollars in bond authorizations related to housing as part of the capital budget in each of FY 2024 and FY 2025. $455 million of housing-related authorizations were approved in FY 2024 and another $481 million in FY 2025 for programs related to building and renovating existing housing as well as programs to assist in buying houses.

Finally, it is important to note how far the state has advanced in terms of the economy and financial stability over the last decade or so. Governor Lamont was able to recommend, and the General Assembly was able to adopt, the largest personal income tax cut in state history. For the 2024 income year, the 3% marginal rate decreases to 2% and the 5% marginal rate decreases to 4.5% – costing the state almost half a billion dollars in General Fund revenue while putting that money back in the pockets of taxpayers. On top of that, the state's refundable earned income tax credit (EITC) is also increasing from 30.5% to 40% of the federal EITC. The Governor and General Assembly enacted a tax cut that is not only favorable, but it is also affordable now and well into the future. This tax cut may not have been possible without the enactment of the fiscal guardrails. In the 2023 legislative session, the Governor and General Assembly overwhelmingly extended the state's fiscal guardrails for up to ten years and those guardrails continue to prove their worth. These guardrails are a series of budgetary governance measures and encompass the state's spending cap, volatility cap, revenue cap, and various bonding limits.

Early economic projections for Connecticut in 2024 remain mostly positive. Employment levels are projected to grow marginally, and the unemployment rate is expected to remain where it currently stands. Home sales are expected to experience another year of declines while population remains flat. The Governor's proposed FY 2025 midterm adjustments recognize that the budget is stable and that we should stay the course.

Economic Assumptions of the Governor's Budget

The U.S. economy is projected to grow 2.4% in FY 2024 and 1.4% in FY 2025. Growth in the U.S. economy is expected to remain in the 1.5% range from FY 2026 to FY 2028. FY 2023 averaged an inflation rate of 6.3% and is projected to slow to 3.1% in FY 2024. In FY 2025, inflation is expected to drop even further to 2.4% before leveling out in the 2.1% to 2.4% range for FY 2026 to FY 2028. The U.S. unemployment rate is projected to increase slightly to 3.9% in FY 2024 from 3.5% in FY 2023. In FY 2025, the US unemployment rate is expected to increase to 4.1% and remain around that level through FY 2028. Housing starts are projected decrease slightly in FY 2024 by an estimated 1.5%, after dramatically falling by 14.1% in FY 2023. In FY 2025, housing starts are projected to decline by 1.8% and continue to fall by 1.3% and 2.2% in FY

2026 and FY 2027, respectively. New vehicle sales are projected to increase by 5.9% in FY 2024 and 5.1% in FY 2025 as dealers recover from the COVID-19-related supply chain disruptions, and slow to a 1.9% increase in FY 2026 before declining by 1.0% and 2.1% in FY 2027 and FY 2028, respectively.

Connecticut's real gross state product (GSP) is expected to close FY 2024 with growth of 1.9% and remain flat in FY 2025 before experiencing modest growth of 0.3% to 1.2% in each year through FY 2028. Real GSP made a full recovery in calendar year 2022 from the pandemic-induced economic slowdown where real GSP dropped 12.3% between quarter four of calendar year 2019 and quarter two of calendar year 2020. Personal income in Connecticut is projected to increase by 4.6% by the end of FY 2024 before growing by 4.4% in FY 2025 and leveling off in the 4.0% range through FY 2028. Due to federal stimulus measures, personal income in Connecticut did not decline during the pandemic because of large transfer payments from the federal government, however, wages and salaries were impacted negatively due to lower levels of employment. Data shows that wages and salaries exceeded pre-pandemic levels in the fourth quarter of calendar year 2020. Wages and salaries in the state are projected to increase by 5.0% in FY 2024 before leveling off in the 2.5% to 3.5% range in the outyears.

Connecticut's employment growth is projected to increase by 1.1% in FY 2024 and increase slightly by about 0.1% in FY 2025. In October 2023, the state exceeded employment levels reached immediately before the COVID-19 pandemic recovering all of the jobs that were lost during the height of the pandemic. Preliminary data projects the state's employment levels to grow marginally through FY 2028. The state's unemployment rate is projected to average 3.8% in FY 2024 and increase in tandem with the nation to 4.3% in FY 2025 as economic growth remains slow in the wake of high interest rates. The unemployment rate is expected to remain in the low 4.0% range through FY 2028.

Economic Forecast Caveats

Many factors could contribute to a deviation from the above projections, including: the trajectory of inflationary pressures and any additional policy responses from the Federal Reserve, the status of the wars in Europe and the Middle East, labor shortages in various parts of the economy, the political stalemate in Washington over the federal budget, any potential government shutdowns, and in 2025, the increase to the nation's debt limit.

The following table provides the forecast for several U.S. and Connecticut economic indicators.

TABLE A-1
U.S. AND CONNECTICUT ECONOMIC INDICATORS

	U.S. Real GDP (Billions of Dollars)		CT Real GSP (Millions of Dollars)		U.S. Housing Starts (Millions)		CT Housing Starts	
Fiscal Year	Value	Growth	Value	Growth	Value	Growth	Value	Growth
2023	22,045	1.6%	279.1	2.0%	1.4	-14.1%	6,051.7	58.3%
2024	22,576	2.4%	284.4	1.9%	1.4	-1.5%	4,237.3	-30.0%
2025	22,894	1.4%	284.4	0.0%	1.4	-1.8%	4,212.3	-0.6%
2026	23,226	1.4%	285.2	0.3%	1.4	-1.3%	4,612.1	9.5%
2027	23,539	1.3%	286.9	0.6%	1.3	-2.2%	4,997.5	8.4%
2028	23,881	1.5%	290.4	1.2%	1.3	-0.5%	5,225.5	4.6%

	U.S. Employment (Millions)		CT Employment (Thousands)		U.S. Unemployment Rate		CT Unemployment Rate	
Fiscal Year	Value	Growth	Value	Growth	Value	Growth	Value	Growth
2023	154.7	3.3%	1,679.6	1.9%	3.5%	-0.6%	3.9%	-1.1%
2024	157.0	1.5%	1,697.4	1.1%	3.9%	0.3%	3.8%	-0.1%
2025	157.6	0.3%	1,699.1	0.1%	4.1%	0.2%	4.3%	0.5%
2026	157.9	0.2%	1,700.1	0.1%	4.2%	0.1%	4.4%	0.1%
2027	158.1	0.1%	1,700.6	0.0%	4.3%	0.1%	4.4%	0.0%
2028	158.4	0.2%	1,701.7	0.1%	4.4%	0.0%	4.3%	-0.1%

	Consumer Price Index		U.S. New Vehicle Sales (Millions)		CT Personal Income (Millions of Dollars)	
Fiscal Year	Value	Growth	Value	Growth	Value	Growth
2023	299.7	6.3%	14.6	8.9%	308,957.1	5.1%
2024	309.0	3.1%	15.5	5.9%	323,227.2	4.6%
2025	316.3	2.4%	16.3	5.1%	337,450.7	4.4%
2026	322.9	2.1%	16.6	1.9%	350,807.4	4.0%
2027	330.8	2.4%	16.4	-1.0%	363,877.5	3.7%
2028	338.5	2.3%	16.1	-2.1%	378,254.8	4.0%

REVENUE FORECAST
TABLE A-2
STATE OF CONNECTICUT - GENERAL FUND REVENUES
(In Millions)

Taxes	Actual Revenue FY 2023	Projected Revenue Current Rates FY 2024	Proposed Revenue Changes FY 2024	Net Projected Revenue FY 2024
PIT - Withholding	$ 8,317.2	$ 8,533.8	$ -	$ 8,533.8
PIT – Estimates & Finals	2,906.2	2,497.5	-	2,497.5
Sales & Use Tax	4,944.8	5,099.5	-	5,099.5
Corporation Tax	1,516.6	1,514.5	-	1,514.5
Pass-Through Entity Tax	2,048.1	1,760.9	-	1,760.9
Public Service Tax	278.2	323.9	-	323.9
Inheritance & Estate Tax	218.4	158.1	-	158.1
Insurance Companies Tax	295.7	291.3	-	291.3
Cigarettes Tax	290.8	258.9	-	258.9
Real Estate Conveyance Tax	287.2	287.7	-	287.7
Alcoholic Beverages Tax	80.2	78.4	-	78.4
Admissions & Dues Tax	40.7	35.5	-	35.5
Health Provider Tax	900.7	901.0	-	901.0
Miscellaneous Tax	(48.7)	25.4	-	25.4
Total Taxes	$ 22,076.0	$ 21,766.4	$ -	$ 21,766.4
Less Refunds of Tax	(1,863.8)	(1,979.5)	-	(1,979.5)
Less Earned Income Tax Credit	(126.3)	(191.6)	-	(191.6)
Less R&D Credit Exchange	(6.1)	(10.5)	-	(10.5)
Total - Taxes Less Refunds	$ 20,079.8	$ 19,584.8	$ -	$ 19,584.8
Other Revenue				
Transfers-Special Revenue	$ 395.6	$ 399.5	$ -	$ 399.5
Indian Gaming Payments	279.0	288.7	-	288.7
Licenses, Permits, Fees	331.2	356.5	-	356.5
Sales of Commodities	17.9	16.9	-	16.9
Rents, Fines, Escheats	230.7	172.9	-	172.9
Investment Income	206.2	258.9	-	258.9
Miscellaneous	260.9	194.7	-	194.7
Less Refunds of Payments	(75.8)	(95.7)	-	(95.7)
Total - Other Revenue	$ 1,645.6	$ 1,592.4	$ -	$ 1,592.4
Other Sources				
Federal Grants	$ 1,997.8	$ 1,966.0	$ -	$ 1,966.0
Transfer From Tobacco Settlement	112.5	108.4	-	108.4
Transfers From/(To) Other Funds	308.9	(273.2)	(45.0)	(318.2)
Transfer to BRF – Volatility Cap	(1,321.8)	(478.5)	-	(478.5)
Transfer to Housing Trust Fund	-	-	-	-
Total - Other Sources	$ 1,097.5	$ 1,322.7	$ (45.0)	$ 1,277.7
Total - General Fund Revenues	$ 22,822.9	$ 22,499.9	$ (45.0)	$ 22,454.9
Revenue Cap Deduction	-	-	-	-
Available Net General Fund Revenues	$ 22,822.9	$ 22,499.9	$ (45.0)	$ 22,454.9

Projected Revenue Current Rates FY 2025	Proposed Revenue Changes FY 2025	Net Projected Revenue FY 2025
$ 8,682.0	$ -	$ 8,682.0
2,562.1	-	2,562.1
5,225.2	-	5,225.2
1,529.5	-	1,529.5
1,819.4	-	1,819.4
296.8	5.0	301.8
182.2	-	182.2
295.6	-	295.6
244.7	-	244.7
292.6	-	292.6
78.8	-	78.8
35.5	-	35.5
956.9	-	956.9
49.2	-	49.2
$ 22,250.5	$ 5.0	$ 22,255.5
(1,971.9)	-	(1,971.9)
(196.2)	-	(196.2)
(7.8)	-	(7.8)
$ 20,074.6	$ 5.0	$ 20,079.6
$ 406.9	$ -	$ 406.9
291.0	-	291.0
330.7	(3.5)	327.2
17.8	-	17.8
175.2	-	175.2
227.8	-	227.8
199.5	-	199.5
(77.2)	-	(77.2)
$ 1,571.7	$ (3.5)	$ 1,568.2
$ 1,932.5	$ -	$ 1,932.5
106.7	12.0	118.7
(70.9)	57.1	(13.8)
(451.7)	-	(451.7)
-	-	-
$ 1,516.6	$ 69.1	$ 1,585.7
$ 23,162.9	$ 70.6	$ 23,233.5
(289.5)	(0.9)	(290.4)
$ 22,873.4	$ 69.7	$ 22,943.1

Explanation of Changes

Personal Income Tax
Create incentive to challenge remote workers tax.

Corporation Tax
Adjust workforce housing tax credit to be capped at 50% of cash contribution; expand student loan employer tax credit eligibility to all student loan borrowers and implement a $10M per fiscal year issuance cap.

Public Service Corporations Tax
Repeal $5.0M transfer to the Municipal Video Competition Trust Account (also see transfers for corresponding policy change).

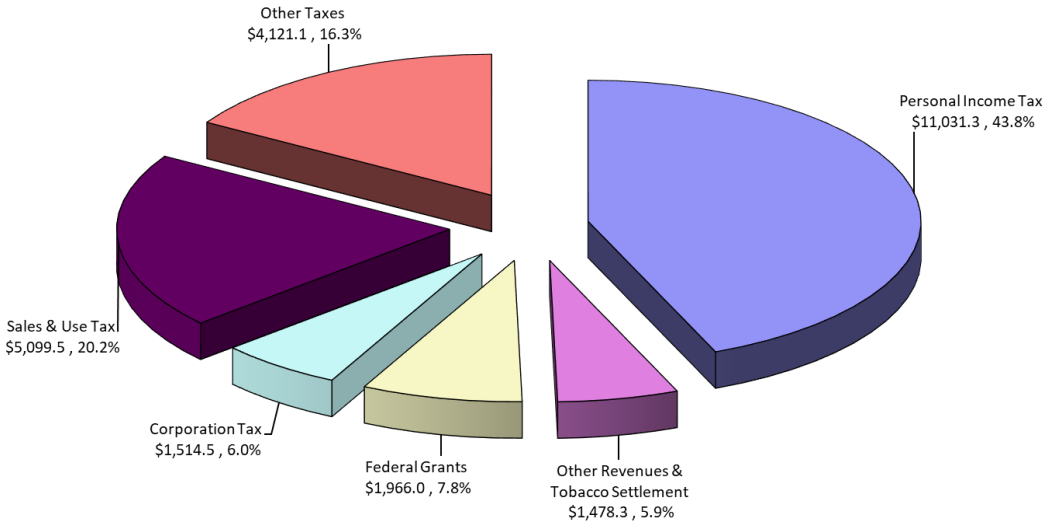
License, Permits, and Fees
Eliminate certain fees.

Tobacco Settlement Fund
Suspend FY 2025 transfer to Tobacco Settlement Fund.

Transfers-Other Funds
Increase existing FY 2024 transfer to FY 2025 from $95M to $140M; reduce GF subsidy transfer to the Municipal Revenue Sharing Fund to reflect actual costs; repeal $5M transfer from the Municipal Video Competition Trust Account to the General Fund (also see Public Service Corporations for corresponding policy change); transfer unobligated Biomedical Research Trust Funds to the General Fund; transfer balance of CT Itinerant Vendors Guaranty Fund to the General Fund.

GENERAL FUND REVENUES FY 2024
(In Millions)

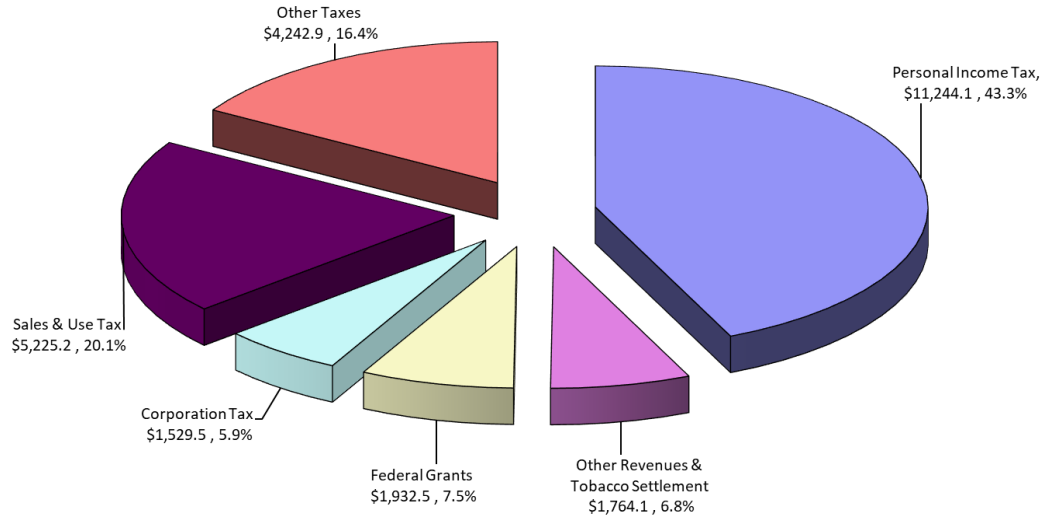
TOTAL $ 22,454.9 MILLION*



* Refunds of Taxes are estimated at $1,979.5 million, R&D Credit Exchange is estimated at $10.5 million, Earned Income Tax Credit is estimated at $191.6 million, Refunds of Payments are estimated at $95.7 million, and Transfers to the Budget Reserve Fund are estimated to be $478.5 million.

General Fund Revenues FY 2025
(In Millions)

TOTAL $ 23,233.5 MILLION*



* Refunds of Taxes are estimated at $1,971.9 million, R&D Credit Exchange is estimated at $7.8 million, Earned Income Tax Credit is estimated at $196.2 million, Refunds of Payments are estimated at $77.2 million, and Transfers to the Budget Reserve Fund are estimated to be $451.7 million. This chart does not include the revenue cap deduction of $290.4 million.

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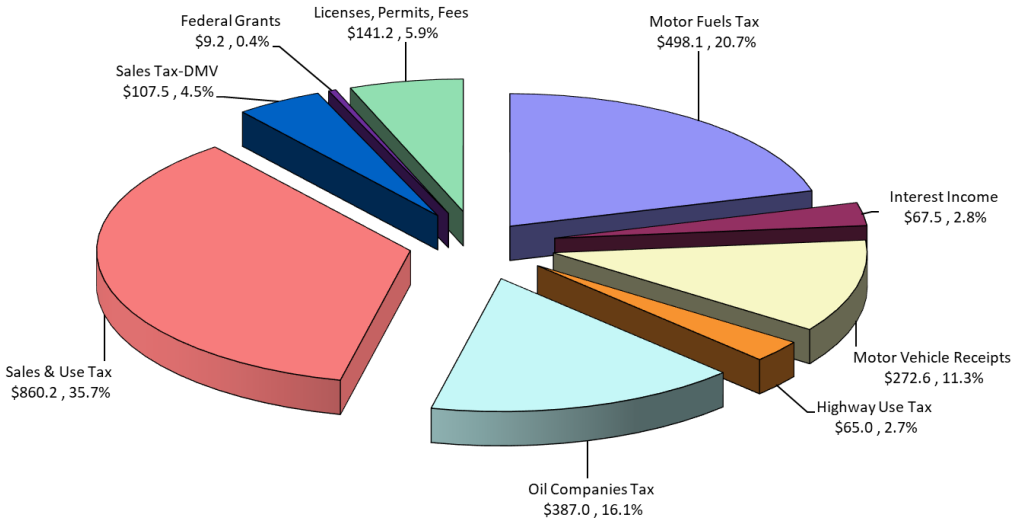
TABLE A-3

STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND REVENUES
(In Millions)

	Estimated Revenue FY 2023	Projected Revenue Current Rates FY 2024	Proposed Revenue Changes FY 2024	Net Projected Revenue FY 2024
Taxes				
Motor Fuels Tax	$ 262.0	$ 498.1	$ -	$ 498.1
Oil Companies Tax	383.5	387.0	-	387.0
Sales and Use Tax	837.6	860.2	-	860.2
Sales Tax - DMV	117.1	107.5	-	107.5
Highway Use Tax	29.3	65.0	-	65.0
Total Taxes	$ 1,629.5	$ 1,917.8	$ -	$ 1,917.8
Less Refunds of Taxes	(8.9)	(16.9)	-	(16.9)
Total - Taxes Less Refunds	$ 1,620.6	$ 1,900.9	$ -	$ 1,900.9
Other Sources				
Motor Vehicle Receipts	$ 254.6	$ 272.6	$ -	$ 272.6
Licenses, Permits, Fees	126.4	141.2	-	141.2
Interest Income	71.9	67.5	-	67.5
Federal Grants	10.3	9.2	-	9.2
Transfers From/(To) Other Funds	(5.5)	(13.5)	-	(13.5)
Less Refunds of Payments	(8.7)	(10.8)	-	(10.8)
Total - Other Sources	$ 448.8	$ 466.2	$ -	$ 466.2
Total - STF Revenues	$ 2,069.4	$ 2,367.1	$ -	$ 2,367.1
Revenue Cap Deduction	-	-	-	-
Available Net STF Revenue	$ 2,069.4	$ 2,367.1	$ -	$ 2,367.1

FISCAL YEAR 2024 - TOTAL $2,367.1 MILLION*

(In Millions)



* Refunds are estimated at $27.7 million and Transfers to Other Funds at $13.5 million.

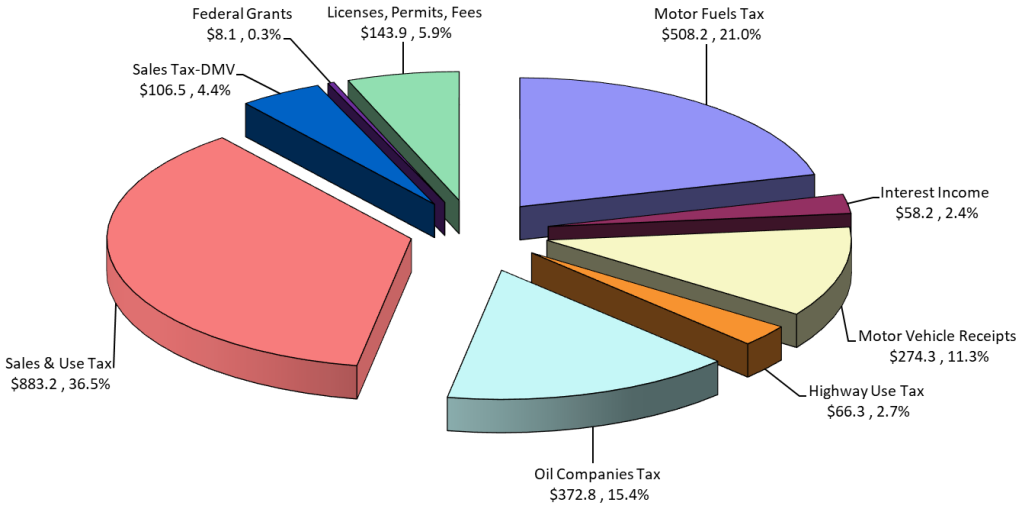
Projected Revenue Current Rates FY 2025	Proposed Revenue Changes FY 2025	Net Projected Revenue FY 2025
$ 508.2	$ -	$ 508.2
372.8	-	372.8
883.2	-	883.2
106.5	-	106.5
66.3	-	66.3
$ 1,937.0	$ -	$ 1,937.0
(16.6)	-	(16.6)
$ 1,920.4	$ -	$ 1,920.4
$ 274.3	$ -	$ 274.3
143.9	-	143.9
58.2	-	58.2
8.1	-	8.1
(13.5)	-	(13.5)
(7.2)	-	(7.2)
$ 463.8	$ -	$ 463.8
$ 2,384.2	$ -	$ 2,384.2
(29.8)	-	(29.8)
$ 2,354.4	$ -	$ 2,354.4

Explanation of Changes

No revenue-related policy changes are being proposed as part of the Governor's FY 2025 Midterm adjustments.

FISCAL YEAR 2025 - TOTAL $2,384.2 MILLION*

(In Millions)



* Refunds are estimated at $23.8 million and Transfer to Other Funds at $13.5 million. This chart does not include the revenue cap deduction of $29.8 million.

IMPACT OF THE GOVERNOR'S BUDGET ON THE STATE'S ECONOMY

A government budget has three purposes: it outlines necessary and desirable public services, it estimates how much these services will cost, and it defines the resources that are required to provide these services. The budget is a fundamental policy document of every level of government. As proposed, enacted, and implemented, it represents a consensus regarding what government realistically can and ought to do.

The economic implications of government budgets are significant. Government expenditures and investments at the federal, state, and local level are important dimensions of the national economy, accounting for about 17.3 percent of gross domestic product. The Governor's budget will account for an estimated 6.5 percent of Connecticut's gross state product in FY 2025, and state government's expenditure and revenue actions will inevitably influence the state's economy.

Budgetary Discipline – the Keystone

First and foremost, the Governor's budget proposal maintains budgetary discipline by complying with all Constitutional and statutory caps, creating stability in the state's finances and therefore indirectly in the state's economy. Expenditure growth in all funds remains within the economy's ability to pay as measured by the state's expenditure cap. Spending in all funds would rise by a mere 0.3 percent in FY 2025 compared to the originally enacted FY 2025 budget. Compared to FY 2024 appropriations, the Governor's recommended FY 2025 midterm adjustment budget increases all funds spending by about 3.8 percent.

Although General Fund revenue continued to grow in FY 2023, the state's volatile revenue sources – Estimates and Finals under the Personal Income Tax and the Pass-through Entity Tax declined in fiscal year 2023 by almost $1.6 billion, or 24.4 percent. In FY 2024, those same revenue sources are currently projected to fall an additional $700 million, or 14.0 percent. The cumulative two-year decline totals $2.3 billion or a 35 percent drop, yet the state's General Fund remains undisturbed. Prior to the enactment of the fiscal guardrails in the 2017 bipartisan budget, and in the absence of sufficiently conservative revenue estimates, the General Fund would have borne the brunt of this decline. In previous economic cycles a drop of this magnitude, equivalent to ten percent of revenues, would have necessitated devasting cuts to state programs and substantial tax hikes. Instead, in the Connecticut of today, the budget remains intact with a projected surplus, the largest income tax cut in state history is underway, and budgetary reserves are topped-off. These responsible budgeting mechanisms have not gone unnoticed by the bond rating agencies either. Since March of 2021, the state has received six rating upgrades across the four credit rating agencies, the first upgrades in over twenty years. The most recent upgrade was from the Kroll Bond Rating Agency (KRBA) when they upgraded the state's bond rating in May 2023 from AA to AA+. As Connecticut is a frequent borrower in the public debt markets, this translates into more favorable interest rates, costing the state's taxpayers less in the long run.

Revenue Policies

This year's mid-term budget proposal contains no new taxes – period! Moreover, last year's largest income tax cut in state history remains secure and is fully paid for in this biennium. Total ongoing tax relief enacted during the Lamont administration will exceed $800 million annually by the end of FY 2025.

This year's budget proposal contains a few modest revenue measures targeted in certain areas. The budget calls for over $3 million in fee savings by eliminating initial or application fees for certain occupations in order to encourage individuals to enter those professions including educators, nurses, and

home child-care providers. Specifically, the initial educator certificate fee of $200 for teachers would be eliminated along with the examination for licensure fee for licensed practical nurses ($150), registered nurses ($180), and designation as an advanced practice registered nurse ($200). For home childcare facilities, the $15 fee for application for initial staff approval, and the $40 fee for initial licensure of a facility would also be eliminated.

During the 2022 Legislative session, the state enacted a corporation tax credit to encourage firms to assist their employees in paying down their student loan debt. The 2022 law was limited to those individuals with loans financed through the Connecticut Higher Education Supplemental Loan Authority (CHESLA). This year, the Governor is proposing to expand that credit to all student loans, not just those financed through CHESLA. This reformulation of the credit would be capped at $10 million annually which is within the fiscal note associated with the 2022 law.

The budget would also suspend, for one year, the $12 million transfer from the General Fund to the Tobacco and Health Trust Fund (THTF) in FY 2025. Since the Board that will oversee expenditures from the THTF has only recently been reconstituted and $24 million remains unspent from the resources already set aside from the General Fund in FY 2023 and FY 2024, there is sufficient funding available for the Board to begin their work.

When the Municipal Revenue Sharing Fund (MRSF) was initially operationalized, the projected revenues diverted from the General Fund from the 0.5 percent sales tax were insufficient to fully fund the municipal grants that were to be paid from the MRSF and, therefore, the state provided an additional subsidy from the General Fund to the MRSF. As the latest calculation of the funding needs for those grants are slightly lower in FY 2025 than originally anticipated, the General Fund subsidy will be reduced by $16.3 million from $104.9 million to $88.6 million and the MRSF will still have adequate resources to fully fund its grants.

Finally, the budget adopted last year included a $95 million revenue transfer from FY 2024 to FY 2025. This year's budget proposes to increase that amount by an additional $45 million which remains affordable given the FY 2024 projected General Fund surplus. The budget also closes-out the fund balances in two defunct funds: the Biomedical Research Trust Fund at $758,696 that has not issued any grants since 2015, and the Itinerant Vendors Guaranty Fund at $46,200 which was repealed in 2017.

Remote Workers Tax Challenge Incentive

The Governor's budget also proposes a unique incentive under our state income tax to challenge New York state's interpretation of remote work rules – rules which allow New York to tax Connecticut residents when they work from home for a New York based firm. Specifically, the Governor is proposing a new income tax credit to individuals who successfully challenge this remote worker tax. After receiving a refund of the taxes they paid to New York, a successful challenger must report an adjustment on their Connecticut return for taxes paid to another state - resulting in additional tax due to Connecticut. The Governor proposes to add a credit equal to 50 percent of this additional tax that is owed to Connecticut and to waive any penalty and interest associated with a successful New York challenge. If the New York remote worker tax is successfully challenged, this proposal could generate over $200 million annually in future years – while at the same time reducing the overall tax burden for Connecticut residents who remotely work for New York firms.

Children's Behavioral Health Sustainability

Since the height of the pandemic, there has been a demonstrated need for additional services along the continuum for children in need of behavioral health care. On top of the $25 million the Department of Children and Families (DCF) already received for Urgent Crisis Centers (UCCs) and Sub-Acute Crisis Stabilization activities and $500,000 for peer-to-peer coordination in FY 2023, the Governor's budget provides an additional $8.8 million for children's behavioral health sustainability: $2.5 million in additional ARPA funding under DCF; $2.9 million ($5.8 million after factoring in the federal share) under the Department of Social Services (DSS) to fund Medicaid costs for UCCs, which provide behavioral health diversion services for youth experiencing a behavioral health crisis who would otherwise go to the emergency department for evaluation and short-term treatment; $500,000 under ARPA is also recommended to maintain peer-to-peer coordination activities that facilitate the timely and safe transition of children from acute or subacute levels of care to clinically appropriate services in the community.

Addressing Chronic Homelessness

Funding of $2.9 million is being recommended in the Department of Mental Health and Addiction Services (DMHAS) to augment and enhance three proven methods for addressing chronic homelessness for individuals with severe and persistent mental illness and / or substance use issues:

1. $1.3 million will support additional wrap-around services that will match over 140 federal housing vouchers from the Department of Housing to create additional supportive housing units.
2. 12 positions and $1.2 million will support the expansion of state-operated homeless outreach and engagement teams to address the increase in unhoused individuals. These teams engage high-risk, unsheltered individuals with complex medical and behavioral health concerns into services and offer pathways out of homelessness.
3. $400,000 will increase the capacity of SSI/SSDI Outreach, Access, and Recovery (SOAR) practitioners. SOAR is a very successful program that is free to individuals with disabilities that helps them apply for and receive SSI/SSDI the first time they apply.

Access to Healthcare

Connecticut is the only state providing coverage to parents and relative caregivers with incomes over 138% of the federal poverty level. By reducing eligibility for HUSKY A adults to the same level as that for low-income adults under HUSKY D (133% of the federal poverty level plus a 5% income disregard), the Governor is proposing to align Connecticut's eligibility with those states that chose to expand Medicaid under the Affordable Care Act. Unlike most states, however, Connecticut's Covered CT program offers eligible individuals, who are over income for Medicaid but have income at or below 175% of the federal poverty level, fully subsidized coverage – with no monthly premiums and no cost-sharing, as well as dental and non-emergency medical transportation services – comparable benefits they would have received under Medicaid. This proposal strengthens Access Health CT, the state's health insurance exchange, through increased participation while also leveraging federal subsidies available under the Affordable Care Act and expanded under the Inflation Reduction Act of 2022, resulting in reduced costs to the state. After factoring in the federal share, this proposal will reduce total Medicaid expenditures by $4.2 million in FY 2025 but when fully annualized, this proposal will reduce the state's share of Medicaid expenditures by $33.1 million ($66.2 million after factoring in the federal share).

Due to the timing of the public health emergency unwinding and various operational delays, the Governor is proposing to repurpose the $10 million in ARPA funding that was to support two months of premiums for qualified health plans under Access Health CT for individuals with income above the Covered CT income threshold of 175% of the federal poverty level. Instead, the funding will be used to provide additional subsidies, creating more affordable options for small businesses and their employees through Access Health CT. This will strengthen the exchange and help to generate more competition and potentially new carriers.

Consistent with legislation that passed last session, the Governor's budget includes funding to expand coverage beginning July 1, 2024 for undocumented children to age 15 and under, with the grandfathering of existing participants who are able to stay on the program through age 18 (as long as they continue to meet other eligibility criteria). With enrollment of over 9,700 as of December 2024, growth in the current program, which serves children ages 12 and under (with the same grandfathering provisions), has more than doubled the projections in the enacted budget, which had assumed enrollment would reach approximately 4,250 by February 2024 with future growth limited to the grandfathering of existing participants.

Access to Affordable Care

Healthcare costs in Connecticut continue to be among the highest in the country and are outpacing people's personal income growth. To tackle these high costs, the Governor has proposed establishing a Prescription Drug Affordability Board, adding enforcement tools for entities that exceed the cost growth benchmark and reviewing affordability efforts by health insurance companies. Three positions and $531,000 have been added to the Office of Health Strategy (OHS) to support these health affordability initiatives.

State Administered General Assistance and Temporary Family Assistance (TFA)

The Governor's budget continues to support safety net enhancements included in the enacted budget. Funding in FY 2025 is provided to annualize costs related to doubling the asset limits in both the State Administered General Assistance and Temporary Family Assistance (TFA) programs, increasing the earned income disregard under TFA, and extending the time limits under TFA. Together, these initiatives allow more individuals and families to access benefits while maintaining and building financial assets and independence.

Private providers

By increasing agency appropriations to reflect the distribution of the $53.3 million originally appropriated in OPM as one-time bonuses, the Governor is committing to maintaining this increase as an ongoing cost of living adjustment to private providers.

Optimizing Information Technology Services

During his tenure, the Governor has emphasized the modernization of government and the development of improved ways to interact and use government services. Central to these efforts is the use of technology to enhance government services.

At the Department of Motor Vehicles (DMV) investments in information technology solutions proposed in the Governor's budget includes $2.5 million to annually support expanding core DMV IT systems, and

$500,000 in ongoing maintenance support expenses. Prior investments in system improvement at the DMV have included a new online appointment system, online services, and improvements to the virtual call holding system. Future improvements will include new ways to digitally prepare and review documents, updates to backend systems, and an expansion of online services.

Connecticut's Ports

The Governor is proposing establishing the Connecticut Maritime Authority as a subsidiary of the Connecticut Airport Authority. This organization will be a successor to the Connecticut Port Authority beginning in October 2024. The reorganization will offer improved and coordinated efforts related to Connecticut's ports, harbors, and airports which drive industry, business, and tourism, supports Connecticut's residents, and have direct positive economic impacts on the State.

Taking Aim at Hidden Junk Fees

The Governor has proposed enhancing consumer protections with the Connecticut Junk Fee Prevention Act. Aimed at hidden "junk fees" on purchases, the proposed Act would require businesses to conspicuously disclose the total price, including all mandatory fees or charges other than taxes imposed by a government entity, on any event ticket, lodging platform, or food delivery platform. Funding in the amount of $83,968 is provided in the Governor's budget for one position at the Department of Consumer Protection to investigate and enforce the provisions associated with this legislation.

Environment, Resiliency, and Climate Change

The midterm budget includes $5.75 million in ARPA funding to support statewide resiliency planning and climate preparedness. This funding will support efforts to prepare for and adapt to changing climate conditions through coordination, development of data, and action to make responsible investments and protect Connecticut's residents. Specific initiatives supported by this funding include a statewide resilience plan and project design, statewide climate change vulnerability assessment, flood hydrologic modeling, extreme heat preparedness plan and capacity building, and integrations of local culvert mapping into statewide GIS resources.

The Governor has also proposed a package of resiliency and climate preparedness legislation. Aimed at addressing ever-present changes in climate this bill seeks to include climate change, resiliency, rising temperature, and rising sea level changes across the state and municipal planning processes, including Plans of Conservation and Development, building codes, and emergency planning.

Workforce Development

The Governor's budget maintains workforce development as a key component of growing and sustaining Connecticut's economy by aiding in building the state's workforce to meet employers' current and future labor demands. Over $10 million in additional General Fund resources have been appropriated for various workforce initiatives and programs from FY 2019 to FY 2025 including additional funds for the Manufacturing Pipeline Improvement, CT Youth Employment, Jobs Funnels Projects, New Haven Jobs Funnels, Platform to Employment, Veteran Machinist Training, and Building Trades Training Program. In addition to the investments above, the Governor has prioritized apprenticeships by providing state support to the Department of Labor's (DOL) Office of Apprenticeship Training which is the federally authorized state apprenticeship agency operating within DOL which coordinates and facilitates registered apprenticeships with employer sponsors and apprentices. Funding and positions will allow the office to

continue to administer programming that has recently expanded into non-traditional sectors such as healthcare, IT, state employment, early childhood, and teaching.

The Governor's budget also continues to support the Office of Workforce Strategy (OWS) which has recently been the recipient of the Good Jobs Challenge grant, a $23.9 MM award from the Economic Development Administration (EDA) that will be utilized for Strengthening Sectoral Partnerships Initiative (SSPI) which is anticipated to train and place thousands of workers – particularly from historically-underserved communities – in high-demand jobs. Over the biennium, the Governor is investing $1.3 million annually in state funding to OWS to continue to support the coordination of the state's strategy on workforce development to strategically align employers, potential employees, and education.

Early Childhood

The Governor's recommended budget invests an additional $43.3 million in General Fund and ARPA resources for childcare - which builds on the $53.3 million included in the biennial budget to fund Care4Kids provider rate increases and $15.5 million for school readiness and child day care contract rates. The additional investments will serve to address the critical initial priorities outlined by the Blue Ribbon Panel on Childcare – stabilizing the childcare workforce and providers and expanding access to high quality childcare programming.

Stabilizing the childcare industry coming off the heels of the pandemic is crucial to supporting workers and the early education and care needs of the state's youngest residents. The state will continue stabilization efforts with an additional $18.8 million of ARPA funding to be distributed to childcare programs statewide. This brings the total to $63.8 million of stabilization payments over a three-year period to support this essential infrastructure. Additionally, funding is being provided to assist childcare workers in accessing health insurance and other state benefits they may be eligible for while also providing technical assistance, including business support to childcare operators.

Expanding access to the Care4Kids program by increasing eligibility from 60% of State Median Income (SMI) to 65% of SMI which will allow a family of four with an income of up to approximately $86,500 access to Care4Kids subsides. In addition, an investment of $1.2 million in General Fund resources will maintain approximately 240 pre-k slots in the Smart Start program that are currently supported through expiring Federal COVID relief funds. Third, in recognition of the role access to high quality childcare plays in Connecticut's economic success, $1.8 million in funding is committed to pilot the "Tri-Share" program in New London County. Under this model, the employer, the family, and the state will evenly split the childcare costs for a group of approximately 200 to 250 children.

K-12 Education

Acknowledging the winding down of Education COVID Relief funding, the Governor's recommended budget maintains the commitment to providing the necessary funding to accelerate the phase-in of the Education Cost Sharing (ECS) formula, along with adding the necessary funding to address increased free and reduced-price lunch counts. ECS will increase by $128.7 million over the Fiscal Year 2024 appropriation. Corresponding increases in the following school choice programs: Magnet School, Open Choice, Charters, and Agricultural Science and Technology programs, are also included at a cost of approximately $15.2 million.

Dedicated funding of $18.2 million for two areas critical to children's success in school; attendance and access to nutritious meals are continued through a combination of new General Fund appropriations and remaining ARPA funds. Chronic absenteeism reached crisis levels during and after the pandemic. With Governor Lamont's support, federal COVID relief funds were dedicated to a newly created home visiting program known as the LEAP Home Visiting Program. Evaluation of the program demonstrated significant increases in and persistence in attendance across all grade levels after participation in the program. It has become a national model for addressing chronic absence. The midterm budget also adds the necessary funds to continue universal school breakfast and the elimination of the subsidy for reduced-price meals. Research studies show that increased school breakfast participation is associated with better academic outcomes, attendance, and participation.

Finally, the Governor is recommending lifting the 58% Magnet and Vocational Agriculture Tuition cap, scheduled to begin in FY 25. This will preserve approximately $47.8 million in revenue for Magnet and Vocational Agriculture programs in FY 25.

Capital

The Governor's proposed midterm adjustments include $131.1 million in new GO bond authorizations for FY 2025 above the $2.45 billion previously authorized in Public Act 23-205. These proposed new authorizations include:

1. $90.5 million to the University of Connecticut for infrastructure upgrades and improvements including addressing much needed renovations at the Gant Building and startup costs for a new life science building.
2. $5 million to the Department of Correction for renovations and improvements to the Manson Youth Institute in Cheshire.
3. $5 million increase to the Department of Energy and Environmental Protection's Microgrid and resilience grant and loan program. Additional funds will address extreme heat risk reduction infrastructure.
4. $15 million for the Information Technology Capital Investment Program.
5. $1 million for renovations and improvements for Opportunity Centers that will act as a one-stop shop for all health and human service needs.

The Governor's proposed midterm adjustments also include $101.5 million in new Special Tax Obligation bond authorizations in FY 2025. $100 million for the Fix-It-First Bridge program and $1.5 million in environmental compliance. These funds will help to address deficiencies in the state's bridges and repair environmental issues. With these additional dollars, the total authorizations will increase to $1.63 billion in FY 2025, matching an estimated $2.2 billion in federal funds. These investments will provide additional resources for ongoing projects across the state which will not only address state of good repair, but also provide time savings to Connecticut travelers.

Overall, the Governor has prioritized bonding in areas that require the most investment, such as housing, energy efficiency, municipal aid, information technology improvements, targeted economic development, workforce development in areas with the highest need, and deficiencies in state agency infrastructure.

Over the last several years, the Governor has prioritized housing as a key area of investment. In the last three State Bond Commission meetings alone, the Governor committed $204 million for housing programs, including $60 million to the highly popular Time-to-Own Program, which provides forgivable

loans to cover down payments for first-time homebuyers. Since its inception, this program has provided over $100 million in support to first time homebuyers. The biennial capital budget includes $860 million of bond authorizations in FY 2024 and 2025 for housing, representing the state's largest investment in a generation, nearly three times the average of the previous six biennium capital budgets.

The Governor also continues to show his commitment to addressing the state's infrastructure and municipalities, with nearly $100 million awarded from the Community Investment Fund, $135 million for local capital projects, and $315 million for school construction and HVAC replacement to date during FY 2024. The state bond commission has also approved nearly $1.3 billion of STO bonds to invest in Connecticut's roads, bridges, and public transit. These funds are critical to leveraging more than $2 billion of federal funding that is being distributed to states via the Infrastructure Investment and Jobs Act.

Conclusion

Governor Lamont is committed to a fiscally responsible state government which lives within the state's means and promotes Connecticut's quality of life. The Governor's proposed FY 2025 midterm adjustments include no new taxes and last year's largest income tax cut in state history remains secure and is fully paid for in this biennium. The recommended budget also provides additional funding in areas that necessitate the adjustments in the second year of this two-year budget. The Governor's budget is balanced, represents limited growth over prior years, remains below the constitutional spending cap, and is compliant with both the volatility and revenue caps.

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E C O N O M I C R E P O R T
O F T H E G O V E R N O R

FY 2025 Midterm

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INTRODUCTION

This report fulfills the requirements of Section 4-74a of the General Statutes which stipulates that:

> "The budget document shall include the recommendations of the Governor concerning the economy and shall include an analysis of the impact of both proposed spending and proposed revenue programs on the employment, production and purchasing power of the people and industries within the state."

This report is also designed to provide a brief profile of the State of Connecticut, the economy of the state, revenues and economic assumptions that support the Governor's budget, and an analysis of the impact of both proposed spending and proposed revenue programs on the economy of the State of Connecticut.

The report focuses on eight areas including: (1) the general characteristics of the state; (2) the profile of employment in the state; (3) an in-depth analysis of important Connecticut sectors; (4) the performance indicators for the United States, the New England region, and Connecticut; (5) a discussion of the most important revenue sources; (6) the economic assumptions of the Governor's budget and a numerical comparison of some of the important indicators used in the preparation of the Governor's budget; (7) the revenue forecasts of the General Fund and the Special Transportation Fund; and (8) the expected impact of the Governor's budget on the economy of the State of Connecticut.

EXECUTIVE SUMMARY

Highlights included in this report are as follows:

Population

Between 2000 and 2010, Connecticut's population grew at a rate of 4.9%, faster than the 3.8% population growth in New England but trailing behind the 9.7% of the U.S. Population growth in the next decade between 2010 and 2020 was 0.9% for Connecticut, 3.8% for New England, and 7.4% for the nation. In FY 2023, Connecticut's population experienced a year over year increase of an estimated 3,800 residents, bringing the total population growth over the past two fiscal years to about 24,700. Connecticut experienced net inmigration for the third consecutive year in FY 2023, bringing it's total net migration to more than 37,000 across FYs 2021-2023. Negative net migration occurred between FY 2014 and FY 2020. Current Connecticut population estimates indicate that the relative share of Connecticut's elderly population (age 65+) exceeded the U.S., while its younger age cohorts, those under 45, trailed the nation as a whole. The proportion of residents holding a bachelor's degree in Connecticut is 9.1% higher than the nation, while the proportion of those holding a graduate or professional degree is 38.8% higher than the nation.

Housing

Connecticut's housing starts increased by 58.3% in FY 2023, following significant decreases in FY 2021 and 2022 when housing starts decreased by 8.2% and 22.3%, respectively. Prior to FY 2020, declines were driven by the multifamily segment of the housing market. Since then, multi-families have outpaced single-family housing starts in FY 2020 and 2023, but were outpaced by single-family starts in FY 2021 and 2022. Median existing home prices increased 9.2% in Connecticut in FY 2023, higher than the U.S. as a whole, which saw median home prices increase 2.2%. Thirty year mortgage rates increased to 6.28%, a 67.6% increase over the prior year. Nationally, homeowner equity as a percentage of home values improved to 70.8% in FY 2022 and held steady at 70.7% in FY 2023, reaching their highest level since the housing collapse in FY 2008.

Employment

Employment in FY 2020 was hard hit as a result of local restrictions and lockdowns across the country as the nation experienced the height of the COVID-19 pandemic. In FY 2020 Connecticut lost approximately 65,200 non-farm jobs, representing 3.8% decline over the prior year. By the end of FY 2023, Connecticut has added approximately 46,200 from FY 2020 levels. During the 2008 financial crisis, Connecticut lost approximately 100,000 non-farm jobs and still had not reached pre-financial crisis peaks before heading into the COVID-19 pandemic. As of FY 2023, Connecticut remains approximately 34,500 jobs short of employment levels on FY 2008. Employment in the state grew by 1.9% in FY 2023 over FY 2022 levels. Manufacturing remains an important sector of Connecticut's economy, representing 9.4% of all non-farm jobs in FY 2023. Connecticut Manufacturing employment grew by 3,300, or 2.1%, in FY 2023, which was slightly more than New England but less than the United States which experienced growth of 1.3% and 2.6%, respectively. Nonmanufacturing employment gained approximately 28,100 jobs, or 1.9%, in FY 2023, trailing the U.S.'s growth of 3.0% and New England's growth of 2.7%. The largest growth in nonmanufacturing employment in Connecticut came in the leisure and hospitality industry, which gained

8,200 jobs or a 5.7% increase over the prior year. In FY 2023, Connecticut's unemployment rate averaged 3.9%, slightly worse than the U.S. at 3.7% and New England at 3.4%.

Energy

In calendar year 2022, the United States was the world's largest supplier of oil at 18.9% of the world's total. In 2021 Connecticut consumed 2.86 thousand BTU's per 2017 chained dollar of GDP, making it one of the most energy efficient states relative to output. Overall, Connecticut is 42.7% below the nation's per capita energy consumption and ranks 5th in energy efficiency per capita among the fifty states and District of Columbia. Connecticut's energy efficiency is likely due in part to the high relative price of energy in the state. In 2021 Connecticut's overall energy costs were 29.3% higher than the national average and its electricity prices were 64.4% higher than the national average.

Export Sector

Exports play a crucial role in the economy. The U.S. trade deficit in 2022 was $971.6 billion, up from $831.5 billion in 2021. Total trade exports grew 36.1% from 2013 to 2022, while trade imports have grown 50.3% over the same period. Connecticut exports totaled $15.3 billion and accounted for 4.8% of GSP in 2022. Over the past five years, Connecticut's exports have decreased by an average of 3.1% per year. Transportation equipment, nonelectrical machinery, chemicals, and computer and electronic equipment are Connecticut's largest exporting industries and comprise 67.4% of exports in 2022.

Defense Industry

Prime defense contracts tend to be a leading indicator of Connecticut's economic activity. In federal fiscal year (FFY) 2022, Connecticut contractors were awarded $17.3 billion in defense related prime contracts, up 1.7% from the $17.0 billion awarded in FFY 2021. However, as defense contract awards normally take several years to complete, the 3-year moving average is a better reflection of actual production activities. In FFY 2022, this average was $18.9 billion. Awards to Connecticut defense contractors represent 5.4% of gross state product.

Retail Trade

Connecticut's retail trade in FY 2023 totaled $81.4 billion, a 4.6% increase over FY 2022. Growth in durable sales increased by 2.4% in FY 2023 compared to a growth in non-durable sales of 5.5%. In FY 2022, U.S. e-commerce sales reversed a two-decade trend where retail sales ended up outpacing e-commerce growth, but sales reverted back in FY 2023, with e-commerce sales growing by 8.4% while traditional retail sales grew by only 4.8%. Connecticut retail trade as a percentage of disposable income increased to 32.1% in FY 2023 from 31.3% in FYs 2022 and 2021.

Nonfinancial Debt

Total nonfinancial debt grew 264.0% between 2000 and 2022, far outpacing GDP growth of 153.1%. Over that same period, federal indebtedness grew 556.5%, state and local government debt grew 169.8%, business debts grew 207.7% and household debts grew 167.0%. Connecticut's state government debt outstanding at the end of FY 2021 was $41.9 billion, up from $41.4 billion in FY 2020 and $40.9 billion in

FY 2019. Connecticut per capita state government debt was $11,637 in FY 2021, far above the fifty state average of $3,903 in FY 2021.

Gross State Product

In FY 2023, Connecticut's real GSP increased by 2.0% over the prior year to $279.1 billion in 2017 dollars, slightly better than the nation which experienced growth of 1.6% and nearly double all of New England which experienced positive growth of 1.1%. Per capita real GSP in Connecticut was 17.2% higher than that of the U.S.

Personal Income

In FY 2023, real personal income in Connecticut decreased 1.1%, better than a decrease of 1.4% in New England and roughly equivalent to the U.S, overall. In FY 2023, Connecticut possessed the second highest per capita personal income in the nation at $85,237, 26.9% higher than the national average. Massachusetts took the number one spot with per capita personal income of $86,840.

Economic Forecast

Connecticut's personal income is expected to increase 4.6% in FY 2024 and 4.4% in FY 2025 to $323.2 billion and $337.5 billion, respectively. Connecticut is projected to gain 17,800 jobs in FY 2024 and stay effectively flat in FY 2025, or a respective 1.1% and 0.1% growth. The unemployment rate is projected to grow from 3.8% in FY 2024 to 4.3% in FY 2025 and 4.4% in FY 2026.

GENERAL CHARACTERISTICS OF THE STATE OF CONNECTICUT

Connecticut is located in southern New England, bordered by Long Island Sound, New York, Massachusetts, and Rhode Island. The state enjoys a favorable location within the region as rail, truck, air transport and ports provide easy access to local and regional markets in the United States, Canada, and even Europe and South America. About one quarter of the total population of the United States and more than 50% of the Canadian population live within a 500-mile radius of Connecticut.

Connecticut is highly urbanized with a population density of 746 persons for each of its 4,842.4 square miles of land, compared with 95 persons per square mile of land for the United States (3,531,905 square miles), based on FY 2023 census figures. Hartford, the capital, is a center for the insurance industry and a major service center for business and commerce. Industrial activity in the state is concentrated in two regions: the Naugatuck valley, extending from Bridgeport north, and a belt extending from Hartford west to New Britain and Bristol, and south to New Haven.

Demographics

The United States conducts a census every ten years as required by the Constitution. Since the 1970 census, growth in Connecticut and New England has been slower than the nation as a whole.

TABLE 1
CENSUS POPULATION COUNTS
(In Thousands)

	United States		New England		Connecticut	
Year	Number	% Growth	Number	% Growth	Number	% Growth
1930	123,203	16.3	8,166	10.3	1,607	16.3
1940	132,165	7.2	8,437	3.3	1,709	6.3
1950	151,326	14.5	9,314	10.3	2,007	17.4
1960	179,323	18.5	10,509	12.8	2,535	26.3
1970	203,302	13.4	11,847	12.6	3,032	19.6
1980	226,542	11.4	12,349	4.2	3,108	2.5
1990	248,710	9.8	13,207	6.9	3,287	5.8
2000	281,422	13.2	13,923	5.4	3,406	3.6
2010	308,746	9.7	14,445	3.8	3,574	4.9
2020	331,449	7.4	15,116	3.8	3,606	0.9

Source: U.S. Bureau of the Census

Due to the COVID-19 pandemic, the 2020 Census concluded October 15, 2020, instead of July 31, 2020. The Census Bureau reports responses account for 99.98% of all housing units and addresses nationwide. Between 2010 and 2020, Connecticut's population grew by 0.9% or 31,847 residents, compared to the nation's average of 7.4% over the ten-year period. As seen in the following table, overall growth in Connecticut's population is driven by Fairfield County with a 4.4% increase between 2010 and 2020 or 40,590 residents. This was a significant increase when compared to the second fastest growing county in

the state which was Hartford at 0.6%. Middlesex, Windham, Tolland, New London, and Litchfield County all declined in Connecticut, with the largest decrease of 2.5% in Litchfield County.
The only New England state which grew on par with the nation's 7.4% population increase was Massachusetts with a 7.4% increase. New Hampshire and Rhode Island came in second and third at 4.6% and 4.3%, respectively. Vermont's population increased by 2.8% and Maine's population increased by 2.6%. Connecticut had the smallest increase of all the New England States with a 0.9% increase. County population growth in New England reveals greater urbanization between 2010 and 2020, especially in the counties commutable to big cities like Boston and New York City.

In Connecticut, the town with the largest increase in residents between 2010 and 2020 was Stamford. The population increased by 10.5% from 122,643 to 135,470 residents, an increase and of 12,827 people. The town with the next largest increase in the state was Danbury at 7.0% or 5,625 residents. The town with the highest percent change was Salisbury at 12.1%, but this equates to an increase of only 453 residents. The top ten towns with the highest percent change were Salisbury, Stamford, Cornwall, Bethel, Danbury, Brookfield, Norwalk, Goshen, Rocky Hill and Farmington. These towns are all west of the Connecticut River. The towns that ranked 11 through 20 with the highest percentage change were localized in two areas; around the City of Hartford, and New York City.

The town with the largest population in Connecticut in both 2010 and 2020 was Bridgeport with a current population of 148,654, up 4,425 residents from 2010. In 2020, Stamford became the second most populous town, up from fourth in 2010. The third and fourth most populated towns in 2020 are New Haven, which gained 4,244 residents, and Hartford, which lost 3,721 residents. In 2010, New Haven was the second most populous and Hartford was the third. Waterbury was the fifth most populated in both 2010 and 2020. The town rankings for the top five most populated towns did not change except for Stamford's leap from fourth to second.

TABLE 2
COUNTY POPULATION IN CONNECTICUT

County	2010 Census	2010 Percent	2020 Census	2020 Percent	Percent Change
Fairfield	916,829	25.7	957,419	26.6	4.4
Hartford	894,014	25.0	899,498	24.9	0.6
Litchfield	189,927	5.3	185,186	5.1	(2.5)
Middlesex	165,676	4.6	164,245	4.6	(0.9)
New Haven	862,477	24.1	864,835	24.0	0.3
New London	274,055	7.7	268,555	7.4	(2.0)
Tolland	152,691	4.3	149,788	4.2	(1.9)
Windham	118,428	3.3	116,418	3.2	(1.7)
TOTAL	3,574,097	100.0	3,605,944	100.0	0.9

Source: U.S. Bureau of the Census

After three consecutive years of population declines, Connecticut's population increased by about 24,700 people in FYs 2022 & 2023, combined. Connecticut's population has grown at a faster rate than New

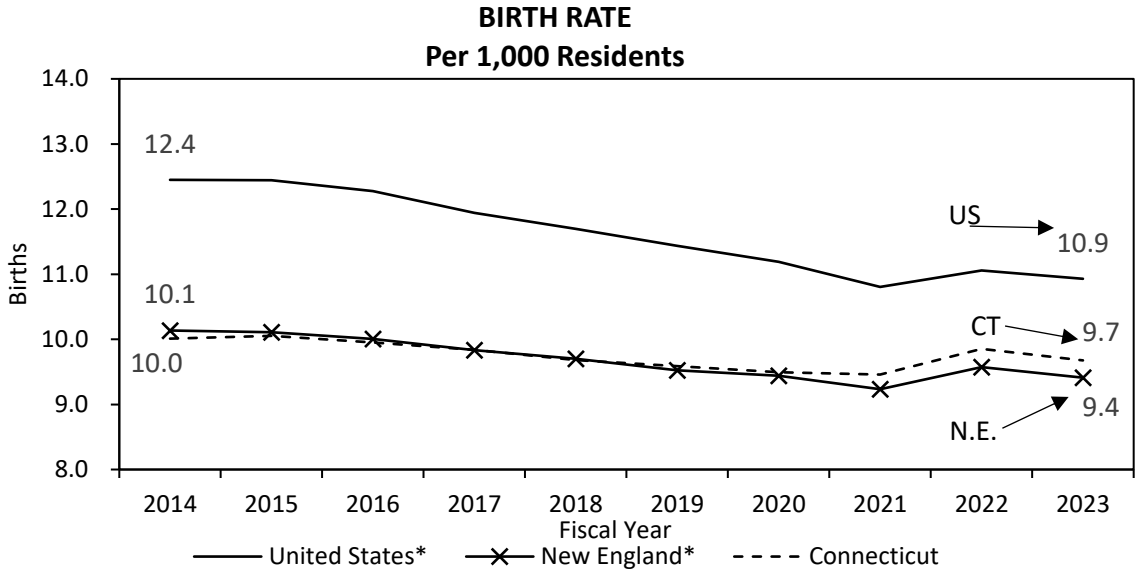
England as a whole over the past two fiscal years. The following table shows population for the last ten fiscal years for each of the three geographical areas.

TABLE 3
POPULATION BY FISCAL YEAR
(In Thousands)

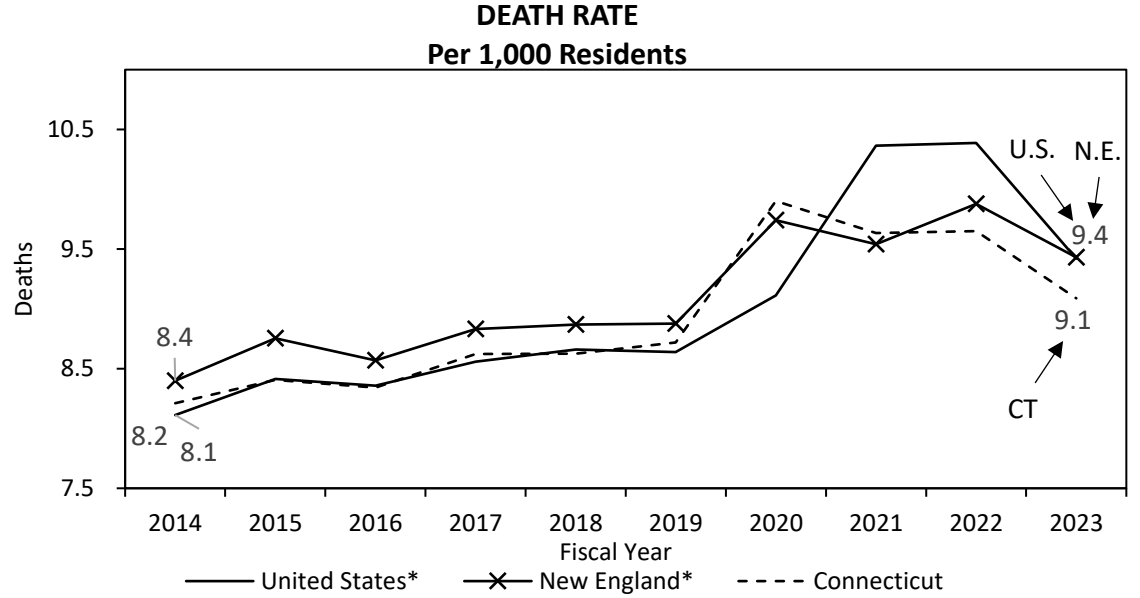
Fiscal	United States		New England		Connecticut	
Year	Population	% Growth	Population	% Growth	Population	% Growth
2014	318,365.0	0.8	14,787.0	0.6	3,613.3	0.1
2015	320,811.6	0.8	14,852.6	0.4	3,613.3	0.0
2016	323,278.3	0.8	14,908.0	0.4	3,609.6	(0.1)
2017	325,660.0	0.7	14,971.7	0.4	3,608.0	(0.0)
2018	327,766.3	0.6	15,034.6	0.4	3,610.3	0.1
2019	329,667.7	0.6	15,079.8	0.3	3,609.1	(0.0)
2020	331,310.2	0.5	15,098.0	0.1	3,599.2	(0.3)
2021	332,112.1	0.2	15,075.7	(0.1)	3,588.5	(0.3)
2022	332,997.1	0.3	15,119.5	0.3	3,609.4	0.6
2023	334,538.5	0.5	15,142.5	0.2	3,613.2	0.1

Note: U.S. totals Include armed forces overseas
Source: Bureau of the Census, IHS Economics

There are two drivers of change in a population. The first is natural change, calculated as births per 1,000 people less deaths per 1,000 people. The natural change in Connecticut was an estimated +0.6 per 1,000 people in FY 2023, down from 1.8 per 1,000 people in FY 2014. This represents a 66.7% decline in the natural change rate over that period. Deaths per 1,000 people in the state declined to 9.1 in FY 2023 from an average of 9.7 in the three previous fiscal years, but it remains higher than the annual average of 8.5 per 1,000 from FY 2014 – 2019. Births per 1,000 people ticked down in FY 2023 to 9.7 from 9.9 in FY 2022. The Connecticut birth rate is down 19.0% since 2008 and 3.3% over the past 10 fiscal years. The birth rate in Connecticut has been essentially the same as the birth rate in New England, but both the state and New England have traditionally been lower than the nation as a whole in every year since FY 2000. The following graph shows the rates of birth in the United States, New England, and Connecticut.



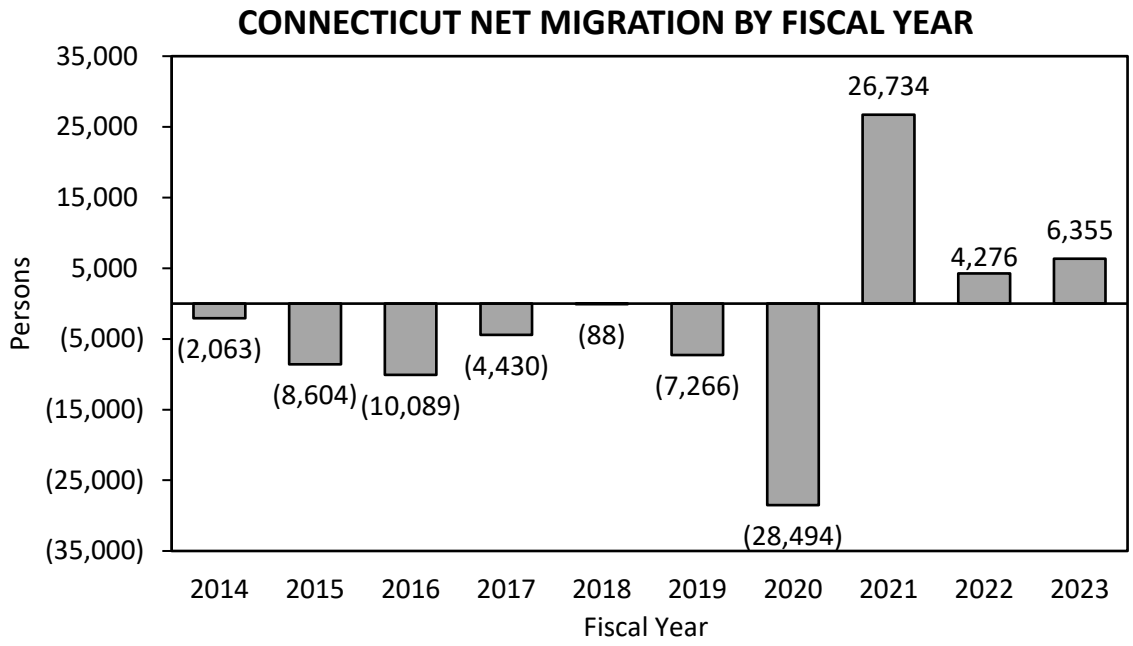
*Sum of states' totals
Source: Bureau of the Census, IHS Markit



*Sum of states' totals
Source: Bureau of the Census, IHS Markit

The second driver of population change is migration. Generally speaking, the domestic migratory pattern in the United States has been towards the South and West. At the same time, international migration has contributed to overall population growth in the nation. Over the past decade, Connecticut has experienced mostly net out-migration. From FY 2013 to FY 2020, out-migration was sufficient to cancel out any population growth from births, resulting in net population declines in those years. However, in FY

2021, the state experienced significant net in-migration which is attributable to the COVID-19 pandemic as people fled densely populated urban locations for more suburban communities. While the influx of new residents slowed significantly in FYs 2022 and 2023, they still showed Connecticut achieving positive net migration. FYs 2021 through 2023 is the first string of 3 consecutive years of positive net migration since FYs 2010 through 2012. The following graph shows net out-migration for the state in seven of the previous ten fiscal years.



Source: Bureau of the Census, IHS Markit

Age Cohorts

Connecticut tends to be older than the nation as a whole. In 2020, the Bureau of the Census reported the median age in Connecticut was 41.2 years, compared to 38.7 years nationally. In comparison to the rest of the 50 states, Maine had the oldest median age in 2020 at 45.0 years and Utah had the youngest median age at 31.6 years. Connecticut ranks 7th in the nation for the oldest median age; Maine, New Hampshire, and Vermont are the only Northeastern states that have an older median age population than Connecticut. An older population in the state has implications both for private economic activity and for demand for state government services. The following table summarizes the estimated population by age cohort during calendar year 2022 for Connecticut and the United States. Cohorts age 45 and older represent a larger portion of the population in Connecticut compared to the United States. The 0-17 and 25-44 age cohorts represent a smaller portion of the population in Connecticut than the nation as a whole. In Connecticut, there is a particularly large population in the 55-64 age cohort. As this cohort ages out of the workforce, there will be significant change, challenges, and opportunities in the Connecticut economy.

When comparing the median age among all 169 towns in Connecticut for 2020, the town with the oldest median age was Sharon at 57.8 years and the youngest median age was Mansfield at 21.1 years.

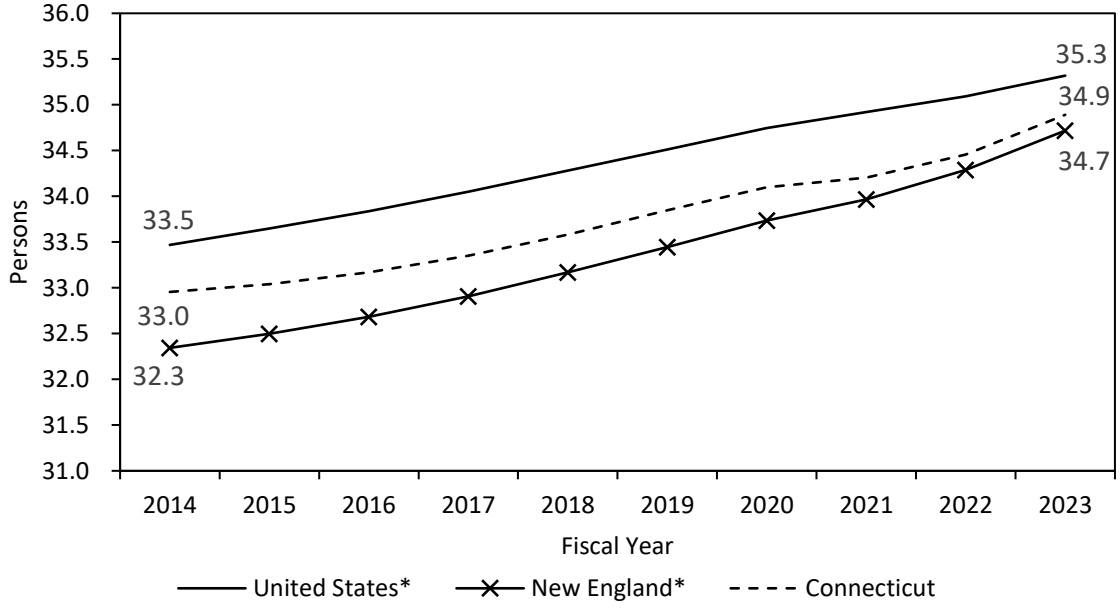
Connecticut's major cities have some of the youngest median ages of all the towns in the state. In 2020, New Haven had a median age of 30.7 years, Hartford at 32.9 years, Bridgeport at 34.6 years, and Waterbury and Stamford at 36.4 and 37.9 years, respectively.

TABLE 4
POPULATION BY AGE COHORT
Calendar Year 2022 Population Estimates Program by U.S. Census Bureau

	Connecticut		United States	
Age Cohort	Population	% of Total	Population	% of Total
0-17 Years	742,877	20.6	73,213,705	22.1
18-24 Years	347,650	9.6	31,282,896	9.4
25-34 Years	449,466	12.4	45,388,153	13.7
35-44 Years	445,052	12.3	42,810,359	12.9
45-54 Years	475,109	13.2	41,087,357	12.4
55-64 Years	522,055	14.5	42,577,475	12.9
65+ Years	629,108	17.4	54,737,648	16.5
Total	3,611,317	100.0	331,097,593	100.0

Source: Bureau of the Census – 2021 American Community Survey

DEPENDENCY RATIO
(Number of Dependent Population per 100 Provider Population)



*Based on sum of states' population data
Source: Bureau of the Census, IHS

The previous graph shows the dependency ratio for Connecticut, New England, and the United States over the previous ten fiscal years. The dependency rate is calculated as the number of dependent population

per 100 provider population. “Dependent population” means either those age 14 or younger and those over the age of 65. “Provider population” means those aged 15 to 64. No consideration is made as to whether members of each group are currently participating in the labor force, a limit to this analysis. As the graph shows, the dependency rate in Connecticut has been below the nation each year since FY 2014. The dependency ratio in Connecticut was 34.9 persons per 100 provider population in FY 2023, compared to 35.3 in the United States and 34.7 in New England. The lower ratio in Connecticut is the result of a smaller proportion of those age 14 or younger in the state. While these individuals tend to consume many state services in the short run, they also represent the future provider population.

Educational Attainment

One of Connecticut’s greatest economic strengths is a highly educated and talented workforce. This workforce gives the state a competitive edge in areas such as professional services and advanced manufacturing. The following table summarizes the highest level of educational attainment during calendar year 2022 for Connecticut and the United States, according to the Bureau of the Census. Note that the proportion of those holding a bachelor’s degree in Connecticut is 9.1% higher than the nation, while the proportion of those holding a graduate or professional degree is 38.8% higher than the nation.

TABLE 5
HIGHEST EDUCATIONAL ATTAINMENT, POPULATION 25 YEARS AND OVER
Calendar Year 2022

	Connecticut	United States	Connecticut as a % of U.S.
Less than high school	8.7%	10.8%	80.6%
High school diploma or equivalent	25.8%	26.4%	97.7%
Some college, no degree	16.4%	19.7%	83.2%
Associate's degree	7.6%	8.7%	87.4%
Bachelor's degree	22.8%	20.9%	109.1%
Graduate or professional degree	18.6%	13.4%	138.8%

Note: Columns may not add to 100.0% due to rounding
Source: Bureau of the Census

Households

Demand for goods and services depends upon the level of household income and the total number of households. The number of households is a function of household size and population; for example, for a given population, as the size of the household declines, the number of households increases, which causes higher demand for housing and automobiles as well as household goods and services.

The number of households in Connecticut in FY 2023 was an estimated 1,436,569, roughly flat from FY 2022. This continues the relatively consistent trend over the ten previous fiscal years as Connecticut has experienced relatively flat or declining population that has affected economic growth. The previous years with upticks in growth may reflect the long-term trend toward smaller household size. Family households include a householder and one or more other persons living in the same household who are related by birth, marriage, or adoption. Non-family households include a householder living alone or with non-relatives.

TABLE 6
HOUSEHOLDS
(In Thousands)

Fiscal	United States		New England		Connecticut	
Year	Households	% Growth	Households	% Growth	Households	% Growth
2014	119,877.2	0.8	5,762.2	0.6	1,376.5	0.5
2015	121,021.2	1.0	5,786.0	0.4	1,378.8	0.2
2016	121,982.8	0.8	5,822.4	0.6	1,386.7	0.6
2017	123,176.0	1.0	5,880.4	1.0	1,395.4	0.6
2018	124,718.2	1.3	5,950.4	1.2	1,412.8	1.2
2019	126,259.4	1.2	6,016.2	1.1	1,424.3	0.8
2020	127,218.7	0.8	6,038.2	0.4	1,423.3	(0.1)
2021	127,782.5	0.4	6,044.9	0.1	1,428.7	0.4
2022	129,636.5	1.5	6,113.2	1.1	1,436.4	0.5
2023	131,130.5	1.2	6,152.7	0.6	1,436.6	0.0

Note: U.S. is sum of states' data
Source: Bureau of the Census, IHS Markit

Housing

Housing plays an integral role in our nation's economy. According to the National Association of Home Builders, the housing sector was about 16.0% of national gross domestic product (GDP) in FY 2023. Housing starts, or the number of housing units on which construction has begun, reached a nadir in FY 2011. This dramatic decline in the aftermath of the 2008 Great Recession negatively impacted homebuilders and contributed to the high unemployment rate nationwide. While starts have rebounded in recent years, growth in New England and Connecticut has been slower and more uneven than the nation as a whole for most of the last ten fiscal years. Between FY 2014 and FY 2023, starts grew at an annual rate of 4.5% in the United States, versus 4.1% in New England and 3.0% in Connecticut. As shown in the table below, the decreases in housing starts in Connecticut in FY 2017 through FY 2019 were driven entirely by a decline in starts of multi-family units. Starts declined in Connecticut in FY 2021 by 8.2% over the prior year and continued to further decline in FY 2022 by 22.3% over FY 2021. In FY 2023, housing starts in Connecticut rebounded significantly, growing 58.3% over FY 2022 levels, as supply chain issues receded, the price of lumber returned to near pre-pandemic levels, and multi-family starts rebounded. By comparison, housing starts in New England increased by 17.8% and the United States declined by 14.1% in FY 2023.

TABLE 7
HOUSING STARTS
(In Thousands)

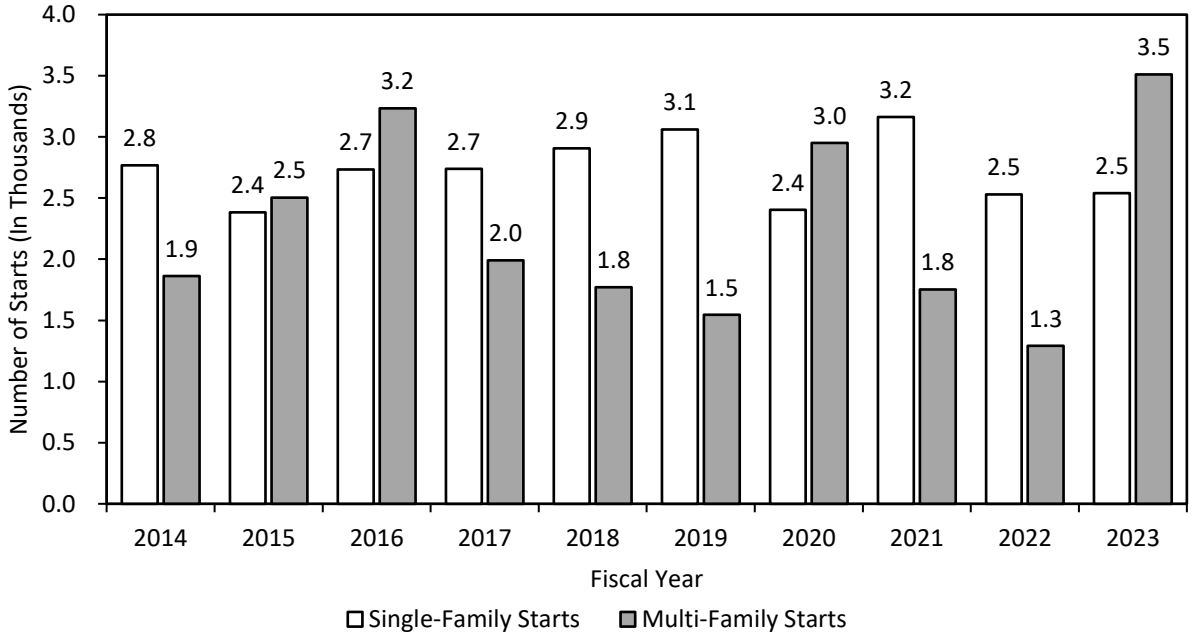
Fiscal	United States		New England		Connecticut	
Year	Number	% Growth	Number	% Growth	Number	% Growth
2014	953.1	8.6	25.8	3.5	4.6	(12.5)
2015	1,053.8	10.6	27.3	5.8	4.9	5.5
2016	1,151.5	9.3	31.1	14.0	6.0	22.0
2017	1,198.8	4.1	31.3	0.6	4.7	(20.7)
2018	1,247.7	4.1	32.3	3.3	4.7	(1.1)
2019	1,216.7	(2.5)	30.1	(6.8)	4.6	(1.5)
2020	1,315.8	8.2	31.0	2.9	5.4	16.3
2021	1,548.6	17.7	35.9	16.0	4.9	(8.2)
2022	1,655.0	6.9	31.5	(12.4)	3.8	(22.3)
2023	1,421.7	(14.1)	37.1	17.8	6.1	58.3

Source: U.S. Department of Commerce, Bureau of the Census, IHS Markit

In Connecticut, the mix of starts has been significantly different than it was prior to the 2008 Great Recession. In FY 2016, starts in multi-family housing units actually exceeded those for single-family units and reached a then record high. Since then, multi-family starts have decreased year over year as single-family starts have increased—until the COVID-19 pandemic reached the United States in FY 2020. The trend reversed in FY 2020 as starts of single-family homes increased in FY 2021 before decreasing through FY 2023. Multi-family starts exceeded single-family starts in FY 2020 before falling below single-family starts again in FY 2021 and FY 2022. In FY 2023, multi-family starts again exceeded single-family starts and also surpassed the previous record reached in FY 2016. The trends in more recent years may have been driven by demographic changes, shifting preferences, and increased housing costs in the state. As

the size of the average household has decreased and the Connecticut population has aged, demand for smaller and more affordable housing units has increased. The interest by the Governor and state lawmakers to create more affordable housing in the state has contributed to the recent increase in mult-family starts. The following graph shows both single- and multi-family housing starts in Connecticut by fiscal year.

CONNECTICUT SINGLE-FAMILY AND MULTI-FAMILY STARTS
(In Thousands)



Source: U.S. Department of Commerce, Bureau of the Census, IHS

Household Formations

Given that housing starts were low through the 2008 recession, it is no surprise that household formation was also depressed. New households may be formed when children move out of their family's home, individuals live singly after previously sharing a residence, or couples separate. Households are reduced when young people move back home with their parents or individuals pass away. The number of households is also impacted by both in- and out-migration. For the most part, Connecticut has typically been a net out-migration state in the last ten years until the last couple of years. While the number of households in the United States has grown modestly over the last decade, the number of households in Connecticut has remained relatively flat until FY 2018 when they grew by 1.2%. In FY 2022 and FY 2023, the United States saw increases of 1.3% and 0.5%, respectively, whereas Connecticut grew by 0.5% in FY 2022 and contracted by 0.2% in FY 2023. Since FY 2014, household formations in Connecticut have grown by approximately 58,000. In comparison to the United States, the annual growth rate from FY 2014 to FY 2023 was 0.5% for Connecticut and 0.8% for the United States. The following table summarizes household formation data for both the United States and Connecticut.

TABLE 8
HOUSEHOLD FORMATIONS
(In Thousands)

Fiscal Year	United States Total Households	Change in Households from Previous Year	Connecticut Total Households	Change in Households from Previous Year
2014	121,104	0.8%	1,377	0.5%
2015	122,331	1.0%	1,379	0.2%
2016	123,530	1.0%	1,387	0.6%
2017	124,150	0.5%	1,395	0.6%
2018	125,305	0.9%	1,413	1.2%
2019	126,319	0.8%	1,424	0.8%
2020	127,096	0.6%	1,423	-0.1%
2021	127,584	0.4%	1,429	0.4%
2022	129,214	1.3%	1,436	0.5%
2023	129,817	0.5%	1,434	-0.2%

Source: U.S. Bureau of the Census, IHS Markit

Median Sales Price of Housing

Median sales price is the midpoint price at which half of the sales are above and half are below the price. In FY 2023, the median sales price for existing homes in the nation was 92.1% above the FY 2014 level, while in Connecticut the median sales price is above the FY 2014 level by 58.1%. Historically, the median price of an existing family home has been much higher in Connecticut than in the nation. That gap has closed considerably over the past decade. In FY 2023, the median price of a home in Connecticut was 8.1% higher than the national average compared to FY 2014 when the median price in Connecticut was 31.3% higher. The median sales price of housing has been increasing in Connecticut since FY 2014, but housing in Connecticut is trending to be more affordable than housing in the nation. The following table summarizes data on the median sale price for existing single-family homes.

The U.S. housing affordability index decreased to 104.0 in FY 2023 compared to 130.2 in FY 2022. To interpret the housing affordability index, a value of 100 means that a family with the median income has exactly enough income to qualify for a mortgage on a median-priced home, assuming a 20% down payment. A value above 100 signifies that a family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced home. The affordability index continues to remain above the 100 benchmark. The following table summarizes the affordability index over the previous ten fiscal years. Rising home prices combined with higher interest rates have contributed to the deterioration in the affordability index.

TABLE 9
MEDIAN SALES PRICE OF EXISTING HOMES IN CONNECTICUT AND THE UNITED STATES
(By Fiscal Year)

Fiscal Year	Median Price U.S.	U.S. % Change	Median Price CT	CT % Change	CT as a % of U.S.	U.S. Affordability Index
2014	$201,750	8.6	$264,908	1.0	131.3	165.3
2015	$214,908	6.5	$265,401	0.2	123.5	167.4
2016	$227,267	5.8	$266,725	0.5	117.4	165.6
2017	$241,058	6.1	$270,025	1.2	112.0	163.4
2018	$253,967	5.4	$276,957	2.6	109.1	154.9
2019	$264,717	4.2	$283,089	2.2	106.9	150.8
2020	$280,158	5.8	$291,965	3.1	104.2	170.3
2021	$328,417	17.2	$334,477	14.6	101.8	162.1
2022	$379,033	15.4	$383,553	14.7	101.2	130.2
2023	$387,492	2.2	$418,758	9.2	108.1	104.0
'14-'23 Change	$185,742	92.1	$153,850	58.1		
'14-'23 CAGR*		7.5		5.2		

*Compound annual growth rate
Source: National Association of Realtors, Federal Housing Finance Agency, IHS Economics

Housing Finance

In FY 2023, thirty-year fixed mortgage rates averaged 6.28%, up significantly from 3.75% in FY 2022 and 2.90% in FY 2021 which was the lowest level recorded, according to Freddie Mac. Federal Reserve policy in response to both the 2008 recession and the COVID-19 pandemic had put downward pressure on mortgage rates during the housing market collapse and recent recovery. The low interest rates seen in FY 2020 and FY 2021 helped boost home sales in FY 2021. A series of interest rate increases by the Federal Reserve starting in March 2022 have resulted in higher mortgage interest rates with a FY 2022 over FY 2021 change of 29.3% and an even larger change of 67.6% in FY 2023 over FY 2022.

TABLE 10
30 YEAR FIXED-RATE MORTGAGES

Fiscal Year	Average Rate	% Change	Fiscal Year	Average Rate	% Change
2014	4.33	22.9	2019	4.43	6.6
2015	3.91	(9.7)	2020	3.53	(20.3)
2016	3.80	(3.0)	2021	2.90	(17.9)
2017	3.86	1.6	2022	3.75	29.3
2018	4.15	7.8	2023*	6.28	67.6

Source: Freddie Mac
*Reporting of interest rates by Freddie Mac changed in November 2022 from surveying lenders to applications received by Freddie Mac from lenders.

Delinquency rates on mortgages have decreased in recent years, following a turbulent period in the aftermath of the 2007 housing bust. According to economic data from the Federal Reserve, the delinquency rate on single family residential mortgages was 1.8% in FY 2023, which was a slight decrease over the 2.2% delinquency rate registered in FY 2022. FY 2023 levels were the lowest since FY 2007.

Total Home Sales

Total home sales in Connecticut have not returned to levels experienced prior to the 2007 housing crisis, however, home sales in the nation fared better. FY 2023 data shows that the nation remains about 36.8% below levels that were reached in FY 2005 compared to Connecticut which still remains about 62.6% below FY 2005 levels. Causes may include deferred household formations, stricter lending standards, decreased real estate speculation, and a trend toward renting instead of owning. The following table shows home sales for Connecticut, New England, and the United States by state fiscal year. Total home sales in Connecticut increased in FY 2021 by 25.0%, with about 47,200 sales—the highest level since about 65,100 home sales were recorded in the state in FY 2007. Total home sales in FY 2021 also increased in both New England and the United States, by 22.1% and 20.3%, respectively. As the COVID-19 pandemic hit the nation in early 2020, the combination of mortgage interest rates dropping significantly, people moving to the suburbs from densely populated areas, widespread adoption of remote working policies, and federal stimulus all may have contributed to the substantial increase in home sales in Connecticut in FY 2021. The housing market seemed to thrive from late spring in 2020 well into the summer months of 2021. However, the series of rate increases in CY 2022 and CY 2023 by the Federal Reserve to curb inflation along with the constrained housing supply after a year of robust sales have negatively impacted home sales following FY 2021. In FY 2022, total home sales fell across the nation, New England, and Conncticut. FY 2023 over FY 2022 showed a decrease of home sales for the second year in a row in the United States, New England, and Connecticut by 25.8%, 25.5%, and 26.4%, respectively.

TABLE 11
TOTAL HOME SALES
(In Thousands)

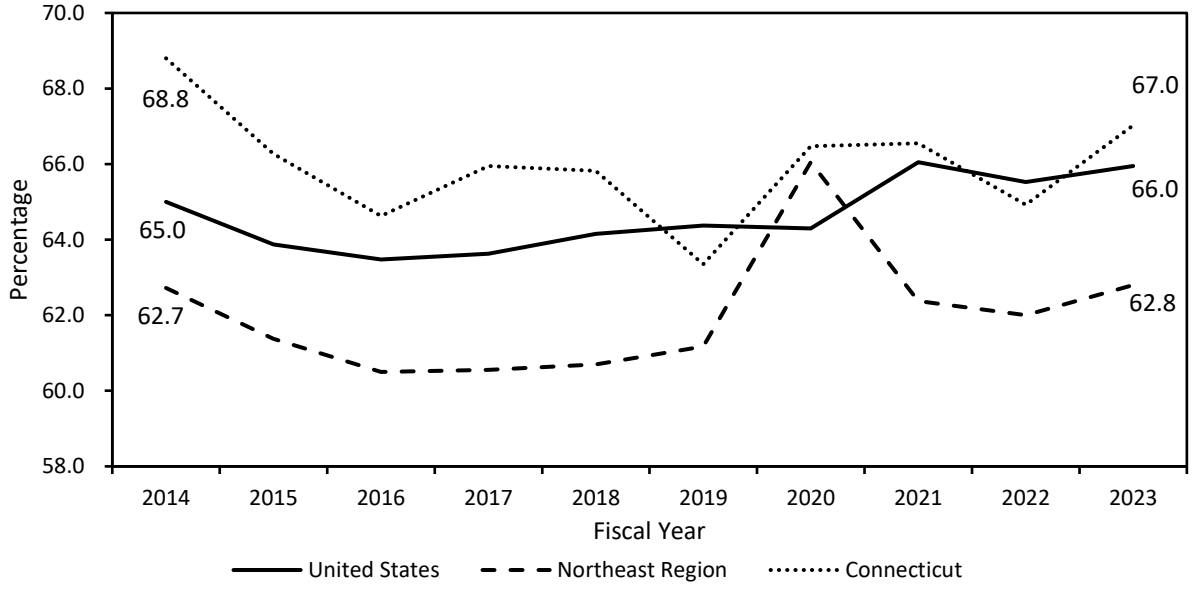
Fiscal	United States		New England		Connecticut	
Year	Number	% Change	Number	% Change	Number	% Change
2014	4,950.8	0.5	188.5	1.1	39.3	(0.9)
2015	5,098.3	3.0	192.1	1.9	39.1	(0.4)
2016	5,343.3	4.8	212.7	10.7	43.0	9.8
2017	5,516.7	3.2	218.9	2.9	44.3	3.0
2018	5,476.7	(0.7)	207.5	(5.2)	42.0	(5.1)
2019	5,244.2	(4.2)	201.3	(3.0)	41.8	(0.5)
2020	5,162.5	(1.6)	189.1	(6.1)	37.7	(9.7)
2021	6,212.5	20.3	230.9	22.1	47.2	25.0
2022	5,910.8	(4.9)	208.0	(9.9)	42.0	(11.0)
2023	4,387.5	(25.8)	154.9	(25.5)	30.9	(26.4)

Note: U.S. is sum of states' home sales
Source: National Association of Realtors, IHS

Homeownership and Home Equity

Homeownership experienced a long-term decline in the years following the 2007 housing crisis. This may be attributed to a number of factors, including weak economic growth, stricter lending standards, and younger Americans deferring their first home purchase. Since reaching a low in FY 2016, homeownership rates have been gradually rising in the United States until declining by 0.1% in FY 2020. Connecticut followed a trend similar to the nation until FY 2016. As the nation's homeownership rates generally increased over the next few fiscal years, Connecticut saw a mix of increases and declines. Connecticut experienced a new low point in FY 2019 with a homeownership rate of 63.4%. The state then recorded its greatest year-over-year increase in homeownership rates in FY 2020 over the last 15 fiscal years. In FY 2019, the homeownership rate in Connecticut was 63.4% compared to 66.5% in FY 2020, and 66.6% in FY 2021. In FY 2022, the homeownership rate in Connecticut decreased to 64.9%. The following graph shows homeownership rates in FY 2014 through FY 2023. Historically, Connecticut has had higher homeownership rates than the national average. In FY 2019, the homeownership rate in Connecticut fell below the national homeownership rate, with the United States at 64.4% compared to 63.4% in Connecticut. The historical trend continued in FY 2020 and FY 2021 where Connecticut, again, registered homeownership rates greater than the nation. FY 2022 reversed this trend with Connecticut's homeownership rate declining to 64.9% compared to 65.5% for the nation. In FY 2023, Connecticut surpassed the national homeownership rate once again with a rate of 67.0% compared to 66.0% for the United States.

HOMEOWNERSHIP RATES IN THE UNITED STATES, NORTHEAST, AND CONNECTICUT



Source: U.S. Census Bureau

While the rate of homeownership has generally declined in the last decade, the home equity rate has increased. Nationally, owners' equity in their homes has increased from 54.0% in FY 2014 to 70.7% in FY 2023. Two factors have pushed owners' equity higher over the last decade. First, home values have

nominally recovered from the housing bust. The Case-Shiller Home Price Index, which measures home values using data on sales prices of single-family homes, exceeded its previous peak set in September of 2016. Second, the same economic and regulatory forces that have reduced homeownership have also reduced the overall indebtedness resulting from home mortgages. The following table summarizes owners' equity data from the Federal Reserve.

TABLE 12
OWNERS' EQUITY AS A PERCENTAGE OF HOUSEHOLD REAL ESTATE
(In Billions)

Fiscal Year	Home Values	Home Mortgages	Home Equity
2014	20,457.1	9,416.3	54.0%
2015	21,857.7	9,376.9	57.1%
2016	23,373.0	9,485.1	59.4%
2017	25,141.0	9,687.0	61.5%
2018	27,056.4	9,949.4	63.2%
2019	28,661.8	10,223.7	64.3%
2020	30,306.7	10,495.9	65.4%
2021	33,937.9	11,004.7	67.6%
2022	41,111.7	11,996.0	70.8%
2023	43,422.7	12,704.9	70.7%

Note: values and mortgages are nominal values
Source: Federal Reserve "Flow of Funds" Table B.101

EMPLOYMENT PROFILE

Employment Estimates

The employment estimates for most of the tables included in this section are from the U.S. Bureau of Labor Statistics and the Connecticut Labor Department. They are developed as part of the federal-state cooperative Current Employment Statistics (CES) Program. The estimates for the state and the labor market areas are based on the responses to surveys of 5,000 Connecticut employers registered with the Unemployment Insurance program. Companies are chosen to participate based on specifications from the U.S. Bureau of Labor Statistics. As a general rule, all large establishments are included in the survey as well as a sample of smaller employers. It should be noted, however, that this method of estimating employment may result in under-counting jobs created by agricultural and private household employees, self-employed individuals, and unpaid family workers who are not included in the sample. The survey only counts total business payroll employment in the economy.

The COVID-19 pandemic led governors across the country to implement a variety of public health measures, including restricting travel and significantly curtailing social interaction (i.e., sporting events, concerts, and other social experiences). This resulted in massive downturns in employment over a short period of time. In FY 2020, Connecticut experienced 289,100 job losses from February through April, the peak of the pandemic in the northeast region, after government restrictions were put in place. Connecticut jobs have fully recovered COVID losses as of November 2023 employment levels with an additional 800 jobs added.

To provide a broader employment picture, the following table, based on residential employment, was developed. Total residential employment is estimated based on household surveys which include individuals excluded from establishment employment figures such as self-employed and workers in the agricultural sector. By this measure, residential employment increased by 12,100 jobs between FY 2022 and FY 2023. Likewise, the level of establishment employment based on the employer survey response increased by 31,300 jobs in FY 2023. However, both measures remain below their pre-pandemic peak.

The following table provides a ten fiscal year historical profile of residential and establishment employment in Connecticut.

TABLE 13
CONNECTICUT SURVEY EMPLOYMENT COMPARISONS
(In Thousands)

Fiscal Year	Residential Employment	% Growth	Establishment Employment	% Growth
2014	1,747.2	1.5	1,666.2	0.7
2015	1,794.0	2.7	1,681.3	0.9
2016	1,801.5	0.4	1,689.9	0.5
2017	1,833.0	1.8	1,695.2	0.3
2018	1,837.2	0.2	1,696.7	0.1
2019	1,861.7	1.3	1,698.6	0.1
2020	1,823.9	(2.0)	1,633.4	(3.8)
2021	1,693.1	(7.2)	1,584.1	(3.0)
2022	1,824.2	7.7	1,648.3	4.1
2023	1,836.3	0.7	1,679.6	1.9

Source: U.S. Bureau of Labor Statistics, Connecticut Department of Labor, IHS Economics

Nonagricultural Employment

Nonagricultural employment includes all persons employed except federal military personnel, the self-employed, proprietors, unpaid family workers, farm, and household domestic workers. Nonagricultural employment is comprised of the broad manufacturing sector and the nonmanufacturing sector. These two components of nonagricultural employment are discussed in detail in the following sections.

The following table shows a ten fiscal year historical profile of nonagricultural employment in the United States, the New England region, and Connecticut.

TABLE 14
NONAGRICULTURAL EMPLOYMENT
(In Thousands)

Fiscal	United States		New England		Connecticut	
Year	Number	% Growth	Number	% Growth	Number	% Growth
2014	137,895	1.8	7,091	1.3	1,666	0.7
2015	140,779	2.1	7,202	1.6	1,681	0.9
2016	143,501	1.9	7,304	1.4	1,690	0.5
2017	145,733	1.6	7,391	1.2	1,695	0.3
2018	147,832	1.4	7,452	0.8	1,697	0.1
2019	150,031	1.5	7,516	0.9	1,699	0.1
2020	146,863	(2.1)	7,272	(3.2)	1,633	(3.8)
2021	142,754	(2.8)	7,027	(3.4)	1,584	(3.0)
2022	149,925	5.0	7,363	4.8	1,648	4.1
2023	154,726	3.2	7,553	2.6	1,680	1.9

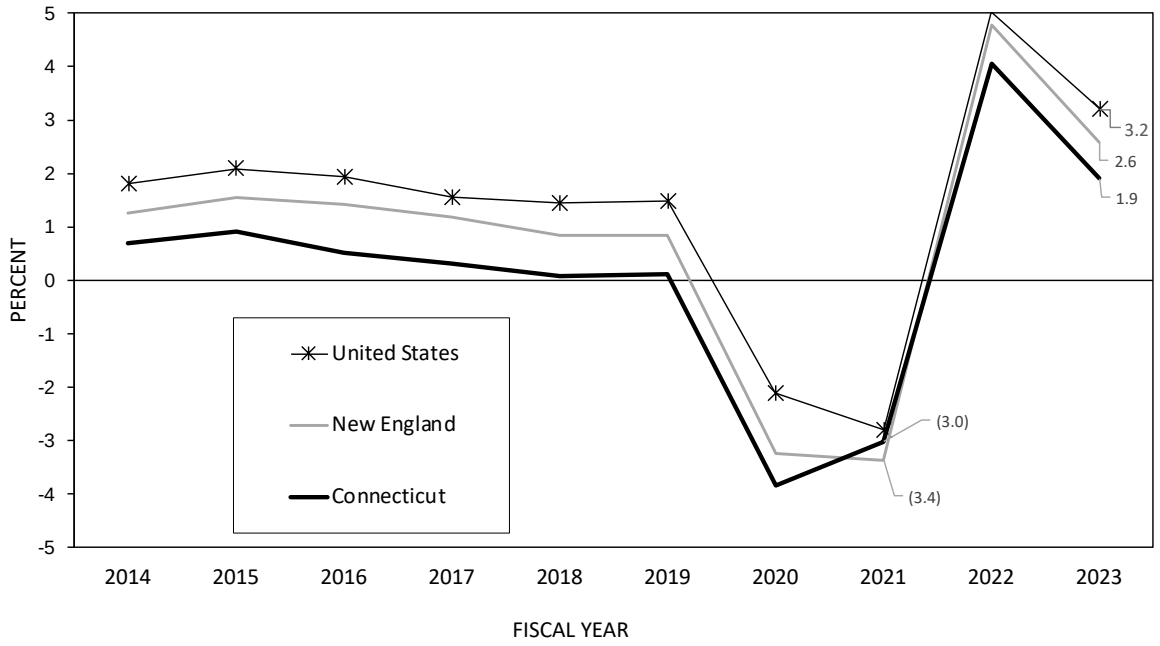
Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department, IHS Economics

In Connecticut, approximately 63.6% of total personal income is derived from wages earned by workers classified in the nonagricultural employment sector. Thus, increases in employment in this sector lead to increases in personal income growth and consumer demand. In addition, nonagricultural employment can be used to compare similarities and differences between economies, whether state or regional, and to observe structural changes within economies. These factors make nonagricultural employment figures a valuable indicator of economic activity.

Connecticut experienced positive growth in nonagricultural employment from FY 2004 through FY 2008. After reaching a peak in FY 2008, Connecticut lost approximately 100,000 nonagricultural jobs due to the Great Recession. As of FY 2019, Connecticut had regained approximately 79,200 nonagricultural jobs. FY 2020 saw a reversal of positive employment growth with a loss of 66,000 jobs in a single fiscal year. This trend continued in FY 2021 with an additional decrease of 49,000 jobs between FY 2020 and FY 2021. These changes in employment are directly related to the COVID-19 pandemic which resulted in government-mandated shutdowns and significant employment losses starting in the second half of FY 2020. Reversals of shutdowns occurred in FY 2021 and, as a result, 64,000 jobs were gained between FY

2021 and FY 2022. As of October 2023, Connecticut's private sector has recovered 101.9% of its jobs lost during the pandemic. The following chart provides a graphic presentation of the growth rates in nonagricultural employment for the state, New England region, and nation over a ten fiscal year period and clearly shows the impact of the COVID-19 pandemic.

NONAGRICULTURAL EMPLOYMENT
PERCENT GROWTH BY FISCAL YEAR



Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department, IHS Economics

The following table shows employment growth rates for the United States and the State of Connecticut over six decades beginning in FY 1950. This table highlights the robust growth of nonagricultural employment for Connecticut prior to 1990 juxtaposed against the modest 2.4% growth between 1990 and 2000, and the negative 4.4% growth during the 2000-2010 time period which was significantly impacted by the Great Recession. U.S. growth was negative in the 2000-2010 period for the first time in five decades with a 0.5% decline. Recovery from the Great Recession from 2010 to 2020 produced a 13.0% growth rate for the United States and a 1.1% growth rate for Connecticut. In 2023, employment growth has increased for both the United States and Connecticut by 5.2% and 2.7%, from FY 2020 respectively.

Throughout the last two decades, while manufacturing employment in Connecticut has been steadily declining, employment growth in nonmanufacturing industries has surged. Relatively rapid growth in the nonmanufacturing sector is a trend that is evident nationwide and reflects the increasing importance of the service industry. This shift in employment provides for relatively more stable economic growth in the long run through the moderation of the peaks and troughs of economic cycles. In FY 2023, approximately 90% of the state's workforce was employed in nonmanufacturing jobs, up from roughly 50% in early 1950.

TABLE 15
NONAGRICULTURAL EMPLOYMENT
LONG-TERM GROWTH RATES
(Not Seasonally Adjusted)

Fiscal Year		Growth Rates		Cumulative Growth Rates	
		United States	Connecticut	United States	Connecticut
1950	1960	23.4%	24.6%	23.4%	24.6%
1960	1970	31.6%	31.9%	62.4%	64.4%
1970	1980	27.3%	17.8%	106.7%	93.6%
1980	1990	20.4%	16.4%	148.8%	125.3%
1990	2000	20.0%	2.4%	198.7%	130.7%
2000	2010	-0.5%	-4.4%	197.2%	120.5%
2010	2020	13.0%	1.1%	235.8%	123.1%
2020	2023	5.2%	2.7%	253.1%	129.1%

Source: U.S. Bureau of Labor Statistics

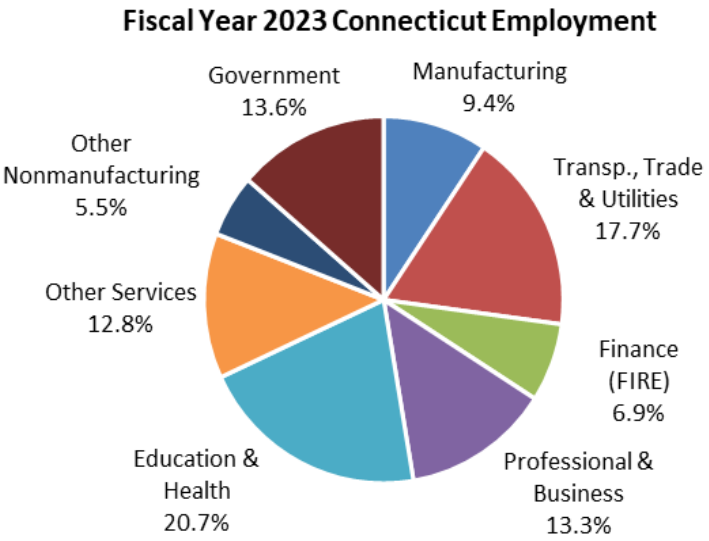
The following table depicts the decrease in the ratio of manufacturing employment to total employment in Connecticut over the last six decades.

TABLE 16
CONNECTICUT RATIO OF MANUFACTURING EMPLOYMENT
TO TOTAL EMPLOYMENT
(In Thousands)

Fiscal Year	Total Employment	Manufacturing Employment	NonMfg. Employment	Mfg. Employment as a Percentage of Total Employment
1950	766.1	379.9	386.2	49.6
1955	874.7	423.1	451.6	48.4
1960	915.2	407.1	508.1	44.5
1965	1,033.0	436.2	596.8	42.2
1970	1,198.1	441.8	756.3	36.9
1975	1,224.6	389.8	834.8	31.8
1980	1,428.4	440.8	987.6	30.9
1985	1,558.2	408.0	1,150.2	26.2
1990	1,623.5	341.0	1,282.5	21.0
1995	1,660.5	203.0	1,457.4	12.2
2000	1,690.0	235.3	1,454.0	13.9
2005	1,666.3	194.3	1,472.0	11.7
2010	1,614.8	163.4	1,451.4	10.1
2020	1,633.4	158.7	1,474.8	9.7
2021	1,584.1	152.2	1,431.9	9.6
2022	1,648.3	154.9	1,493.3	9.4
2023	1,679.6	158.2	1,521.4	9.4

Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department

The chart on the right provides a breakdown of Connecticut employment in FY 2023. As is evident, Connecticut employment is highly concentrated in nonmanufacturing employment sectors with only 9.4% of Connecticut laborers employed in the manufacturing sector. The services sector, which includes the professional and business, education and health, government, finance, and leisure and hospitality segments (included in Other Services), is clearly the leading sector with 70.4% of those working employed in that classification.

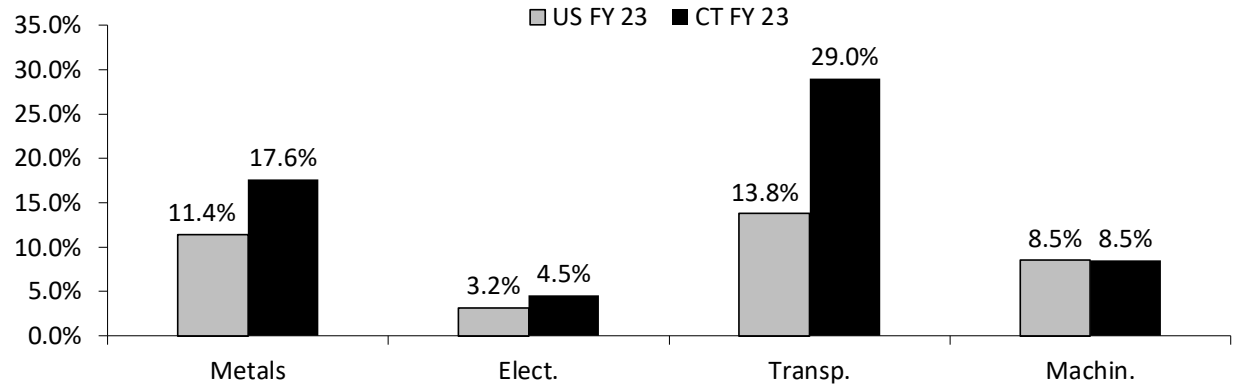


Manufacturing Employment

Even with declines in overall manufacturing employment, the ratio of manufacturing employment to total employment still defines Connecticut as one of the major manufacturing and industrial states in the country. Within this broad definition, the manufacturing sector can be further broken down into several major components.

Over the last decade the state's distribution of manufacturing employment has changed slightly. Defense expenditures have enhanced the transportation equipment sector as evidenced by the percentage of total state manufacturing employment in that sector at 29% FY 2023. Employment in the fabricated metals sector as a percent of total state manufacturing has remained relatively stable over the past decade at approximately 18.9% in FY 2014 and 17.6% in FY 2023. The other major manufacturing sectors, industrial machinery, and electrical equipment and appliances make up approximately 8.5% and 4.5% of the total manufacturing sector respectively in FY 2023. The distribution of employment figures within the manufacturing sector highlights that Connecticut manufacturing is diversified but has a greater reliance on the metals and transportation equipment sectors.

COMPARISON OF MANUFACTURING EMPLOYMENT IN CERTAIN SECTORS
(As A Percentage of Total Manufacturing Employment)



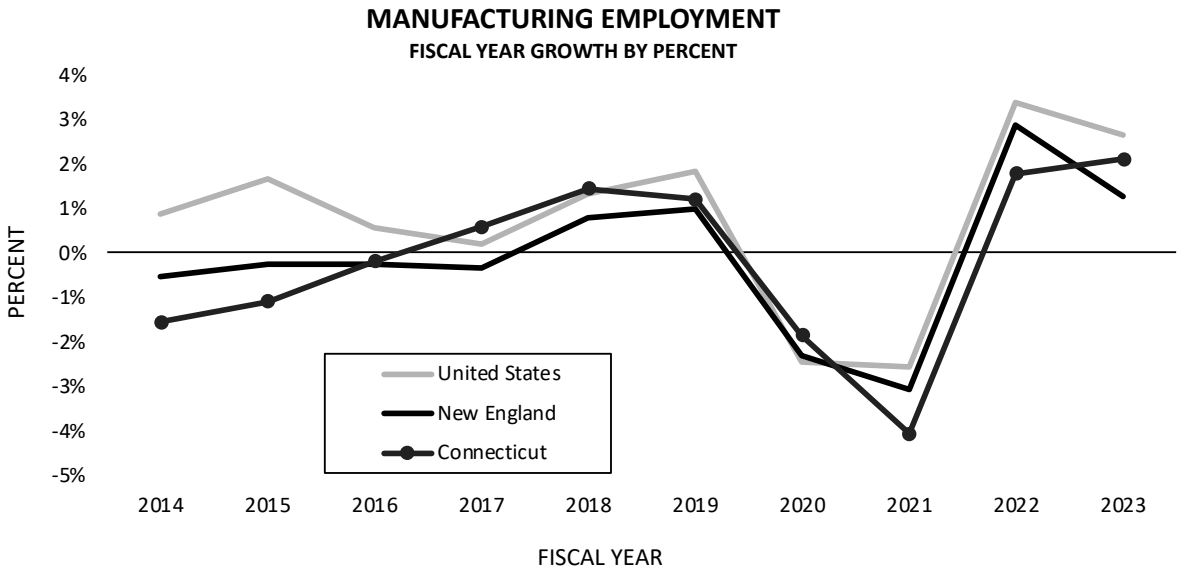
Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department, IHS Economics

In FY 2020, manufacturing employment in the State of Connecticut saw a decline after three annual increases in FY 2017, FY 2018, and FY 2019. The United States also saw a decline of 2.5% in FY 2020, likely a consequence of the COVID-19 pandemic. The downward trend continued in FY 2021 as the pandemic continued, with a decline of 2.6% in the United States and 4.1% in Connecticut. This trend reversed in FY 2022 with an increase of 3.4% and 1.8% for the United States and Connecticut, respectively. The trend showed continued growth in FY 2023, albeit slowing down to 2.6% for the United States, and an increase of 2.1% for Connecticut.

TABLE 17
MANUFACTURING EMPLOYMENT
(In Thousands)

Fiscal	United States		New England		Connecticut	
Year	Number	% Growth	Number	% Growth	Number	% Growth
2014	12,104.0	0.9%	594.0	-0.6%	158.6	-1.6%
2015	12,304.0	1.7%	592.4	-0.3%	156.9	-1.1%
2016	12,372.2	0.6%	590.9	-0.3%	156.6	-0.2%
2017	12,395.5	0.2%	588.9	-0.3%	157.5	0.6%
2018	12,560.6	1.3%	593.6	0.8%	159.7	1.4%
2019	12,788.8	1.8%	599.4	1.0%	161.7	1.2%
2020	12,475.2	-2.5%	585.5	-2.3%	158.7	-1.9%
2021	12,155.0	-2.6%	567.5	-3.1%	152.2	-4.1%
2022	12,567.1	3.4%	583.8	2.9%	154.9	1.8%
2023	12,897.8	2.6%	591.3	1.3%	158.2	2.1%

Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department



Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department

Historically, manufacturing employment closely parallels the business cycle, typically expanding when the economy is healthy and contracting during recessionary periods, as it did during the early 1980s. However, this relationship changed in the latter part of the 1980s, as contractions in manufacturing employment were not initially accompanied by a recession. Other factors, such as heightened foreign competition, smaller defense budgets, and improved productivity, played a significant role in affecting the overall level of manufacturing employment in Connecticut.

The erosion of the state's manufacturing base reflects the national trend away from traditional industries, both durable and nondurable. More of U.S. demand is being satisfied by foreign producers who can manufacture goods more cheaply. The upward trend of higher productivity has enabled Connecticut manufacturers to make more with fewer workers. Even with the structural change, manufacturing employment in Connecticut still accounts for 9.4% of all nonfarm payroll jobs, compared with 8.4% in the U.S. and 7.8% in New England through FY 2023. The following table provides a breakdown of the state's manufacturing employment by industry and indicates percentage changes for the year and for a ten-year period for each of the manufacturing sectors.

Manufacturing employment increased in FY 2023 over FY 2022. Connecticut saw an increase of 2.1% compared to the United States' 2.6%, and New England's 1.3% increase. In the past ten years, the only growth to occur within the manufacturing industry in Connecticut occurred in transportation equipment with a 12.9% increase. This gain was offset by reductions in the remaining industry types with the exception of a small increase in chemicals. The largest decline occurred in electrical equipment and appliances which dropped 22.8%, printing and related support activities which dropped 9.6%, and fabricated metals which dropped 7.2%. The percent change from FY 2014 to FY 2023 demonstrates the overall decline in manufacturing employment over the last decade which was exacerbated by the COVID-19 pandemic and has recovered by 2.1% overall between FY 2022 and FY 2023.

TABLE 18
CONNECTICUT MANUFACTURING EMPLOYMENT BY INDUSTRY
(In Thousands)

Industry	FY 2014	FY 2022	FY 2023	2022-2023 % Change	2014-2023 % Change
Transportation Equipment	40.6	44.7	45.8	2.6	12.9
Fabricated Metal Products	30.1	27.9	27.9	(0.2)	(7.2)
Electrical Equipment and Appliances	9.3	7.1	7.2	0.5	(22.8)
Chemicals	7.9	8.0	8.1	2.1	2.5
Printing and Related Support Activities	5.1	4.4	4.6	3.9	(9.6)
Machinery	14.0	13.1	13.5	2.9	(3.5)
All Other	51.6	49.6	51.0	2.9	(1.1)
Total Mfg. Employment	158.6	154.9	158.2	2.1	(0.3)

Source: U.S. Bureau of Economic Analysis, Connecticut Labor Department, IHS Economics

Nonmanufacturing Employment

The nonmanufacturing sector is comprised of industries that provide a service. Services differ significantly from manufactured goods in that the output is generally intangible, is produced and consumed concurrently, and cannot be inventoried. Connecticut's nonmanufacturing sector consists of the industries listed in the following table. Over the last three decades, nonmanufacturing employment has risen in importance to the Connecticut economy, reflecting the overall national trend away from manufacturing.

Nonmanufacturing employment gained approximately 28,100 positions and increased by approximately 1.9% from FY 2022 to 2023. This increase was due in large part to a rebound in the services sector which increased by 3.2% (24,200 jobs). The leisure and hospitality sector saw the most significant contraction as a consequence of COVID-19 pandemic lockdowns and travel restrictions. As COVID-19 restrictions have eased, this sector has rebounded with 5.7% growth between FY 2022 and FY 2023. The transportation and warehousing sector also experienced growth between FY 2022 and FY 2023 with a 0.7% gain during that period and was largely unaffected by pandemic related lockdowns.

Over the last ten years, the state has seen significant shifts within nonmanufacturing employment. Finance and insurance, once a reliably growing employment sector, has declined 11.8% since FY 2014, a loss of 13,000 jobs, having experienced a 2.1% decrease from FY 2022 and FY 2023. The state and local government sector also has experienced a significant contraction over the last ten years, losing more than 16,700 jobs over that period. Connecticut state and local employment includes casino employees who work for the state's two tribal governments which can significantly impact the number of jobs gained or lost. On the opposite end of the spectrum, the transportation and warehousing sector has experienced substantial growth with nearly 21,900 jobs added.

The following table provides detail on Connecticut's nonmanufacturing employment by industry and indicates percentage changes for the year and over a ten-year period for each of the sectors.

TABLE 19
CONNECTICUT NONMANUFACTURING EMPLOYMENT BY INDUSTRY
(In Thousands)

Industry	FY 2014	FY 2022	FY 2023	Percent Change FY 2022 to FY 2023	Percent Change FY 2014 to FY 2023
Construction & Mining	54.7	61.0	60.9	(0.8)	11.3
Information	32.1	30.9	31.4	1.5	(2.2)
Transp., Trade & Utilities	**294.3**	**295.4**	**297.6**	**0.7**	**1.1**
Transpo & Warehousing	42.3	63.7	64.2	0.7	51.7
Utilities	6.0	5.0	5.1	2.0	(15.7)
Wholesale	62.0	58.8	61.6	4.7	(0.7)
Retail	184.0	167.9	166.7	(0.7)	(9.4)
Finance (FIRE)	**129.1**	**118.2**	**116.4**	**(1.5)**	**(9.8)**
Finance & Insurance	110.1	99.2	97.1	(2.1)	(11.8)
Real Estate	19.0	19.1	19.4	1.6	1.8
Services	**752.6**	**761.9**	**786.1**	**3.2**	**4.4**
Professional & Business	213.0	219.1	222.8	1.7	4.6
Education & Health	328.7	337.9	348.2	3.1	5.9
Leisure & Hospitality	148.8	144.9	153.1	5.7	2.9
All Other Services	62.2	60.1	62.0	3.1	(0.5)
Government	**244.7**	**225.9**	**229.0**	**1.4**	**(6.4)**
Federal	17.3	18.2	18.5	1.4	6.7
State & Local	227.3	207.7	210.6	1.4	(7.4)
Total Nonmanufacturing	**1,507.6**	**1,493.3**	**1,521.4**	**1.9**	**0.9**

Note: Totals may not agree with detail due to rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, IHS Economics

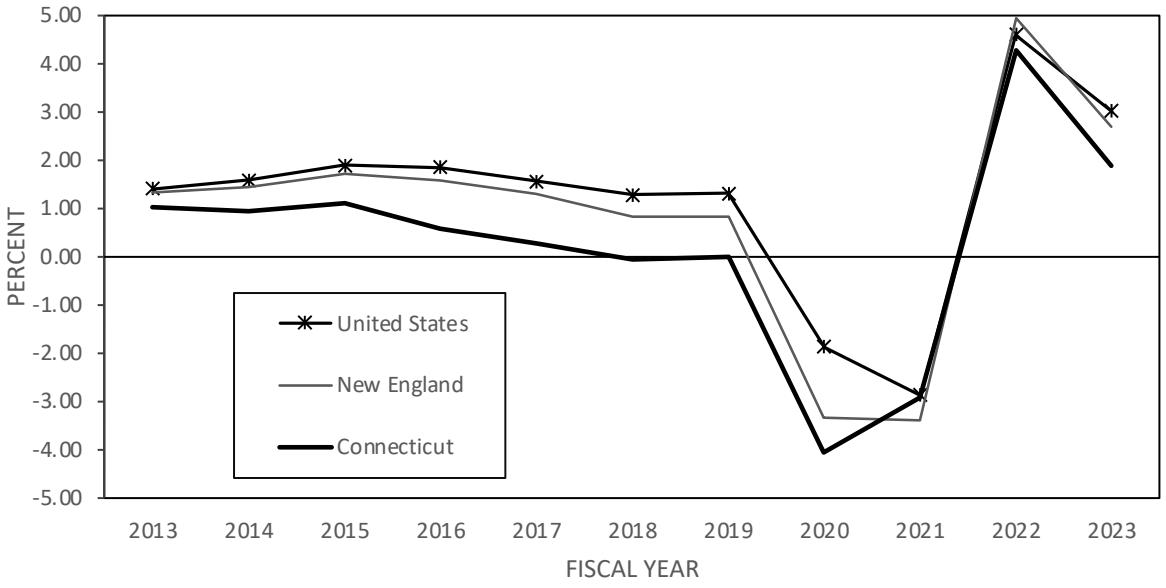
The following table and chart provide a ten fiscal year profile of nonmanufacturing employment in the United States, the New England region, and Connecticut.

TABLE 20
NONMANUFACTURING EMPLOYMENT
(In Thousands)

Fiscal	United States		New England		Connecticut	
Year	Number	% Change	Number	% Change	Number	% Change
2014	125,453.2	1.8	6,497.4	1.4	1,507.6	0.9
2015	128,130.1	2.1	6,609.1	1.7	1,524.4	1.1
2016	130,732.6	2.0	6,713.1	1.6	1,533.3	0.6
2017	133,161.3	1.9	6,801.6	1.3	1,537.7	0.3
2018	135,187.5	1.5	6,858.8	0.8	1,536.9	(0.1)
2019	137,139.3	1.4	6,916.3	0.8	1,537.0	0.0
2020	134,542.1	(1.9)	6,686.7	(3.3)	1,474.8	(4.0)
2021	130,796.9	(2.8)	6,459.8	(3.4)	1,431.9	(2.9)
2022	137,211.6	4.9	6,779.5	4.9	1,493.3	4.3
2023	141,736.3	3.3	6,961.9	2.7	1,521.4	1.9

Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department

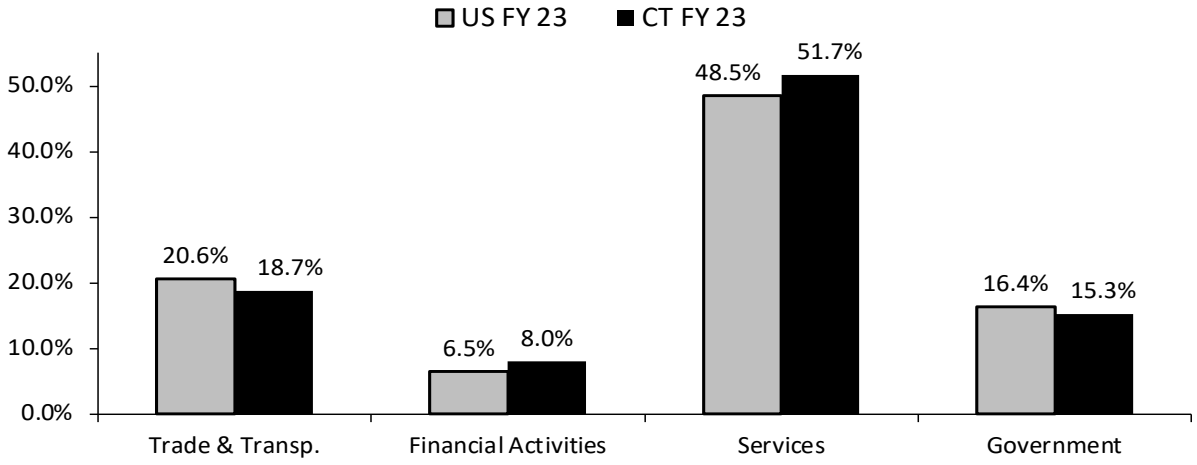
NONMANUFACTING EMPLOYMENT
FISCAL YEAR GROWTH BY PERCENT



Source: U.S. Bureau of Labor Statistics, IHS Economics

The following chart provides a comparison of select nonmanufacturing sectors in Connecticut to national results.

COMPARISON OF NONMANUFACTURING EMPLOYMENT IN CERTAIN SECTORS
(As A Percentage of Total Non-Manufacturing Employment)



Source: U.S. Bureau of Labor Statistics, IHS Economics

Average annual salaries for Connecticut's nonmanufacturing industries are listed in the following table. The figures were derived by dividing total wage and salary disbursements by employment. Percent changes over the previous year and over the decade are also provided.

TABLE 21
AVERAGE CONNECTICUT NONMANUFACTURING ANNUAL SALARIES

				Percent Change	
				FY 2022 to	FY 2014 to
Industry	2014	2022	2023	FY 2023	FY 2023
Construction	$ 61,890	$ 80,917	$ 85,266	5.4	37.8
Information	90,276	149,937	149,144	(0.5)	65.2
Transportation, Trade, & Utilities	47,814	61,629	65,478	6.2	36.9
Wholesale Trade	88,544	116,950	119,851	2.5	35.4
Retail Trade	31,915	43,103	46,422	7.7	45.5
Financial Activities	145,388	185,197	193,296	4.4	33.0
Professional & Business Svcs	82,017	103,750	111,239	7.2	35.6
Educational & Health Svcs	49,859	64,847	67,666	4.3	35.7
Leisure & Hospitality	23,340	34,406	36,856	7.1	57.9
Government	56,548	70,263	72,400	3.0	28.0
Federal Government	71,117	84,259	88,243	4.7	24.1
State & Local Government	55,439	69,035	71,009	2.9	28.1

Source: U.S. Bureau of Economic Analysis, IHS Economics

Unemployment Rate

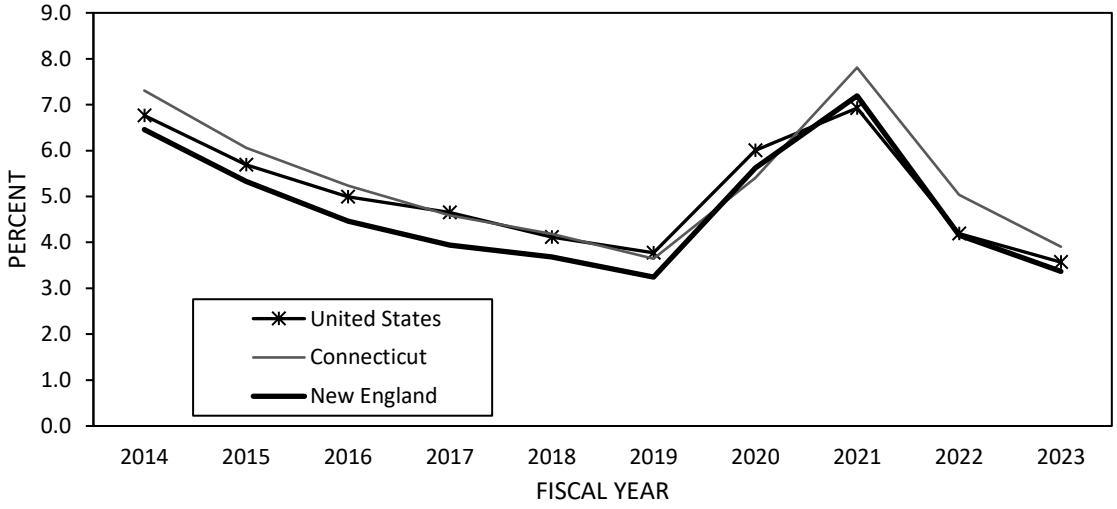
The unemployment rate is the proportion of persons in the civilian labor force who do not have jobs but are actively looking for work. The rate is based upon a monthly survey in which household members are asked a series of questions, one of which is whether a jobless person has looked for work at some time during the preceding four weeks. Those looking for work are considered part of the labor force and are unemployed. The following table shows the unemployment rate for the U.S., the New England region, and Connecticut over a ten-year period. Unemployment rates rose considerably due to the pandemic induced recession and have declined substantially to near record lows for the state. Connecticut's unemployment rate and the national average were 3.9% and 3.5% respectively for FY 2023, while they were 5.0% and 4.2% last year.

TABLE 22
UNEMPLOYMENT RATES
BY FISCAL YEAR (%)

Fiscal Year	United States	New England	Connecticut
2014	6.8	6.5	7.3
2015	5.7	5.3	6.1
2016	5.0	4.5	5.2
2017	4.6	3.9	4.6
2018	4.1	3.7	4.2
2019	3.8	3.2	3.6
2020	6.0	5.6	5.4
2021	6.9	7.2	7.8
2022	4.2	4.2	5.0
2023	3.5	3.4	3.9

Source: U.S. Department of Commerce, Bureau of the Census, IHS Markit

UNEMPLOYMENT RATES
BY FISCAL YEAR



Source: U.S. Bureau of Labor Statistics, IHS Economics

SECTOR ANALYSIS

Energy

The cost of energy has an outsized impact on the economy. For most consumers, transportation and household energy are major expenses. Improvements to energy efficiency such as fuel-efficient, hybrid, and electric vehicles, insulated windows, and solar panels require significant capital investment. Consumers may find it difficult to adjust their behavior based on energy price changes in the short-term which can lead to spending decisions in other areas. While oil price increases can have a negative impact on consumers, price decreases can put money back into consumers' pockets.

As an industrialized economy, the United States relies heavily on crude oil and natural gas. The following three sections describe energy production and consumption for the world, the United States, and Connecticut.

Worldwide

World oil supply and demand among countries and regions continued to be significantly imbalanced in 2022. Both supply and demand continued to increase in 2022, with supply increasing by 4.6% over 2021 levels compared to 1.6% in 2021 over 2020 levels, and demand slowing dramatically increasing by only 0.8% over 2021 demand levels, compared to a 6.0% increase in 2021 over 2020 levels. The following table illustrates the disparity between the world's suppliers of oil and its users. Members of the Organization of Petroleum Exporting Countries (OPEC) continued to supply more oil than they consumed. For example, while Saudi Arabia produced 12.14 million barrels per day (MBPD), it consumed 3.88 MBPD, generating 8.26 MBPD surplus even higher than in 2021. The Organization for Economic Cooperation and Development (OECD), on the other hand, consumed (42.94 MBPD) more than it supplied (29.51 MBPD), registering a 13.43 MBPD deficit.

The United States had a 7.2% dependency rate on foreign oil supplies in 2022, down from11.2% in 2021 and significantly below the ten-year average of 26.9% for the period ending in 2021. The nation accounted for 20.1% of global demand and 18.9% of global supply with similar deficits existing in mature economies such as China, Japan, France, and Germany. With the development of new oil production technologies and increasing fuel efficiency, the United States has become progressively less reliant on foreign oil. Prior to the Arab oil embargo of 1973, the United States was the largest oil producer in the world. In 2014, the U.S. became the largest producer once again.

China and India, the world's two most populous countries, told slightly different stories in 2022. India continued an upward trend in consumption compared to last year, accounting for 5.4% of worldwide demand; China, on the other hand, showed a 1.4% decrease in total demand, accounting for 15.0% of worldwide demand. The two countries accounted for a combined 20.5% of the worldwide demand total in 2022, a 1.1% percentage point decrease from 2021. China, the world's third largest consumer market as of 2023 after the United States and European Union, switched from a net exporter of oil in 1993 and began running an increasing oil deficit with its rapidly growing economy. In 2022, China consumed 14.30 MBPD while supplying 4.11 MBPD, registering a shrinking 10.19 MBPD deficit compared to 11.45 in 2021. China had a 71.2% dependence rate on foreign oil in 2022, significantly larger than the United States.

TABLE 23
WORLD OIL SUPPLY AND DEMAND
Calendar Year 2022

	Supply			Demand	
	Millions of Barrels Per Day	% of Total		Millions of Barrels Per Day	% of Total
Total OECD (a)	29.51	31.3%	Total OECD	42.94	45.1%
United States	17.77	18.9%	United States	19.14	20.1%
Canada	5.58	5.9%	Canada	2.29	2.4%
Mexico	1.94	2.1%	Mexico	2.10	2.2%
Other OECD	4.22	4.5%	Japan	3.34	3.5%
			Germany	2.08	2.2%
Total OPEC (b)	34.04	36.1%	France	1.42	1.5%
Saudi Arabia	12.14	12.9%	Italy	1.22	1.3%
United Arab Emirates	4.02	4.3%	United Kingdom	1.32	1.4%
Iran	3.82	4.1%	Other OECD	10.04	10.6%
Iraq	4.52	4.8%			
Other OPEC	9.54	10.1%	Total Non-OECD	52.20	54.9%
			Russia	3.57	3.8%
All Other	30.63	32.5%	China	14.30	15.0%
Russia	11.20	11.9%	India	5.19	5.4%
China	4.11	4.4%	Saudi Arabia	3.88	4.1%
Other	15.31	16.3%	Other	25.28	26.6%
Total 2022 Supply	94.18	100.0%	**Total 2022 Demand**	95.14	100.0%
Total 2021 Supply	90.08		**Total 2021 Demand**	94.37	
Change	4.11	4.6%	Change	0.77	0.8%

Notes:
(a) The OECD includes the United States, Western and some Eastern European countries, some Latin American countries, Israel, Australia, Canada, Japan, South Korea, and New Zealand
(b) The OPEC includes Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.
(c) Totals may not add due to rounding.

Source: 2023 BP Statistical Review of World Energy

United States

The U.S. has the largest demand for world oil. While the country contains 4.23% of the world population and produces 18.9% of world oil, it consumes 20.1% of world oil. The nation has long been a net energy importer, although America's energy dependence has decreased in the last decade compared to the years prior to the 2008 Great Recession. According to the Energy Information Administration's *Monthly Energy Review*, the U.S. consumed 94.8 quadrillion British Thermal Units (QBTU's) of energy in 2022, 78.6% of which were from fossil fuels.

National energy consumption rose steadily during the 1990s and 2000s before peaking in 2007 at 100.9 QBTU's. Since 2007, U.S. energy consumption has remained fairly steady until peaking again in 2018 at 101.2 QBTU's. Changes in energy consumption are driven by overall economic conditions, price changes, and increases in energy efficiency. The following table displays energy usage in the U.S. in 2022 by fuel type and by economic sector. Petroleum products are currently the most important energy source for the U.S. economy. The 35.3 quadrillion petroleum-generated BTU's accounted for 37.3% of U.S. energy consumption, followed by natural gas at 33.4 QBTU's and coal at 9.8 QBTU's.

TABLE 24
U.S. ENERGY CONSUMPTION IN 2022
(Quadrillion BTU's)

	Resi-dential	Com-mercial	In-dustrial	Trans-portation	Electric Generation	Total	% of Total
Fossil Fuels							
Natural Gas	5.2	3.7	10.8	1.3	12.5	33.4	35.3
Petroleum	1.0	0.9	8.4	24.8	0.2	35.3	37.3
Coal	0.0	0.0	1.0	0.0	8.8	9.8	10.4
Nuclear	0.0	0.0	0.0	0.0	8.0	8.0	8.5
Renewables							
Hydroelectric	0.0	0.0	0.0	0.0	0.9	0.9	0.9
Other*	0.7	0.2	2.3	1.6	2.4	7.2	7.6
Electricity	5.2	4.7	3.4	0.0	0.1	13.5	14.2
Electric Losses	7.7	6.9	5.1	0.0	(33.1)	(13.3)	(14.1)
Total Demand	19.7	16.4	31.0	27.7	0.0	94.8	100.0

Notes: *Includes power generated from wood, biofuels, wind, waste, geothermal, tide, and solar/photovoltaic, as well as imported electricity.
Totals may not add due to rounding.
Source: U.S. Dept. of Energy, Energy Information Administration

The U.S. lags other developed countries in utilizing renewable energy. Hydroelectricity, for example, provided approximately 2.7% of electric generation to the U.S. in 2022, compared to approximately 60% in Canada in 2022. Capital investments in alternative renewable energy from solar, hydroelectric, wind, biofuels, and geothermal energy sources have increased dramatically in the U.S.; nonetheless, their share

of power production remains relatively small. As of August 2023, the United States had 93 operable nuclear reactors in service. Nuclear generation accounted for about 18.2% of domestic electricity net generation in 2022. The U.S. is the world's largest nuclear power producer, accounting for more than 30% of worldwide nuclear electricity production.

There are five energy-use sectors: residential, commercial, industrial, transportation, and electric power generation. The first four sectors are end-users, while the last one is an intermediate user consisting of all utility and non-utility facilities and equipment used in the electricity industry. The industrial sector was the largest end-user of energy, consuming 31 QBTU's in 2022, followed by transportation at 27.7 QBTU's, residential at 20.9 QBTU's, and commercial at 17.4 QBTU's.

In contrast to the relatively smooth trends in the other sectors, industrial consumption has shown the greatest fluctuation, dropping sharply in 1975, 1980-83, 2001-03, and 2008-09 in response to high oil prices and economic slowdowns. The electric power generation sector consumes and also produces energy. Energy losses occur throughout the entire electrical system beginning with utility generation in fossil-fired, nuclear, or hydroelectric power plants all the way to the end-users. Of electricity generated, approximately 5% is lost in plant use and 7% is lost in transmission and distribution.

Crude Oil Prices

Following the collapse of oil prices during the 2008 Great Recession, the refiner's acquisition cost rebounded, rising to around $100 per barrel in 2011 and hovering near that level through the first half of 2014. However, beginning in the fall of 2014, the cost of a barrel of oil began to decline significantly due to oversupply in the global market. In September 2015, the composite refiner acquisition cost was $44.38 a barrel, a more than 50% reduction from September 2014. Prices ranged from $40 to $60 for the rest of the decade until the pandemic induced recession caused the real price to fall to $34.98 in 2020. In 2021 there was a 63.8% increase in cost to $57.30 a barrel and a further 30.7% increase in price per barrel, bringing the most recent cost of a barrel up to $95.29. In the first two quarters of 2023, there was a 24.2% decline in cost per barrel, declining to $56.79 per barrel.

TABLE 25
CRUDE OIL PRICES AND U.S. CONSUMPTION
Refiners' Crude Oil Acquisition Costs* Per Barrel

Calendar Year	In Current Dollars	In 2012 Dollars	Percent Change
2014	92.02	88.78	-10.1%
2015	48.39	46.22	-47.9%
2016	40.66	38.45	-16.8%
2017	50.68	47.04	22.3%
2018	64.38	58.36	24.1%
2019	59.38	52.88	-9.4%
2020	39.75	34.98	-33.9%
2021	67.83	57.30	63.8%
2022	95.29	74.90	30.7%
2023**	74.47	56.79	-24.2%

Note: * Adjusted using implicit price deflator for gross domestic product.
** Average for the first two quarters.
Source: U.S. Department of Energy, Energy Information Administration, Bureau of Economic Analysis

Shale Energy

Oil producers in the United States are increasingly able to extract natural gas and petroleum from shale formations. The overall increase in production of these fuels is attributable to the development of horizontal drilling and hydraulic fracturing ("fracking") technology. In the process of fracking, producers pump a mixture of water, sand, and chemicals into shale wells to extract natural gas and petroleum. In conjunction with horizontal drilling, this technique has made the development of shale energy sources economically feasible, allowing energy resources to increase and fracking technology has reduced the United States' dependency on foreign energy.

Efficiency

Increasing efficiency has been a focal point of the nation's energy conservation policy. Energy regulatory agencies have been aggressively protecting the environment by promoting energy-efficient products over the past two decades. The National Appliance Energy Conservation Act of 1987 set minimum efficiency standards for 13 appliances and prohibited the sale if standards were not met. In 1992, the EPA embarked upon "*Energy Star*" as a voluntary labeling program to identify and promote energy-efficient products to reduce greenhouse gas emissions. The *Energy Star* label includes appliances, electronics, heating and cooling equipment, office equipment, lighting, commercial food services, and new buildings and plants with additional energy-saving features that are 20–30% more efficient than standard homes. To promote energy efficient buildings in the U.S., Leadership in Energy and Environmental Design (LEED), a non-profit organization under the U.S. Green Building Council (USGBC), provides green building rating standards for environmentally sustainable construction and design.

Productivity is also crucial for energy efficiency and the economy's long-term vitality. It relates to how effectively economic inputs are converted into output and is measured by comparing the amount of goods and services produced with the inputs that are used in production. A measure of efficiency is the amount of energy used to produce a dollar of Gross Domestic Product (GDP). The following table compares U.S. consumption of fuel sources and illustrates the nation's improvement in energy efficiency.

TABLE 26
U.S. PRIMARY ENERGY CONSUMPTION & ENERGY EFFICIENCY

	U.S. Energy Consumption		GDP	BTU	
Calendar	Total	Annualized	Billion	Per $1 GDP	Annualized
Year	Quadrillion BTU's	% Change*	(In 2017$)	(In 2017$)	% Change*
1990	84.4	2.0	10,055.1	8,397	(1.2)
1995	90.9	1.5	11,413.0	7,967	(1.0)
2000	98.7	1.7	14,096.0	7,002	(2.5)
2005	100.1	0.3	15,988.0	6,261	(2.2)
2010	97.5	(0.5)	16,789.8	5,808	(1.5)
2015	97.4	(0.9)	18,799.6	5,181	(3.7)
2020	93.0	(7.5)	20,234.1	4,595	(5.4)
2021	97.3	4.7	21,407.7	4,547	(1.1)
2022	94.8	(2.6)	21,822.0	4,344	(4.5)

*Annualized percent change calculated using a compound annualized growth rate formula

Source: U.S. Dept. of Energy, Energy Information Administration, Monthly Energy Review,
U.S. Dept. of Commerce, Bureau of Economic Analysis

Between 1990 and 2022, energy consumption per dollar of real GDP decreased at a compound annual rate of 2.0% per year. In 1990, 8,397 BTU's of energy were required to produce $1 of GDP measured in 2012 dollars. In 2022, that number was 4,344 BTU's, a 48.3% reduction. The long-term decline in energy consumption per dollar of GDP resulted from efficiency improvements and a structural shift from energy intensive industries to those that consume less energy but create more value-added products, such as finance, banking, and professional services. However, improvements in energy efficiency vary from period to period, depending upon energy prices, consumers' consumption habits, and technology improvements. Efficiency tends to stagnate when fuel prices decline; as oil prices fall, the incentive to conserve energy diminishes.

Oil Stability Program

To protect against supply disruptions, the United States created a Strategic Petroleum Reserve (SPR) under the Energy Policy and Conservation Act of 1975 (EPCA). The SPR was created as an emergency response tool for the President and federal government to address disruptions in oil sales. The SPR program was established as a 750 million barrel capacity crude oil reserve with the objective of achieving a maximum draw-down rate within 15 days of the notice to proceed, and currently has a design capacity

of 714 million barrels. In December 2009, the SPR reached a record inventory of 726.6 million barrels. Releases from the reserve can help to temper rapid price increases in oil markets similar to what occurred with Russia and their invasion of Ukraine in 2022. As of October 2023, the reserve held 351.3 million barrels of crude oil.

Connecticut

Connecticut is one of the most energy-efficient states in the nation 42.7% below the national average of 4.99 thousand BTU's per 2017 chained dollar of Gross State Product in 2021. The state consumed 2.86 thousand BTU's per 2017 chained dollar of Gross State Product in 2021, the latest available data putting Connecticut behind only California, Massachusetts, New York, and the District of Columbia on this measure. When measuring energy consumption in Connecticut and the United States among end-use sectors on a per capita basis (end-use sectors include residential, commercial, industrial, and transportation sectors and excludes energy consumption needed for electric generation), Connecticut consumed 194.4 million BTU's per capita in 2021. Connecticut ranks 46th among the 50 states plus the District of Columbia, leaving Rhode Island, New York, Hawaii, California, and Massachusetts with per capita end-use energy consumption lower than Connecticut's level. Connecticut was 34.01% below the national figure of approximately 294.6 million BTU's per capita. The state has few local energy sources, and it must import nearly all the energy that it consumes. This situation affects Connecticut consumers' energy choices and results in prices that are higher than the national average. In 2021, Connecticut residents spent $25.85 per million BTU, compared to $19.99 for the nation.

TABLE 27
CONSUMER ENERGY PRICES IN THE UNITED STATES AND CONNECTICUT*
Nominal Dollars per Million BTU in 2021

	Natural Gas	Motor Gasoline	Distillate Fuel Oil*	All Petroleum**	Retail Electricity	Total Energy
Connecticut	$7.85	$25.12	$20.38	$23.50	$53.70	$25.85
United States	$6.97	$24.80	$22.44	$21.80	$32.66	$19.99
CT as a % of the U.S.	113%	101%	91%	108%	164%	129%

Notes: * Includes diesel fuels and fuel oils used for residential space heating.
** Includes motor gasoline, residential and distillate fuel oil, liquefied petroleum gases, and jet fuel, etc.

Source: U.S. Department of Energy, Energy Information Administration, State Energy Data 2021

The above table compares various prices to the national average for natural gas, motor gasoline, distillate fuel oil, residential electricity, and total average energy paid by consumers in 2021, the latest data available. Overall energy costs in Connecticut in 2021 were 29% higher than the national average, with retail electricity prices 64% higher than the national average.

TABLE 28
CONNECTICUT ENERGY CONSUMPTION IN 2021
(Trillion BTU's)

Fuels	Resi-dential	Com-mercial	In-dustrial	Trans-portation	Electric Generation	CT Total	% of CT Total	% of US Total
Natural Gas	51.3	56.8	23.2	7.2	168.3	306.8	43.5	23.6
Petroleum	61.3	18.0	13.5	207.1	0.7	479.7	42.7	27.4
Coal	0.0	0.0	0.0	0.0	2.9	2.9	0.4	7.8
Nuclear	0.0	0.0	0.0	0.0	179.8	179.8	25.5	6.0
Hydroelectric	0.0	0.0	0.0	0.0	4.2	4.2	0.6	1.7
Other*	11.4	4.1	4.0	0.0	14.9	34.4	4.9	6.2
Deliv. Elec.	44.7	39.9	9.6	0.5	0.0	94.7	13.4	9.7
Deliv. Losses	71.7	64.1	15.3	0.8	(370.8)	(218.9)	(31.1)	17.6
Total Demand	240.4	182.9	65.6	215.6	0.0	704.5	100.0	100.0
% of Total-CT	14.8	11.3	4.0	13.3	0.0	100.0		
% of Total-U.S.	15.5	13.0	24.2	20.1	27.2	100.0		

Note: * Other includes power generated from wood, biofuels, wind, waste, geothermal, tide, and solar/photovoltaic, as well as imported electricity.
** Totals may not add due to rounding.
Source: U.S. Department of Energy, Energy Information Administration, State Energy Data 2021

The preceding table displays the amount and percentage share of total energy consumed in Connecticut by fuel source and sector in 2021, the latest available data. Compared to the nation, nuclear and natural gas provide more of Connecticut's energy needs, while coal provides significantly less. Fuel oil provides for a significant source of Connecticut's home heating energy needs. According to the latest data available from 2021, 36.3% of Connecticut households used fuel oil for home heating, followed by natural gas at 36.3%, electricity at 18.3%, liquefied petroleum gases (propane/butane) at 6.0% and others at 3.1%. Consumption of fuel oil used for heating has been falling as more homes and businesses convert to natural gas. The state's petroleum products are received at the ports in New Haven, New London, and Bridgeport, and shipped by barge up the Connecticut River to central Connecticut. Additionally, a pipeline runs from New Haven to Springfield, Massachusetts, supplying petroleum to Hartford and northern Connecticut.

Connecticut is also more reliant on nuclear energy and less reliant on coal for electric generation than the United States. In 2022, the latest data available, the state generated 43.1 million net megawatt hours of electricity, primarily from natural gas. Retail sales within the state were at 27.8 million megawatt hours of electricity. This implies that Connecticut was more than 100% electricity self-sufficient, unlike in 2000, when the state generated 56.8% of its own demand and relied on imports from other states and Canada for the balance of its need while certain nuclear reactors were shut down for servicing. The power grid that supplies electricity to the entire state is owned and operated by both private and municipal electric companies. Transmission lines connect Connecticut with New York, other New England states, and

Canada. These interconnections allow the companies serving Connecticut to meet large or unexpected electric load requirements from resources located outside of Connecticut's borders.
All electric utilities in the state are members of the New England Power Pool and operate as part of the regional bulk power system. An independent system operator, ISO New England Inc., operates this regional system. In 2022, there were 1,695,976 electric consumers in Connecticut. Of these, 90.6% were residential customers, 9.2% were commercial customers, and 0.23% were industrial and transportation customers. Approximately 90% of the electricity was sold by two investor-owned companies: Eversource and United Illuminating.

Natural gas is delivered to Connecticut through interstate pipelines that traverse the state. Natural gas pipeline supplies are generally shipped to Connecticut from Canada and the Gulf of Mexico area. Connecticut also receives liquefied natural gas (LNG) through interstate pipelines from a terminal located in Boston, Massachusetts which is supplied by LNG tanker ships. Natural gas service is provided to parts of the state through one municipal and three publicly traded gas distribution companies. Since 1996, the state's Public Utilities Regulatory Authority has allowed some competitive market forces to enter the natural gas industry in the state. Commercial and industrial gas consumers can choose non-regulated suppliers for their natural gas requirements. Natural gas is delivered to consumers using the local distribution company's mains and service pipelines. Connecticut's distribution companies pay higher transportation costs as it is located at or near the end of the interstate pipelines.

Gasoline Consumption and Automotive Fuel Economy

According to 2021 data, the latest available, highway vehicles in the U.S. consumed approximately 93.9% of all gasoline, with about 6.1% used for other purposes such as agriculture, aviation, construction, and boating. In 2021, gasoline consumption in the U.S. totaled 139.9 billion gallons, with Connecticut accounting for 1.4 billion gallons, 1.0% of the nation's consumption.

Gasoline consumption plummeted in both Connecticut and the United States as a whole in 2020 due to the coronavirus pandemic. Lockdowns and business closures caused consumption to drop by 12.7% in the United States; Connecticut's drop was even greater, decreasing by 15.9%. Gasoline consumption partially rebounded in 2021, increasing 9.6% nationally and 9.3% in Connecticut from 2020, but consumption remained below pre-pandemic levels by 4.3% nationally and 8.0% statewide. The table below shows gasoline consumption for the U.S. and Connecticut since 1995.

In 2021, Connecticut residents consumed 385.1 gallons of gasoline per capita, versus 421.3 gallons per capita for the nation. Per capita consumption is attributable to several factors, including gas prices, income levels, traffic conditions, average weight of vehicles, distance residents drive to work or shop, and percentage of workers telecommuting or ride sharing. As one of the smallest and most densely populated states in the nation, Connecticut residents generally commute shorter distances to work and shop. Per capita consumption reached a peak in 2005 in both the nation and Connecticut, and has been declining faster in Connecticut than in the U.S. since then. Between 2005 and 2021, per capita consumption decreased by 16.3% in Connecticut, versus 11.2% for the nation. This has reduced Connecticut's per capita consumption to 91.4% of the U.S. amount in 2021.

Connecticut residents owned 310 private and commercial automobiles per 1,000 residents in 2021, versus 306 for the nation. Also, Connecticut had 723 driver licenses per 1,000 residents in 2020, compared to 702 licenses per 1,000 for the nation. Connecticut residents trail the nation as a whole in the use of carpooling. The United States Census Bureau estimates that in 2022, of those commuting to work by car, 7.6% of Connecticut residents carpooled, versus 8.5% for the nation as a whole.

TABLE 29
GASOLINE CONSUMPTION IN THE UNITED STATES & CONNECTICUT

Calendar Year	U.S.* Total Gallons (000's)	Annualized % Change**	CT Total Gallons (000's)	Annualized % Change**	Gallons Per Capita U.S.*	Gallons Per Capita CT	CT/U.S. (%)
1995	120,875,789	1.9%	1,302,750	0.0%	453.3	391.7	86.4%
2000	132,279,950	1.8%	1,476,340	2.5%	468.2	432.4	92.3%
2005	140,338,710	1.2%	1,614,697	1.8%	474.3	460.3	97.0%
2006	140,320,089	0.0%	1,566,875	-3.0%	469.7	445.3	94.8%
2007	140,436,133	0.1%	1,567,360	0.0%	465.7	444.0	95.4%
2008	136,499,418	-2.8%	1,494,164	-4.7%	448.4	421.2	93.9%
2009	136,877,949	0.3%	1,512,081	1.2%	445.7	424.3	95.2%
2010	137,592,937	0.5%	1,514,622	0.2%	444.3	422.9	95.2%
2011	135,204,475	-1.7%	1,467,953	-3.1%	433.1	408.3	94.3%
2012	134,998,800	-0.2%	1,449,384	-1.3%	429.0	402.0	93.7%
2013	135,595,239	0.4%	1,438,625	-0.7%	427.6	398.4	93.2%
2014	137,883,016	1.7%	1,434,867	-0.3%	431.4	397.0	92.0%
2015	141,757,545	2.8%	1,479,844	3.1%	440.0	409.7	93.1%
2016	144,885,278	2.2%	1,515,941	2.4%	446.3	420.1	94.1%
2017	144,575,062	-0.2%	1,514,021	-0.1%	442.3	419.6	94.9%
2018	145,235,172	0.5%	1,520,748	0.4%	441.8	421.2	95.3%
2019	146,286,973	0.7%	1,517,405	-0.2%	442.7	420.6	95.0%
2020	127,706,815	-12.7%	1,276,186	-15.9%	385.2	354.3	92.0%
2021	139,926,671	9.6%	1,395,318	9.3%	421.3	385.1	91.4%
Average	**2016-2021**				**429.9**	**403.5**	**93.8%**

* Fifty states plus Washington, D.C.

** Annual growth calculated using compound annual growth rate formula

Source: U. S. Dept. of Transp., Federal Highway Administration, Office of Highway Policy Information, IHS

Corporate Average Fuel Economy (CAFE)

The United States Department of Transportation (DOT) is required to set corporate average fuel economy (CAFE) standards for automobile fuel efficiency. This responsibility is administered by the National Highway Traffic Safety Administration (NHTSA). The measurement of CAFE is performed by manufacturers and reported to the U.S. Environmental Protection Agency. Federal law imposes a civil penalty of $5.50 for each tenth of a MPG by which a manufacturer's CAFE level falls short of the standard, multiplied by the total number of passenger automobiles or light trucks produced by the manufacturer in that model year (MY). According to NHTSA data, total fleet performance in MY 2021, the most recent data available, was 34.4 miles per gallon, while the fleet standard was 35.2 miles per gallon. While this represents a 39.8% improvement in the total fleet fuel efficiency since 2004, when the total fleet performance was 24.6 miles per gallon, it should be noted that total fleet performance has fallen short of the standard every year from MY 2016-2021.

Fluctuations in Gasoline Prices

Short-term gasoline prices have long been known for their drastic volatility, often rising and dropping markedly over short periods of time. The average retail gasoline price for all grades in the U.S. in June of 2022 reached $5.03 per gallon. Prior to 2022, the all-time high of average retail price for all grades was $4.11 in July of 2008. That high was exceeded for five consecutive months in 2022, from March through July, peaking at $5.03 in June before dropping back to $3.82 by September.

Gas prices moderated in 2023, averaging $3.63 per gallon for the year. Prices spiked in late summer, reaching $4.00 in the third week of September, but quickly came back down by year end. Prices in December averaged $3.26, the lowest of any month for the year.

Since 2008, the average monthly price for a gallon of gasoline in the U.S. has only fallen below $2.00 per gallon twice: in February of 2016 when it was $1.87 per gallon, and during the height of the COVID-19 pandemic in April and May of 2020 when it was $1.95 per gallon. Changes in gasoline prices are determined by the cost of crude oil, supply and demand of fuel, any disruption of refinery operations, inventory levels, seasonality and weather conditions, the regulation of environmental standards, and geopolitical conditions.

The long run nominal price shows a relatively stable upward trend except for sharp upticks in the early 1980s and the early part of the just-concluded decade. The following table shows the history of retail motor gasoline prices in the U.S. Prices averaged approximately 30 cents per gallon during the 1950s through the early 1970s. Prices began increasing after the Arab oil embargo in 1973. They rose to an average of $3.30 per gallon in 2008 before declining to an average of $2.41 per gallon in 2009. The annual average price has hovered around $3.50 through 2014, and has been closer to $2.50 in more recent years. The real prices listed are adjusted for inflation in 2017 dollars. In 2022, the average real price was $3.44 a gallon.

TABLE 30
RETAIL MOTOR GASOLINE PRICES
(Dollars per Gallon, Regular Gasoline)

Calendar Year	Nominal Price	Real Price*	Calendar Year	Nominal Price	Real Price*
1950	$0.27	$2.21	2011	$3.58	$3.91
1960	0.31	2.00	2012	3.68	3.95
1970	0.36	1.78	2013	3.58	3.77
1980	1.25	3.17	2014	3.44	3.56
1990	1.16	1.96	2015	2.52	2.59
2000	1.52	2.09	2016	2.25	2.29
2005	2.31	2.84	2017	2.53	2.53
2006	2.62	3.11	2018	2.81	2.75
2007	2.84	3.29	2019	2.69	2.59
2008	3.30	3.75	2020	2.26	2.14
2009	2.41	2.72	2021	3.10	2.81
2010	2.84	3.16	2022	4.06	3.44

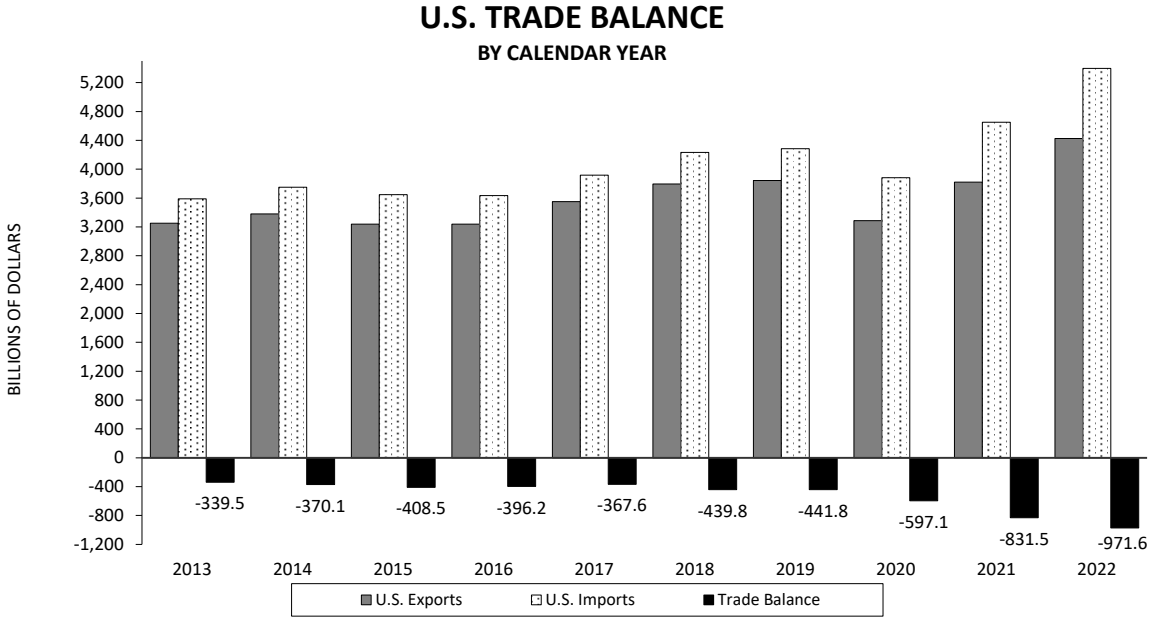
Note: Prices for 1950 to 1970 are leaded regular; 1980 and after are unleaded regular.
* Adjusted by GDP Price Deflator (2017=100)

Source: U.S. Dept. of Energy, Energy Information Administration, Bureau of Economic Analysis, IHS Economics

Export Sector

Trade has played an important role in the U.S. economy. Exports and a favorable balance of payments have traditionally been important to the growth of the U.S., affecting employment, production, and income. The United States is the world's second largest goods and services trading nation and the growth in real exports of goods and services has been an important factor in driving the country's economic expansion over the last half century. Total trade exports grew 36.1% from 2013 through 2022, while total trade imports grew 50.3% over the same time period.

The following graph illustrates the United States' trade balance for the past ten years. In 2022, the trade deficit increased to $971.6 billion, up from $831.5 billion in 2021. The graph also illustrates the significant impact the COVID-19 pandemic played on trade. Both U.S. exports and U.S. imports dropped by 14.5% and 9.6% respectively in 2020, but have rebounded sharply since then. Through 2022, supply chain issues, subsequent inflation increases, and a strong economy have led to a growing imbalance in the US trade balance.



Source: U.S. Department of Commerce, Bureau of Economic Analysis

United States' trade balances in the past two decades have generally improved during recession years and deteriorated during recovery and expansionary periods. Unlike previous expansionary cycles, from 2009 through 2018 the U.S. trade balance has remained relatively stable with little net change year over year. However, in 2020 as COVID-19 started, the American trade deficit began to change and rise as a result of the pandemic. The prior deficit peak occurred in 2006 with a trade deficit of $806.7 billion, which is 17.0% less than the current 2022 deficit of $971.6 billion, a new record high.

TABLE 31
U.S. TRADE DEFICIT BY CATEGORY
(In Billions of Dollars)

	2021			2022		
	Exports	Imports	Balance	Exports	Imports	Balance
Total Trade	**3,819.2**	**4,650.7**	**(831.4)**	**4,424.6**	**5,396.2**	**(971.6)**
Merchandise	**1,765.9**	**2,849.4**	**(1,083.5)**	**2,089.9**	**3,272.9**	**(1,183.0)**
Foods/Beverages	164.5	183.3	(18.8)	179.9	209.6	(29.7)
Industrial Supplies & Materials	617.9	640.9	(23.0)	812.5	807.4	5.1
Capital Goods, Excluding Autos	521.3	763.6	(242.2)	573.1	869.3	(296.2)
Autos	146.4	346.5	(200.1)	159.7	399.9	(240.3)
Consumer Goods	221.8	768.2	(546.4)	245.0	842.5	(597.4)
Others	94.0	146.8	(52.8)	119.8	144.3	(24.5)
Services	**801.1**	**559.2**	**241.9**	**928.5**	**696.7**	**231.8**
Travel & Transportation	150.1	168.3	(18.2)	242.3	278.6	(36.3)
Business Services	473.0	290.1	183.0	501.8	308.9	192.9
Royalties & License fees	128.4	46.1	82.3	127.4	53.2	74.2
Other Services	49.7	54.8	(5.1)	57.0	55.9	1.1
Investment Income	**1,252.2**	**1,242.1**	**10.1**	**1,406.2**	**1,426.6**	**(20.4)**
Direct Investment	616.4	315.0	301.4	640.7	322.7	318.0
Portfolio Investment Income	394.8	524.3	(129.4)	462.3	588.4	(126.0)
U.S. Gov't Receipts/Payments	175.0	314.8	(139.8)	188.3	357.3	(169.0)
Other Investment Income	65.9	88.0	(22.0)	114.8	158.2	(43.4)
			Net Change From Previous Year			
Total Trade	**534.0**	**768.3**	**(234.3)**	**605.4**	**745.6**	**(140.1)**
Merchandise	**332.0**	**502.7**	**(170.6)**	**324.0**	**423.5**	**(99.5)**
Foods/Beverages	25.2	27.9	(2.7)	15.4	26.3	(10.8)
Industrial Supplies & Materials	166.8	211.7	(44.9)	194.6	166.5	28.1
Capital Goods, Excluding Autos	58.0	116.5	(58.5)	51.7	105.7	(54.0)
Autos	17.0	36.7	(19.6)	13.2	53.4	(40.1)
Consumer Goods	47.6	127.5	(79.9)	23.2	74.2	(51.0)
Others	17.4	(17.6)	35.0	25.9	(2.5)	28.4
Services	**74.8**	**92.9**	**(18.1)**	**127.4**	**137.5**	**(10.1)**
Travel & Transportation	6.8	56.6	(49.7)	92.2	110.3	(18.1)
Business Services	51.0	30.4	20.6	28.8	18.9	9.9
Royalties & License fees	12.4	1.0	11.4	(1.0)	7.2	(8.1)
Other Services	4.6	4.9	(0.3)	7.3	1.1	6.2
Investment Income	**127.1**	**172.7**	**(45.6)**	**154.0**	**184.5**	**(30.5)**
Direct Investment	118.9	131.1	(12.2)	24.3	7.7	16.6
Portfolio Investment Income	14.6	32.0	(17.3)	67.5	64.1	3.4
U.S. Gov't Receipts/Payments	7.8	22.3	(14.6)	13.4	42.5	(29.2)
Other Investment Income	(14.2)	(12.7)	(1.5)	48.9	70.2	(21.4)

Note: Net changes were derived before rounding to billions.
Source: U.S. Bureau of Economic Analysis

Merchandise Trade

The U.S. Department of Commerce classifies international trade into three categories: merchandise trade, service transactions, and investment income. There are six subcategories within Merchandise Trade: Foods and Beverages; Industrial Supplies and Materials; Capital Goods Excluding Autos; Autos; Consumer Goods; and others. The deficit in merchandise trade increased by $99.5 billion for a total of $1,183.0 billion in 2022, up from $1,083.5 billion in 2021. This increase was partially attributable to both Consumer Goods and Capital Goods, Excluding Autos, which experienced the largest negative changes in trade balance compared to 2021.

Of the total trade deficit of $971.6 billion in 2022, consumer goods accounted for the largest portion, reaching $597.4 billion. Consumer goods consist of durables and nondurables. Durable goods include household and kitchen appliances such as radio and stereo equipment, televisions and video receivers, bicycles, watches, toys and sporting goods. Nondurables include footwear, apparel, medical, dental and pharmaceutical preparations. The trade deficit in the consumer goods category increased in 2022 by $51.0 billion.

The second largest portion of the deficit occurred in Capital Goods, Excluding Autos. This category includes machinery, and equipment but excludes automobiles and parts. In 2022, the U.S. imported $869.3 billion worth of these goods compared to the $573.1 billion that the U.S. exported. The Capital Goods trade deficit at $296.2 billion represents a $54.0 billion increase from the deficit of $242.2 billion in 2021.

Service Transactions

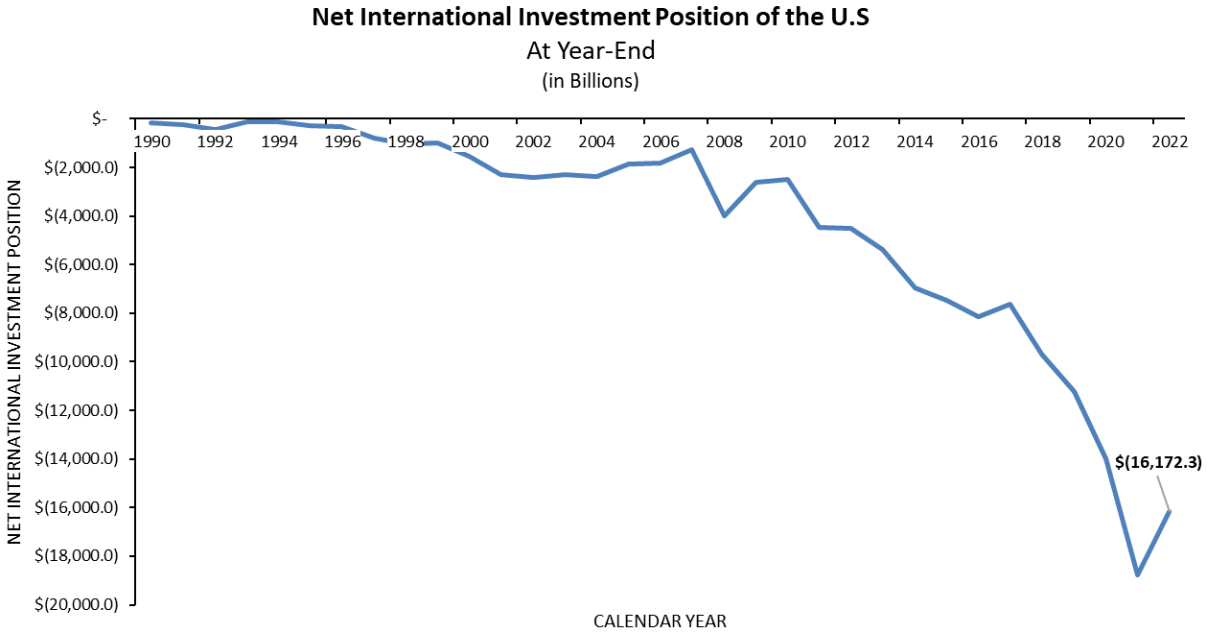
The United States is highly competitive in the delivery of services, although at a lower level than it was just a year ago. The surplus in service transactions decreased to $231.8 billion in 2022, from a surplus of $241.9 billion in 2021. Imports increased 24.6% to $696.7 billion while exports of services increased 15.9% to $928.5 billion. Of the $231.8 billion total surplus in 2022, $192.9 billion was attributable to business services.

Investment Income

Investment income contains two components: 1) receipts generated from U.S.-owned assets abroad including direct investments, other private securities such as U.S. government-owned securities, corporate bonds and stocks, and 2) compensation receipts of workers employed abroad in international organizations and foreign embassies stationed in the U.S., including wages, salaries, and benefits. Payments are the counterpart of U.S. receipts; they are paid on foreign-owned assets invested in the U.S. There are six major types of foreign assets in the United States, including U.S. government securities held by foreign governments and the private sector, direct investments, and liabilities captured by private bonds, corporate stocks and U.S. banks. The balance in investment income registered a deficit of $20.4 billion in 2022.

According to the U.S. Bureau of Economic Analysis, in calendar 2022 foreign assets in the U.S., measured at current cost, decreased by $6,001.0 billion, or -11.2%, to $47,804.1 billion, compared to a decrease of $3,390,1 billion, or -9.7%, to $31,631.8 billion for U.S. assets abroad. This placed U.S. international investment at a net negative $16,172.3 billion. Historically, U.S. direct investment in assets abroad exceeded foreign direct investment in the U.S. However, this trend ended in the late 1980s, and foreign

direct investment began to grow rapidly over the last couple decades. In 2022, the U.S.'s direct investment abroad was $9,277.0 billion and foreign direct investment in the U.S. was $12,262.7 billion, registering a net investment shortfall of $2,985.7 billion. Foreign assets in the United States are mostly in securities such as bonds and stocks issued by the U.S. Treasury and corporations. The significant growth in the net international investment position (NIIP) deficit should be a cause for concern as no country has been able to maintain a large deficit over the long-term. Adjustments, such as policies to significantly depreciate the U.S. dollar, would be required to bring the United States back into alignment.



Source: U.S. Bureau of Economic Analysis

Tariffs

Tariffs are taxes placed on the import of goods or services and are used to restrict imports by increasing the price of the goods or services purchased from outside the United States. This policy has been used throughout history primarily for protecting national industries from global competition and as a form of revenue generation. By design, tarrifs reduce competition, but they can have unintended consquences which can result in less efficient domestic industries that could lead to a drag on economic growth. The United States is no stranger to tariffs and has been using them to protect domestic industries since the country's founding.

The Trump Administration introduced several new tariffs through the use of executive order, rather than an act of Congress, in order to adjust the imbalance in the United States' trade deficit and protect certain industries believed to be negatively impacted by global trade policies. In January 2018, tariffs of 30% to 50% were imposed on solar panels and washing machines. Tariffs on washing machines expired in the summer of 2023 after a two-year extension issued under the Biden administration. In March 2018, additional tariffs were added, including a 25% tariff on raw steel and a 10% tariff on raw aluminum. Certain countries, such as Argentina, Canada, European Union, Japan, Mexico, and the United Kingdom were later

exempted from specific tariffs, including aluminum and steel tariffs, through trade agreements. In September 2018, a 10% tariff was placed on various goods imported from China which increased to 25% for certain items throughout 2019, although this was subsequently lowered to 10% in July 2019. In early 2020, the Trump Administration rolled back various tariffs on Canadian and Chinese products. Since taking office in January 2021, the Biden administration has largely continued the tariffs issued under the prior administration. As a result of the conflict between Russia and Ukraine, on June 27, 2022 the Biden Administration raised the tariff rate on Russian imports by 35%.

Calculating the cost of these new tariffs can be difficult given the relatively brief time that they have been in place and the evolving nature of their coverage and associated costs. In 2019, the Congressional Budget Office estimated that the relative impact of the tariffs and the associated retaliatory tariffs would reduce U.S. GDP by roughly 0.3% by 2020. As a result of this reduction, the average real household income is expected to be reduced by $580 (in 2019 dollars). Over the longer term it is anticipated that the impact will level off as businesses and consumers adjust their behavior.

Connecticut Exports

In Connecticut, the export sector has assumed an important role in the state's overall economic growth. State exports of goods for the past five years averaged 5.3% of Gross State Product (GSP).

The state's economy benefits from goods produced not only for direct shipment abroad but also from those that are ultimately exported from other states. These indirect exports are important in industries whose products require further processing such as primary metals, fabricated metal products and chemicals. In addition, indirect exports are important in industries whose products constitute components and parts for assembly into machinery, electrical equipment and transportation equipment. According to figures published by the United States Department of Commerce, which were adjusted and enhanced by the World Institute for Social and Economic Research to capture a greater proportion of indirect exports, Connecticut exports of commodities totaled $15,344.0 million in 2022, up 5.5% from 2021. Total Connecticut exports remain below pre COVID-19 pandemic levels.

In 2022, the Connecticut industries that rely most heavily on exports were Transportation Equipment (NAICS 336), Nonelectrical Machinery (NAICS 333) and Chemicals (NAICS 325). These three industries accounted for 60.0% of Connecticut's foreign sales in 2022. The following table shows the breakdown of major products by NAICS code for the past five years. In 2022, transportation equipment, which includes aircraft engines and spare parts, gas turbines, helicopters and spacecraft accounted for 34.4% of total exports which is slightly down from 2021. In terms of average annual growth from 2018 to 2022, Miscellaneous Manufacturing posted the strongest growth at 9.6%, followed by Paper at 5.6%.

Overall growth in exports was impact by the COVID-19 pandemic, and have only recently shown signs of improvement from the low experienced in 2020. Connecticut exports of commodities for the five years leading up to 2022 averaged -3.1%. Exports of $15.3 billion are estimated to account for 4.8% of Connecticut Gross State Product (GSP) in 2022, which is lower than the pre-pandemic leve of 5.7% in 2019.

TABLE 32
COMMODITY EXPORTS ORIGINATING IN CONNECTICUT BY PRODUCT
(In Millions of Dollars)

NAICS	Industry	2018	2019	2020	2021	2022	Percent of 2022 Total	Average Growth 18-22
322	Paper	157.6	145.1	124.9	161.0	195.7	1.3%	5.6%
325	Chemicals	1,224.5	1,054.4	1,303.3	1,350.8	1,290.9	8.4%	1.3%
326	Plastics and Rubber	323.8	295.1	211.7	318.3	275.9	1.8%	-3.9%
331	Primary Metal	297.7	346.4	256.8	290.7	344.6	2.2%	3.7%
332	Fabricated Metal	901.6	938.5	888.5	870.0	962.3	6.3%	1.6%
333	Machinery, exc. Elec.	2,259.1	2,180.8	2,134.6	2,220.6	2,633.0	17.2%	3.9%
334	Comp. & Electronic	1,260.4	1,176.9	1,032.5	1,128.6	1,139.2	7.4%	-2.5%
335	Electrical Equipment	919.6	895.6	946.5	979.1	930.0	6.1%	0.3%
336	Transportation Equip.	7,673.6	6,951.0	4,883.3	5,129.9	5,274.8	34.4%	-8.9%
339	Misc. MFG	339.1	382.5	426.9	504.1	489.1	3.2%	9.6%
	Other	2,046.5	1,864.3	1,618.1	1,594.4	1,808.5	11.8%	-3.0%
Total Commodity Exports		17,403.5	16,230.6	13,827.2	14,547.6	15,344.0	100.0%	-3.1%
	% Growth	17.7%	-6.7%	-14.8%	5.2%	5.5%		
Gross State Product ($M)		280,535.4	285,466.4	275,801.9	295,907.5	319,344.8		3.3%
		2.6%	1.8%	-3.4%	7.3%	7.9%		
Exports as a % of GSP		6.2%	5.7%	5.0%	4.9%	4.8%		5.3%

Source: World Institute for Strategic Economic Research (WISERTrade.org)

The bulk of Connecticut's exports are shipped by air from Bradley International Airport and by sea from the port of New Haven. In 2022, exports originating from Connecticut totaled $15.3 billion, with 66.8% of the total being shipped by air, 13.5% being delivered by sea, and the remaining 19.7% being transported inland by railroad or truck to Canada, Mexico or other states for further shipment to other countries. This compares with 55.4% by air, 17.6% by sea, and 27.5% by land for exports totaling $4.5 billion in 1990. This reflects the demand for meeting just-in-time inventory requirements, with the majority of goods transported by air as that mode of transportation provides more frequent departures and faster transit times.

The following table shows the ten major foreign countries to which Connecticut firms export their products. Germany is the largest destination country in 2022 at 13.7% of total exports, followed by Canada, United Kingdom, Mexico, and France. These five countries accounted for 50.6% of total state exports in 2021. Exports to the Netherlands have grown the fastest in the past five years at an average growth rate of 7.6%, surpassing Mexico average growth rate of 4.7% in 2022.

TABLE 33
COMMODITY EXPORTS ORIGINATING IN CONNECTICUT BY COUNTRY
(In Millions of Dollars)

Destination	2022 Rank	2018	2019	2020	2021	2022	Percent of 2022 Total	2018-2022 Average Growth Rate
Germany	1	2,332.3	2,541.5	2,189.7	2,332.4	2,096.4	13.7%	-2.6%
Canada	2	1,964.1	1,952.9	1,670.8	1,738.8	2,067.8	13.5%	1.3%
United Kingdom	3	1,484.4	1,451.7	1,160.8	1,022.0	1,364.3	8.9%	-2.1%
Mexico	4	947.7	810.1	753.8	978.7	1,137.2	7.4%	4.7%
France	5	3,177.8	1,859.6	894.3	724.3	1,094.6	7.1%	-23.4%
Netherlands	6	769.5	773.7	840.8	973.7	1,030.4	6.7%	7.6%
China	7	942.6	1,262.4	1,098.0	1,256.6	888.0	5.8%	-1.5%
Japan	8	627.5	402.0	397.7	402.6	476.8	3.1%	-6.6%
South Korea	9	422.5	476.0	453.2	455.2	467.1	3.0%	2.5%
Singapore	10	623.3	552.6	425.4	374.5	466.8	3.0%	-7.0%
Other Areas		4,111.8	4,148.0	3,942.7	4,288.9	4,254.6	27.7%	0.9%
Total		17,403.5	16,230.6	13,827.2	14,547.6	15,344.0	100.0%	-3.1%

Source: World Institute for Strategic Economic Research (WISERTrade.org)

In an effort to create jobs and investment, the Connecticut Department of Economic and Community Development has continued to work with a number of foreign companies to establish branches in Connecticut. As a result of this work, foreign countries continually invest and own firms in the state. This foreign investment is an important stimulus for Connecticut's economic growth and future productivity as 3.0% of the state's total nonfarm employment in 2021 was a result of foreign investment. In 2021, 112,100 Connecticut workers were employed by foreign-controlled companies, an increase of 7,600 since 2016. Major sources of foreign investment in Connecticut in 2018 included the Netherlands, the United Kingdom, Germany, and France.

Connecticut's Defense Industry

The defense industry is an integral part of Connecticut's manufacturing sector and has been since the inception of the United States as a nation. The state's economy is affected by the volume of defense contracts awarded or subcontracted to Connecticut firms.

In federal fiscal year (FFY) 2022, contractors in the state were awarded $17.3 billion worth of defense-related prime contracts, with the heaviest concentration in the state's transportation equipment sector. This was was an increase of 1.7% from the $17.0 billion received in awards in FFY 2021. Of the total awarded, the following five companies were the top contractors in the state, primarily for the described areas of work:

1. Raytheon Technologies Corp. — Aircraft Engines & Turbines
2. General Dynamics Corp. — Submarines
3. Lockheed Martin Corp. — Aircraft
4. Emprise Corp. — Research, Development, & Engineering
5. Sonalysts, Inc. — Research, Development, & Engineering

The following table shows the distribution of prime defense contracts in the state by program or type of work, with a heavy reliance on submarines, jet engines, and rotary wing aircraft (helicopters), which is very different from the national distribution of all contracts awarded. This concentration in large weapon programs play a role in the volatility of state awards.

TABLE 34
VALUE OF PRIME CONTRACT AWARDS BY PROGRAM IN FFY 2022
(In Millions)

Connecticut Program	Value	Percent	United States Program	Value	Percent
Gas Turbines and Jet Engines	$ 6,334.9	36.7%	Drugs and Biologicals	$ 21,745.0	6.9%
Combat Ships and Landing Vessels	5,233.3	30.3%	Aircraft, Fixed Wing	21,397.5	6.8%
Aircraft, Rotary Wing	2,655.4	15.4%	Engineering and Tech Support Services	16,085.6	5.1%
Maintenance and Repair of Equipment	1,253.3	7.3%	General Health Care Services	13,601.5	4.3%
Helicopter Rotor Blades, Components	315.7	1.8%	Combat Ships and Landing Vessels	11,658.5	3.7%
Other	1,469.2	8.5%	Other	230,308.6	73.2%
Total	$ 17,261.8	100.0%	Total	$ 314,796.8	100.0%

Source: General Services Administration (SAM.gov)

The following table displays the geographic distribution of prime defense contracts within the state, with the majority of the work in Fairfield, New London and Hartford Counties.

TABLE 35
GEOGRAPHIC DISTRIBUTION OF CONNECTICUT PRIME AWARDS
(And Total Awards in Thousands of Dollars)

	FFY 2018	FFY 2019	FFY 2020	FFY 2021	FFY 2022
Fairfield	20.1%	28.9%	19.7%	27.8%	21.1%
Hartford	39.3%	44.5%	26.4%	19.3%	45.6%
Litchfield	0.3%	0.2%	0.1%	0.0%	0.1%
Middlesex	0.1%	0.3%	0.1%	0.1%	0.0%
New Haven	0.6%	0.5%	0.3%	0.2%	0.3%
New London	39.3%	25.6%	53.3%	52.5%	32.7%
Tolland	0.1%	0.1%	0.1%	0.0%	0.0%
Windham	0.1%	0.1%	0.0%	0.0%	0.0%
State Total	100.0%	100.0%	100.0%	100.0%	100.0%
State Total	$14,699,901	$18,357,870	$22,355,563	$16,966,248	$17,261,824

Source: General Services Administration (SAM.gov)

Prime defense contracts have tended to be "leading" indicators of the state's economic activity. This means that changes in defense contract awards precede changes in employment. However, new defense contract awards cannot be directly converted into anticipated employment gains or losses because: a.) contracts have different terms and different completion dates; b.) subcontracting on prime awards may be done by firms in different states; c.) research and development contracts are usually capital-intensive rather than labor-intensive; d.) there often exists a time lag between contract award and funding availability; and e.) as productivity improvements are achieved over time by manufacturers, the same (or greater) amount of work can be done by fewer employees. Nearly all defense related employment within Connecticut falls under the Bureau of Labor Statistics' Transportation Equipment category.

To compare the relative volatility of contract awards with defense related employment, the coefficient of variation is used: the larger the number, the greater the volatility. It is derived by dividing the standard deviation of a variable by its mean. The coefficient of variation for the state's defense contract awards over the past decade was 0.245 compared with 0.056 for transportation equipment employment. This implies that the fluctuations in transportation employment are milder than the fluctuations in defense contract awards. Because most defense contract awards are long-term projects, there is usually a backlog of unfinished orders in the pipeline, allowing continued employment even if new contracts are not received. The coefficient of variation for Connecticut's defense contract awards over the past decade was 0.245, compared to 0.156 for the U.S., reflecting greater volatility in the state's annual levels of defense contract awards compared to the national level. Over the last several years Connecticut has seen more volatility as the U.S. Department of Defense has approved increasingly larger contracts to Connecticut contractors.

Real defense contract awards in Connecticut —the value of contracts after accounting for inflation— increased from $10.0 billion in FFY 2013 to $13.9 billion in FFY 2022. This represents an annual percentage growth rate of 3.7% per year from FFY 2013 to FFY 2022.

TABLE 36
CONNECTICUT DEFENSE CONTRACT AWARDS AND RELATED EMPLOYMENT

Federal Fiscal Year	Defense Contract Awards ($ 000's)	% Growth	Connecticut Transportation Equipment Employment (000's)	% Growth	Defense Contract Awards in 2013 Dollars ($ 000's)	% Growth
2013	10,032,845	(21.3)	41.58	(1.4)	10,032,845	(22.6)
2014	13,207,996	31.6	40.29	(3.1)	12,996,465	29.5
2015	12,148,167	(8.0)	40.43	0.3	11,916,703	(8.3)
2016	14,134,319	16.3	41.40	2.4	13,739,297	15.3
2017	11,623,106	(17.8)	43.38	4.8	11,070,579	(19.4)
2018	14,699,901	26.5	45.37	4.6	13,671,101	23.5
2019	18,357,870	24.9	46.71	3.0	16,762,541	22.6
2020	22,355,563	21.8	46.37	(0.7)	20,119,853	20.0
2021	16,966,248	(24.1)	44.79	(3.4)	14,782,899	(26.5)
2022	17,261,824	1.7	44.93	0.3	13,937,102	(5.7)
Coeffcient of Variation	0.245		0.056		0.208	

Sources: U.S. Department of Defense, Bureau of Labor Statistics; Federal Procurement Data System, IHS

TABLE 37
COMPARISON OF U.S. AND CONNECTICUT DEFENSE CONTRACT AWARDS

	Connecticut				United States			
Federal Fiscal Year	Defense Contract Awards ($ Millions)	% Growth	3-Year Moving Average ($ Millions)	% Growth	Defense Contract Awards ($ Millions)	% Growth	3-Year Moving Average ($ Millions)	% Growth
2013	10,033	(21.3)	11,758	(3.3)	268,847	(15.8)	305,898	(5.6)
2014	13,208	31.6	11,997	2.0	260,720	(3.0)	282,974	(7.5)
2015	12,148	(8.0)	11,796	(1.7)	253,370	(2.8)	260,979	(7.8)
2016	14,134	16.3	13,163	11.6	279,026	10.1	264,372	1.3
2017	11,623	(17.8)	12,635	(4.0)	300,634	7.7	277,676	5.0
2018	14,700	26.5	13,486	6.7	336,167	11.8	305,276	9.9
2019	18,358	24.9	14,894	10.4	360,113	7.1	332,305	8.9
2020	22,356	21.8	18,471	24.0	400,246	11.1	365,509	10.0
2021	16,966	(24.1)	19,227	4.1	279,812	(30.1)	346,724	(5.1)
2022	17,262	1.7	18,861	(1.9)	314,797	12.5	331,618	(4.4)
Coefficient of Variation	0.245				0.156			

Sources: U.S. Department of Defense, General Services Administration (SAM.gov)

As defense contract awards normally take several years to complete, the three-year moving average is a better reflection of actual production activities. Overall changes in defense funding and expansions in Connecticut have historically been more severe and more volatile than the national average. Both factors have negative implications for the state's economy. Volatility imposes difficulties for the industry in terms of long-term planning, making future capital investments riskier and decreasing the dollars devoted to research and development.

Connecticut's total defense awards, based on a three-year moving average, increased at an annual growth rate of 5.4% during the nine-year period from 2013 to 2022, compared to a growth rate of 0.9% for the nation.

The relative share of defense-related production activity, measured by the size of the moving average of defense contract awards compared to Gross State Product (GSP), was at or below 2.0% in the late 1990s and has generally hovered around 4.0% to 6.0% since then. In comparison, this share was 9.8% in 1982. The following table provides a ten-year history of U.S. and Connecticut defense awards and the proportion of state GSP such awards represent.

In FFY 2022, while Connecticut ranked fifth nationally in total defense contracts awarded, it ranked first in per capita defense dollars awarded with a figure of $4,759. This figure was more than five times the national average of $944. In FFY 2021, Connecticut ranked fourth in total defense contracts awarded and first in per capita defense dollars awarded with a figure of $4,708. This was more than five times the national average of $843 for that year.

While defense spending began ramping down in the 2010's due to the wind-down of the Afghanistan and Iraq wars, Connecticut saw a significant change in defense spending in December 2019, when President Trump approved a spending bill with approximately $738 billion in federal funding for military and defense projects for FFY 2020. Projects manufactured in Connecticut include nine Virginia-class submarines to be partly manufactured by Electric Boat; engines for F-35 jets and the B-21 Raider made by Pratt & Whitney; and Black Hawk, CH-53K heavy lift, and combat rescue helicopters produced by Sikorsky Aircraft Corporation.

More recently, in December 2023 President Biden signed into law a $886 billion National Defense Authorization Act for FFY 2024. Given the recent attacks against U.S. allies Ukraine and Israel, this Act was approved by both chambers at a time when defense funding was most critical. Included in this Act were many contracts for Connecticut-based defense contractors which include engines for 83 F-35 Joint Strike Fighter jets and upgrades to the F-135 engines, both produced by Pratt & Whitney; a new Columbia Class Submarine and two Virginia Class Submarines manufactured by Electric Boat; and 15 CH-53K King Stallion helicopters and 50 Black Hawk helicopters produced by Sikorsky Aircraft Corporation.

TABLE 38
CONNECTICUT DEFENSE CONTRACT AWARDS AND GSP

Federal Fiscal Year	Connecticut Defense Contract Awards ($ Millions)	U.S. Defense Contract Awards ($ Millions)	CT as % of U.S.	CT GSP Current Dollars ($ Millions)	3-year Average CT Awards ($ Millions)	CT Awards as % of CT GSP
2013	10,033	268,847	3.7%	241,373	11,758	4.2%
2014	13,208	260,720	5.1%	244,172	11,997	5.4%
2015	12,148	253,370	4.8%	257,603	11,796	4.7%
2016	14,134	279,026	5.1%	262,359	13,163	5.4%
2017	11,623	300,634	3.9%	269,060	12,635	4.3%
2018	14,700	336,167	4.4%	278,073	13,486	5.3%
2019	18,358	360,113	5.1%	286,522	14,894	6.4%
2020	22,356	400,246	5.6%	277,991	18,471	8.0%
2021	16,966	279,812	6.1%	292,196	19,227	5.8%
2022	17,262	314,797	5.5%	316,895	18,861	5.4%

Source: General Services Administration (SAM.gov), Bureau of Economic Analysis, IHS Markit

Some of the primary defense systems of interest to Connecticut include:

1. CH-53K Heavy Lift Helicopter
2. UH-60 Utility Helicopter (Black Hawk)
3. S-70i Black Hawk Helicopter
4. CH-148 Cyclone Helicopter
5. HH-60W Combat Rescue Helicopter (Pave Hawk)
6. F-15 Aircraft
7. F-16 Aircraft
8. F-35 Lightning Aircraft
9. H-92 Super Hawk Helicopter
10. KC-46A Pegasus Aircraft
11. Virginia Class Submarine
12. Columbia Class Submarine

TABLE 39
COMPARISON OF STATE PRIME CONTRACT AWARDS
Federal Fiscal Year 2022

State	Prime Contract Awards ($ 000's)	Rank	$ Per Capita Prime Contract Awards	Rank	State	Prime Contract Awards ($ 000's)	Rank	$ Per Capita Prime Contract Awards	Rank
Connecticut	**17,261,824**	**5**	**4,759**	**1**	Michigan	5,870,115	16	585	26
Virginia	30,660,030	2	3,532	2	New Hampshire	809,640	38	581	27
Kentucky	10,551,902	9	2,339	3	North Dakota	420,871	44	540	28
Maryland	13,335,337	7	2,163	4	Wisconsin	3,051,400	25	518	29
Alaska	1,446,529	33	1,972	5	Iowa	1,635,703	31	511	30
Maine	2,409,301	28	1,740	6	Vermont	325,642	45	503	31
Hawaii	2,420,754	27	1,680	7	Rhode Island	541,657	42	495	32
Arizona	10,357,899	10	1,410	8	Georgia	4,948,074	19	454	33
Texas	41,239,891	1	1,376	9	Illinois	5,544,233	18	440	34
Massachusetts	9,503,272	11	1,361	10	South Carolina	2,281,022	29	433	35
Colorado	7,689,154	12	1,318	11	North Carolina	3,924,545	21	367	36
Alabama	6,494,591	14	1,281	12	Nevada	1,132,413	35	357	37
Mississippi	3,617,427	22	1,230	13	Louisiana	1,597,195	32	348	38
Missouri	6,619,107	13	1,072	14	Kansas	1,000,712	36	341	39
Utah	3,416,706	24	1,012	15	Nebraska	606,872	40	309	40
New York	19,554,228	4	993	16	Wyoming	176,865	46	304	41
Pennsylvania	12,429,859	8	958	17	Ohio	3,418,789	23	291	42
Washington	6,043,785	15	777	18	Tennessee	1,690,244	30	240	43
Florida	17,214,320	6	776	19	Oregon	716,543	39	169	44
California	28,710,703	3	735	20	Minnesota	945,232	37	165	45
Oklahoma	2,884,843	26	718	21	Arkansas	495,700	43	163	46
South Dakota	604,262	41	666	22	Montana	152,318	47	136	47
New Mexico	1,345,933	34	637	23	Idaho	141,343	48	73	48
Indiana	4,224,743	20	619	24	West Virginia	124,880	49	70	49
New Jersey	5,649,413	17	610	25	Delaware	-110,849	50	-109	50
U.S. Total	314,796,755		944						

Source: General Services Administration (SAM.gov), Bureau of the Census, IHS Markit Economics

Retail Trade in Connecticut

Consumer spending on goods and services, ranging from smartphones to refrigerators to haircuts to electricity, accounted for approximately 68% of the nation's gross domestic product (GDP) in FY 2023. During the last decade, variations in retail trade closely matched variations in GDP growth, making retail trade an important barometer of economic health.

The North American Industry Classification System (NAICS) includes establishments that engage in selling merchandise for personal or household consumption and rendering services incidental to the sale of the goods in the retail trade industry. The NAICS codes for retail trade are from NAICS 44 to NAICS 45. In general, retail establishments are classified via these codes according to the principal lines of commodities sold (e.g., apparel, groceries) or the usual trade designation (e.g., liquor store, drug store).

The following table shows the major group in each NAICS code as well as the state's retail trade history for the past two fiscal years. Retail sales reflect the pulse of economic conditions: they perform strongly as the economy expands and perform poorly during a recession. Connecticut retail trade in FY 2023 totaled $81.4 billion, a 4.6% increase over FY 2022 and the thirteenth straight year of increased total trade.

TABLE 40
RETAIL TRADE IN CONNECTICUT
(In Millions)

NAICS	Industry	FY 2022	% of Total	FY 2023	% of Total	% Change
441	Motor Vehicle and Parts Dealers	$13,755	17.7	$14,318	17.6	4.1
442	Furniture and Home Furnishings Stores	2,404	3.1	2,337	2.9	(2.8)
443	Electronics and Appliance Stores	1,688	2.2	1,639	2.0	(2.9)
444	Building Material and Garden Supply Stores	4,520	5.8	4,617	5.7	2.1
445	Food and Beverage Stores	12,706	16.3	13,279	16.3	4.5
446	Health and Personal Care Stores	5,462	7.0	6,015	7.4	10.1
447	Gasoline Stations	4,597	5.9	4,749	5.8	3.3
448	Clothing and Clothing Accessories Stores	3,700	4.8	3,819	4.7	3.2
451	Sporting Goods, Hobby, Book and Music Stores	1,044	1.3	1,055	1.3	1.1
452	General Merchandise Stores	6,651	8.5	7,126	8.8	7.1
453	Miscellaneous Store Retailers	9,295	11.9	9,382	11.5	0.9
454	Nonstore Retailers	12,027	15.4	13,101	16.1	8.9
	Total	$77,848	100.0	$81,436	100.0	4.6
Durables (NAICS 441,442, 443, 444)		$22,367	28.7	$22,910	28.1	2.4
Nondurables (All Other NAICS)		$55,482	71.3	$58,526	71.9	5.5

Source: Connecticut Department of Revenue Services

Retail trade can be broken down into two major categories: durable and nondurable goods. Durable goods are items that are expected to last three years or more and include items such as automobiles, furniture, and appliances. Durable goods are normally big-ticket items that are sensitive to the overall economic climate. Purchases of such goods increase when interest rates decrease or when consumers' incomes grow, and consumer confidence increases. Essentially, these transactions occur primarily when consumers feel the economy is on the right track and when more disposable income is being spent as the result of the price of borrowing going down or when consumers' earnings go up. Durable goods and sales increased slightly by 2.4% in FY 2023. Nondurable goods have a shorter life span and include items such as food, gas, apparel, and other miscellaneous products. Sales of nondurable goods are typically less volatile as most items are deemed "necessities" and consumption is relatively insensitive to price variations. The previous table shows that Connecticut sales of nondurable goods grew by 5.5% in FY 2023.

In addition to the traditional transactions occurring in Connecticut-based "bricks and mortar" establishments, a significant amount of retail activity is also taking place over the internet. According to the U.S. Census Bureau's Retail Indicators Branch, in FY 2023 national retail e-commerce sales are estimated at $1,078.5 billion, accounting for 15.1% of total retail sales of $7,164.7 billion. Estimated e-commerce retail sales rose by 8.4% in FY 2023 compared to a 4.8% growth in traditional retail sales.

Historically, the U.S. Supreme Court forbade states from forcing retailers to collect sales tax unless the seller had a physical presence in the state where the purchase was made (physical nexus). The U.S. Supreme Court overturned the prior ruling in June 2018 in *South Dakota v. Wayfair, Inc.*, where it ruled that vendors with more than 200 transactions or sales over $100,000 to residents of South Dakota constituted an economic nexus. In anticipation of the *Wayfair* decision, Public Act 18-152 made remote sellers that make at least $250,000 in sales and more than 200 retail transactions to Connecticut residents liable to collect sales tax effective December 1, 2018. Public Act 19-117, effective July 1, 2019, lowered the threshold for the sales tax physical nexus to match the Wayfair decision and broadened its application to include retail sales of services.

Retail trade as a percentage of disposable income in Connecticut remained relatively flat over FY 2023 and FY 2022 at 32.1%. The state's per capita disposable income of $69,970 in FY 2023 was 19.9% above the national average of $58,347. In FY 2023, Connecticut per capita retail trade was estimated at $22,470.

TABLE 41

RETAIL SALES IN CONNECTICUT BY EMPLOYEES AND ESTABLISHMENTS

	Sales ($M)	Number of Employees	Per Employee Sales ($ 000's)	Per Number of Establish.	Employees Per Establish.	Annual Payroll ($M)
2012	51,632.5	182,528	282.9	12,597	14.5	4,974.5
2017	55,404.5	186,297	297.4	12,391	15.0	5,560.8
Growth (%)	7.3	2.1	5.1	(1.6)	3.7	11.8

Source: U.S. Census Bureau, 2012 and 2017 Economic Census

According to the 2017 economic census on retail sales, a survey that is done once every five years by the U.S. Department of Commerce, Connecticut had $55.4 billion of retail sales, up from $51.6 billion in 2012. The retail trade sector is one of the major sources of jobs in the Connecticut economy and although the number of establishments has declined from 2012 to 2017, the number of employees has increased. In 2017, the sector had 12,391 establishments with 186,297 employees, compared to 12,597 establishments with 182,528 employees in 2012.

Nonfinancial Debt

For many years, national attention has been focused on the issue of the federal budget and trade deficits, as well as the level of indebtedness of domestic nonfinancial entities. Domestic Nonfinancial Debt (DNFD) is the aggregate net indebtedness of all nonfinancial borrowers in the United States. It includes the borrowings of all levels of government, business and households. It excludes the debt of foreigners and the liabilities of financial intermediaries such as commercial banks, thrift institutions and finance companies.

TABLE 42
DOMESTIC NON-FINANCIAL DEBT (DNFD) OUTSTANDING BY SECTOR IN THE U.S.
In Billions of Dollars at Yearend

					2022	Growth		
Private Sector	1990	2000	2010	2022	% of Total	(1990 to 2000)	(2000 to 2010)	(2010 to 2022)
Households								
Home Mortgages	$2,489.3	$4,816.8	$9,992.3	$12,693.1	18.1%	93.5%	107.4%	27.0%
Consumer Credit	824.4	1,741.3	2,646.8	4,894.0	7.0%	111.2%	52.0%	84.9%
Other	330.7	700.7	1,162.3	1,796.4	2.6%	111.8%	65.9%	54.6%
Total - Households	$3,644.4	$7,258.7	$13,801.4	$19,383.6	27.6%	99.2%	90.1%	40.4%
Business								
Mortgages	$1,217.3	$1,820.6	$3,702.4	$6,482.0	9.2%	49.6%	103.4%	75.1%
Corporate Bonds	1,008.2	2,267.8	3,386.2	6,743.9	9.6%	124.9%	49.3%	99.2%
Other	1,580.5	2,660.6	3,281.0	7,542.9	10.7%	68.3%	23.3%	129.9%
Total - Business	$3,806.0	$6,749.0	$10,369.6	$20,768.8	29.6%	77.3%	53.6%	100.3%
Total - Private Sector	$7,450.4	$14,007.7	$24,171.0	$40,152.4	57.2%	88.0%	72.6%	66.1%
Public Sector								
Federal Government*	$2,830.8	$4,090.0	$10,528.6	$26,851.4	38.2%	44.5%	157.4%	155.0%
State & Local Gov't	987.4	1,197.9	3,221.0	3,231.6	4.6%	21.3%	168.9%	0.3%
Total - Public Sector	$3,818.2	$5,287.9	$13,749.5	$30,083.0	42.8%	38.5%	160.0%	118.8%
Total DNFD	$11,268.6	$19,295.6	$37,920.5	$70,235.4	100.0%	71.2%	96.5%	85.2%
GDP, 4th Quarter	$6,004.7	$10,435.7	$15,309.5	$26,408.4		73.8%	46.7%	72.5%
DNFD as a % of GDP	187.7%	184.9%	247.7%	266.0%				

*Excludes intra-governmental holdings of Treasury securities
Source: Board of Governors of the Federal Reserve System, IHS Markit

The preceding table shows the 33-year history from 1990 to 2022 for total DNFD and each of its four components – households, businesses, federal government, and state and local governments. In 2022, the year-end total domestic nonfinancial debt outstanding was $70,235.4 billion, almost three times GDP. Total non-financial debt between 2000 and 2022 has grown 264.0%, outpacing the growth in GDP of 153.1%.

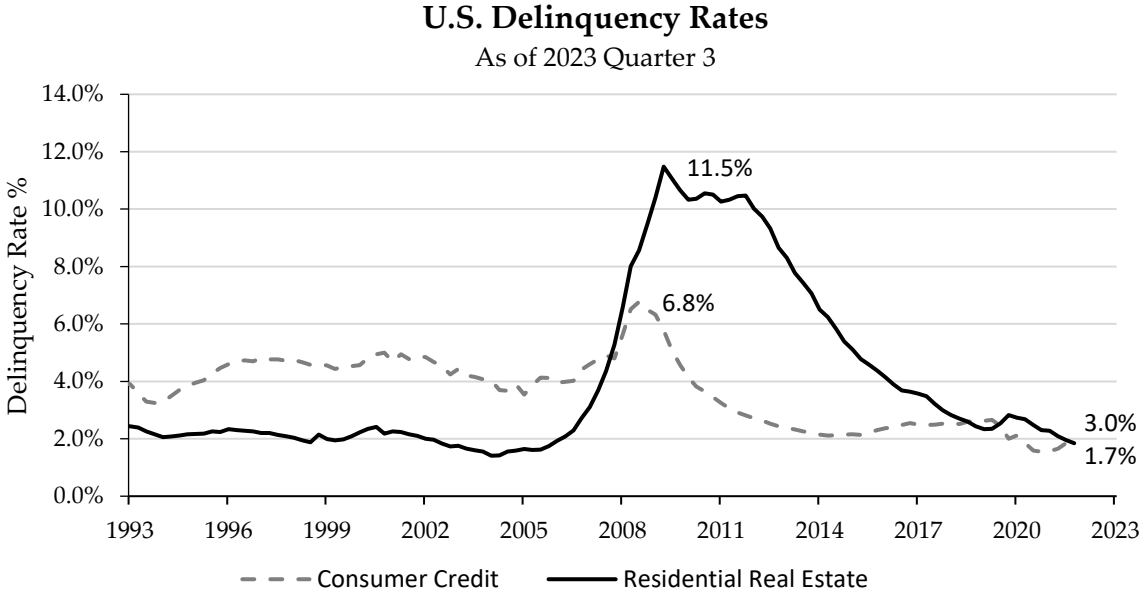
By 2022, of the total $70.2 trillion nonfinancial debt outstanding, the federal government accounted for 38.2%, followed by nonfinancial business at 29.6%, households at 27.6%, and state and local governments at 4.6%. However, debt outstanding in the private sector accounted for 57.2% of the total in 2022, down from 72.6% in 2000. Due to the 2008 financial crisis, deficit spending has led the federal government to overtake the household sector in total outstanding nonfinancial debt. Total nonfinancial debt outstanding has increased from $54.3 trillion in 2019 to $70.2 trillion in 2022 primarily because of additional federal deficit spending brought about by the Coronavirus Disease 2019 (COVID-19) pandemic.

Household Borrowing

Household borrowing, which includes home mortgages, consumer credit, and other miscellaneous items, totaled $19.4 trillion by the end of 2022. Of this sum, home mortgage loans accounted for $12.7 trillion, or 65.5% of household borrowing, followed by consumer credit at $4.9 trillion, or 25.2%, and the remainder for other miscellaneous items.

As shown in the chart below, delinquency rates on all residential real estate loans increased after the onset of the 2008 Great Recession as a correction related to sub-prime and Alt-A mortgages (mortgages that are riskier than prime, but less risky than subprime mortgages) engulfed consumers. From an average rate of 2.3% from 1991 to mid-2008, delinquency rates reached a high of 11.5% in the first quarter of 2010. The increase was due to plunging housing prices coupled with reset provisions on certain mortgages and a slowdown in the economy. By the third quarter of 2019, this figure fell to 2.4% as the national expansion from the 2008 Great Recession continued. In the third quarter of 2020, delinquency rates increased to 2.8% due to the economic impact of the COVID-19 pandemic. Delinquency rates have since decreased to 1.7% as of the third quarter of 2023.

Consumer credit, not secured by real estate, is comprised of non-revolving credit (such as automobile and personal loans) and revolving credit (which includes credit card debt and store charges). Over the years, consumer credit has helped finance a large expansion in spending for consumer non-durables as more consumers rely on credit cards for making purchases online. After averaging 4.4% from 1991 to mid-2008, and reaching 6.8% in mid-2009, delinquency rates on credit card loans declined to a 30-year low of 1.6% in the third quarter of 2021. Consumer credit delinquency rates have trended upward to 3.0% in the 2 years since. While this growth represents a 45% year-over-year increase, current consumer credit delinquency rates remain well below their 30-year average of 3.6%.



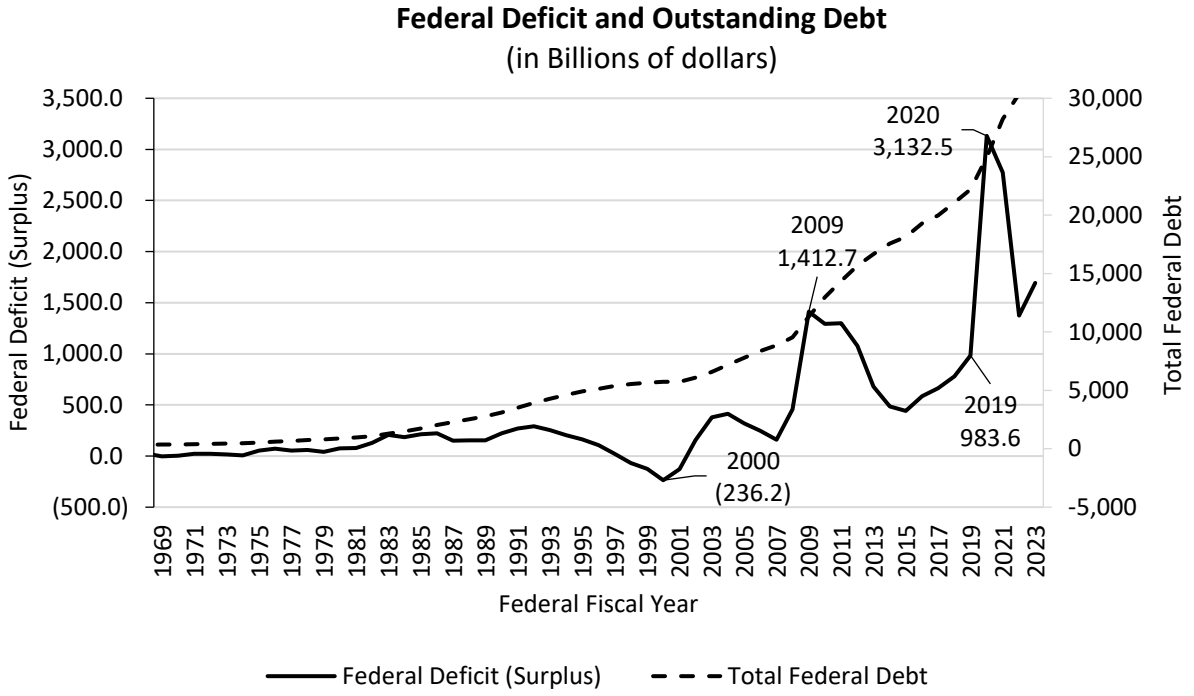
Source: Federal Reserve Bank of St. Louis

Business Borrowing

Business borrowings include debts owed by corporations, nonfarm corporations and farms. Total borrowings were $20.8 trillion at the end of 2022. Borrowing instruments include corporate bonds, commercial paper, municipal securities, bank loans, and mortgages. Mortgages, corporate bonds, and others were divided almost evenly among the total. Prior to the 2008 Great Recession, growth in business borrowings were driven by mortgages which grew 99.5% between 2000 to 2007, compared to 78.5% since 2007. After the Great Recession, growth in business borrowings has been led by corporate bonds, which grew 135.0% between 2007 to 2022, compared to 26.6% between 2000 to 2007.

Government Borrowing

The U.S. budget has long been imbalanced, resulting in annual operating deficits. The federal deficit, relative to the Post-WWII era, started surging in the early 1980s from expansionary fiscal policy and tax cuts, intending to sacrifice a short-term loss in revenue for a long-term gain through more rapid economic growth. This expectation, however, was not fully realized and deficits persisted into the late 1990s.



Note: For the purposes of the above graph, federal deficits are expressed as positive numbers.
Source: Federal Reserve Board of St. Louis

As shown in the graph above, after registering deficits in most of the 1990s, the federal budget on a unified basis, which includes all operating and trust funds such as Social Security and Medicare programs, turned to a surplus in 1998 and peaked at $236.2 billion in federal fiscal year (FFY) 2000. Federal operations turned to deficits again in FFY 2002 reaching a high of $412.7 billion in FFY 2004 before slightly recovering. The onset of the Great Recession boosted federal spending for FFY 2009 through FFY 2012. Contributing factors included the $700 billion financial bailout known as the Troubled Asset Relief Program (TARP), and the $787 billion economic stimulus program provided under the American Recovery and Reinvestment Act (ARRA), along with increases in Medicare, Medicaid, unemployment insurance, Social Security, and defense spending. At the same time, tax receipts declined due to the effects of the recession and tax cuts from the ARRA program. The federal deficit reached a high of $1,412.7 billion in FFY 2009 before dropping dramatically in FFY 2015 to $438.5 billion. Unfortunately, the 2017 Tax Cuts and Jobs Act did not sufficiently stimulate economic growth nor reduce federal expenditures to match federal revenues, thereby exacerbating the federal deficit. The federal government in FFY 2021 spent an estimated $1.75 for every dollar it took in, a decrease of 2.4% from $1.80 in FFY 2020, but an increase of 35.3% compared to $1.30 in FFY 2019. The federal deficit rose to a record high of $3,132.5 billion as of the end of FFY 2020. This record deficit is largely a result of the unprecedented federal response to the COVID-19 pandemic. This deficit has since decreased to $1,695.1 billion as of the end of FFY 2023.

As the federal operating budget continued to post a deficit, the national debt also increased. The federal response to the COVID-19 pandemic caused federal debt to grow by double digits for the first time since

FFY 2011 in FFY 2020 and FFY 2021 (12.5% & 13.0%, respectively). However, FFY 2022 ended with gross debt outstanding at $30.3 trillion followed by $32.1 trillion at the end of FFY 2023, increases of only 7.7% and 5.6%, respectively. Similarly, the U.S.'s deficit as share of GDP reached 14.9% in FFY 2020 and 11.9% in FFY 2021, both years surpassing the previous post-war record of 9.8% in FFY 2009, but FFY 2023 saw this figure drop back significantly, to 6.4%.

According to the U.S. Census Bureau's "State Government Finances," state government debt outstanding in Connecticut at the end of FY 2021, the latest available year, was $41.9 billion, compared to $41.4 billion in 2020, and $40.9 billion in 2019. Connecticut per capita state government debt has increased over the previous three years, from $11,335 in FY 2019 to $11,637 in FY 2021. The fifty-state average increased from $3,816 in FY 2020 to $3,903 in FY 2021.

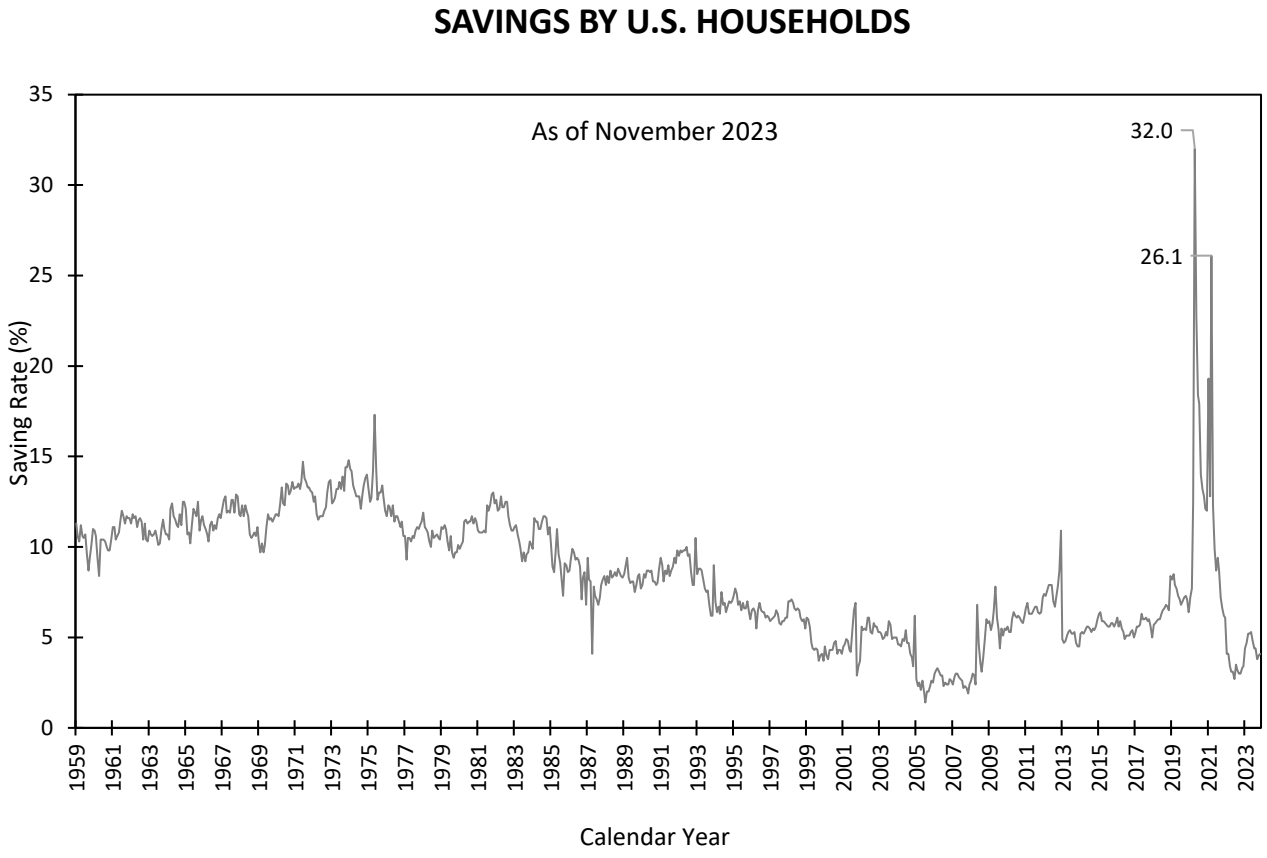
Connecticut's overall credit rating is determined by four major rating agencies: Moody's Investors Service, Standard & Poor's Corporation, Fitch Investors Service, Inc., and Kroll Bond Ratings. The table below shows how Connecticut's General Obligation bonds are rated as of January 2024. Over the course of calendar years 2021 and 2022 all four rating agencies upgraded the state's rating one notch due to the state's strong reserve balances and commitment toward moderating debt levels and addressing long-term liabilities. Kroll upgraded the state's rating another notch in May 2023. The rating process provides information for investors about risk. High ratings generally result in lower borrowing costs.

Agency	Rating	Outlook
Moody's Investors Service	Aa3	Stable
Standard & Poor's Corporation	AA-	Stable
Fitch Investors Service	AA-	Stable
Kroll Bond Ratings	AA+	Stable

Note: Ratings as of January 2024

Savings by U.S. Households

The chart below shows the national savings rate (personal income less personal outlays and personal current taxes) for U.S. consumers from 1959 through November 2023. After remaining at an average of 11.6% between 1959 and 1980, the U.S. savings rate began trending down from a high of 13.2% in late 1981 to a low of 1.4% in mid-2005. The savings rate then climbed back up to 12.0% by December 2012 before falling to 8.3% in February 2020 prior to the COVID-19 pandemic. During the pandemic the savings rate reached a peak of 32.0% in April 2020, the highest on record going back to 1959 as consumer spending was depressed combined with significant amounts of federal stimulus payments. The savings rate declined shortly thereafter, but peaked again at 26.1% in March of 2021 after two more rounds of stimulus checks were issued. The savings rate as of November 2023 is 4.1% which is lower than the pre-pandemic rate of 8.3% in February 2020. The average savings rate for the past five years is 8.4%.



Source: U.S. Bureau of Economic Analysis, Federal Reserve Bank of St. Louis

Household Balance Sheet

The Federal Reserve Bank's "Flow of Funds Accounts" maintains statistics on the assets, liabilities, and net worth for the household sector. The table below shows these three components beginning with 1970 as an approximate inflection point for numerous changes in the U.S economy such as rising inflation, rising interest rates, expansion of consumer credit, rising participation of women in the workforce, and the

beginnings of deregulation. The table then also shows a comparison to 2007, just prior to the global financial crisis, and 2023 for the most recent data.

TABLE 43

Balance Sheet of Households and Non-profit Organizations

In Billions of Dollars

	1970 In Real $*	% of Total	2007 In Real $*	% of Total	2023 Q3	% of Total	Average Growth**
Assets							
Real Estate	8,051.5	23.5%	37,922.7	30.5%	50,064.2	29.2%	3.6%
Stock related	10,826.2	31.7%	45,322.1	36.4%	67,916.3	39.7%	3.7%
Other	15,319.2	44.8%	41,206.1	33.1%	53,285.4	31.1%	2.5%
Time & Saving Deposits	4,255.1	12.4%	11,931.6	9.6%	17,774.6	10.4%	2.8%
Corporate Bonds	234.1	0.7%	1,312.8	1.1%	268.0	0.2%	0.3%
Gov't Securities***	1,147.6	3.4%	3,568.1	2.9%	5,206.9	3.0%	3.0%
Total	34,196.8	100.0%	124,450.9	100.0%	171,265.9	100.0%	3.2%
Liabilities							
Home Mortgages	2,246.2	59.7%	15,618.0	73.0%	12,925.8	63.7%	3.5%
Consumer Credit	1,049.7	27.9%	3,835.8	17.9%	4,967.3	24.5%	3.1%
Other	463.9	12.3%	1,931.5	9.0%	2,384.0	11.8%	3.3%
Total	3,759.8	100.0%	21,385.2	100.0%	20,277.2	100.0%	3.4%
Net Worth	30,437.0		103,065.7		150,988.7		3.2%
Net Home Equity	5,805.2		22,304.7		37,138.4		3.7%
As a % of Net Worth	19.1%		21.6%		24.6%		
Per Capita Net Worth ($)	147,497.3		339,780.1		449,690.2		2.2%
As a % of Total Assets							
Home Mortgages	6.6%		12.5%		7.5%		
Liabilities	11.0%		17.2%		11.8%		
Net worth	89.0%		82.8%		88.2%		

Note:

* Real dollar is calculated by using the estimated CPI-U for 2023

** Compound annual growth rate from 1970 through 2023 Q3

*** Includes Treasury and Municipal securities

Source: Board of Governors of the Federal Reserve System

Assets

Total assets can be categorized into three components: real estate assets, stock related assets, and other assets (including bank deposits, bonds, money market fund shares, and consumer durable goods). In the third quarter of 2023, household assets totaled $171.3 trillion with real estate comprising 29.2% of total assets, stocks 39.7%, and the remaining 31.1% in other assets. In 1970, real estate comprised 23.5% of

total assets, stocks 31.7%, and all other assets 44.8%. This reflects that stock-related assets rose in importance over the past 45 years relative to real estate and other assets.

From 1955 to 1970, total assets grew at a compound annual growth rate of 3.7%. Total asset growth then slowed slightly in 1970 with a compound annual growth rate of 3.6% through 2007, when real assets reached a peak of $110.4 trillion just prior to the onset of the Great Recession. During that recession total real assets declined sharply falling to $95.1 trillion before recovering to $171.3 trillion by 2023 Q3.

Liabilities

Household liabilities totaled $20.3 trillion in the third quarter of 2023. Home mortgages accounted for 63.7% of the total with consumer credit at 24.5% and other liabilities at 11.8%**.** This compared to 59.7%, 27.9%, and 12.3%, respectively, in 1970, reflecting a faster growth in home mortgage borrowings. From 1970 to 2007 total liabilities grew at a compound annual growth rate of 4.8%, as financial vehicles such as home equity loans and credit cards became popular. Between 2002 and 2007, the compound annual growth rate in home mortgages, supported by extraordinarily favorable mortgage rates and an aggressive mortgage lending strategy, was 8.9%, outpacing growth in consumer credit (2.5%) and driving growth in total liabilities (7.4%). Consumer credit primarily includes auto loans, personal loans, and credit card balances. Since the Great Recession annual growth in total liabilities decreased by 0.4% per year.

Net Worth

Net worth (assets less liabilities) measures the resulting financial condition of consumers, which affects the overall economy through its wealth impact on consumers' spending and business activities. When measured in 2023 dollars, real net worth grew from $30.4 trillion in 1970 to a pre-recession peak of $103.1 trillion in 2007, before declining to $86.7 trillion in 2008 and rebounding to $151.0 trillion in 2023. Per capita real net worth increased from $147,497 in 1970 to $449,690 in 2023, with an annual growth rate of 2.2%.

Over time, the growth in household net worth has coincided with the additional burden of greater liabilities. In 1970 liabilities accounted for 11.0% of total assets, yet by 2007, just prior to the onset of the Great Recession, they had risen to 17.2% of assets. The primary driver of this change was an increase in home mortgage liability. As of the third quarter of 2023, however, liabilities account for 11.8% of total assets, nearly the same level as 1970. Indeed, the ratio of home mortgages to total assets grew from 6.6% in 1970, to 12.5% in 2007, before falling to 7.5% in 2023. The increasing use of debt to finance American lifestyles has also increased the proportion of income that must be devoted to repaying that debt. Debt service, which consists of the required payments on outstanding mortgage and consumer debt, as a percentage of disposable personal income has gradually risen from 10.6% in 1980, the earliest available data, to 13.2% in the fourth quarter of 2007. Debt service has since declined to 9.8% as of third quarter 2023, a result of lower interest rates since the onset of the Great Recession and the expansionary monetary policy implemented by the Federal Reserve, as well as the fiscal policy responses to economic disruptions caused by the COVID-19 pandemic.

PERFORMANCE INDICATORS

This section examines trends in various economic performance indicators for the United States, the New England region and Connecticut. Statistics are provided demonstrating the economic performance of these areas and showing their strengths and weaknesses.

Gross Product

Gross Domestic Product (GDP) is a measure of domestic production produced by the Bureau of Economic Analysis (BEA). GDP is "the market value of the final goods and services produced by labor and property in the United States" and is composed of:

- personal consumption expenditures;
- government consumption expenditures and gross investment;
- gross private domestic investment; and
- net exports of goods and services.

While GDP measures economic activity in a geographical area, Gross National Product (GNP) measures the economic activity produced by residents of that area. Unlike Gross Domestic Product, GNP adjusts for income derived from domestic investments in foreign companies and foreign investments in domestic companies. GDP measures all economic activity within a territory and is consistent with other economic indicators such as employment and shipments of manufactured goods.

Because prices of goods and services change over time, nominal GDP will change even if there is no difference in physical output. To measure changes in real output, GDP is adjusted by an index of the general price level and expressed in constant dollars to remove inflationary effects. The Bureau of Economic Analysis uses a chained dollars inflation index to provide an "apples-to-apples" comparison across years, currently based on calendar year 2017.

A state's economic activity is measured using Gross State Product (GSP). Like GDP, GSP is the current market value of all final goods and services produced by labor and property in a state. In FY 2023, the State of Connecticut produced an estimated $330.0 billion in goods and services - $279.1 billion in calendar year 2017 dollars. This was an estimated increase of 7.1% in current dollars and an approximate 2.0% increase in real (inflation-adjusted) dollars over FY 2022. The decline seen in FY 2020 in Connecticut was largely a result of the restrictions that occurred in 2020 during the March through June period in order to address the COVID-19 public health crisis. Both the New England region and the nation experienced a pullback in economic activity during the same timeframe. However, overall growth in Connecticut GSP has lagged both the region and the nation since FY 2009, the nadir of the 2008 recession, until FY 2023 when the 2.0% growth in Connecticut's real GSP outpaced the 1.6% growth for the nation and 1.1% growth in New England. From FY 2014 through FY 2023, nominal gross product has increased by 35.0% in Connecticut, compared to 48.1% in New England and 54.3% in the nation. In real terms, Connecticut's GSP was 7.5% above its FY 2014 level in FY 2023. The following table provides data on the recent ten-year history of gross product.

TABLE 44
GROSS PRODUCT

(in Millions of Current Dollars)

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2014	17,215,526	4.2	915,158	2.1	244,428	0.6
2015	18,014,905	4.6	963,385	5.3	256,834	5.1
2016	18,518,600	2.8	995,993	3.4	263,452	2.6
2017	19,175,186	3.5	1,021,817	2.6	268,486	1.9
2018	20,159,787	5.1	1,063,897	4.1	277,592	3.4
2019	21,051,376	4.4	1,103,037	3.7	282,661	1.8
2020	21,304,082	1.2	1,118,339	1.4	278,877	(1.3)
2021	22,391,172	5.1	1,171,177	4.7	285,483	2.4
2022	24,764,241	10.6	1,274,612	8.8	308,193	8.0
2023	26,569,914	7.3	1,355,406	6.3	329,956	7.1
% Increase ('14 to '23)		54.3		48.1		35.0

(in Millions of Constant Dollars*)

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2014	18,004,121	2.4	974,429	(0.0)	259,651	(1.6)
2015	18,588,959	3.2	1,002,893	2.9	266,560	2.7
2016	18,953,506	2.0	1,018,450	1.6	268,912	0.9
2017	19,351,896	2.1	1,029,893	1.1	270,445	0.6
2018	19,934,418	3.0	1,053,481	2.3	274,661	1.6
2019	20,395,177	2.3	1,070,976	1.7	274,157	(0.2)
2020	20,367,263	(0.1)	1,063,878	(0.7)	264,776	(3.4)
2021	20,884,000	2.5	1,087,803	2.2	264,136	(0.2)
2022	21,694,429	3.9	1,134,570	4.3	273,757	3.6
2023	22,044,699	1.6	1,147,272	1.1	279,134	2.0
% Increase ('14 to '23)		22.4		17.7		7.5

* Reported in calendar year 2017 chained dollars
Source: Bureau of Economic Analysis, IHS Markit

As growth in some sectors in the economy will outpace other sectors, the composition of gross product will change over time. This is true of both the nation as well as Connecticut. Between FY 2014 and FY 2023, the contributions to Connecticut's GSP from the manufacturing; information; finance, insurance, and real estate (FIRE); professional and business services; healthcare and education; and leisure and hospitality sectors have increased. Comparatively, contributions to Connecticut's GSP from the construction and mining; transportation, trade, and utilities; and government sectors have decreased. Meanwhile, contribution to Connecticut's GSP from the agriculture, forest & fisheries and other services sector has remained the same over the same time period. More then ten years ago, the FIRE, manufacturing, and transportation, trade, and utilities sectors have historically played an outsized role in Connecticut's economy. That trend has changed in the most recent ten years where professional and business services exceeded the manufacturing sector's contribution to Connecticut's GSP . Manufacturing's contribution to

national gross domestic product also decreased between FY 2014 and FY 2023. Connecticut GSP as a portion of national GDP decreased between FY 2014 and FY 2023, from 1.4% to 1.2%.

TABLE 45
GROSS PRODUCT BY SOURCE
(In Billions of Current Dollars)

	FY 2014				FY 2023			
Industry	U.S.	%	CT	%	U.S.	%	CT	%
Agriculture, Forest & Fisheries	208.5	1.2	0.4	0.2	271.3	1.0	0.5	0.2
Construction & Mining	1,045.6	6.1	7.0	2.8	1,555.0	5.9	9.0	2.7
Manufacturing	1,964.3	11.4	28.9	11.8	2,719.7	10.3	39.4	11.9
Transportation, Trade & Utilities	2,939.8	17.1	39.7	16.2	4,667.2	17.7	50.8	15.4
Information	827.8	4.8	11.4	4.7	1,431.5	5.4	18.3	5.5
Finance, Insurance & Real Estate	3,484.6	20.3	64.0	26.2	5,478.8	20.7	87.1	26.4
Professional & Business Services	2,062.5	12.0	29.7	12.2	3,432.2	13.0	40.5	12.3
Health Care & Education	1,471.2	8.6	25.4	10.4	2,252.2	8.5	35.7	10.8
Leisure & Hospitality	674.5	3.9	7.7	3.1	1,170.8	4.4	12.5	3.8
Other Services	382.7	2.2	4.9	2.0	576.2	2.2	6.6	2.0
Government	2,139.7	12.4	25.5	10.4	2,867.0	10.9	29.5	9.0
Total	17,201.3	100.0	244.4	100.0	26,421.9	100.0	330.0	100.0
Broadly Defined Services		51.8		58.5		54.3		60.8
CT as a % of U.S. Total GDP			1.4				1.2	

Note: The total gross product for the U.S. in the table above does not match the total in the pervious table as this table reflects a sum of states analysis.

Source: Bureau of Economic Analysis, IHS

Services in the private sector, which include information, professional and technical services, health care and education, FIRE, leisure and hospitality, and other services, increased to 60.8% of Connecticut's total GSP in FY 2023, up from 58.5% in FY 2014. During this period, the contribution to the United State's GDP from services increased to 54.3% of GDP in FY 2023 from 51.8% in FY 2014. Theoretically, Connecticut's and the nation's increasingly service-based economies should smooth the business cycle, resulting in longer and shallower recessions and expansions. Activities in service sectors are less susceptible to pent-up demand, less subject to inventory-induced swings, less intensive in capital requirements, and somewhat less vulnerable to foreign competition than the manufacturing sector. Connecticut began moving toward services sooner than the nation as a whole.

Productivity

Gains in gross product may or may not fully reflect a change in the livelihoods of a territory's residents. While gross product may rise, population growth may consume those gains. Therefore, real per capita gross product, which takes into account both increases in population and inflation, provides a better measure of the standard of living among differing economies and the productivity of their residents. The following table shows real per capita gross product, in chained 2017 dollars, for the United States, New England, and Connecticut. In FY 2023, Connecticut's productivity as measured by GSP per capita was 17.2% higher than the United States as a whole. This level has steadily declined almost every year since the 2008 recession; Connecticut was 44.8% higher than the nation as a whole in FY 2007 and 27.1% higher in FY 2014. Connecticut's decline in real GSP per capita from FY 2014 to 2023 is likely tied to the performance of two high value-added sectors: manufacturing and finance, insurance, and real estate. Manufacturing has been experiencing year-over-year declines for most of the last 10 years, while growth in finance, insurance, and real estate slowed in the aftermath of the 2008 global financial crisis.

TABLE 46
REAL PER CAPITA GROSS PRODUCT
(In Chained 2017 Dollars)

	United States		New England		Connecticut		
Fiscal Year	Real GSP Per Capita	% Change	Real GSP Per Capita	% Change	Real GSP Per Capita	% Change	As a % of the U.S.
2014	$56,551.8	1.6%	$65,897.8	-0.6%	$71,860.4	-1.8%	127.1%
2015	$57,943.5	2.5%	$67,523.2	2.5%	$73,772.6	2.7%	127.3%
2016	$58,629.1	1.2%	$68,315.8	1.2%	$74,499.1	1.0%	127.1%
2017	$59,423.6	1.4%	$68,789.2	0.7%	$74,957.7	0.6%	126.1%
2018	$60,819.0	2.3%	$70,070.6	1.9%	$76,077.6	1.5%	125.1%
2019	$61,865.9	1.7%	$71,020.7	1.4%	$75,962.9	-0.2%	122.8%
2020	$61,474.9	-0.6%	$70,465.0	-0.8%	$73,566.1	-3.2%	119.7%
2021	$62,882.4	2.3%	$72,156.1	2.4%	$73,606.6	0.1%	117.1%
2022	$65,149.0	3.6%	$75,040.2	4.0%	$75,845.0	3.0%	116.4%
2023	$65,895.9	1.1%	$75,765.1	1.0%	$77,254.3	1.9%	117.2%

Source: Bureau of Economic Analysis, IHS

Total Personal Income

Total personal income, defined as current income received by persons from all sources including public and private transfer payments but excluding transfers among persons, is a reliable measure of economic performance. Total personal income captures the manufacturing sector through manufacturing wages; the non-manufacturing sector through wages in such areas as government, wholesale/retail trade, utilities, transportation, mining, and personal services; the private sector through proprietors' income; and a part of agricultural activity via farm properties' income. Personal income was approximately 84.5% of Gross Domestic Product in FY 2023; hence, the two are well-correlated.

The U.S. Department of Commerce defines the various sources of personal income as the following:

Wages and Salaries - the monetary remuneration of employees, including the compensation of corporate officers; commissions, tips, and bonuses; and receipts in-kind that represent income to the recipient. Wages and salaries are measured before deductions such as social security contributions and union dues.

Other Labor Income - consists primarily of employer contributions for employee pension and insurance funds and employer contributions for government social insurance.

Property Income - income from dividends, interest, and rents.

Dividends are payments in cash or other assets, excluding stock, by corporations organized for profit, to non-corporate stockholders who are U.S. residents.

Interest is the monetary and imputed interest income of persons from all sources. Imputed interest represents the income received by financial intermediaries from funds entrusted to them by persons reduced by the original amount of funds that are disbursed back to persons. Part of imputed interest reflects the value of financial services rendered without charge to persons by depository institutions. The remainder is property income held by life insurance companies and private non-insured pension funds on behalf of persons, for example, the additions to policyholder reserves held by life insurance companies.

Rental income is the monetary income of persons (except those primarily engaged in the real estate business) from the rental of real property (including mobile homes); the imputed net rental income of owner-occupants of nonfarm dwellings; and the royalties received by persons from patents, copyrights, and rights to natural resources.

Proprietors' Income - the income, including income-in-kind, of sole proprietorships and partnerships and of tax-exempt cooperatives. The imputed net rental income of owner occupants of farm dwellings with certain adjustments is included.

Transfer Payments - income payments to persons, generally in monetary form, for which they do not render current services. These include payments by the government and business to individuals and nonprofit institutions.

Personal Contributions to Social Insurance - contributions made by individuals under the various social insurance programs. Payments by employees and the self-employed (farm and nonfarm) are included as well as contributions that are sometimes made by employers on behalf of their employees (i.e., those customarily paid by the employee but, under special arrangement, paid by the employer).

According to data recorded by the U.S. Bureau of Economic Analysis, personal income for Connecticut residents during FY 2023 was $309.0 billion, a 5.1% increase over FY 2022. Total personal income in Connecticut increased 35.8% from FY 2014 to FY 2023. For the United States, total personal income increased 56.2%, and in the New England region, the increase for the same period was 50.1%.

The following table shows personal income for the United States, the New England region, and Connecticut.

TABLE 47
PERSONAL INCOME
(In Millions of Dollars)

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2014	14,371,169	2.58	813,071	1.37	227,430	0.37
2015	15,175,638	5.60	856,139	5.30	236,837	4.14
2016	15,667,657	3.24	887,910	3.71	241,983	2.17
2017	16,241,372	3.66	916,096	3.17	245,575	1.48
2018	17,088,623	5.22	959,447	4.73	254,794	3.75
2019	17,982,270	5.23	1,007,087	4.97	265,203	4.09
2020	18,988,670	5.60	1,056,178	4.87	272,483	2.74
2021	20,691,639	8.97	1,135,360	7.50	286,805	5.26
2022	21,373,143	3.29	1,164,471	2.56	294,051	2.53
2023	22,451,188	5.04	1,220,216	4.79	308,957	5.07

Source: Bureau of Economic Analysis, IHS

Connecticut's sources of personal income vary slightly from those of the United States, with wages and employee salaries accounting for approximately 54.2% of total personal income compared to 51.1% for the nation in FY 2023. The following table shows the sources of personal income for the United States and Connecticut over a ten fiscal year period. The table indicates a shift from manufacturing wages to other sources of income including property income and transfer payments.

TABLE 48
SOURCES OF PERSONAL INCOME
(In Billions of Dollars)

	Fiscal Year 2014				Fiscal Year 2023			
	U.S.	%	CT	%	U.S.	%	CT	%
Manufacturing Salaries & Wages	761.5	5.3	14.7	6.5	1,062.8	4.7	17.6	5.7
Nonmanufacturing Salaries & Wages	6,507.8	45.3	104.2	45.8	10,409.0	46.4	149.7	48.5
Proprietors Income	1,357.3	9.4	25.5	11.2	1,821.1	8.1	26.6	8.6
Property Income	2,652.5	18.5	43.9	19.3	4,466.5	19.9	61.0	19.7
Other Labor Income	1,749.4	12.2	26.5	11.6	2,379.1	10.6	33.9	11.0
Transfer Payments (Less Social Insurance)	1,342.7	9.3	12.7	5.6	2,312.8	10.3	20.1	6.5
Total	14,371.2	100.0	227.4	100.0	22,451.2	100.0	309.0	100.0

Note: Totals may not agree with detail due to rounding.
Source: Bureau of Economic Analysis, IHS

Per Capita Personal Income

One of the more important single indicators of a state's performance is the growth in per capita personal income. Per capita income is total personal income divided by the population. On a per capita basis, personal income growth in Connecticut increased 35.4% between FY 2014 and FY 2023, compared to a national increase of 48.7% and a New England region increase of 46.7%.

Per capita personal income in Connecticut for the most recent fiscal year was 5.7% higher than the New England region and 26.9% higher than the United States. This is due to the concentration of relatively high-paying manufacturing industries and the financial services sector.

The following table shows the growth in per capita personal income for ten fiscal years for the United States, the New England region and Connecticut.

TABLE 49
PER CAPITA PERSONAL INCOME

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2014	45,144	1.78	54,991	0.79	62,943	0.24
2015	47,292	4.76	57,649	4.83	65,546	4.14
2016	48,441	2.43	59,568	3.33	67,039	2.28
2017	49,850	2.91	61,199	2.74	68,064	1.53
2018	52,123	4.56	63,829	4.30	70,574	3.69
2019	54,554	4.66	66,799	4.65	73,481	4.12
2020	57,337	5.10	69,949	4.72	75,603	2.89
2021	62,373	8.78	75,212	7.52	79,402	5.02
2022	64,236	2.99	76,954	2.32	81,065	2.09
2023	67,150	4.54	80,658	4.81	85,237	5.15

Source: Bureau of Economic Analysis, U.S. Census Bureau, IHS

The following table shows per capita income for each of the fifty states with their corresponding ranking for FY 2023. In FY 2023, Connecticut ranked number two in the nation based on per capita personal income, right behind Massachusetts. Connecticut's figure of $85,237 for per capita personal income is approximately 26.9% higher than the national average.

TABLE 50
PER CAPITA PERSONAL INCOME BY STATE
(Fiscal Year 2023)

State	Per Capita Income	Rank	State	Per Capita Income	Rank
Massachusetts	$86,840	1	Nevada	$63,203	26
Connecticut	**85,237**	**2**	Wisconsin	62,723	27
New Jersey	79,050	3	Montana	62,473	28
California	78,754	4	Kansas	62,182	29
Colorado	77,527	5	Maine	62,096	30
New York	77,382	6	Iowa	61,535	31
Washington	77,309	7	Utah	61,042	32
Wyoming	75,741	8	Arizona	59,893	33
New Hampshire	75,662	9	Missouri	59,767	34
North Dakota	72,395	10	Tennessee	59,624	35
Maryland	72,392	11	North Carolina	59,372	36
Virginia	70,950	12	Indiana	59,275	37
Minnesota	70,558	13	Ohio	59,171	38
Alaska	69,912	14	Michigan	58,315	39
Illinois	69,639	15	Idaho	57,959	40
South Dakota	69,155	16	Oklahoma	57,504	41
Florida	66,660	17	Georgia	57,399	42
Pennsylvania	66,462	18	Louisiana	56,018	43
Nebraska	66,414	19	South Carolina	55,004	44
Rhode Island	65,244	20	Arkansas	54,090	45
Vermont	65,008	21	New Mexico	53,475	46
Delaware	64,557	22	Kentucky	53,068	47
Texas	64,122	23	Alabama	52,282	48
Oregon	63,955	24	West Virginia	51,344	49
Hawaii	63,687	25	Mississippi	47,372	50
U.S. Average	$67,150				

Source: Bureau of Economic Analysis, U.S. Census Bureau, IHS

Inflation and Its Effect on Personal Income

Inflation is defined as a rise in the general price level (or average level of prices) of all goods and services, or equivalently a decline in the purchasing power of a unit of money. The general price level varies inversely with the purchasing power of a unit of money. Hence, when prices increase purchasing power declines.

To take into account the erosion of purchasing power due to increasing prices, income is deflated by a consumer price index. The Consumer Price Index (CPI) is a measure of the average change in prices over time for a fixed market basket of goods and services. The CPI is a weighted index that is based on prices of food (13.4%), apparel (2.5%), housing (35.0%), transportation (17.0%), medical care (7.8%), education (4.8%), and the other goods that people buy for day-to-day living (19.5%). In addition, all taxes directly associated with the purchase and use of items and services are included in the index. In calculating the index, price changes for the various items in 75 urban areas across the country are averaged together and weighted according to their importance in the spending of the appropriate population group. Local data is then combined to obtain a U.S. city average. Movements of the indexes from one month to another are usually expressed as percentage changes rather than changes in index points, because index point changes are affected by the level of the index in relation to its base period while percentage changes are not. The Bureau of Labor Statistics publishes CPIs for two population groups: a CPI for All Urban Consumers (CPI-U) which covers approximately 93 percent of the total population; and a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 29 percent of the total population and is a subset of the CPI-U population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees, and others not in the labor force.

The following table shows the Consumer Price Index for All Urban Consumers and its growth over a ten fiscal year period.

TABLE 51
THE U.S. CONSUMER PRICE INDEX
(1982-84=100)

Fiscal Year	CPI	% Growth
2014	235.0	1.56
2015	236.7	0.72
2016	238.2	0.66
2017	242.7	1.86
2018	248.1	2.25
2019	253.3	2.07
2020	257.3	1.59
2021	263.1	2.28
2022	282.0	7.17
2023	299.7	6.27

Source: U.S. Bureau of Labor Statistics, IHS Economics

Real Personal Income

Real personal income is total personal income deflated by the Consumer Price Index, a measure of personal income that usually includes adjustments for changes in prices. The following table shows real personal income growth for the United States, the New England region, and Connecticut since the base period of 1982-84. These figures, because they take into account the effects of inflation, provide a better perspective on overall gains in personal income.

TABLE 52
REAL PERSONAL INCOME
(In Millions)

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2014	6,115,677	1.00	346,004	(0.18)	96,783	(1.17)
2015	6,412,140	4.85	361,743	4.55	100,070	3.40
2016	6,576,337	2.56	372,691	3.03	101,570	1.50
2017	6,692,639	1.77	377,499	1.29	101,195	(0.37)
2018	6,886,922	2.90	386,669	2.43	102,685	1.47
2019	7,100,380	3.10	397,653	2.84	104,717	1.98
2020	7,380,754	3.95	410,529	3.24	105,912	1.14
2021	7,863,241	6.54	431,460	5.10	108,992	2.91
2022	7,578,972	(3.62)	412,924	(4.30)	104,271	(4.33)
2023	7,491,831	(1.15)	407,179	(1.39)	103,097	(1.13)

Source: Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, IHS Economics

It is important to note that there are regional differences in prices. Local area CPI indexes are by-products of the national CPI program. Because each local index is a small subset of the national index, it has a smaller sample size and is therefore subject to substantially more sampling and other measurement errors than the national index. For that reason, local area indexes show greater volatility than the national index in the short run, although their long-term trends are quite similar. Therefore, the national Consumer Price Index was utilized in the table above to provide the comparisons among the United States, the New England region and Connecticut.

Real Per Capita Personal Income

Real per capita personal income is per capita personal income deflated by the Consumer Price Index and shows how individuals in a geographical entity have fared after adjusting for the effects of inflation. A comparison of the growth rates measures the relative economic performance of each entity as it adjusts personal income growth by population changes.

TABLE 53
REAL PER CAPITA PERSONAL INCOME

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2014	19,211	0.22	23,401	(0.75)	26,785	(1.30)
2015	19,982	4.01	24,359	4.09	27,695	3.40
2016	20,332	1.75	25,003	2.65	28,139	1.60
2017	20,542	1.03	25,218	0.86	28,048	(0.32)
2018	21,006	2.26	25,724	2.00	28,442	1.41
2019	21,541	2.54	26,376	2.54	29,014	2.01
2020	22,286	3.46	27,189	3.08	29,386	1.28
2021	23,703	6.36	28,582	5.12	30,174	2.68
2022	22,778	(3.90)	27,288	(4.53)	28,746	(4.73)
2023	22,408	(1.63)	26,915	(1.37)	28,443	(1.05)

Source: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, IHS Economics

All figures derived by: $\frac{\text{Total Real Personal Income}}{\text{Population}}$

The previous table shows the growth in real per capita personal income for the United States, the New England region, and Connecticut.

TABLE 54
GROWTH IN REAL PER CAPITA PERSONAL INCOME
(Base Year: 1982-1984)

Fiscal	% Growth		% Cumulative Growth	
Year	United States	Connecticut	United States	Connecticut
1950-1960	30.5%	30.0%	30.5%	30.0%
1960-1970	37.7%	39.9%	79.7%	81.9%
1970-1980	15.7%	12.0%	107.9%	103.7%
1980-1990	21.1%	37.7%	151.9%	180.6%
1990-2000	15.5%	18.0%	191.0%	231.2%
2000-2010	5.0%	14.7%	205.7%	279.8%
2010-2020	21.7%	5.6%	272.1%	301.0%
2020-2023	0.5%	-3.2%	274.1%	288.1%

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Census Bureau, IHS

The prior table highlights the cumulative growth in real per capita personal income over the past 73 years. During this 73-year period, Connecticut's cumulative growth in real per capita personal income exceeded that of the United States by 14.0 percentage points. However, since the global financial crisis in 2008, Connecticut's real personal income growth has been weak. Over the most current decade, Connecticut's real per capita personal income growth has lagged the United States at only 5.6%. Even though job growth in the state has lagged that of the nation, Connecticut residents' income growth has outperformed that of the nation's over the long-term, but the gap between Connecticut and the nation is narrowing.

Cost of Living Index

Statistics regarding inflation and the cost of living for Connecticut are frequently requested by the public. The two indicators are not the same. An inflation index such as the CPI-U is used to measure purchasing power relative to its historical performance, while the cost of living index is used to measure purchasing power relative to one's geographical peers. In other words, the cost of living index is produced to measure the price level of consumer goods and services for a specific area relative to other jurisdictions at a given time.

A widely used index to measure cost of living differences among urban areas is the *ACCRA Cost of Living Index,* which is produced by The Council for Community and Economic Research (C2ER). This report includes indices for approximately 274 cities and 247 Metropolitan Statistical Areas (MSAs), Metropolitan Statistical Divisions, and Micropolitan Statistical Areas as defined by the U.S. Office of Management and Budget. In Connecticut, the C2ER survey includes three urban areas from the following MSAs: Stamford in the Bridgeport-Stamford-Norwalk MSA, Hartford in the Hartford-West Hartford-East Hartford MSA, and New Haven in the New Haven-Milford MSA.

The following table shows the cost of living comparison for three neighboring cities: Boston in the Boston-Quincy Metropolitan District (MTD), Hartford in the Hartford-West Hartford-East Hartford Metropolitan Area (MTA), and New York (Manhattan) in the New York-White Plains-Wayne NY-NJ Metropolitan District (MTD).

TABLE 55
COMPARISON OF COST OF LIVING

2023 Qtr. 2 Data MTA / MTD	Composite Index	Grocery Items	Housing	Utilities	Trans-portation	Health Care	Misc.
Hartford, CT	102.0	100.7	93.9	118.3	92.2	102.4	107.5
Boston, MA	144.5	105.2	211.2	130.8	116.8	113.1	122.4
New York**, NY	225.8	112.0	503.7	99.7	113.1	120.4	124.8
Index Weights	100.00%	15.73%	28.10%	9.06%	8.53%	4.83%	33.75%

Note: * Denotes miscellaneous goods and services
** Manhattan

Source: The Council for Community and Economic Research (C2ER), *"ACCRA Cost of Living Index,"* Data for Quarter 2, 2023

The Cost of Living Composite Index is weighted by a "market basket" of approximately 57 goods and services for the typical professional and executive household. It is further broken down into six categories including grocery items, housing, utilities, transportation, health care, and miscellaneous goods and services to reflect the different categories of consumer expenditures. According to data for the second quarter of 2023, the index for the Hartford area, for example, was 102.0. Compared to the national index of 100, this shows that the overall living cost in the Hartford area was higher than the national average by

2.0%. Among the six categories, data for the second quarter of 2023 showed that the cost of utilities in the Hartford area was the most expensive item at 18.3% higher than the national average, followed by miscellaneous items at 7.5%, healthcare at 2.4%, and grocery items at 0.7%. Housing and transportation were less expensive than the national average, registering at 6.1% below the national average for housing and 7.8% below the national average for transportation. The index, updated quarterly with an annual report published in January of the succeeding year, does not account for differences in state and local government taxes.

Based on second quarter data for 2023, many cities had a relatively higher cost of living than the Hartford area. These include, for example, New York City (Manhattan) at 225.8; San Francisco, California at 169.6; and Washington, D.C. at 147.8. Living costs in most cities in the southern and mountain west states are relatively low; for example, Pueblo, Colorado at 96.7; Meridian, Mississippi at 87.7; and San Antonio, Texas at 91.2. The cost of living in the Hartford area was comparable to other cities in the northeast such as Philadelphia, Pennsylvania; Newark, New Jersey; and Providence, Rhode Island, which registered at 101.7, 115.4, and 110.8, respectively. The cost of living index can provide useful information for relocation decisions. Individuals contemplating a job offer in a certain area may use this index as a guide to evaluate the financial merits of the move. For example, Hartford residents considering a move to New York City (Manhattan) would need a 121.4% increase in after-tax income to maintain their current lifestyle. On the other hand, New York City residents contemplating a move to Hartford could have a 54.8% reduction in after-tax income and still maintain their current standard of living.

The cost of living for metropolitan statistical areas within Connecticut also varies. According to second quarter data for 2023, the ACCRA cost of living index was 125.6 in the Stamford area, 102.0 in the Hartford area, and 109.0 in the New Haven area. These three statistical areas accounted for about 84% of the state's total population. The following table demonstrates the relative index of the components for these three Connecticut regions.

TABLE 56
COMPARISON OF COST OF LIVING IN CONNECTICUT
Hartford, New Haven, and Stamford MTAs

2023 Qtr. 2 Data MSA	Composite Index	Grocery Items	Housing	Utilities	Trans-portation	Health Care	Misc.*
Hartford	102.0	100.7	93.9	118.3	92.2	102.4	107.5
New Haven	109.0	98.9	113.3	127.0	95.2	114.3	108.1
Stamford	125.6	105.0	164.8	127.6	100.9	110.2	110.5
Index Weights	100.00%	15.73%	28.10%	9.06%	8.53%	4.83%	33.75%

Source: The Council for Community and Economic Research (C2ER), "*ACCRA Cost of Living Index,"* Data for Quarter 2, 2023

THE MAJOR REVENUE RAISING TAXES IN THE STATE OF CONNECTICUT

In FY 2022, Connecticut's General Fund derived 88% of its revenue from the collection of taxes. To provide an analysis of the overall tax burden on the individuals of each state, the following table was prepared for FY 2022. The table shows overall state tax collections as a percentage of personal income. In the table, note that Connecticut ranks 12th, signifying that in eleven other states, a greater percentage of an individual's income is collected in state taxes than in Connecticut.

TABLE 57
STATE TAX COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME
FY 2022

State	Percentage	Rank	State	Percentage	Rank
Hawaii	11.78%	1	Maryland	6.92%	26
Vermont	11.15%	2	Michigan	6.60%	27
Delaware	10.43%	3	Wisconsin	6.59%	28
North Dakota	10.23%	4	Pennsylvania	6.51%	29
California	9.41%	5	Alabama	6.49%	30
Minnesota	9.12%	6	North Carolina	6.36%	31
Arkansas	8.21%	7	Virginia	6.32%	32
West Virginia	8.13%	8	Washington	6.27%	33
New Mexico	8.03%	9	Nevada	6.26%	34
New York	7.98%	10	Nebraska	6.07%	35
Maine	7.92%	11	Oklahoma	5.97%	36
Connecticut	**7.64%**	**12**	Wyoming	5.91%	37
Mississippi	7.56%	13	Arizona	5.87%	38
Indiana	7.52%	14	South Carolina	5.85%	39
Massachusetts	7.50%	15	Louisiana	5.83%	40
New Jersey	7.50%	16	Tennessee	5.67%	41
Illinois	7.42%	17	Ohio	5.62%	42
Idaho	7.34%	18	Georgia	5.62%	43
Kansas	7.29%	19	Colorado	5.09%	44
Oregon	7.25%	20	Alaska	4.99%	45
Kentucky	7.17%	21	Missouri	4.88%	46
Utah	7.12%	22	Texas	4.54%	47
Montana	7.03%	23	Florida	4.25%	48
Rhode Island	6.97%	24	South Dakota	4.14%	49
Iowa	6.92%	25	New Hampshire	3.46%	50
U.S. Average	6.86%				

Source: U.S Census Bureau, "Annual Survey of State Government Tax Collections, 2022"; IHS Markit

Following is a discussion of the major taxes in the State of Connecticut.

Personal Income Tax

For income years commencing on or after January 1, 1991, a personal income tax has been imposed upon income of residents of the state (including resident trusts and estates), part-year residents and certain non-residents who have taxable income derived from or connected with sources within Connecticut. For tax years commencing on or after January 1, 1991, and prior to January 1, 1992, the tax was imposed at the rate of 1.5% on Connecticut taxable income. For tax years commencing on or after January 1, 1992, the separate tax on capital gains, dividends and interest was repealed, and the tax was imposed at the rate of 4.5% of Connecticut taxable income. Beginning with tax years commencing on or after January 1, 1996, a second, lower tax rate of 3% was introduced for a certain portion of taxable income. Beginning with tax years commencing January 1, 2003 the 4.5% rate was increased to 5.0%. Beginning with tax years commencing January 1, 2009, a third higher bracket of 6.5% was introduced on incomes in excess of $500,000 for single filers and $1,000,000 for joint filers. Beginning with tax years commencing January 1, 2011, five new tax brackets replaced all previous brackets greater than the lowest rate. The lowest bracket remained unchanged while the highest bracket imposes a 6.7% tax on incomes in excess of $250,000 for single filers and $500,000 for joint filers. Beginning with tax years commencing January 1, 2015, the 6.7% rate was increased to 6.9% and a new seventh tax bracket was added at a 6.99% rate for incomes in excess of $500,000 for single filers and $1,000,000 for joint filers. Beginning with tax years commencing January 1, 2024, the 3% rate was reduced to 2% and the 5% rate was reduced to 4.5%. The amount of taxable income subject to the lower tax rate has been expanded as set forth in the table below. Depending on federal income tax filing status and Connecticut adjusted gross income, personal exemptions ranging from $15,000 to $24,000 are available to taxpayers, with such exemptions phased out at certain higher income levels. Legislation enacted in 1999 increased the exemption amount for single filers over a certain number of years from $12,000 to $15,000. In addition, tax credits ranging from 75% to 1% of a taxpayer's Connecticut tax liability are also available, again dependent upon federal income tax filing status and Connecticut adjusted gross income (See Table 60 for more details). Neither the personal exemption nor the tax credit is available to a trust or an estate. Also commencing in income year 1996, personal income taxpayers have been eligible for credit for property taxes paid on their primary residence or on their motor vehicle. The personal income tax generated $12,131.8 million in FY 2022, and $11,223.4 million in FY 2023. In FY 2023, this tax accounted for 49.2% of total General Fund revenue.

TABLE 58
TAXABLE INCOME AMOUNTS SUBJECT TO THE LOWER RATE
WITH THE REMAINDER SUBJECT TO THE HIGHER RATE

			Amount At Low Rate By Filing Status		
Income Year	Low Rate	High Rate	Single	Joint	Head of Household
1996	3.0%	4.5%	$ 2,250	$ 4,500	$ 3,500
1997	3.0%	4.5%	$ 6,250	$12,500	$10,000
1998	3.0%	4.5%	$ 7,500	$15,000	$12,000
1999 - 2002	3.0%	4.5%	$10,000	$20,000	$16,000
2003 - 2008	3.0%	5.0%	$10,000	$20,000	$16,000
2009 - 2010	3.0%	5.0%-6.5%	$10,000	$20,000	$16,000
2011 - 2014	3.0%	5.0%-6.7%	$10,000	$20,000	$16,000
2015 - 2023	3.0%	5.0%-6.99%	$10,000	$20,000	$16,000
2024 & Beyond	2.0%	4.5%-6.99%	$10,000	$20,000	$16,000

The following table compares personal income tax collections as a percentage of personal income for the fifty states for FY 2022.

TABLE 59
STATE INCOME TAX COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME
FY 2022

State	Percentage	Rank	State	Percentage	Rank
California	6.44%	1	West Virginia	3.30%	22
New York	5.27%	2	Rhode Island	3.24%	23
Minnesota	5.19%	3	Nebraska	3.21%	24
Oregon	5.09%	4	North Carolina	3.19%	25
Massachusetts	5.00%	5	Kentucky	3.19%	26
Delaware	4.80%	6	Iowa	3.13%	27
Hawaii	4.67%	7	Colorado	3.09%	28
Connecticut	**4.54%**	**8**	Alabama	3.00%	29
New Jersey	4.16%	9	South Carolina	2.94%	30
Montana	4.07%	10	Arkansas	2.92%	31
Utah	4.00%	11	Missouri	2.80%	32
Illinois	3.83%	12	Pennsylvania	2.72%	33
Vermont	3.81%	13	Michigan	2.61%	34
Virginia	3.73%	14	Mississippi	2.41%	35
Maine	3.70%	15	Oklahoma	2.25%	36
Idaho	3.46%	16	Louisiana	2.22%	37
Georgia	3.44%	17	Arizona	2.10%	38
Indiana	3.42%	18	Ohio	1.69%	39
Maryland	3.39%	19	New Mexico	1.50%	40
Wisconsin	3.36%	20	New Hampshire	1.35%	41
Kansas	3.30%	21	North Dakota	1.34%	42
United States	3.25%				

Notes:
* Based on individual state fiscal years.
** The following states do not levy an income tax and are not included in the U.S. Average: Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, and Wyoming.

Source: IHS Economics: Bureau of Economic Analysis; U.S. Census Bureau, "2022 Annual Survey of State Government Tax Collections"

The following table shows: A) Connecticut personal income tax exemptions; B) phase out of those exemptions; and C) tax credits available depending on adjusted gross income.

TABLE 60
CONNECTICUT PERSONAL INCOME TAX EXEMPTIONS & CREDITS
Income Year 2023

Single			Married Filing jointly			Head of Household		
Exemption: $15,000			Exemption: $24,000			Exemption: $19,000		
Phase Out: $1K of exemption for each $1K from $30.0K to $45.0K			Phase Out: $1K of exemption for each $1K from $48K to $72K			Phase Out: $1K of exemption for each $1K from $38K to $57K		
AGI From	AGI To	% of Tax	AGI From	AGI To	% of Tax	AGI From	AGI To	% of Tax
$15,000	$18,800	75%	$24,000	$30,000	75%	$19,000	$24,000	75%
$18,800	$19,300	70%	$30,000	$30,500	70%	$24,000	$24,500	70%
$19,300	$19,800	65%	$30,500	$31,000	65%	$24,500	$25,000	65%
$19,800	$20,300	60%	$31,000	$31,500	60%	$25,000	$25,500	60%
$20,300	$20,800	55%	$31,500	$32,000	55%	$25,500	$26,000	55%
$20,800	$21,300	50%	$32,000	$32,500	50%	$26,000	$26,500	50%
$21,300	$21,800	45%	$32,500	$33,000	45%	$26,500	$27,000	45%
$21,800	$22,300	40%	$33,000	$33,500	40%	$27,000	$27,500	40%
$22,300	$25,000	35%	$33,500	$40,000	35%	$27,500	$34,000	35%
$25,000	$25,500	30%	$40,000	$40,500	30%	$34,000	$34,500	30%
$25,500	$26,000	25%	$40,500	$41,000	25%	$34,500	$35,000	25%
$26,000	$26,500	20%	$41,000	$41,500	20%	$35,000	$35,500	20%
$26,500	$31,300	15%	$41,500	$50,000	15%	$35,500	$44,000	15%
$31,300	$31,800	14%	$50,000	$50,500	14%	$44,000	$44,500	14%
$31,800	$32,300	13%	$50,500	$51,000	13%	$44,500	$45,000	13%
$32,300	$32,800	12%	$51,000	$51,500	12%	$45,000	$45,500	12%
$32,800	$33,300	11%	$51,500	$52,000	11%	$45,500	$46,000	11%
$33,300	$60,000	10%	$52,000	$96,000	10%	$46,000	$74,000	10%
$60,000	$60,500	9%	$96,000	$96,500	9%	$74,000	$74,500	9%
$60,500	$61,000	8%	$96,500	$97,000	8%	$74,500	$75,000	8%
$61,000	$61,500	7%	$97,000	$97,500	7%	$75,000	$75,500	7%
$61,500	$62,000	6%	$97,500	$98,000	6%	$75,500	$76,000	6%
$62,000	$62,500	5%	$98,000	$98,500	5%	$76,000	$76,500	5%
$62,500	$63,000	4%	$98,500	$99,000	4%	$76,500	$77,000	4%
$63,000	$63,500	3%	$99,000	$99,500	3%	$77,000	$77,500	3%
$63,500	$64,000	2%	$99,500	$100,000	2%	$77,500	$78,000	2%
$64,000	$64,500	1%	$100,000	$100,500	1%	$78,000	$78,500	1%

Source: General Statutes of the State of Connecticut

The following table shows whether state and local governmental obligations are included in the definition of state income for tax purposes.

TABLE 61
STATE AND LOCAL GOVERNMENT OBLIGATIONS EXEMPTIONS
FOR DETERMINING INDIVIDUAL'S STATE INCOME

State	Own Securities	Other State's Securities	State	Own Securities	Other State's Securities
Alabama	E	T	Montana	E	T
Alaska (no tax)			Nebraska	E	T
Arizona	E	T	Nevada (no tax)		
Arkansas	E	T	New Hampshire	E	T
California	E	T	New Jersey	E	T
Colorado	E	T	New Mexico	E	T
Connecticut	**E**	**T**	New York	E	T
Delaware	E	T	North Carolina	E	T
Florida (no tax)			North Dakota	E	E
Georgia	E	T	Ohio	E	T
Hawaii	E	T	Oklahoma	T (3)	T (3)
Idaho	E	T	Oregon	E	T
Illinois	T (1)	T (1)	Pennsylvania	E	T
Indiana	E	E	Rhode Island	E	T
Iowa	T (1)	T	South Carolina	E	T
Kansas	E	T	South Dakota (no tax)		
Kentucky	E	T	Tennessee (no tax)		
Louisiana	E	T	Texas (no tax)		
Maine	E	T	Utah	T (1)	T (1,2)
Maryland	E	T	Vermont	E	T
Massachusetts	E	T	Virginia	E	T
Michigan	E	T	Washington (no tax)		
Minnesota	E	T	West Virginia	E	T
Mississippi	E	T	Wisconsin	T (1)	T (1)
Missouri	E	T	Wyoming (no tax)		

T = Taxable / E = Exempt

(1) Interest earned from some qualified obligations is exempt from the tax.

(2) Income earned from a bond issued by another state is taxable only if such other state imposes a tax on Utah bonds.

(3) Some bonds may be exempt by state law.

Source: The Securities Industry and Financial Markets Association “State Taxation of Municipal Bonds for Individuals”

The following table compares the personal income tax rates and bases for the fifty states and the District of Columbia.

TABLE 62
PERSONAL INCOME TAX BY STATE
Rates as of January 1, 2023

	Low Bracket		High Bracket			Low Bracket		High Bracket	
	%	To Net	%	From Net		%	To Net	%	From Net
State	Rate	Income $	Rate	Income $	State	Rate	Income $	Rate	Income $
Alabama (3)	2.00	1,000	5.00	6,001	Missouri (1)	2.00	2,242	4.95	7,848
Arizona (1)	2.50	All			Montana (1)	1.00	3,600	6.75	21,601
Arkansas (3)	2.00	4,300	4.90	8,501	Nebraska (1,b)	2.46	7,390	6.64	71,461
California (1)	1.00	20,198	13.30	1,354,551	New Hampshire	(a)			
Colorado (2)	4.40	All			New Jersey (3)	1.40	20,000	10.75	1,000,001
Connecticut (1)	**3.00**	**20,000**	**6.99**	**1,000,001**	New Mexico (1)	1.70	8,000	5.90	315,001
Delaware (1)	2.20	5,000	6.60	60,001	New York (1)	4.00	17,150	10.90	25,000,001
Georgia (1)	1.00	1,000	5.75	10,001	N. Carolina (1)	4.75	All		
Hawaii (1)	1.40	4,800	11.00	400,001	N. Dakota (2)	1.10	69,700	2.90	458,351
Idaho (2)	5.80	All			Ohio (1)	2.77	46,100	3.99	115,301
Illinois (1)	4.95	All			Oklahoma (1)	0.25	2,000	4.75	12,201
Indiana (1)	3.15	All			Oregon (2)	4.75	8,100	9.9	250,001
Iowa (1,b)	4.40	12,000	6.00	150,001	Pennsylvania (3)	3.07	All		
Kansas (1)	3.10	30,000	5.70	60,001	Rhode Island(1,b)	3.75	68,200	5.99	155,051
Kentucky (1)	4.50	All			S. Carolina (2,b)	0.00	3,200	6.50	16,041
Louisiana (1)	1.85	25,000	4.25	100,001	Utah (1)	4.85	All		
Maine (1,b)	5.80	49,050	7.15	116,100	Vermont (1)	3.35	70,450	8.75	259,501
Maryland (1)	2.00	1,000	5.75	300,001	Virginia (1)	2.00	3,000	5.75	17,001
Massachusetts (1)	5.00	1,000,000	9.00	1,000,001	Washinton	(c)			
Michigan (1)	4.25	All			W. Virginia (1)	3.00	10,000	6.5	60,001
Minnesota (1,b)	5.35	43,950	9.85	304,971	Wisconsin (1,b)	3.54	18,420	7.65	405,550
Mississippi (3)	0.00	10,000	5.00	10,001	Dist. of Col. (1)	4.00	10,000	10.75	1,000,001

The following states do not levy an income tax: Alaska, Florida, Nevada, South Dakota, Tennassee, Texas, Washington & Wyoming.

Notes: Tax rates are for married filers filing joint returns and do not include income taxes levied at the local level.

Base: (1) – Modified Federal Adjusted Gross Income
(2) – Modified Federal Taxable Income
(3) – State's Individual Definition of Taxable Income

(a) Income taxes are limited to interest and dividends: 4.0% in NH.
(b) Brackets are indexed for inflation annually.
(c) Income taxes are limited to 7% of long-term capital gains in excess of $250,000.

Source: Tax Foundation

Sales and Use Tax

The sales tax is imposed, subject to certain limitations, on the gross receipts from certain transactions within the state of persons engaged in business in the state including: 1) retail sales of tangible personal property; 2) the sale of certain services; 3) the leasing or rental of tangible personal property; 4) the producing, fabricating, processing, printing, or imprinting of tangible personal property to special order or with material furnished by the consumer; 5) the furnishing, preparing or serving of food, meals or drinks; and 6) the occupancy of hotels or lodging house rooms for a period not exceeding thirty consecutive calendar days.

The use tax is imposed on the consideration paid for certain services, purchases or rentals of tangible personal property used within the state and not subject to the sales tax.

Both the sales and use taxes are levied at a rate of 6.35%. Various exemptions from the tax are provided, based on the nature, use, or price of the property or services involved or the identity of the purchaser. Certain items are taxed at reduced rates. Hotel rooms are taxed at 15%. Prepared meals are taxed at 7.35%.

The sales and use tax is an important source of revenue for the State of Connecticut. On an all-funds basis, the tax generated $6,257.1 million in FY 2023, $5,962.4 million in FY 2022, $5,290.3 million in FY 2021, and $4,739.9 million in FY 2020. In FY 2023, sales and use taxes accounted for 21.7% of the total revenue in the General Fund, compared to 21.9% in FY 2022, 23.3% in FY 2021, and 22.5% in FY 2020.

When analyzing sales taxes, a simple comparison of rates is not an effective way to measure the tax burden imposed. An analysis of the tax base must be undertaken to provide a more meaningful comparison.

To provide a relevant comparison of sales tax burden, two studies are presented. The first study shows sales tax collections as a percentage of personal income. The larger the percentage of personal income going to sales tax collections, the heavier the burden of that tax. The table on the following page shows sales tax collections as a percentage of personal income and the corresponding ranking of the states. Note that Connecticut's tax burden is less than 33 other states. The comparison is based on FY 2022 data. From FY 1991 to FY 2022, Connecticut's sales tax collections as a percentage of personal income dropped from 3.15% to 1.77%, declining from 9th in the nation to 34th, and compared to the national average of 2.1%. This change was primarily due to the reduction in Connecticut's sales tax rate from 8% to 6.35% and an expansion of the exemptions on certain services and goods.

The second study provides an analysis of major sales tax exemptions by state. Connecticut excludes from its sales tax such major items as food products for human consumption, drugs and medicines used by humans, machinery, professional services, residential utilities and motor fuels. Table 64 shows the comparison for major sales tax exemptions.

TABLE 63
SALES TAX COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME
Fiscal 2022

State	Tax Rate (%)	Percentage	Rank	State	Tax Rate (%)	Percentage	Rank
Hawaii	4.000%	4.9%	1	North Dakota	5.000%	2.1%	24
Washington	6.500%	3.7%	2	New Jersey	6.625%	2.0%	25
Mississippi	7.000%	3.5%	3	Wisconsin	5.000%	2.0%	26
Tennessee	7.000%	3.2%	4	Louisiana	4.450%	1.9%	27
New Mexico	4.875%	3.1%	5	West Virginia	6.000%	1.9%	28
Arkansas	6.500%	2.9%	6	Minnesota	6.875%	1.9%	29
Nevada	6.850%	2.9%	7	North Carolina	4.750%	1.8%	30
Idaho	6.000%	2.8%	8	Illinois	6.250%	1.8%	31
Florida	6.000%	2.7%	9	Pennsylvania	6.000%	1.8%	32
Texas	6.250%	2.7%	10	South Carolina	6.000%	1.8%	33
Arizona	5.600%	2.7%	11	**Connecticut**	**6.350%**	**1.8%**	**34**
Indiana	7.000%	2.7%	12	California	7.250%	1.8%	35
Maine	5.500%	2.7%	13	Alabama	4.000%	1.7%	36
South Dakota	4.200%	2.6%	14	Oklahoma	4.500%	1.6%	37
Kansas	6.500%	2.5%	15	Maryland	6.000%	1.6%	38
Wyoming	4.000%	2.4%	16	Massachusetts	6.250%	1.5%	39
Ohio	5.750%	2.4%	17	Vermont	6.000%	1.4%	40
Iowa	6.000%	2.3%	18	Georgia	4.000%	1.4%	41
Kentucky	6.000%	2.2%	19	Missouri	4.225%	1.3%	42
Utah	6.100%	2.2%	20	Virginia	5.300%	1.2%	43
Rhode Island	7.000%	2.2%	21	New York	4.000%	1.2%	44
Michigan	6.000%	2.2%	22	Colorado	2.900%	1.0%	45
Nebraska	5.500%	2.1%	23				
U.S. Average		2.1%					

Notes:
(1) Based on individual state fiscal years.
(2) Local tax rates are additional in every state except for the following states which do not have local sales tax rates: Connecticut, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, & Rhode Island
(3) The following states do not levy a sales tax and are not included in the U.S. Average: Alaska, Delaware, Montana, New Hampshire, and Oregon

Tax rates are effective as of July 1, 2023

Source: Bureau of Economic Analysis, U.S. Census Bureau, "Annual Survey of State Government Tax Collections, 2022"; IHS Markit, and Tax Foundation

TABLE 64
MAJOR SALES TAX EXEMPTIONS BY STATE

State	Food	Prescription Drugs	Motor Fuels	Clothes
Alabama	T	E	E (8)	T
Arizona	E	E	E	T
Arkansas	T (4)	E	T	T
California (3)	E	E	T	T
Colorado	E	E	E	T
Connecticut	**E**	**E**	**E**	**T**
Florida	E	E	T	T
Georgia	T (4)	E	T (8)	T
Hawaii	T	E	T (8)	T
Idaho	T	E	E	T
Illinois	T (6)	T	T (8)	T
Indiana	E	E	T	T
Iowa	E	E	E	T
Kansas	T	E	E	T
Kentucky	E	E	E	T
Louisiana	T (4)	E	E	T
Maine	E	E	E	T
Maryland	E	E	E	T
Massachusetts	E	E	E	E (9)
Michigan	E	E	T	T
Minnesota	E	E	E	E
Mississippi	T	E	E	T
Missouri	T (4)	E	E	T
Nebraska	E	E	E	T
Nevada	E	E	E (8)	T
New Jersey	E	E	E	E
New Mexico (7)	E	E	E	T
New York	E	E	T	E (10)
North Carolina	T (4)	E	E	T
North Dakota	E	E	E	T
Ohio	E	E	E	T
Oklahoma	T	E	E	T
Pennsylvania	E	E	E	E
Rhode Island	E	E	E	E
South Carolina	E	E	E	T
South Dakota	T	E	E (8)	T
Tennessee	T (4)	E	E	T
Texas	E	E	E (8)	T
Utah	T (5)	E	E	T
Vermont	E	E	E	E
Virginia	T (2)	E	E (8)	T
Washington	E	E	E	T
West Virginia	E	E	T	T
Wisconsin	E	E	E	T
Wyoming	E	E	E	T
Total Taxable	16	1	10	38

Notes: These states do not levy a sales tax: Alaska, Delaware, Montana, New Hampshire & Oregon.

T = Taxable under the general sales tax, E = Exempt from the sales tax

(1) Some states tax food but allow a rebate or income tax credit to compensate poor households. They are HI, ID, KS, OK, and SD. (2) Includes statewide 1.0% tax levied by local governments in VA. Also applies to food sales. (3) Tax rate may be adjusted annually according to a formula based on balances in the unappropriated GF & the school foundation fund. (4) Food sales subject to local taxes. (5) Includes a statewide 1.25% tax levied by local governments in UT. (6) IL suspended the 1% sales tax levied on goods from July 1, 2022, to June 1, 2023. (7) NM Sales (GRT) schedule to decrease to 4.875% on July 1, 2023. (8) Motor fuels subject to local taxes. (9) Clothes tax exempt up to a sales price of $175 per item. (10) Clothes tax exempt up to a sales price of $110 per item.

Source: Federation of Tax Administrators and Tax Foundation, Tax rates are effective as of June 1, 2023

Corporation Business Tax

The Corporation Business Tax is imposed on any corporation, joint stock company or association or fiduciary of any of the foregoing which carries on or has the right to carry on business within the state or owns or leases property or maintains an office within the state. Corporations must calculate their liability under three methods: the net income base method, the capital base method, and a minimum tax of $250. The taxpayer's liability is the greatest among these three methods. The corporation business tax generated $1,516.6 million in FY 2023, $1,401.2 million in FY 2022, $1,153.1 million in FY 2021, and $934.5 million in FY 2020. In FY 2023, this tax accounted for 6.6% of the General Fund revenue, compared to 6.4%% in FY 2022.

The first method, under which most corporation business tax revenue is derived, is the net income base. Net income means federal gross income (with limited variations) less certain deductions, most of which correspond to the deductions allowed under the Internal Revenue Code of 1986, as amended from time to time. If a corporation is taxable solely within the state, the tax is based upon its entire net income. If a corporation is taxable in another state in which it conducts business, the net income is apportioned to the state based on the percentage of the company's sales within the state. Currently, the income base method is levied at the rate of 7.5%. Public Act 15-244 maintained an existing 20% surcharge for income year 2016 and 2017, declining to 10% in income year 2018. Public Act 19-117 extended the 10% surcharge through income year 2020 and Public Act 21-2 of the June Special Session extended the 10% surcharge through income year 2022. In the 2023 legislative session, the 10% surcharge was again extended for 3 additional income years through income year 2025, inclusive, per Public Act 23-204. Historically, the surcharge has not applied to companies with less than $100 million in annual gross revenue or whose tax liability did not exceed the minimum tax of $250. This surcharge is calculated prior to the application of any credits.

Corporations must also compute their tax under the capital base method. The capital base is the total value of the taxpayer's capital stock, surplus and undivided profits, and surplus reserves, less deficits and stockholdings in private corporations. If a taxpayer is also taxable in another state in which it conducts business, the defined base is apportioned to the state of Connecticut based on the company's economic activity. For income year 2023, the capital base was taxed at a rate of 3.1 mils ($0.0031) per dollar and section 340 of Public Act 19-117 began a phase-out of the capital base method. The phase-out schedule was extended in section 424 of Public Act 21-2 of the June Special Session where this method will be completely phased out for income year 2028.

Numerous tax credits are also available to corporations including, but not limited to, research and development credits of 1% to 6%, credits for property taxes paid on electronic and data processing equipment, and a 5% credit for investments in fixed and human capital.

The table on the following page provides a comparison of the assessed rates for the corporation business tax for the fifty states and the District of Columbia.

TABLE 65
CORPORATION TAX BY STATE
FOR TAX YEAR 2023

	Low Bracket		High Bracket			Low Bracket		High Bracket	
State	% Rate (a)	To Net Income $	% Rate (a)	From Net Income $	State	% Rate (a)	To Net Income $	% Rate (a)	From Net Income $
Alabama	6.50	All			Nebraska	5.58	100,000	7.25	100,001
Alaska	0.00	25,000	9.40	222,001	Nevada				
Arizona	4.90	All			New Hampshire (i)	7.50	All		
Arkansas	1.00	3,000	5.10	25,001	New Jersey (j)	6.5	50,000	11.5	$1,000,001
California	8.84	All			New Mexico	4.80	500,000	5.90	500,001
Colorado	4.40	All			New York (k)	6.50	5,000,000	7.25	5,000,001
Connecticut (b)	**7.50**	**All**			North Carolina	2.50	All		
Delaware	8.70	All			North Dakota (l)	1.41	25,000	4.31	50,001
Florida	5.50	All			Ohio (m)				
Georgia	5.75	All			Oklahoma	4.00	All		
Hawaii	4.40	25,000	6.40	100,001	Oregon (n)	6.60	1,000,000	7.60	1,000,001
Idaho	5.80	All			Pennsylvania	8.99	All		
Illinois (c)	9.50	All			Rhode Island	7.00	All		
Indiana	4.90	All			South Carolina	5.00	All		
Iowa (f)	5.50	100,000	8.40	100,001	South Dakota				
Kansas (d)	4.00	50,000	7.00	50,001	Tennessee	6.50	All		
Kentucky	5.00	All			Texas (o)				
Louisiana	3.50	50,000	7.50	150,001	Utah	4.65	All		
Maine (e)	3.50	350,000	8.93	3,500,001	Vermont	6.00	10,000	8.50	25,001
Maryland	8.25	All			Virginia	6.00	All		
Massachusetts	8.00	All			Washington				
Michigan	6.00	All			West Virginia	6.50	All		
Minnesota (g)	9.80	All			Wisconsin	7.90	All		
Mississippi	0.00	5,000	5.00	10,001	Wyoming				
Missouri	4.00	All			District of Col.	8.25	All		
Montana (h)	6.75	All							

Notes: The table does not include corporate income taxes levied at the local level. These states do not levy a corporate income tax: NV, SD, WA & WY. The following states require a minimum tax: AZ $50; CA $800; CT $250; ID $20; MA $456; MT $50; NJ $500; NY $25; OR $150; RI $400; UT $100; VT $300; District of Columbia $250.

(a) Rates listed are the corporate income tax rate applied to financial institutions or excise taxes based on income. Some states have other taxes based upon the value of deposits or shares.

(b) CT corporate tax liability is the greater of the 7.5% tax on net income, 3.1 mills per dollar tax rate on capital base (phasing out completely by income year 2028), or the minimum tax of $250. A 10% surcharge is imposed for tax years 2023 – 2025 on companies with more than $100 million in annual gross revenue. The surcharge phases out completely in income year 2026.

(c) IL rate represents the sum of corporation income tax rate of 7.00% and a replacement tax of 2.5%.

(d) KS levies a 3.0% surtax on taxable income over $50,000 in addition to the flat 4% corporate income tax.

(e) The state franchise tax on financial institutions is either (1) the sum of 1% of the Maine net income of the financial institution for the taxable year, plus 8¢ per $1,000 of the institution's Maine assets, or (2) 39¢ per $1,000 of the institution's Maine assets as of the end of its taxable year.

(f) In IA, 50% of the federal income tax is deductible. Business and manufacturing corporations pay an additional tax of $2.60 per $1,000 on either taxable Massachusetts tangible property or taxable net worth allocable to the state (for intangible property corporations).

(g) MN levies a 5.8% tentative min. tax on Alternative Minimum Taxable Income; also imposes a surtax ranging up to $11,570.

(h) MT levies a 7% tax on taxpayers using water's edge combination. Taxpayers with gross sales in Montana of $100,000 or less may pay an alternative tax of 0.5% on such sales, instead of the net income tax.

(i) NH levies a Business Enterprise Tax of 0.6% on the enterprise base (total compensation, interest and dividends paid) for businesses with gross receipts over $222,000 or enterprise base over $111,000, adjusted every biennium for CPI. New Hampshire's 7.5% [for tax years ending on or before 12/31/23] Business Profits Tax is imposed on both corporations and unincorporated associations with gross income over $103,000.

(j) NJ imposes a surtax of 2.5% on income over $1M in 2023. Rate of 7.5% on income less than $100,000 and 6.5% on income less than $50,000

(k) Plus a Corporate Stocks Tax of 0.1875% for tax year 2023. Top bracket of 7.25% is imposed on income over $5M for 2023. A min. tax ranges from $25 to $200,000, depending on receipts ($250 min. for banks). Certain qualified New York manufacturers pay 0%.

(l) ND imposes a 3.5% surtax for filers electing to use the water's edge method to apportion income.

(m) No corp. income tax; $150 Commercial Activity Tax on gross receipts situsted to OH between $150K– $1M, plus 0.26% of gross receipts over $1M

(n) OR's minimum tax for C corporations depends on the Oregon sales of the filing group. The minimum tax ranges from $150 for corporations with sales under $500,000, up to $100,000 for companies with sales of $100 million or above. Oregon also imposes Corporate Activity Tax [CAT] of $250 plus 0.57% of activity in excess of $1 million.

(o) A franchise tax of 0.75% (0.375% for qualifying wholesalers and retailers) is imposed on entities with $2,470,000 of total revenues.

Source: Federation of Tax Administrators & Tax Foundation. Rates as of July 2023.

Motor Fuels Tax

The state imposes a tax, subject to certain limitations, on (1) gasoline and certain other liquids which are prepared, advertised, offered for sale, sold for use as, or commonly and commercially used as, a fuel in internal combustion engines ("gasoline" or "gasohol"), and (2) all combustible gases and liquids which are suitable and used for generation of power to propel motor vehicles (primarily diesel fuel which is referred to as "special fuels"). The distributors liable for these taxes are those entities which distribute fuel within the state, import fuel into the state for distribution within the state, or produce or refine fuels within the state.

The Gasoline Tax is imposed on each gallon of gasoline or gasohol sold (other than to another distributor) or used within the state by a distributor. The tax on special fuels (the "Special Fuel Tax") is assessed on each gallon of special fuels used within the state in a motor vehicle licensed, or required to be licensed, to operate upon the public highways of the state.

The Special Fuels Tax is paid by vehicle users and is generally collected by retail dealers of special fuels (primarily diesel fuel). Various exemptions from both taxes are provided, among which are sales to, or use by, the United States, the state of Connecticut, and its municipalities.

The Motor Carrier Road Tax is imposed upon gallons of fuel (primarily diesel fuel) used by business entities ("motor carriers") which operate any of the following vehicles in the state: (1) passenger vehicles seating more than nine persons; (2) road tractors or tractor trucks; or (3) trucks having a registered gross weight in excess of eighteen thousand pounds. Such motor carriers pay the tax on the gallons of fuel which they use while operating such vehicles in the state. The number of gallons subject to the tax is determined by multiplying the total number of gallons of fuel used by the motor carrier during each year by a fraction, the numerator of which is the total number of miles traveled by the motor carrier's vehicles within the state during the year, and the denominator of which is the total number of miles traveled by the motor carrier's vehicles both within and outside the state during the year.

The Gasoline Tax is 25 cents per gallon. After the Russian invasion of Ukraine in February of 2022 gasoline prices rose dramatically in the U.S. To somewhat ameliorate this increase in prices, the state waived the tax on gasoline from April 1, 2022 until December 31, 2022. The Gas tax was then phased back in 5 cent increments starting on January 1, 2023 until May 1, 2023 when it returned to 25 cents per gallon. Effective July 1, 2022, the Special Fuels and Motor Carrier Taxes increased by 9.1 cents per gallon from 40.1 cents per gallon in FY 2022 to 49.2 cents per gallon in FY 2023. The General Assembly adopted the same rate for FY 2024. The 1983 session of the General Assembly enacted a Special Transportation Fund for highway construction and maintenance and 1 cent per gallon of the motor fuels tax was dedicated to this fund. Beginning July 1, 1984, the Special Transportation Fund was expanded to include all collections from the motor fuels tax.

The table on the following page shows the comparative rates for motor fuel taxes for the 50 states.

TABLE 66
GASOLINE MOTOR FUEL TAXES BY STATE

State	Excise Tax	Other Taxes/ Fees (a)	Total Tax (b)	State	Excise Tax	Other Taxes/ Fees (a)	Total Tax (b)
Alabama (f)	28.00¢	3.20¢	31.20¢	Montana	33.00¢	0.75¢	33.25¢
Alaska	8.00	0.95	8.95	Nebraska (d)	29.00	0.90	29.90
Arizona	18.00	1.00	19.00	Nevada (f)	23.00	0.81	23.81
Arkansas	24.60	0.30	24.90	New Hampshire	22.20	1.63	23.83
California (i)	57.90	20.00	77.90	New Jersey	10.50	30.90	41.40
Colorado	22.00	2.00	24.00	New Mexico	17.00	2.00	19.00
Connecticut	**25.00**	**10.75**	**35.75**	New York (h)	18.10	18.60	36.70
Delaware	23.00	0.00	23.00	North Carolina	40.50	0.25	40.75
Florida (g)	4.00	31.23	35.23	North Dakota	23.00	0.00	23.00
Georgia (h)	31.20	0.75	31.95	Ohio	38.50	0.00	38.50
Hawaii (f) (h)	16.00	2.50	18.50	Oklahoma	24.00	1.00	25.00
Idaho	32.00	1.00	33.00	Oregon (f)	36.00	0.00	36.00
Illinois (f)	45.40	21.10	66.50	Pennsylvania (e)	0.00	62.20	62.20
Indiana (h)	34.00	20.40	54.40	Rhode Island	34.00	1.00	35.00
Iowa	30.00	0.00	30.00	South Carolina	28.00	0.75	28.75
Kansas	24.00	1.03	25.03	South Dakota (f)	28.00	2.00	30.00
Kentucky	28.70	1.40	30.00	Tennessee (f)	26.00	1.40	27.40
Louisiana	20.00	0.93	20.93	Texas	20.00	0.00	20.00
Maine	30.00	1.40	31.40	Utah	34.50	0.65	35.15
Maryland (c)	23.50	13.80	37.30	Vermont	12.10	22.42	34.52
Massachusetts	24.00	3.07	27.07	Virginia (f)	29.80	9.30	39.10
Michigan (h)	28.60	18.60	47.20	Washington	49.40	0.00	49.40
Minnesota	28.50	0.10	28.60	West Virginia (g)	20.50	16.70	37.20
Mississippi	18.00	0.40	18.40	Wisconsin	30.90	2.00	32.90
Missouri	17.00	0.47	17.47	Wyoming	23.00	1.00	24.00

Notes: These taxes are applied in addition to the Federal excise tax rates and other municipal taxes.

(a) Other taxes/fees can include, but are not limited to: State/county/local sales tax, petroleum gross receipts tax, wholesale tax, underground storage tank (UST) fee, environmental fees, surcharges, delivery fees, inspection fees, license tax, privilege tax, oil franchise tax, etc. (varies by state)
(b) The total column in the above table is the sum of the excise taxes and other state taxes/fees represented as cents per gallon. The total tax column does not include the federal excise tax of 18.4 cents per gallon.
(c) Excise tax is indexed to annual change of CPI.
(d) Excise tax rate is variable, adjusted every 6 months.
(e) No fixed excise tax, the rate is variable and is currently at 57.6 cpg
(f) Tax rates do not include local option taxes.
(g) Sales tax is added to Excise tax.
(h) Sales tax is additional.
(i) Includes prepaid sales tax.

Source: Tax Foundation & American Petroleum Institute; Rates effective 7/1/2023

Other Sources

The following tables show the most recent comparative rates or exemptions for some of the other taxes and fees collected by the states.

TABLE 67
CIGARETTE TAXES BY STATE

State	Rate	State	Rate
Alabama (a)	$0.675	Montana	$1.70
Alaska	$2.00	Nebraska	$0.64
Arizona	$2.00	Nevada	$1.80
Arkansas	$1.15	New Hampshire	$1.78
California	$2.87	New Jersey	$2.70
Colorado	$1.94	New Mexico	$2.00
Connecticut	**$4.35**	New York (a)	$4.35
Delaware	$2.10	North Carolina	$0.45
Florida (b)	$1.339	North Dakota	$0.44
Georgia	$0.37	Ohio	$1.60
Hawaii	$3.20	Oklahoma	$2.03
Idaho	$0.57	Oregon	$3.33
Illinois (a)	$2.98	Pennsylvania	$2.60
Indiana	$0.995	Rhode Island	$4.25
Iowa	$1.36	South Carolina	$0.57
Kansas	$1.29	South Dakota	$1.53
Kentucky	$1.10	Tennessee (a) (c)	$0.62
Louisiana	$1.08	Texas	$1.41
Maine	$2.00	Utah	$1.70
Maryland	$3.75	Vermont	$3.08
Massachusetts	$3.51	Virginia (a)	$0.60
Michigan	$2.00	Washington	$3.025
Minnesota (d)	$3.04	West Virginia	$1.20
Mississippi	$0.68	Wisconsin	$2.52
Missouri (a)	$0.17	Wyoming	$0.60

Notes: The tax is based on a pack of 20 cigarettes.
(a) Counties and cities may impose an additional tax on a pack of cigarettes: in Alabama, 1¢ to 25¢; Illinois, 10¢ to $4.18; Missouri, 4¢ to 7¢; New York City, $1.50; Tennessee, 1¢; and Virginia, 2¢ to 15¢.

(b) Florida's rate includes a surcharge of $1 per pack.

(c) Dealers pay an additional enforcement and administrative fee of 0.05¢ in Tennessee.
(d) In addition, Minnesota imposes an in lieu cigarette sales tax determined annually by the Department. The current rate is 69.2¢ through December 31, 2023.

Source: Federation of Tax Administrators, rates as of January 1, 2023.

TABLE 68
INSURANCE COMPANIES TAX BY STATE

State	Domestic Tax Rate % (1)	Foreign Tax Rate % (1)	State	Domestic Tax Rate % (1)	Foreign Tax Rate % (1)
Alabama	0.50-6.00	0.50-6.00	Montana (3)	2.75	2.75
Alaska	0.75-6.00	0.75-6.00	Nebraska (3)	0.25-3.00	0.25-3.00
Arizona (2)	0.66-3.00	0.66-3.00	Nevada	3.50	2.00-3.50
Arkansas	0.75-4.00	0.75-4.00	New Hampshire (4)	1.25-4.00	1.25-4.00
California	0.50-5.00	0.50-5.00	New Jersey	1.05-5.25	1.05-5.25
Colorado	1.00-3.00	1.00-3.00	New Mexico	3.003-6.753	3.003-6.753
Connecticut	**1.50-4.00**	**1.50-4.00**	New York (3,9)	0.70-3.60	0.70-3.60
Delaware (2)	1.75-5.00	1.75-5.00	North Carolina	1.90-5.00	1.90-5.00
Florida (3)	0.75-5.00	0.75-5.00	North Dakota (4)	1.75-2.00	1.75-2.00
Georgia (3)	2.25-4.00	2.25-4.00	Ohio (3,4)	1.00-5.00	1.00-5.00
Hawaii	0.8775-4.68	0.8775-4.68	Oklahoma (3)	2.25-6.00	2.25-6.00
Idaho	1.50	1.50	Oregon (3)	(6)	(6)
Illinois (3)	0.40-3.50	0.40-3.50	Pennsylvania	1.25-5.00	2.00-5.00
Indiana	1.30-2.50	1.30-2.50	Rhode Island	2.00-4.00	2.00-4.00
Iowa	1.00-6.50	1.00-6.50	South Carolina (3)	0.75-6.00	0.75-6.00
Kansas (3)	2.00-6.00	2.00-6.00	South Dakota (3)	1.25-2.50	1.25-2.50
Kentucky (3)	1.50-3.00	1.50-3.00	Tennessee (3,4)	1.75-6.00	1.75-6.00
Louisiana (3)	(5)	(5)	Texas	0.875-4.85	0.875-4.85
Maine (3)	1.00-3.00	1.00-3.00	Utah	0.45-4.25	0.45-4.25
Maryland	2.00-3.00	2.00-3.00	Vermont	2.00-3.00	2.00-3.00
Massachusetts	2.00-5.70	2.00-5.70	Virginia (3,8)	1.00-2.70	1.00-2.70
Michigan (7)	2.50	2.50	Washington	0.95-2.00	0.95-2.00
Minnesota (3)	1.00-3.00	1.00-3.00	West Virginia (3)	3.00-4.55	3.00-4.55
Mississippi (3)	3.00-4.00	3.00-4.00	Wisconsin (3)	2.00-3.50	0.50-3.00
Missouri	2.00-5.00	2.00-5.00	Wyoming	0.75-3.00	0.75-3.00

Notes: The tax is based on the net premiums of authorized insurers, including surplus line rates, captive rates, and marine underwriting profits.

(1) Depending upon the type of insurance issued or the type of organization formed.
(2) Plus a surtax of 0.4312% on vehicles in AZ and 0.25% in DE.
(3) Plus a fire marshal's tax not to exceed 1% in FL, IL (Domestic), GA, SC & VA; 0.3125% in OK; 0.5% in SD & WV; 0.65% in MN; 0.75% in KY, OH, TN; 1.15% in OR; 1.4% in ME; 1.25% & 2% in KS; 2% in WI (domestic only), NY (foreign only), IL (Foreign only), & LA; 2.5% in MO; 4.375% in WI (foreign only); and 0.375% (Domestic) & 0.75% (Foreign) in NE.
(4) With minimum tax of $150 in TN; $200 in NH & ND; and $250 in OH.
(5) Life, health, accident, or service insurers—premiums of $7,000 or less, $140; over $7,000, $140 plus $225 per each additional $10,000 over $7,000; fire, marine, transportation, casualty, surety, workers' comp.--$6,000 or less, $185; over $6,000, $185 plus $300 per each additional $10,000 over $6,000
(6) After 2001, foreign & alien insurers are no longer subject to gross premium tax but are subject to corporate excise tax.
(7) Rate is the greater of single business tax, income tax, or retaliatory tax.
(8) With minimum tax of $100 on fire, misc. property, marine, homeowners, & farm owners.
(9) 17% MTA surcharge applies in a metropolitan commuter transportation district.

Source: National Association of Insurance Commissioners & The Center for Insurance Policy and Research, Retaliation Guide December 2023

TABLE 69
ALCOHOLIC BEVERAGE EXCISE TAXES BY STATE
(Dollars per Gallon)

State	Distilled Spirits	Wine 14% or Less	Wine 14% and Up	Beer	State	Distilled Spirits	Wine 14% or Less	Wine 14% And Up	Beer
Alabama (2) (6)	(1)	1.70	9.16	0.53	Montana	(1)	1.02	(1a)	0.14
Alaska	12.80	2.50	2.50	1.07	Nebraska	3.75	0.95	0.95	0.31
Arizona (6)	3.00	0.84	4.00	0.16	Nevada (7)	3.60	0.70	1.30	0.16
Arkansas	2.50	0.75	0.75	0.23	New Hampshire	(1)	0.30	0.30	0.30
California	3.30	0.20	0.20	0.20	New Jersey	5.50	0.88	0.88	0.12
Colorado	2.28	0.28	0.28	0.08	New Mexico	6.06	1.70	5.68	0.41
Connecticut (6)	**5.94**	**0.79**	**1.98**	**0.24**	New York (2)	6.44	0.30	0.30	0.14
Delaware	4.50	1.63	1.63	0.26	North Carolina (6)	(1)	1.00	1.11	0.62
Florida (6)	6.50	2.25	3.00	0.48	North Dakota (6)	2.50	0.50	0.60	0.16
Georgia (2) (6)	3.79	1.51	2.54	0.32	Ohio	(1)	0.30	0.98	0.18
Hawaii	5.98	1.38	1.38	0.93	Oklahoma	5.56	0.72	0.72	0.40
Idaho	(1)	0.45	0.45	0.15	Oregon (6)	(1)	0.67	0.77	0.08
Illinois (2) (6)	8.55	1.39	8.55	0.23	Pennsylvania	(1)	(1)	(1a)	0.08
Indiana (6)	2.68	0.47	2.68	0.12	Rhode Island	5.40	1.40	1.40	0.11
Iowa	(1)	1.75	1.75	0.19	South Carolina (3)	2.72	0.90	1.08	0.77
Kansas	2.50	0.30	0.75	0.18	South Dakota (7)	3.93	0.93	1.45	0.27
Kentucky	1.92	0.50	0.50	0.08	Tennessee	4.40	1.21	1.21	1.29
Louisiana (2) (7)	3.03	0.76	1.32	0.40	Texas	2.40	0.20	0.41	0.19
Maine	(1)	0.60	(1a)	0.35	Utah	(1)	(1)	(1a)	0.42
Maryland	1.50	0.40	0.40	0.09	Vermont	(1)	0.55	(1a)	0.27
Massachusetts	4.05	0.55	0.55	0.11	Virginia	(1)	1.51	(1a)	0.26
Michigan (6)	(1)	0.51	0.76	0.20	Washington	14.27	0.87	1.75	0.26
Minnesota (7)	5.03	0.30	0.95	0.15	West Virginia	(1)	1.00	1.00	0.18
Mississippi	(1)	0.35	0.35	0.43	Wisconsin (4)	3.25	0.25	0.45	0.06
Missouri	2.00	0.42	0.42	0.06	Wyoming	(1)	(1)	(1a)	0.02

Notes:
(1) In 17 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees, price mark-ups, and net liquor profits.
(1a) In 6 states, all wine sales are through state stores. Revenue in these states is generated from various taxes, fees, price mark-ups, and net profits.
(2) Plus additional excise taxes on beer at the local level. Additional local taxes in NYC.
(3) Rates include surtax of $0.18 per gallon for wine.
(4) Distilled spirits rate includes additional $0.03 per gallon for administrative fees.
(5) Connecticut's tax on beer is scheduled to decline from $0.24 per gallon to $0.19 per gallon effective 7/1/2023.
(6) Wine 14% & Up Rate = AL: >16.5%; AZ: >24%; CT: >21%; FL: >17.259%; IL: >20%; IN: >21%; MI: >16%; NC: >17%; ND: >17%; OR: >16%
(7) Other Wine Rates = LA: 14%-24%, >24%-$2.08; MN: 14%-21%, 21%-24%-$1.82, >24%-$3.52; NV: >22%-$3.60; SD: >21%-$2.07

Source: Federation of Tax Administrators, rates as of January 1, 2023.

TABLE 70
GENERAL FUND REVENUES

TAXES ($K)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Income	$ 9,640,164	$ 9,397,779	$ 10,340,437	$ 12,131,800	$ 11,223,390
Sales and Use	4,338,061	4,317,730	4,792,675	4,818,083	4,944,772
Corporation	1,060,877	934,499	1,153,079	1,401,153	1,516,588
Pass-through Entity Tax	1,172,080	1,241,949	1,549,716	2,307,594	2,048,068
Public Service Corporation	262,141	254,076	243,671	295,681	278,205
Inheritance & Estate	225,230	159,538	303,339	220,223	218,352
Insurance Companies	193,803	228,350	229,761	240,969	295,687
Cigarettes	357,494	346,300	351,077	326,709	290,789
Real Estate Conveyance	213,224	176,578	385,028	384,454	287,187
Alcoholic Beverages	64,145	73,080	79,111	78,916	80,242
Admissions, Dues, Cabaret	42,834	39,939	36,022	41,011	40,677
Miscellaneous	1,100,087	1,023,041	1,052,109	1,051,776	851,995
Total - Taxes	$ 18,670,140	$ 18,192,858	$ 20,516,024	$ 23,298,368	$ 22,075,952
Less Refunds of Taxes	(1,465,368)	(1,491,413)	(1,857,512)	(1,811,202)	(1,990,104)
Less Refunds of R&D	(5,370)	(8,628)	(7,093)	(5,756)	(6,061)
Total - Taxes Less	$ 17,199,401	$ 16,692,816	$ 18,651,419	$ 21,481,411	$ 20,079,787
OTHER REVENUE					
Transfer-Special Revenue	$ 364,082	$ 340,090	$ 410,301	$ 395,023	$ 395,602
Indian Gaming Payments	255,239	164,141	228,883	248,686	278,974
Licenses, Permits & Fees	291,171	307,524	329,568	368,612	331,212
Sales of Commodities &	27,105	26,136	22,872	22,816	17,880
Rents, Fines & Escheats	165,875	154,288	183,115	220,749	230,698
Investment Income	48,950	48,690	2,945	20,607	206,218
Miscellaneous	214,700	256,341	257,766	272,825	260,885
Less Refunds of Payments	(59,139)	(69,306)	(37,661)	(74,708)	(75,821)
Total - Other Revenue	$ 1,307,982	$ 1,227,906	$ 1,397,789	$ 1,474,610	$ 1,645,647
OTHER SOURCES					
Federal Grants	$ 2,083,774	$1,796,754	$1,496,315	$1,934,869	$ 1,997,837
Transfer from Tobacco	110,200	136,000	114,500	126,200	112,500
Transfer From/(To) Other	(101,814)	(129,620)	112,856	21,221	308,915
Transfers to BRF –	(949,681)	(530,316)	(1,241,460)	(3,047,454)	(1,321,793)
Total - Other Sources	$ 1,142,479	$ 1,272,819	$ 482,211	$ (965,164)	$ 1,097,459
GRAND TOTAL	$ 19,649,862	$ 19,193,540	$ 20,531,418	$ 21,990,857	$ 22,822,894

TAXES	% of Total	% of Total	% of Total	% of Total	% of Total
Personal Income	49.06	48.96	50.36	55.17	49.18
Sales and Use	22.08	22.50	23.34	21.91	21.67
Corporation	5.40	4.87	5.62	6.37	6.65
Pass-through Entity Tax	5.96	6.47	7.55	10.49	8.97
Public Service Corporation	1.33	1.32	1.19	1.34	1.22
Inheritance & Estate	1.15	0.83	1.48	1.00	0.96
Insurance Companies	0.99	1.19	1.12	1.10	1.30
Cigarettes	1.82	1.80	1.71	1.49	1.27
Real Estate Conveyance	1.09	0.92	1.88	1.75	1.26
Alcoholic Beverages	0.33	0.38	0.39	0.36	0.35
Admissions, Dues, Cabaret	0.22	0.21	0.18	0.19	0.18
Miscellaneous	5.60	5.33	5.12	4.78	3.73
Total - Taxes	95.01	94.79	99.93	105.95	96.73
Less Refunds of Taxes	-7.46	-7.77	-9.05	-8.24	-8.72
Less Refunds of R&D	-0.03	-0.04	-0.03	-0.03	-0.03
Total – Taxes Less	87.53	86.97	90.84	97.68	87.98
OTHER REVENUE					
Transfer-Special Revenue	1.85	1.77	2.00	1.80	1.73
Indian Gaming Payments	1.30	0.86	1.11	1.13	1.22
Licenses, Permits & Fees	1.48	1.60	1.61	1.68	1.45
Sales of Commodities &	0.14	0.14	0.11	0.10	0.08
Rents, Fines & Escheats	0.84	0.80	0.89	1.00	1.01
Investment Income	0.25	0.25	0.01	0.09	0.90
Miscellaneous	1.09	1.34	1.26	1.24	1.14
Less Refunds of Payments	-0.30	-0.36	-0.18	-0.34	-0.33
Total - Other Revenue	6.66	6.40	6.81	6.71	7.21
OTHER SOURCES					
Federal Grants	10.60	9.36	7.29	8.80	8.75
Transfer from Tobacco	0.56	0.71	0.56	0.57	0.49
Transfer From/(To) Other	-0.52	-0.68	0.55	0.10	1.35
Transfers to BRF –	-4.83	-2.76	-6.05	-13.86	-5.79
Total - Other Sources	5.81	6.63	2.35	-4.39	4.81
GRAND TOTAL	100.00	100.00	100.00	100.00	100.00

TABLE 71
SPECIAL TRANSPORTATION FUND REVENUES

TAXES ($K)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Motor Fuels	$ 509,701	$ 478,193	$ 475,157	$ 389,806	$ 261,973
Oil Companies	313,050	230,356	229,061	387,063	383,491
Sales and Use Tax	370,580	400,908	482,892	703,391	837,630
DMV Sales	87,263	73,126	117,215	122,074	117,111
Highway Use	-	-	-	-	29,276
Less Refunds of Taxes	(32,149)	(30,398)	(11,796)	(16,177)	(8,911)
Total – Taxes Less Refunds	$1,248,446	$1,152,186	$1,292,530	$1,586,157	$1,620,569
OTHER REVENUE					
Motor Vehicle Receipts	$ 250,361	$ 241,643	$ 321,420	$ 281,667	$ 254,575
Licenses, Permits & Fees	150,144	128,707	130,747	125,991	126,358
Interest Income	37,375	21,754	1,922	5,029	71,870
Federal Grants	12,259	12,315	11,957	10,913	10,259
Transfer to Other Funds	(5,500)	(35,500)	24,500	(2,825)	(5,500)
Less Refunds of Payments	(4,941)	(4,520)	(5,359)	(6,078)	(8,727)
Total – Other Revenue	$ 439,698	$ 364,399	$ 485,187	$ 414,697	$ 448,836
GRAND TOTAL	$1,688,144	$1,516,585	$1,777,717	$2,000,854	$2,069,405

TAXES	% of Total	% of Total	% of Total	% of Total	% of Total
Motor Fuels	30.19	31.53	26.73	19.48	12.66
Oil Companies	18.54	15.19	12.89	19.34	18.53
Sales and Use Tax	21.95	26.43	27.16	35.15	40.48
DMV Sales	5.17	4.82	6.59	6.10	5.66
Highway Use	0.00	0.00	0.00	0.00	1.41
Less Refunds of Taxes	-1.90	-2.00	-0.66	-0.81	-0.43
Total – Taxes Less Refunds	73.95	75.97	72.71	79.27	78.31
OTHER REVENUE					
Motor Vehicle Receipts	14.83	15.93	18.08	14.08	12.30
Licenses, Permits & Fees	8.89	8.49	7.35	6.30	6.11
Interest Income	2.21	1.43	0.11	0.25	3.47
Federal Grants	0.73	0.81	0.67	0.55	0.50
Transfer to Other Funds	-0.33	-2.34	1.38	-0.14	-0.27
Less Refunds of Payments	-0.29	-0.30	-0.30	-0.30	-0.42
Total - Other Revenue	26.05	24.03	27.29	20.73	21.69
GRAND TOTAL	100.00	100.00	100.00	100.00	100.00

A P P E N D I X

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Connecticut Resident Population Census Counts

	Population 2010	Rank	Population 2020	Rank	2010-2020 Change	% Change	2022 DPH* Est.
Total	3,574,097		3,605,944		31,847	0.9	3,626,205
Andover	3,303	147	3,151	147	-152	-4.6	3,150
Ansonia	19,249	60	18,918	60	-331	-1.7	18,923
Ashford	4,317	136	4,191	139	-126	-2.9	4,222
Avon	18,098	65	18,932	59	834	4.6	18,871
Barkhamsted	3,799	141	3,647	141	-152	-4.0	3,667
Beacon Falls	6,049	123	6,000	123	-49	-0.8	6,126
Berlin	19,866	54	20,175	56	309	1.6	20,197
Bethany	5,563	126	5,297	126	-266	-4.8	5,277
Bethel	18,584	62	20,358	55	1,774	9.5	20,684
Bethlehem	3,607	143	3,385	145	-222	-6.2	3,409
Bloomfield	20,486	52	21,535	51	1,049	5.1	21,560
Bolton	4,980	131	4,858	131	-122	-2.4	4,834
Bozrah	2,627	152	2,429	153	-198	-7.5	2,420
Branford	28,026	37	28,273	35	247	0.9	28,148
Bridgeport	144,229	1	148,654	1	4,425	3.1	148,377
Bridgewater	1,727	162	1,662	161	-65	-3.8	1,652
Bristol	60,477	13	60,833	14	356	0.6	61,330
Brookfield	16,452	71	17,528	68	1,076	6.5	17,543
Brooklyn	8,210	110	8,450	109	240	2.9	8,502
Burlington	9,301	104	9,519	99	218	2.3	9,710
Canaan	1,234	168	1,080	168	-154	-12.5	1,081
Canterbury	5,132	130	5,045	130	-87	-1.7	5,102
Canton	10,292	95	10,124	97	-168	-1.6	10,091
Chaplin	2,305	156	2,151	157	-154	-6.7	2,156
Cheshire	29,261	32	28,733	34	-528	-1.8	28,994
Chester	3,994	139	3,749	140	-245	-6.1	3,757
Clinton	13,260	82	13,185	82	-75	-0.6	13,399
Colchester	16,068	72	15,555	74	-513	-3.2	15,572
Colebrook	1,485	165	1,361	166	-124	-8.4	1,369
Columbia	5,485	127	5,272	127	-213	-3.9	5,258
Cornwall	1,420	167	1,567	165	147	10.4	1,573
Coventry	12,435	87	12,235	87	-200	-1.6	12,285
Cromwell	14,005	79	14,225	79	220	1.6	14,317
Danbury	80,893	7	86,518	7	5,625	7.0	86,967
Darien	20,732	51	21,499	52	767	3.7	21,926
Deep River	4,629	133	4,415	133	-214	-4.6	4,445
Derby	12,902	84	12,325	86	-577	-4.5	12,358
Durham	7,388	116	7,152	116	-236	-3.2	7,207
East Granby	5,148	129	5,214	128	66	1.3	5,218
East Haddam	9,126	106	8,875	106	-251	-2.8	8,949
East Hampton	12,959	83	12,717	83	-242	-1.9	12,960
East Hartford	51,252	19	51,045	19	-207	-0.4	50,718
East Haven	29,257	33	27,923	37	-1,334	-4.6	27,682

Connecticut Resident Population Census Counts

	Population 2010	Rank	Population 2020	Rank	2010-2020 Change	% Change	2022 DPH* Est.
East Lyme	19,159	61	18,693	62	-466	-2.4	18,788
East Windsor	11,162	94	11,190	91	28	0.3	11,176
Eastford	1,749	161	1,649	162	-100	-5.7	1,675
Easton	7,490	115	7,605	113	115	1.5	7,630
Ellington	15,602	74	16,426	71	824	5.3	16,977
Enfield	44,654	22	42,141	23	-2,513	-5.6	41,245
Essex	6,683	120	6,733	119	50	0.7	6,793
Fairfield	59,404	14	61,512	11	2,108	3.5	62,871
Farmington	25,340	44	26,712	43	1,372	5.4	26,728
Franklin	1,922	159	1,863	159	-59	-3.1	1,881
Glastonbury	34,427	29	35,159	29	732	2.1	35,199
Goshen	2,976	150	3,150	148	174	5.8	3,203
Granby	11,282	92	10,903	92	-379	-3.4	11,041
Greenwich	61,171	10	63,518	10	2,347	3.8	63,638
Griswold	11,951	90	11,402	90	-549	-4.6	11,509
Groton	40,115	25	38,411	26	-1,704	-4.2	37,743
Guilford	22,375	50	22,073	50	-302	-1.3	22,019
Haddam	8,346	109	8,452	108	106	1.3	8,670
Hamden	60,960	11	61,169	12	209	0.3	60,809
Hampton	1,863	160	1,728	160	-135	-7.2	1,738
Hartford	124,775	3	121,054	4	-3,721	-3.0	120,686
Hartland	2,114	158	1,901	158	-213	-10.1	1,908
Harwinton	5,642	125	5,484	125	-158	-2.8	5,562
Hebron	9,686	99	9,098	104	-588	-6.1	9,121
Kent	2,979	149	3,019	149	40	1.3	3,051
Killingly	17,370	68	17,752	66	382	2.2	17,837
Killingworth	6,525	121	6,174	121	-351	-5.4	6,239
Lebanon	7,308	117	7,142	117	-166	-2.3	7,132
Ledyard	15,051	77	15,413	75	362	2.4	15,456
Lisbon	4,338	135	4,195	137	-143	-3.3	4,242
Litchfield	8,466	108	8,192	111	-274	-3.2	8,279
Lyme	2,406	154	2,352	154	-54	-2.2	2,401
Madison	18,269	64	17,691	67	-578	-3.2	17,565
Manchester	58,241	15	59,713	15	1,472	2.5	59,461
Mansfield	26,543	41	25,892	44	-651	-2.5	31,949
Marlborough	6,404	122	6,133	122	-271	-4.2	6,109
Meriden	60,868	12	60,850	13	-18	0.0	60,242
Middlebury	7,575	114	7,574	114	-1	0.0	7,807
Middlefield	4,425	134	4,217	135	-208	-4.7	4,248
Middletown	47,648	20	47,717	20	69	0.1	48,729
Milford	52,759	17	52,044	18	-715	-1.4	52,679
Monroe	19,479	59	18,825	61	-654	-3.4	18,796
Montville	19,571	57	18,387	64	-1,184	-6.0	17,891
Morris	2,388	155	2,256	156	-132	-5.5	2,267

Connecticut Resident Population Census Counts

	Population 2010	Rank	Population 2020	Rank	2010-2020 Change	% Change	2022 DPH* Est.
Naugatuck	31,862	30	31,519	30	-343	-1.1	31,705
New Britain	73,206	8	74,135	8	929	1.3	74,396
New Canaan	19,738	55	20,622	54	884	4.5	20,775
New Fairfield	13,881	81	13,579	80	-302	-2.2	13,536
New Hartford	6,970	118	6,658	120	-312	-4.5	6,698
New Haven	129,779	2	134,023	3	4,244	3.3	138,915
New London	27,620	38	27,367	38	-253	-0.9	27,980
New Milford	28,142	36	28,115	36	-27	-0.1	28,275
Newington	30,562	31	30,536	31	-26	-0.1	30,356
Newtown	27,560	39	27,173	40	-387	-1.4	27,577
Norfolk	1,709	164	1,588	163	-121	-7.1	1,594
North Branford	14,407	78	13,544	81	-863	-6.0	13,464
North Canaan	3,315	146	3,211	146	-104	-3.1	3,209
North Haven	24,093	47	24,253	48	160	0.7	24,114
North Stonington	5,297	128	5,149	129	-148	-2.8	5,174
Norwalk	85,603	6	91,184	6	5,581	6.5	91,401
Norwich	40,493	24	40,125	25	-368	-0.9	40,009
Old Lyme	7,603	113	7,628	112	25	0.3	7,684
Old Saybrook	10,242	96	10,481	93	239	2.3	10,535
Orange	13,956	80	14,280	78	324	2.3	14,258
Oxford	12,683	85	12,706	84	23	0.2	12,941
Plainfield	15,405	75	14,973	76	-432	-2.8	15,143
Plainville	17,716	67	17,525	69	-191	-1.1	17,479
Plymouth	12,243	88	11,671	88	-572	-4.7	11,711
Pomfret	4,247	137	4,266	134	19	0.4	4,307
Portland	9,508	101	9,384	101	-124	-1.3	9,429
Preston	4,726	132	4,788	132	62	1.3	4,840
Prospect	9,405	103	9,401	100	-4	0.0	9,435
Putnam	9,584	100	9,224	102	-360	-3.8	9,302
Redding	9,158	105	8,765	107	-393	-4.3	8,746
Ridgefield	24,638	46	25,033	45	395	1.6	25,007
Rocky Hill	19,709	56	20,845	53	1,136	5.8	20,712
Roxbury	2,262	157	2,260	155	-2	-0.1	2,279
Salem	4,151	138	4,213	136	62	1.5	4,326
Salisbury	3,741	142	4,194	138	453	12.1	4,239
Scotland	1,726	163	1,576	164	-150	-8.7	1,577
Seymour	16,540	70	16,748	70	208	1.3	16,809
Sharon	2,782	151	2,680	151	-102	-3.7	2,724
Shelton	39,559	26	40,869	24	1,310	3.3	41,897
Sherman	3,581	144	3,527	144	-54	-1.5	3,537
Simsbury	23,511	48	24,517	46	1,006	4.3	24,935
Somers	11,444	91	10,255	95	-1,189	-10.4	9,843
South Windsor	25,709	43	26,918	42	1,209	4.7	26,783
Southbury	19,904	53	19,879	57	-25	-0.1	19,979

Connecticut Resident Population Census Counts

	Population 2010	Rank	Population 2020	Rank	2010-2020 Change	% Change	2022 DPH* Est.
Southington	43,069	23	43,501	22	432	1.0	43,753
Sprague	2,984	148	2,967	150	-17	-0.6	2,958
Stafford	12,087	89	11,472	89	-615	-5.1	11,449
Stamford	122,643	4	135,470	2	12,827	10.5	136,188
Sterling	3,830	140	3,578	143	-252	-6.6	3,623
Stonington	18,545	63	18,335	65	-210	-1.1	18,480
Stratford	51,384	18	52,355	17	971	1.9	52,477
Suffield	15,735	73	15,752	73	17	0.1	15,731
Thomaston	7,887	112	7,442	115	-445	-5.6	7,468
Thompson	9,458	102	9,189	103	-269	-2.8	9,315
Tolland	15,052	76	14,563	77	-489	-3.2	14,577
Torrington	36,383	27	35,515	28	-868	-2.4	35,563
Trumbull	36,018	28	36,827	27	809	2.2	37,135
Union	854	169	785	169	-69	-8.1	793
Vernon	29,179	34	30,215	32	1,036	3.6	30,625
Voluntown	2,603	153	2,570	152	-33	-1.3	2,592
Wallingford	45,135	21	44,396	21	-739	-1.6	44,017
Warren	1,461	166	1,351	167	-110	-7.5	1,352
Washington	3,578	145	3,646	142	68	1.9	3,666
Waterbury	110,366	5	114,403	5	4,037	3.7	115,016
Waterford	19,517	58	19,571	58	54	0.3	19,603
Watertown	22,514	49	22,105	49	-409	-1.8	22,183
West Hartford	63,268	9	64,083	9	815	1.3	64,271
West Haven	55,564	16	55,584	16	20	0.0	55,004
Westbrook	6,938	119	6,769	118	-169	-2.4	6,860
Weston	10,179	97	10,354	94	175	1.7	10,354
Westport	26,391	42	27,141	41	750	2.8	27,427
Wethersfield	26,668	40	27,298	39	630	2.4	27,129
Willington	6,041	124	5,566	124	-475	-7.9	5,544
Wilton	18,062	66	18,503	63	441	2.4	18,457
Winchester	11,242	93	10,224	96	-1,018	-9.1	10,240
Windham	25,268	45	24,425	47	-843	-3.3	24,399
Windsor	29,044	35	29,492	33	448	1.5	29,453
Windsor Locks	12,498	86	12,613	85	115	0.9	12,537
Wolcott	16,680	69	16,142	72	-538	-3.2	16,190
Woodbridge	8,990	107	9,087	105	97	1.1	9,051
Woodbury	9,975	98	9,723	98	-252	-2.5	9,802
Woodstock	7,964	111	8,221	110	257	3.2	8,312

* Connecticut Department of Public Health

Source: U.S. Census Bureau, April 1, 2010 & 2020
Department of Public Health, "Est. Population in Connecticut as of July 1, 2022"

MAJOR U.S. ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 1
U.S. ECONOMIC VARIABLES

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross Domestic Product ($B)	17,215.5	18,014.9	18,518.6	19,175.2	20,159.8	21,051.4	21,304.1	22,391.2	24,764.2	26,569.9
Percent Change	4.2%	4.6%	2.8%	3.5%	5.1%	4.4%	1.2%	5.1%	10.6%	7.3%
Real GDP (2017=100)	18,004.1	18,589.0	18,953.5	19,351.9	19,934.4	20,395.2	20,367.3	20,884.0	21,694.4	22,044.7
Percent Change	2.4%	3.2%	2.0%	2.1%	3.0%	2.3%	-0.1%	2.5%	3.9%	1.6%
GDP Deflator (2017=100)	95.6	96.9	97.7	99.1	101.1	103.2	104.6	107.2	114.2	120.5
Percent Change	1.7%	1.4%	0.8%	1.4%	2.1%	2.1%	1.3%	2.5%	6.5%	5.6%
Housing Starts (K)	953.1	1,053.8	1,151.5	1,198.8	1,247.7	1,216.7	1,315.8	1,548.6	1,655.0	1,421.7
Percent Change	8.6%	10.6%	9.3%	4.1%	4.1%	-2.5%	8.2%	17.7%	6.9%	-14.1%
Unemployment Rate	6.8%	5.7%	5.0%	4.6%	4.1%	3.8%	6.0%	6.9%	4.2%	3.5%
New Vehicle Sales (M)	15.9	16.9	17.5	17.3	17.3	17.1	15.1	16.3	13.4	14.6
Percent Change	5.5%	6.0%	3.9%	-1.5%	-0.1%	-0.9%	-11.9%	8.2%	-17.6%	8.9%
Consumer Price Index ('82-'84=100)	235.0	236.7	238.2	242.7	248.1	253.3	257.3	263.1	282.0	299.7
Percent Change	1.6%	0.7%	0.7%	1.9%	2.2%	2.1%	1.6%	2.3%	7.2%	6.3%
Industrial Production Index (2017=100)	100.7	102.3	99.4	99.1	101.5	103.3	98.0	97.3	101.3	102.8
Percent Change	2.5%	1.6%	-2.8%	-0.3%	2.4%	1.8%	-5.2%	-0.7%	4.1%	1.6%
Personal Income ($B)	14,371.2	15,175.6	15,667.7	16,241.4	17,088.6	17,982.3	18,988.7	20,691.6	21,373.1	22,451.2
Percent Change	2.6%	5.6%	3.2%	3.7%	5.2%	5.2%	5.6%	9.0%	3.3%	5.0%
Real Personal Income ($B in 2017=100)	14,892.4	15,613.1	16,038.5	16,376.1	16,916.7	17,492.0	18,252.6	19,472.5	18,986.0	18,931.1
Percent Change	1.2%	4.8%	2.7%	2.1%	3.3%	3.4%	4.3%	6.7%	-2.5%	-0.3%
Disposable Personal Income ($B)	12,651.0	13,303.9	13,721.8	14,245.8	15,011.5	15,845.8	16,792.1	18,206.7	18,370.1	19,526.1
Percent Change	2.0%	5.2%	3.1%	3.8%	5.4%	5.6%	6.0%	8.4%	0.9%	6.3%
Disposable Personal Income ($B in 2017=100)	13,110.2	13,687.6	14,046.9	14,364.5	14,860.7	15,414.3	16,142.6	17,139.3	16,323.8	16,462.9
Percent Change	0.6%	4.4%	2.6%	2.3%	3.5%	3.7%	4.7%	6.2%	-4.8%	0.9%

MAJOR U.S. ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 2
U.S. PERSONAL INCOME
(BILLIONS OF DOLLARS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personal Income	14,371.2	15,175.7	15,667.7	16,241.4	17,088.7	17,982.3	18,988.7	20,691.6	21,373.1	22,451.2
Percent Change	2.6%	5.6%	3.2%	3.7%	5.2%	5.2%	5.6%	9.0%	3.3%	5.0%
Wages & Salaries	7,269.3	7,678.6	7,973.2	8,261.5	8,697.6	9,122.2	9,357.4	9,820.6	10,769.4	11,471.8
Percent Change	3.3%	5.6%	3.8%	3.6%	5.3%	4.9%	2.6%	4.9%	9.7%	6.5%
Manufacturing Income	761.5	796.1	809.9	827.1	866.1	900.4	905.2	930.5	997.8	1,062.8
Percent Change	3.0%	4.5%	1.7%	2.1%	4.7%	4.0%	0.5%	2.8%	7.2%	6.5%
Nonmanufacturing Inc.	6,507.8	6,882.5	7,163.4	7,434.5	7,831.5	8,221.8	8,452.2	8,890.1	9,771.6	10,409.0
Percent Change	3.3%	5.8%	4.1%	3.8%	5.3%	5.0%	2.8%	5.2%	9.9%	6.5%
Other Labor Income	1,749.4	1,807.5	1,857.9	1,905.4	2,005.2	2,096.6	2,118.5	2,183.3	641.9	622.4
Percent Change	4.2%	3.3%	2.8%	2.6%	5.2%	4.6%	1.0%	3.1%	-70.6%	-3.0%
Proprietor's Income	1,357.3	1,362.4	1,341.2	1,389.0	1,459.3	1,523.7	1,535.1	1,695.1	1,773.2	1,821.1
Percent Change	2.5%	0.4%	-1.6%	3.6%	5.1%	4.4%	0.7%	10.4%	4.6%	2.7%
Farm Income	77.1	58.9	48.0	38.9	34.0	28.4	35.0	65.3	76.5	74.4
Percent Change	-1.6%	-23.5%	-18.5%	-19.0%	-12.6%	-16.3%	23.2%	86.3%	17.2%	-2.8%
Nonfarm Income	1,280.3	1,303.5	1,293.2	1,350.2	1,425.3	1,495.3	1,500.1	1,629.9	1,696.7	1,746.7
Percent Change	2.8%	1.8%	-0.8%	4.4%	5.6%	4.9%	0.3%	8.6%	4.1%	2.9%
Rental Income	592.6	598.0	611.2	628.0	658.1	674.0	718.7	786.1	842.6	926.9
Percent Change	6.9%	0.9%	2.2%	2.8%	4.8%	2.4%	6.6%	9.4%	7.2%	10.0%
Personal Dividend Inc.	841.7	978.1	1,001.5	1,080.9	1,184.0	1,300.0	1,368.8	1,531.0	1,784.6	1,826.3
Percent Change	1.9%	16.2%	2.4%	7.9%	9.5%	9.8%	5.3%	11.9%	16.6%	2.3%
Personal Interest Income	1,218.3	1,308.1	1,372.1	1,426.8	1,501.3	1,599.2	1,559.0	1,503.2	1,548.1	1,713.4
Percent Change	-0.6%	7.4%	4.9%	4.0%	5.2%	6.5%	-2.5%	-3.6%	3.0%	10.7%
Transfer Payments	2,469.7	2,622.9	2,732.1	2,816.2	2,914.7	3,061.4	3,764.8	4,664.7	4,013.5	4,069.5
Percent Change	3.2%	6.2%	4.2%	3.1%	3.5%	5.0%	23.0%	23.9%	-14.0%	1.4%

MAJOR U.S. ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 3
U.S. PERSONAL INCOME AND ITS DISPOSITION
(BILLIONS OF DOLLARS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Less:										
Contributions to										
Social Insurance	1,127.0	1,179.9	1,221.5	1,266.4	1,331.6	1,394.9	1,433.5	1,492.1	1,635.7	1,756.7
Percent Change	9.7%	4.7%	3.5%	3.7%	5.2%	4.8%	2.8%	4.1%	9.6%	7.4%
Equals:										
Personal Income	14,371.2	15,175.7	15,667.7	16,241.4	17,088.7	17,982.3	18,988.7	20,691.6	21,373.1	22,451.2
Percent Change	2.6%	5.6%	3.2%	3.7%	5.2%	5.2%	5.6%	9.0%	3.3%	5.0%
Less:										
Personal Taxes	1,720.2	1,871.8	1,945.9	1,995.6	2,077.1	2,136.5	2,196.5	2,484.9	3,003.0	2,925.1
Percent Change	7.2%	8.8%	4.0%	2.6%	4.1%	2.9%	2.8%	13.1%	20.9%	-2.6%
Equals:										
Disposable Income ($B)	12,651.0	13,303.9	13,721.8	14,245.8	15,011.5	15,845.8	16,792.2	18,206.8	18,370.1	19,526.2
Percent Change	2.0%	5.2%	3.1%	3.8%	5.4%	5.6%	6.0%	8.4%	0.9%	6.3%
Less:										
Personal Outlays	11,999.8	12,535.3	12,950.0	13,468.0	14,130.1	14,682.1	14,741.4	15,565.6	17,380.2	18,723.4
Percent Change	3.5%	4.5%	3.3%	4.0%	4.9%	3.9%	0.4%	5.6%	11.7%	7.7%
Equals:										
Personal Savings	651.3	768.7	771.8	777.8	881.4	1,163.7	2,050.8	2,641.2	989.9	802.7
Percent Change	-20.2%	18.0%	0.4%	0.8%	13.3%	32.0%	76.2%	28.8%	-62.5%	-18.9%
Personal Savings Rate	5.1%	5.8%	5.6%	5.5%	5.9%	7.3%	12.2%	14.5%	5.4%	4.1%

MAJOR U.S. ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 4
U.S. EMPLOYMENT AND THE LABOR FORCE
(MILLIONS OF JOBS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Establishment Employ.	137.5	140.4	143.1	145.5	147.7	149.9	147.1	143.0	149.8	154.7
Percent Change	1.7%	2.1%	1.9%	1.7%	1.5%	1.5%	-1.9%	-2.8%	4.8%	3.3%
Manufacturing	12.1	12.3	12.4	12.4	12.6	12.8	12.5	12.2	12.6	13.0
Percent Change	0.9%	1.6%	0.6%	0.2%	1.4%	1.9%	-2.1%	-2.7%	3.5%	2.8%
Nonmanufacturing	125.5	128.1	130.7	133.2	135.2	137.1	134.5	130.8	137.2	141.7
Percent Change	1.8%	2.1%	2.0%	1.9%	1.5%	1.4%	-1.9%	-2.8%	4.9%	3.3%
Construction & Mining	6.9	7.2	7.3	7.5	7.8	8.1	8.1	7.9	8.2	8.5
Percent Change	4.1%	4.8%	2.1%	2.2%	4.3%	4.2%	-1.0%	-2.3%	3.7%	3.8%
Information	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.7	3.0	3.1
Percent Change	1.2%	0.7%	1.1%	1.6%	0.4%	0.9%	-1.0%	-3.0%	8.9%	4.2%
Public Utility, Trade & Transportation	26.0	26.5	26.9	27.3	27.4	27.6	27.1	27.1	28.2	28.8
Percent Change	1.9%	2.1%	1.6%	1.2%	0.6%	0.6%	-1.9%	0.1%	4.2%	2.0%
Finance, Insurance & Real Estate	7.9	8.0	8.2	8.4	8.5	8.7	8.8	8.7	8.9	9.1
Percent Change	1.1%	1.6%	1.9%	2.1%	1.6%	1.9%	1.0%	-0.6%	2.6%	1.8%
Services	60.1	61.7	63.4	64.9	66.2	67.3	65.4	62.5	66.8	69.8
Percent Change	2.4%	2.6%	2.7%	2.4%	2.0%	1.7%	-2.9%	-4.4%	6.8%	4.5%
Professional & Business	18.9	19.5	20.0	20.4	20.8	21.2	20.9	20.7	22.1	22.8
Percent Change	3.1%	3.0%	2.6%	1.9%	2.1%	1.9%	-1.3%	-1.1%	6.6%	3.6%
Education & Health	21.2	21.7	22.3	22.9	23.4	23.9	23.8	23.4	23.9	24.9
Percent Change	1.4%	2.3%	2.8%	2.7%	2.1%	2.0%	-0.2%	-1.9%	2.4%	3.9%
Leisure & Hospitality	14.5	14.9	15.4	15.9	16.2	16.4	15.0	13.2	15.2	16.3
Percent Change	3.4%	2.9%	3.4%	3.0%	2.0%	1.5%	-8.5%	-12.4%	15.6%	7.2%
Other Services	5.5	5.6	5.7	5.7	5.8	5.9	5.6	5.3	5.6	5.8
Percent Change	1.4%	1.2%	1.0%	1.4%	1.3%	0.9%	-4.0%	-5.1%	5.0%	3.4%
Government	21.8	21.9	22.1	22.3	22.4	22.5	22.4	21.8	22.1	22.4
Percent Change	-0.2%	0.5%	0.8%	0.9%	0.4%	0.6%	-0.4%	-2.7%	1.2%	1.5%
Civilian Labor Force	155.5	156.6	158.0	159.8	161.2	162.7	162.6	160.6	162.9	165.6
Percent Change	0.1%	0.7%	0.9%	1.1%	0.9%	0.9%	-0.1%	-1.2%	1.5%	1.6%
Unemployment Rate	6.8%	5.7%	5.0%	4.6%	4.1%	3.8%	6.0%	6.9%	4.2%	3.5%

MAJOR U.S. ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 5
PRICE INDICES FOR URBAN CONSUMERS
(1982-1984 = 100)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
All Items	235.0	236.7	238.2	242.7	248.1	253.3	257.3	263.1	282.0	299.7
Percent Change	1.6%	0.7%	0.7%	1.9%	2.2%	2.1%	1.6%	2.3%	7.2%	6.3%
Food & Beverages	239.1	245.1	247.7	248.3	251.6	255.7	261.7	270.4	288.5	314.9
Percent Change	1.6%	2.5%	1.1%	0.2%	1.3%	1.7%	2.3%	3.4%	6.7%	9.1%
Housing	230.2	235.6	240.7	247.8	254.8	262.2	269.1	275.0	289.7	311.8
Percent Change	2.4%	2.3%	2.1%	3.0%	2.9%	2.9%	2.6%	2.2%	5.3%	7.6%
Energy	246.7	221.2	192.5	197.8	213.2	217.5	207.0	211.0	274.3	290.6
Percent Change	0.3%	-10.3%	-12.9%	2.7%	7.8%	2.0%	-4.9%	1.9%	30.0%	6.0%
Commodities	188.1	184.5	180.2	180.3	183.0	184.8	184.7	189.6	212.0	222.9
Percent Change	0.1%	-1.9%	-2.4%	0.0%	1.5%	1.0%	-0.1%	2.7%	11.8%	5.2%
Apparel	127.6	126.8	125.9	126.1	125.8	124.6	121.5	118.4	124.4	129.2
Percent Change	0.5%	-0.6%	-0.7%	0.2%	-0.2%	-1.0%	-2.5%	-2.6%	5.1%	3.8%
Transportation	217.9	206.2	196.0	198.4	206.3	210.4	205.5	211.3	253.2	265.8
Percent Change	0.0%	-5.4%	-4.9%	1.2%	4.0%	2.0%	-2.4%	2.8%	19.8%	5.0%
Services	281.5	288.3	295.6	304.2	312.3	320.7	329.0	335.7	350.4	374.8
Percent Change	2.5%	2.4%	2.5%	2.9%	2.7%	2.7%	2.6%	2.0%	4.4%	7.0%
Medical Care	430.2	441.0	454.0	471.0	480.4	489.3	510.2	522.6	533.7	550.5
Percent Change	2.3%	2.5%	2.9%	3.8%	2.0%	1.8%	4.3%	2.4%	2.1%	3.1%
Other Goods & Services	404.7	411.2	418.9	427.7	437.8	446.2	457.4	468.0	490.5	522.2
Percent Change	1.7%	1.6%	1.9%	2.1%	2.3%	1.9%	2.5%	2.3%	4.8%	6.5%

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 6
PERSONAL INCOME
(BILLIONS OF DOLLARS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personal Income	227.4	236.8	242.0	245.6	254.8	265.2	272.5	286.8	294.1	309.0
Percent Change	0.4%	4.1%	2.2%	1.5%	3.8%	4.1%	2.7%	5.3%	2.5%	5.1%
Disposable Personal Income	190.3	197.9	203.1	207.1	215.0	225.1	232.0	241.5	240.1	256.7
Percent Change	-0.7%	4.0%	2.6%	2.0%	3.8%	4.7%	3.1%	4.1%	-0.6%	6.9%
Total Wages	118.8	123.0	125.3	126.3	130.8	136.2	140.0	145.0	157.2	167.4
Percent Change	1.5%	3.5%	1.8%	0.8%	3.5%	4.2%	2.7%	3.6%	8.4%	6.5%
Manufacturing Wages	14.7	14.4	13.9	14.1	14.9	15.5	16.1	15.9	16.6	17.6
Percent Change	0.0%	-2.2%	-3.2%	1.4%	5.8%	4.2%	3.7%	-1.3%	4.6%	6.1%
Nonmanufacturing Wages	104.2	108.6	111.4	112.2	115.9	120.7	123.9	129.1	140.6	149.7
Percent Change	1.8%	4.3%	2.5%	0.8%	3.3%	4.2%	2.6%	4.2%	8.9%	6.5%
Other Labor Income	26.5	27.3	28.2	28.3	29.4	30.2	30.3	31.2	32.3	33.9
Percent Change	1.7%	2.9%	3.4%	0.5%	3.9%	2.7%	0.3%	3.0%	3.5%	4.8%
Proprietor's Income	25.5	25.6	25.6	26.7	27.3	26.7	26.2	27.0	26.2	26.6
Percent Change	-5.0%	0.4%	0.1%	4.3%	2.3%	-2.2%	-1.9%	2.8%	-2.8%	1.5%
Property Income	43.9	47.6	49.0	50.2	52.8	56.5	54.5	54.1	57.5	61.0
Percent Change	2.2%	8.3%	3.0%	2.3%	5.2%	7.2%	-3.5%	-0.9%	6.4%	6.1%
Transfer Payments Less Social Insurance	12.7	13.4	13.9	14.1	14.5	15.5	21.4	29.5	20.8	20.1
Percent Change	-7.5%	5.6%	3.7%	1.3%	3.1%	6.8%	38.5%	37.9%	-29.5%	-3.4%
Transfer Payments	30.1	31.3	32.2	32.8	34.1	36.0	42.6	51.3	44.4	45.4
Percent Change	1.2%	4.1%	3.0%	1.8%	4.0%	5.4%	18.4%	20.5%	-13.5%	2.2%
Social Insurance	17.4	17.9	18.4	18.8	19.6	20.5	21.2	21.8	23.6	25.3
Percent Change	8.6%	2.9%	2.5%	2.1%	4.6%	4.5%	3.2%	3.0%	8.2%	7.2%
Residence Adjustment	12.7	13.1	13.0	13.7	16.1	18.5	21.8	23.2	25.0	26.8
Percent Change	-1.6%	3.2%	-0.9%	5.7%	16.9%	15.4%	17.8%	6.3%	7.9%	7.1%

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 7
DEFLATED PERSONAL INCOME
(BILLIONS OF DOLLARS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personal Income	235.7	243.7	247.7	247.6	252.2	258.0	261.9	270.0	261.2	260.5
Percent Change	-1.0%	3.4%	1.7%	0.0%	1.9%	2.3%	1.5%	3.1%	-3.3%	-0.2%
Disposable Personal Income	197.3	203.6	207.9	208.8	212.9	219.0	223.0	227.3	213.3	216.5
Percent Change	-2.1%	3.2%	2.1%	0.4%	2.0%	2.9%	1.8%	1.9%	-6.2%	1.5%
Total Wages	123.2	126.5	128.2	127.4	129.5	132.5	134.5	136.5	139.6	141.1
Percent Change	0.2%	2.8%	1.3%	-0.7%	1.7%	2.4%	1.5%	1.5%	2.3%	1.1%
Manufacturing Wages	15.2	14.8	14.2	14.2	14.8	15.1	15.5	15.0	14.8	14.9
Percent Change	-1.4%	-2.9%	-3.7%	-0.2%	3.9%	2.4%	2.4%	-3.3%	-1.3%	0.7%
Nonmanufacturing Wages	107.9	111.8	114.0	113.2	114.7	117.4	119.1	121.5	124.8	126.3
Percent Change	0.4%	3.5%	2.0%	-0.7%	1.4%	2.4%	1.4%	2.1%	2.7%	1.1%
Other Labor Income	27.5	28.1	28.9	28.6	29.1	29.4	29.1	29.4	28.7	28.5
Percent Change	0.3%	2.2%	2.9%	-1.0%	2.0%	0.9%	-0.9%	0.8%	-2.3%	-0.5%
Proprietor's Income	26.4	26.3	26.2	27.0	27.1	26.0	25.2	25.4	23.3	22.4
Percent Change	-6.3%	-0.4%	-0.4%	2.7%	0.4%	-3.9%	-3.1%	0.7%	-8.3%	-3.6%
Property Income	45.5	49.0	50.2	50.6	52.2	55.0	52.4	50.9	51.1	51.4
Percent Change	0.8%	7.5%	2.5%	0.8%	3.3%	5.3%	-4.7%	-2.9%	0.4%	0.7%
Transfer Payments Less Social Insurance	13.1	13.8	14.2	14.2	14.3	15.0	20.6	27.8	18.5	17.0
Percent Change	-8.8%	4.9%	3.2%	-0.2%	1.2%	4.9%	36.9%	35.0%	-33.4%	-8.3%
Transfer Payments	31.2	32.2	33.0	33.1	33.8	35.0	40.9	48.3	39.4	38.3
Percent Change	-0.2%	3.3%	2.5%	0.3%	2.1%	3.6%	17.0%	18.0%	-18.4%	-3.0%
Social Insurance	18.1	18.4	18.8	18.9	19.4	20.0	20.3	20.5	20.9	21.3
Percent Change	7.1%	2.2%	2.0%	0.6%	2.7%	2.6%	2.0%	0.9%	2.1%	1.8%
Residence Adjustment	13.2	13.5	13.3	13.9	15.9	18.0	21.0	21.8	22.2	22.6
Percent Change	-2.9%	2.5%	-1.4%	4.1%	14.7%	13.4%	16.4%	4.1%	1.8%	1.7%

Note: All categories are deflated by consumer price index, 2017=100

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 8
MANUFACTURING EMPLOYMENT
(THOUSANDS -Seasonally Adjusted)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Manufacturing	158.6	156.9	156.6	157.5	159.7	161.7	158.7	152.2	154.9	158.2
Percent Change	-1.6%	-1.1%	-0.2%	0.6%	1.4%	1.2%	-1.9%	-4.1%	1.8%	2.1%
Transportation Equip.	40.6	40.2	41.1	42.8	45.0	46.4	46.8	45.1	44.7	45.8
Percent Change	-2.7%	-1.1%	2.4%	4.0%	5.3%	3.0%	0.9%	-3.6%	-0.9%	2.6%
Fabricated Metals	30.1	29.4	29.2	29.3	29.5	29.9	29.0	27.3	27.9	27.9
Percent Change	1.3%	-2.2%	-0.8%	0.6%	0.5%	1.4%	-2.8%	-5.9%	2.3%	-0.2%
Electrical Equip. & Appl.	9.3	8.8	8.4	8.1	8.1	8.0	7.5	7.1	7.1	7.2
Percent Change	-4.4%	-5.4%	-4.4%	-4.0%	0.5%	-1.5%	-6.6%	-5.2%	0.9%	0.5%
Chemicals	7.9	7.8	7.7	7.7	7.9	7.9	7.7	7.7	8.0	8.1
Percent Change	-1.3%	-1.5%	-2.1%	0.1%	2.7%	0.2%	-1.8%	-0.9%	3.8%	2.1%
Printing & Support	5.1	5.1	5.2	5.4	5.3	5.2	4.9	4.2	4.4	4.6
Percent Change	-3.0%	0.3%	1.9%	3.3%	-1.4%	-3.0%	-4.6%	-13.7%	4.5%	3.9%
Industrial Machinery	14.0	14.1	13.8	13.5	13.1	13.1	13.1	12.7	13.1	13.5
Percent Change	-2.0%	1.0%	-2.1%	-2.8%	-2.5%	0.2%	-0.1%	-2.9%	3.1%	2.9%
All Other	51.6	51.4	51.1	50.8	50.8	51.3	49.6	48.1	49.6	51.0
Percent Change	-1.5%	-0.3%	-0.6%	-0.7%	0.1%	0.8%	-3.2%	-3.2%	3.2%	2.9%

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 9
NONMANUFACTURING EMPLOYMENT
(THOUSANDS -Seasonally Adjusted)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nonmanufacturing	1,507.6	1,524.4	1,533.3	1,537.7	1,536.9	1,537.0	1,474.8	1,431.9	1,493.3	1,521.4
Percent Change	0.9%	1.1%	0.6%	0.3%	-0.1%	0.0%	-4.0%	-2.9%	4.3%	1.9%
Construction & Mining	54.7	57.5	59.5	59.2	58.7	60.2	58.3	58.8	61.0	60.9
Percent Change	3.5%	5.2%	3.5%	-0.6%	-0.7%	2.6%	-3.2%	0.8%	3.7%	-0.1%
Information	32.1	32.3	32.5	32.1	31.6	31.6	30.8	29.1	30.9	31.4
Percent Change	1.0%	0.6%	0.5%	-1.1%	-1.6%	-0.2%	-2.4%	-5.6%	6.3%	1.5%
Utilities	6.0	5.7	5.6	5.5	5.2	5.2	5.1	5.0	5.0	5.1
Percent Change	0.3%	-5.0%	-1.3%	-2.4%	-4.6%	-1.3%	-1.0%	-2.2%	-0.8%	2.0%
Transportation	42.3	43.5	45.2	45.7	48.1	50.2	53.6	59.2	63.7	64.2
Percent Change	2.3%	2.9%	3.8%	1.3%	5.1%	4.4%	6.8%	10.4%	7.6%	0.7%
Wholesale Trade	62.0	61.8	61.4	61.6	61.5	60.5	57.9	56.0	58.8	61.6
Percent Change	-0.1%	-0.4%	-0.6%	0.3%	-0.2%	-1.6%	-4.4%	-3.1%	5.0%	4.7%
Retail Trade	184.0	184.4	185.0	184.3	182.1	178.1	166.3	165.4	167.9	166.7
Percent Change	1.0%	0.2%	0.3%	-0.4%	-1.2%	-2.2%	-6.7%	-0.5%	1.5%	-0.7%
Finance & Insurance	110.1	110.0	110.1	108.8	106.8	104.4	102.6	100.3	99.2	97.1
Percent Change	-2.7%	-0.1%	0.2%	-1.2%	-1.9%	-2.2%	-1.7%	-2.3%	-1.1%	-2.1%
Real Estate	19.0	19.5	20.0	19.8	19.8	20.0	19.7	18.5	19.1	19.4
Percent Change	0.8%	2.8%	2.1%	-0.6%	0.0%	0.7%	-1.7%	-6.1%	3.3%	1.6%
Professional & Business	213.0	217.6	219.1	219.1	220.2	220.2	213.3	208.5	219.1	222.8
Percent Change	2.3%	2.2%	0.7%	0.0%	0.5%	0.0%	-3.2%	-2.2%	5.1%	1.7%
Education & Health	328.7	333.5	335.7	341.7	343.3	346.3	339.2	329.1	337.9	348.2
Percent Change	1.2%	1.5%	0.6%	1.8%	0.5%	0.9%	-2.1%	-3.0%	2.7%	3.0%
Leisure & Hospitality	148.8	150.7	152.2	155.5	157.1	158.4	136.9	122.1	144.9	153.1
Percent Change	3.1%	1.3%	1.0%	2.2%	1.0%	0.8%	-13.5%	-10.8%	18.6%	5.7%
Other Services	62.2	63.5	64.3	64.9	65.3	65.6	60.6	56.5	60.1	62.0
Percent Change	0.4%	2.0%	1.3%	0.9%	0.7%	0.4%	-7.6%	-6.9%	6.5%	3.1%
Federal Government	17.3	17.6	17.7	18.0	18.0	18.1	18.4	19.1	18.2	18.5
Percent Change	-0.8%	1.9%	0.4%	1.5%	0.3%	0.3%	1.9%	3.7%	-4.7%	1.4%
State & Local Gov't.	227.3	226.7	225.0	221.6	219.1	218.2	212.0	204.3	207.7	210.6
Percent Change	-0.5%	-0.3%	-0.7%	-1.5%	-1.2%	-0.4%	-2.8%	-3.7%	1.7%	1.4%

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 10
LABOR FORCE & OTHER ECONOMIC INDICATORS
(THOUSANDS -Seasonally Adjusted)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Labor Force	1,884.9	1,909.8	1,901.1	1,921.1	1,917.4	1,932.1	1,927.5	1,836.9	1,920.7	1,911.0
Percent Change	0.4%	1.3%	-0.5%	1.1%	-0.2%	0.8%	-0.2%	-4.7%	4.6%	-0.5%
Nonfarm Employment	1,666.2	1,681.3	1,689.9	1,695.2	1,696.7	1,698.6	1,633.4	1,584.1	1,648.3	1,679.6
Percent Change	0.7%	0.9%	0.5%	0.3%	0.1%	0.1%	-3.8%	-3.0%	4.0%	1.9%
Residential Employment	1,747.2	1,794.0	1,801.5	1,833.0	1,837.2	1,861.7	1,823.9	1,693.1	1,824.2	1,836.3
Percent Change	1.5%	2.7%	0.4%	1.7%	0.2%	1.3%	-2.0%	-7.2%	7.7%	0.7%
Unemployed	137.7	115.8	99.6	88.1	80.2	70.4	103.6	143.8	96.5	74.7
Percent Change	-11.3%	-16.0%	-14.0%	-11.5%	-9.0%	-12.2%	47.1%	38.9%	-32.9%	-22.6%
Unemployment Rate	7.3%	6.1%	5.2%	4.6%	4.2%	3.6%	5.4%	7.8%	5.0%	3.9%
Households	1,376.5	1,378.8	1,386.7	1,395.4	1,412.8	1,424.3	1,423.3	1,428.7	1,436.4	1,434.2
Percent Change	0.5%	0.2%	0.6%	0.6%	1.2%	0.8%	-0.1%	0.4%	0.5%	-0.2%
Housing Starts	4,632.2	4,889.3	5,967.0	4,730.5	4,677.1	4,607.2	5,356.1	4,916.1	3,821.8	6,051.7
Percent Change	-12.5%	5.5%	22.0%	-20.7%	-1.1%	-1.5%	16.3%	-8.2%	-22.3%	58.3%
Single Family	2,768.7	2,384.5	2,734.1	2,739.6	2,907.3	3,060.3	2,405.2	3,162.7	2,529.0	2,540.0
Percent Change	-9.2%	-13.9%	14.7%	0.2%	6.1%	5.3%	-21.4%	31.5%	-20.0%	0.4%
Multi Family	1,863.6	2,504.8	3,232.8	1,990.9	1,769.8	1,546.9	2,950.9	1,753.4	1,292.8	3,511.7
Percent Change	-16.9%	34.4%	29.1%	-38.4%	-11.1%	-12.6%	90.8%	-40.6%	-26.3%	171.6%
New Car Registrations	175.0	176.3	182.3	179.0	172.9	168.3	147.3	169.4	137.1	137.7
Percent Change	8.2%	0.7%	3.4%	-1.9%	-3.4%	-2.7%	-12.5%	15.0%	-19.1%	0.4%

Note: Housing starts are expressed in whole numbers, not thousands

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 11
ANALYTICS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Wages/Total Income	52.3%	51.9%	51.8%	51.4%	51.3%	51.4%	51.4%	50.6%	53.5%	54.2%
Other Labor Income /Total Income	11.6%	11.5%	11.7%	11.5%	11.5%	11.4%	11.1%	10.9%	11.0%	11.0%
Social Insurance /Total Income	7.7%	7.6%	7.6%	7.6%	7.7%	7.7%	7.8%	7.6%	8.0%	8.2%
Transfer Payments /Total Income	13.2%	13.2%	13.3%	13.4%	13.4%	13.6%	15.6%	17.9%	15.1%	14.7%
Proprietor's Income /Total Income	11.2%	10.8%	10.6%	10.9%	10.7%	10.1%	9.6%	9.4%	8.9%	8.6%
Property Income /Total Income	19.3%	20.1%	20.3%	20.4%	20.7%	21.3%	20.0%	18.8%	19.6%	19.7%
Average Wages (Thousands of Dollars)	70.82	72.70	73.66	74.00	76.62	79.78	85.48	91.01	94.81	99.12
Average Mfg. Wages (Thousands of Dollars)	92.5	91.5	88.8	89.4	93.3	96.0	101.5	104.4	107.3	111.5
Manufacturing Share of Nonfarm Employment	9.5%	9.3%	9.3%	9.3%	9.4%	9.5%	9.7%	9.6%	9.4%	9.4%
Residential Employment /Total Nonfarm Employment	1.049	1.067	1.066	1.081	1.083	1.096	1.117	1.069	1.107	1.093

MAJOR CONNECTICUT REGIONAL ECONOMIC INDICATORS - CALENDAR YEAR BASIS

TABLE 12
PERSONAL INCOME
(MILLIONS-Seasonally Adjusted Annual Rate)

BRIDGEPORT-STAMFORD-NORWALK

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Personal Income	89,817.8	94,759.8	96,433.6	98,894.4	102,060.3	108,016.8	108,750.2	110,674.9	115,535.2	120,549.8
Percent Change	-5.9%	5.5%	1.8%	2.6%	3.2%	5.8%	0.7%	1.8%	4.4%	4.3%
Total Wages	36,292.6	37,405.2	38,602.1	38,735.8	38,318.7	38,728.0	39,653.1	39,362.8	42,623.0	46,244.7
Percent Change	0.2%	3.1%	3.2%	0.3%	-1.1%	1.1%	2.4%	-0.7%	8.3%	8.5%

HARTFORD-WEST HARTFORD-EAST HARTFORD

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Personal Income	65,255.1	67,694.6	69,870.5	70,865.8	72,131.0	74,672.3	76,912.1	80,127.6	83,968.0	85,259.4
Percent Change	0.5%	3.7%	3.2%	1.4%	1.8%	3.5%	3.0%	4.2%	4.8%	1.5%
Total Wages	38,181.2	39,790.1	41,121.0	41,308.1	42,329.2	43,484.1	44,897.5	44,703.6	46,314.0	49,704.8
Percent Change	2.0%	4.2%	3.3%	0.5%	2.5%	2.7%	3.3%	-0.4%	3.6%	7.3%

NEW HAVEN-MILFORD

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Personal Income	40,910.8	42,157.7	43,406.2	43,906.5	44,623.2	46,563.7	48,807.7	52,232.5	55,282.2	56,367.0
Percent Change	0.6%	3.0%	3.0%	1.2%	1.6%	4.3%	4.8%	7.0%	5.8%	2.0%
Total Wages	19,857.9	20,421.0	21,049.6	21,422.8	21,924.8	22,330.9	23,064.7	23,509.6	25,336.3	27,347.8
Percent Change	1.9%	2.8%	3.1%	1.8%	2.3%	1.9%	3.3%	1.9%	7.8%	7.9%

NEW LONDON-NORWICH, CT-RI

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Personal Income	13,216.0	13,547.9	14,146.5	14,449.8	14,771.4	15,016.9	15,595.1	16,360.6	17,221.3	17,422.6
Percent Change	-0.7%	2.5%	4.4%	2.1%	2.2%	1.7%	3.8%	4.9%	5.3%	1.2%
Total Wages	6,754.7	6,881.4	6,968.8	7,232.3	7,481.3	7,529.9	7,625.6	7,475.0	8,050.1	8,634.7
Percent Change	-0.6%	1.9%	1.3%	3.8%	3.4%	0.7%	1.3%	-2.0%	7.7%	7.3%