OPPORTUNITY & AFFORDABILITY

ECONOMIC REPORT OF THE GOVERNOR

FEBRUARY 5, 2025

STATE OF CONNECTICUT

FY 2026 – FY 2027 Biennium
Economic Report of the Governor

This publication, required by Section 4-74a of the Connecticut General Statutes, is prepared by the Office of Policy and Management.

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The United States Economy

For the nation, the overall economy proved to be strong in calendar year 2024. Real gross domestic product (GDP) in the fourth quarter of 2023 grew at an annualized rate of 3.1% in the third quarter of calendar year 2024, up slightly from 3.0% annualized growth in the second quarter. Overall, real GDP increased by 2.8% in calendar year 2024 over 2023. Looking at employment levels, payrolls expanded by approximately 2.2 million jobs in 2024, a decrease from 2023 when 3.0 million jobs were added. The nation closed out calendar year 2024 with an unemployment rate of 4.1%, which is slightly elevated compared to the 3.8% in December of 2023.

Following a period of interest rate increases to combat inflation in calendar year 2022 and 2023, the Federal Reserve began a period of interest rate cuts in 2024 as inflation cooled. The Federal Reserve cut interest rates 3 times in 2024, decreasing from an upper limit of 5.50% at the beginning of the year to 4.50% as of the December 2024 meeting. Comparatively, the Federal Reserve increased interest rates eleven times in 2022 and 2023. At the last Federal Reserve meeting of 2024 in December, the Federal Reserve signaled that there is potential for two additional rate cuts in calendar year 2025.

The Federal Reserve's actions to increase interest rates after inflation had been rising to near record-high levels has led to inflation moderating. As of December 2024, the Consumer Price Index for All Urban Consumers (CPI-U) stood at 2.9% over the prior year, down from a rate of 3.4% as of December 2023. So called "core inflation," or CPI-U less food and energy costs, was up 3.2% in December of 2024 over the prior year, down from 3.9% in December 2023. Equities markets performed well during calendar year 2024; the S&P 500 ended 2024 with 23.3% growth following an increase of 24.2% in 2023.

The national housing market has remained constricted by supply. Sales of existing homes were just over 4.0 million in calendar year 2024, compared to 4.1 million in calendar year 2023 and just over 7.0 million units in calendar year 2005, a recent peak. Depressed sales are due in part to low housing inventory. Nationally, average monthly listings were just over 825 thousand in 2024, up nearly 28% over 2023 but well below the pace of approximately 1.2 million prior to the pandemic. While restricted supply has elevated home prices and may grab the attention of those who may be looking to sell their current homes, mortgage interest rates remain elevated, further increasing the cost of buying a new home. In December 2024, 30-year mortgage rates averaged 6.73% , little changed from an average of 6.82% in December 2023. Because mortgage rates are more closely correlated with long-term interest rates, the Federal Reserve rate cuts in 2024 have not resulted in immediate relief from mortgage rates as interest on 10-year Treasury securities remain elevated due to inflationary concerns.

Student loans could have a negative impact on the economy moving forward. 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. Despite the pause on interest payments, the total amount of outstanding student loans increased nationally from $1.69 trillion at the onset of the pandemic in calendar year 2020 to $1.77 trillion in 2024, the highest amount on record. There were 42.7 million federal student borrowers in 2024 with an average balance of $38,375; federal student loan debt represents 92.4% of all student loan borrowing. To the extent that student loan borrowers defer decisions about household formation and major purchases due to their indebtedness, student loan debt will continue to be a drag on economic growth.

Economic Report of the Governor

The overall economy in the United States seems to be on the right track heading into 2025. Early projections call for more positivity in 2025, however, there is still some level of uncertainty. Global hostilities continue in Europe and the Middle East. Natural disasters, including Hurricane Helene and the California wildfires, have had and will have a dampening effect on economic activity. Climate events have resulted in an increase in homeowner's insurance and, in some parts of the country, cancellation of insurance plans. The incoming Presidential administration has proposed significant policy changes in the areas of trade, tax policy, and immigration, with uncertain impacts on the American economy.

The Connecticut Economy

Connecticut has experienced an extraordinary period of budget stability, with 6 years of surpluses. As a result, the state has been able to enact several tax cuts effective in Calendar Year 2024, including lower marginal income tax rates for working class families, an expansion of the exemption for pensions and annuities from the income tax, and a decrease in the mill rate for the capital base tax on corporations. The economy in Connecticut is also thriving. Real GSP in Connecticut grew by approximately 2.8% in fiscal year 2024. With a combination of an increasing population, rising employment levels, and low unemployment rates, the economy in the state remains strong and stable. Based on data from the U.S. Census and IHS, Connecticut experienced it's fourth consecutive year of positive net migration in FY 2024, reversing a previous trend of net outmigration from the state. During the period from FY 2021 to FY 2024, Connecticut added approximately 52,220 residents due to migration. In general, the overall population has also been increasing. Population totals increased by approximately 0.6% in fiscal year 2022, 0.1% in fiscal year 2023, and 0.4% in FY 2024, 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. Total nonfarm employment in the state was 1,709,300 jobs in November of 2024, an increase of 9,600 jobs over the prior 12 months. The state has recovered from the job losses experienced during the pandemic and is approaching the former peak of 1,720,900 jobs in March of 2008. The unemployment rate in Connecticut was 3.0% in November of 2024, significantly lower than the national unemployment rate of 4.2% and a decrease from the state's unemployment rate of 4.2% in November 2023. The 1.2% difference between Connecticut and US unemployment was the largest gap since June of 2008.

Personal income in the state was $334.7 billion in FY 2024, an increase of 5.6% over the prior year. FY 2024 marked the third consecutive fiscal year where Connecticut's personal income grew faster than both New England and the nation as a whole. Connecticut's per capita personal income measured $92,286 in FY 2024, ranked 2nd among the states after Massachusetts and significantly above the 50-state average of $71,563.

Similar to the nation, the housing market in Connecticut has been tough for buyers and better for sellers. Home sales in Connecticut declined for their third consecutive year in FY 2024, falling 13.2% over the prior year. 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. Monthly active home listings averaged 3,752 in FY 2024, their seventh year of decline going back to FY 2017, when monthly active listings averaged 19,823 in the state. 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. The median sales price for an existing home in Connecticut was over $458 thousand in FY 2024. Additionally, in FY 2024, the affordability index for buying a single-family home for the nation dipped below 100.0, indicating that the median priced home would not be affordable to an individual earning the

median income assuming a 20% down payment. To improve the housing market and housing affordability in the state, Governor Lamont and the General Assembly have recommended and made significant investments in the housing sector.

Energy costs in Connecticut remain elevated relative to costs in the nation. Total Energy costs in Connecticut were $33.33 per million British Thermal Units (BTU) in 2022, compared to $25.66 for the nation. Retail electricity costs are particularly elevated in the state of Connecticut, costing $61.77 per million BTU compared to $36.35 for the nation, a 70% premium. The elevated cost of electricity in Connecticut is driven by the need to import electricity from other states. The Governor remains committed to finding solutions that increase the supply of electricity in the state, thereby lowering costs.

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. For Income Year 2024, 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%. 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. The guardrails are a series of budgetary governance measures and encompass the state's spending cap, volatility cap, revenue cap, and various bonding limits. Connecticut experienced two positive rating actions from the bond rating agencies in 2024, with the state's current rating changed to a "positive" outlook by Moody's and Fitch in May of 2024.

Early economic projections for Connecticut in 2025 and thereafter remain mostly positive. Employment levels are projected to peak in state fiscal year FY 2026 with a slight decline thereafter, and the unemployment rate is expected to remain below the national average through FY 2028. Home sales are expected to rebound slightly in fiscal year 2025 and over the biennium, following years of declines.

Economic Assumptions of the Governor's Budget

The U.S. economy is projected to grow 1.7% in both FY 2026 and FY 2027, ticking up to 1.8% in FY 2028. The inflation rate is projected to increase to 3.4% in FY 2026, decreasing to 2.8% in FY 2027 and 1.8% in FY 2028. The U.S. unemployment rate is projected to increase to 4.6% in FY 2026 and 4.8% in FY 2027 and FY 2028. Housing starts are projected to continue a decline which began in FY 2023, decreasing by 2.9% in FY 2026 and 1.9% in FY 2027 before increasing slightly in FY 2028 by 0.8%. New vehicle sales are projected to continue to decelerate, increasing by 1.7% in FY 2026, 1.0% in FY 2027, and 0.8% in FY 2028.

Connecticut's real gross state product (GSP) is expected to close FY 2025 with growth of 1.6% and continue to increase, albeit at a lower rate, at 1.0% in FY 2026, 1.1% in FY 2027, and 1.3% in FY 2028. Personal income in Connecticut is projected to increase by 4.7% by the end of FY 2025 before growing by 5.1% in FY 2026, 4.5% in FY 2027, and 4.4% in 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 2025, accelerating to 5.8% in FY 2026 before decelerating to 3.7% and 3.4% growth in FY 2027 and FY 2028, respectively.

Employment in Connecticut is projected to increase by 0.6% in FY 2025 and 0.2% in FY 2026. Employment is projected to decrease slightly by 0.3% in FY 2027 and FY 2028. 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. The state's unemployment rate is projected to average 3.5% in FY 2025 and increase to above 4% in FY 2026 through FY 2028 along with the nation. Unemployment in Connecticut is projected to remain below the nation as a whole 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, and significant economic policy changes at the Federal level.

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
2024	23,005	3.1%	290.7	2.8%	1.4	-1.3%	4,197.9	-28.2%
2025	23,556	2.4%	295.4	1.6%	1.3	-5.9%	5,000.3	19.1%
2026	23,957	1.7%	298.3	1.0%	1.3	-2.9%	4,651.8	-7.0%
2027	24,357	1.7%	301.6	1.1%	1.3	-1.9%	4,634.9	-0.4%
2028	24,785	1.8%	305.6	1.3%	1.3	0.8%	4,707.5	1.6%

	U.S. Employment (Millions)		CT Employment (Thousands)		U.S. Unemployment Rate		CT Unemployment Rate	
Fiscal Year	Value	Growth	Value	Growth	Value	Growth	Value	Growth
2024	157.4	1.9%	1,702.5	1.2%	3.8%	0.3	4.2%	0.5
2025	159.5	1.3%	1,712.4	0.6%	4.3%	0.5	3.5%	-0.6
2026	160.0	0.3%	1,715.5	0.2%	4.6%	0.3	4.1%	0.6
2027	159.7	-0.2%	1,709.9	-0.3%	4.8%	0.2	4.5%	0.4
2028	159.7	0.0%	1,705.3	-0.3%	4.8%	0.0	4.6%	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
2024	309.6	3.3%	15.6	6.7%	334,695.8	5.6%
2025	317.6	2.6%	16.0	2.9%	350,328.8	4.7%
2026	328.3	3.4%	16.3	1.7%	368,358.0	5.1%
2027	337.5	2.8%	16.5	1.0%	384,833.4	4.5%
2028	343.4	1.8%	16.6	0.8%	401,683.9	4.4%

REVENUE FORECAST

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

Taxes	Actual Revenue FY 2024	Estimated Revenue FY 2025		Projected Revenue Current Rates FY 2026	Proposed Revenue Changes FY 2026	Net Projected Revenue FY 2026
PIT - Withholding	$ 8,666.4	$ 8,889.1		$ 9,235.3	$ -	$ 9,235.3
PIT – Estimates & Finals	3,136.6	3,273.5		3,273.5	-	3,273.5
Sales & Use Tax	5,003.0	5,103.5		5,230.9	-	5,230.9
Corporation Tax	1,555.6	1,560.7		1,577.1	183.3	1,760.4
Pass-Through Entity Tax	1,964.7	2,059.3		2,135.0	-	2,135.0
Public Service Tax	343.8	311.9		314.4	-	314.4
Inheritance & Estate Tax	129.6	171.9		176.0	-	176.0
Insurance Companies Tax	300.2	301.7		306.1	-	306.1
Cigarettes Tax	251.8	244.7		232.2	1.0	233.2
Real Estate Conveyance Tax	284.6	277.6		289.5	0.5	290.0
Alcoholic Beverages Tax	78.9	78.8		79.1	-	79.1
Admissions & Dues Tax	38.9	39.5		40.0	-	40.0
Health Provider	883.8	891.0		911.9	-	911.9
Miscellaneous Tax	24.7	21.4		21.9	-	21.9
Total Taxes	$ 22,662.4	$ 23,224.6		$ 23,822.9	$ 184.8	$ 24,007.7
Less Refunds of Tax	(1,969.9)	(1,932.9)		(1,989.4)	(85.0)	(2,074.4)
Less Earned Income Tax Credit	(186.8)	(196.2)		(199.9)	-	(199.9)
Less R&D Credit Exchange	(9.0)	(7.8)		(8.0)	(1.8)	(9.8)
Total - Taxes Less Refunds	$ 20,496.6	$ 21,087.7		$ 21,625.6	$ 98.0	$ 21,723.6
Other Revenue						
Transfers-Special Revenue	$ 382.6	$ 383.4		$ 396.6	$ -	$ 396.6
Indian Gaming Payments	305.7	308.6		314.4	-	314.4
Licenses, Permits, Fees	368.6	330.7		365.9	(18.8)	347.1
Sales of Commodities	18.7	18.0		18.3	-	18.3
Rents, Fines, Escheats	275.8	188.8		178.4	-	178.4
Investment Income	293.3	593.1		313.6	-	313.6
Miscellaneous	180.0	194.3		189.1	-	189.1
Less Refunds of Payments	(85.7)	(97.2)		(78.6)	-	(78.6)
Total - Other Revenue	$ 1,738.9	$ 1,919.7		$ 1,697.7	$ (18.8)	$ 1,678.9
Other Sources						
Federal Grants	$ 2,060.7	$ 1,924.7		$ 1,847.5	$ 0.5	$ 1,848.0
Transfer From Tobacco Settlement	99.2	109.4		95.9	-	95.9
Transfers From/(To) Other Funds	(357.9)	(259.7)	*	(49.1)	(165.1)	(214.2)
Transfer to BRF – Volatility Cap	(1,321.3)	(1,403.5)		(1,278.5)	288.9	(989.6)
Transfer to Housing Trust Fund	-	-		-	-	-
Total - Other Sources	$ 480.6	$ 370.9		$ 615.8	$ 124.3	$ 740.1
Total - General Fund Revenues	$ 22,716.1	$ 23,378.3		$ 23,939.1	$ 203.5	$ 24,142.6
Revenue Cap Deduction	-	-		(299.2)	(2.5)	(301.8)
Available Net General Fund Revenues	$ 22,716.1	$ 23,378.3		$ 23,639.9	$ 201.0	$ 23,840.8

*Denotes revenue change impacting fiscal year 2025

	Projected Revenue Current Rates FY 2027	Proposed Revenue Changes FY 2027	Net Projected Revenue FY 2027
	$ 9,597.3	$ -	$ 9,597.3
	3,404.4	-	3,404.4
	5,359.6	-	5,359.6
	1,595.0	168.2	1,763.2
	2,215.4	-	2,215.4
	317.2	-	317.2
	235.7	-	235.7
	310.6	-	310.6
	220.6	-	220.6
	294.0	-	294.0
	79.5	-	79.5
	40.5	-	40.5
	913.2	140.0	1,053.2
	21.3	-	21.3
	$ 24,604.3	$ 308.2	$ 24,912.5
	(2,063.3)	85.0)	(2,148.3)
	(205.0)	-	(205.0)
	(8.3)	(1.8)	(10.1)
	$ 22,327.7	$ 221.4	$ 22,549.1
	$ 406.1	$ -	$ 406.1
	329.4	-	329.4
	339.6	(25.0)	314.6
	18.8	-	18.8
	172.5	-	172.5
	254.2	-	254.2
	194.1	-	194.1
	(80.8)	-	(80.8)
	$ 1,633.9	$ (25.0)	$ 1,608.9
	$ 1,863.4	$ 167.5	$ 2,030.9
	94.3	-	94.3
	(49.2)	19.2	(30.0)
	(1,266.0)	304.5	(961.5)
	-	-	-
	$ 642.5	$ 491.2	$ 1,133.7
	$ 24,604.1	$ 687.6	$ 25,291.7
	(307.6)	(8.6)	(316.1)
	$ 24,296.5	$ 679.0	$ 24,975.6

Explanation of Changes

Corporation Tax
Eliminate $2.5M Combined Unitary Reporting Cap; Eliminate 100% Net Operating Loss Provision for Cumulative Losses Greater than $6B; Reduce Top Film Production Tax Credit Rate From 30% to 25%; Extend 10% Corporation Tax Surcharge For 3 Income Years From 2026 to 2028; Accelerate Elimination of Capital Base Tax by 2 Years.

Cigarette Tax
Accrue Tobacco Products Tax Beginning in FY 2026.

Real Estate Conveyance Tax
Accrue Controlling Interest Tax Beginning in FY 2026.

Health Provider
Rebase Hospital User Fee.

Refunds of Tax
Increase Property Tax Credit from $300 to $350 and Increase Income Limits.

R&D Credit Exchange
Increase R&D Credit Exchange Rate From 65% to 90% for Biotech Firms.

Licenses, Permits, and Fees
Eliminate Certain Occupational License Application & Renewal Fees.

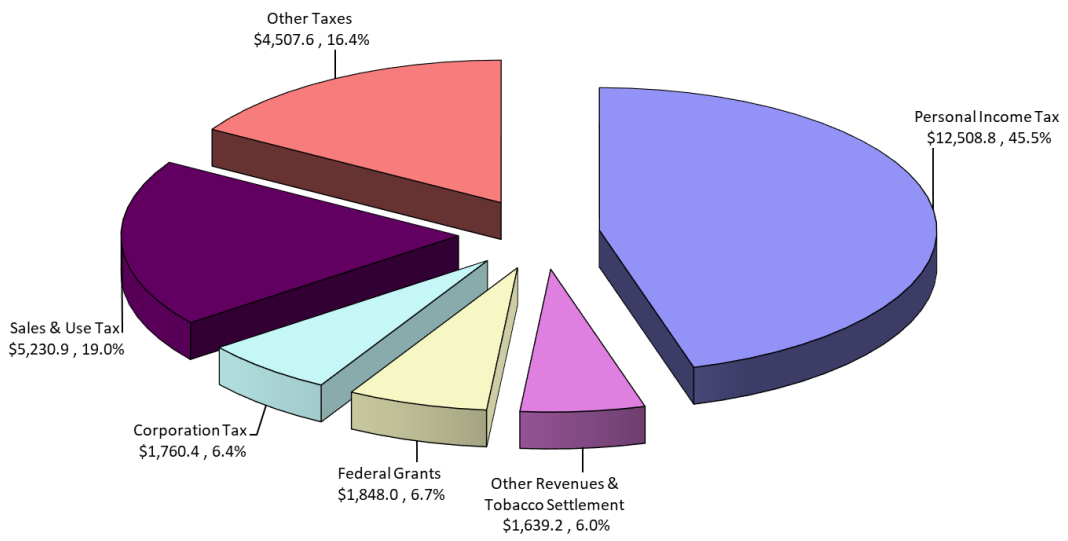
Federal Grants
Federal Match on Additional Hospital Supplemental Payments; Revenue Attributable to Expenditure Changes.

Transfers-Other Funds
Transfer $300M of FY 2025 Surplus to Universal Pre-K Endowment; General Fund Subsidy to Municipal Revenue Sharing Fund; Move Cannabis Prevention & Recovery Services Fund to General Fund; Transfer FY 2026 Resources to FY 2027; Close-Out the Itinerant Vendors Guaranty Fund.

Transfer to BRF – Volatility Cap
Adjust Volatility Cap Threshold.

GENERAL FUND REVENUES FY 2026
(In Millions)

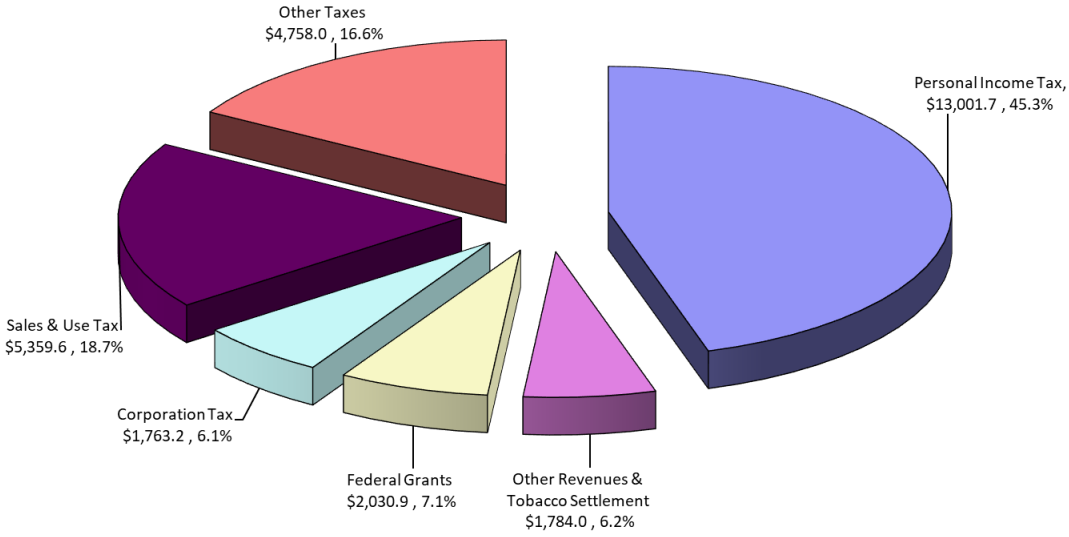
TOTAL $ 24,142.6 MILLION*



* Refunds are estimated at $2,074.4 million in, R&D Credit Exchange is estimated at $9.8 million, Earned Income Tax Credit is estimated at $199.9 million, Refunds of Payments are estimated at $78.6 million, and Transfers to the Budget Reserve Fund are estimated to be $989.6 million. This chart does not include the revenue cap deduction of $301.8 million.

General Fund Revenues FY 2027
(In Millions)

TOTAL $ 25,291.7 MILLION*



* Refunds are estimated at $2,148.3 million, R&D Credit Exchange is estimated at $10.1 million, Earned Income Tax Credit is estimated at $205.0 million, Refunds of Payments are estimated at $80.8 million, and Transfers to the Budget Reserve Fund are estimated to be $961.5 million. This chart does not include the revenue cap deduction of $316.1 million.

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TABLE A-3

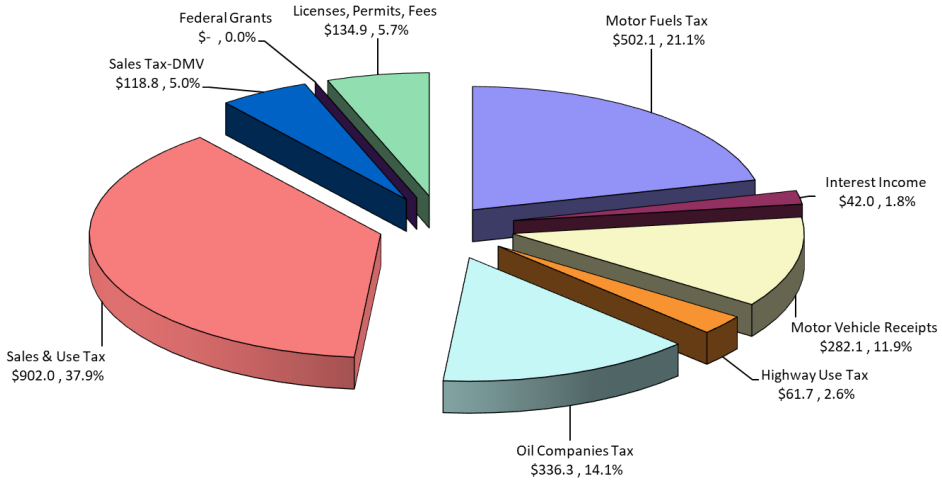
STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND REVENUES
(In Millions)

	Actual Revenue FY 2024	Estimated Revenue FY 2025	Projected Revenue Current Rates FY 2026	Proposed Revenue Changes FY 2026	Net Projected Revenue FY 2026
Taxes					
Motor Fuels Tax	$ 504.5	$ 510.7	$ 502.1	$ -	$ 502.1
Oil Companies Tax	358.6	336.7	336.3	-	336.3
Sales and Use Tax	844.4	879.2	902.0	-	902.0
Sales Tax - DMV	115.3	117.8	118.8	-	118.8
Highway Use	60.3	60.8	61.7	-	61.7
Total Taxes	$ 1,883.0	$ 1,905.2	$ 1,920.9	$ -	$ 1,920.9
Less Refunds of Taxes	(10.5)	(11.3)	(11.0)	-	(11.0)
Total - Taxes Less Refunds	$ 1,872.5	$ 1,893.9	$ 1,909.9	$ -	$ 1,909.9
Other Sources					
Motor Vehicle Receipts	$ 278.8	$ 280.6	$ 282.1	$ -	$ 282.1
Licenses, Permits, Fees	142.2	133.9	134.9	-	134.9
Interest Income	87.2	63.6	42.0	-	42.0
Federal Grants	9.3	5.2	-	-	-
Transfers From/(To) Other Funds	32.2	(18.5) *	(5.5)	(38.0)	(43.5)
Less Refunds of Payments	(11.7)	(10.3)	(8.4)	-	(8.4)
Total - Other Sources	$ 538.0	$ 454.5	$ 445.1	$ (38.0)	$ 407.1
Total - STF Revenues	$ 2,410.6	$ 2,348.4	$ 2,355.0	$ (38.0)	$ 2,317.0
Revenue Cap Deduction	-	-	(29.4)	0.5	(29.0)
Available Net STF Revenue	$ 2,410.6	$ 2,348.4	$ 2,325.6	$ (37.5)	$ 2,288.0

*Denotes revenue change impacting fiscal year 2025

FISCAL YEAR 2026 - TOTAL $2,317.0 MILLION*

(In Millions)



* Refunds are estimated at $19.4 million and Transfers From/To Other Funds at negative $43.5 million. This chart does not include the revenue cap deduction of $29.0 million.

Projected Revenue Current Rates FY 2027	Proposed Revenue Changes FY 2027	Net Projected Revenue FY 2027
$ 498.4	$ -	$ 498.4
349.4	-	349.4
925.4	-	925.4
120.0	-	120.0
62.6	-	62.6
$ 1,955.8	$ -	$ 1,955.8
(11.4)	-	(11.4)
$ 1,944.4	$ -	$ 1,944.4
$ 283.4	$ -	$ 283.4
137.2	-	137.2
36.5	-	36.5
-	-	-
(5.5)	43.0	37.5
(8.6)	-	(8.6)
$ 443.0	$ 43.0	$ 486.0
$ 2,387.4	$ 43.0	$ 2,430.4
(29.8)	(0.5)	(30.4)
$ 2,357.6	$ 42.5	$ 2,400.0

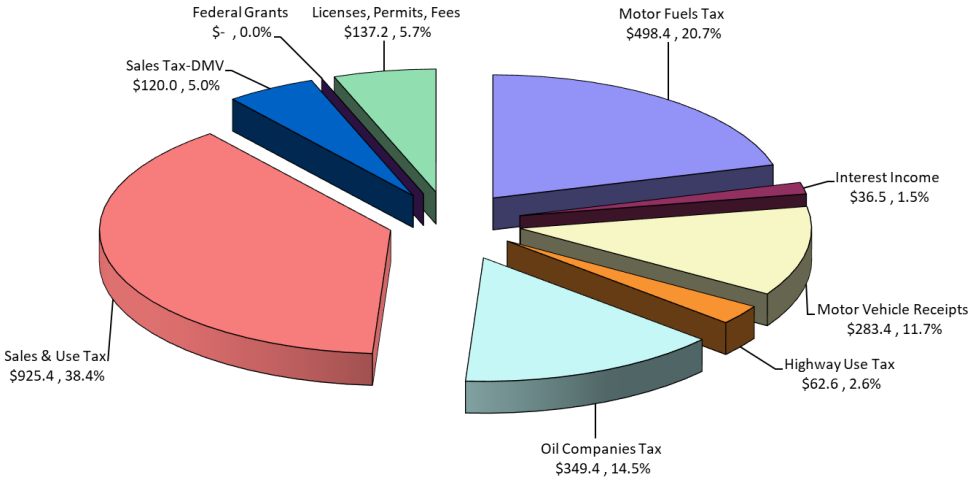
Explanation of Changes

Transfers From/(To) Other Funds

Transfer FY 2025 Resources to FY 2026; Transfer FY 2026 Resources to FY 2027.

FISCAL YEAR 2027 - TOTAL $2,430.4 MILLION*

(In Millions)



* Refunds are estimated at $20.0 million and Transfer From/To Other Funds at $37.5 million. This chart does not include the revenue cap deduction of $30.4 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. According to data from the IMF, government expenditures accounted for more than 36 percent of gross domestic product in 2022, an important dimension of the national economy. The Governor's budget will account for an estimated 6.9 percent of Connecticut's gross state product in FY 2026 and 7.0 percent in FY 2027, 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 the Constitutional spending cap and recommending sensible reforms for the volatility cap, 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. Inclusive of a proposed deficiency bill to cover $163.5 million in shortfall in the FY 2025 budget, appropriations in all funds would rise by a 3.1% in FY 2026 and 4.6% in FY 2027.

The Governor's proposed budget for the FY 2026 – FY 2027 builds on the solid foundation of budget surplus and positive economic growth the state has experienced over the last several years. The fiscal guardrails have resulted in over $700 million in annual savings that will be available in the state budget every fiscal year through FY 2046 while allowing the state to improve our balance sheet considerably, building a record $4.1 billion Budget Reserve Fund which will help the state weather the next economic downturn. Furthermore, an additional $8.6 billion in deposits have been made to the state's woefully underfunded pension system, given how instrumental the 2017 bipartisan fiscal reforms have been in turning-around the state's fiscal trajectory, the Governor's proposal would revise and extend the "bond lock" that protect the fiscal guardrails for five additional years. With an option for the General Assembly to opt out of the lock prior to FY 2033, this effective fiscal policy will remain in place through FY 2038.

The proposed budget increases the volatility cap threshold by $288.9 million in FY 2026. At the inception of the fiscal guardrails, the cap was based on FY 2017 volatile revenues. However, using a five-year average as an alternate base (i.e. FY 2012-FY 2016) would have resulted in a cap that was $220.3 million higher. If that $220.3 million had grown with personal income, it would result in the cap being $288.9 million higher in FY 2026. Based on a statistical analysis from the Office of Policy and Management, this change would increase the likelihood that volatile revenues will fall below the cap from a one-in-six chance to one-in-five. While it is possible that volatile revenues will decrease below the cap in a recession scenario, the significant $4.1 billion budget reserve balance will provide a backstop for revenue in a moderate recession scenario.

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+. In addition, the state was placed on a "positive" outlook by Moody's and Fitch in May of 2024. 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.

Universal Preschool Endowment

The Governor's Recommended Budget establishes and capitalizes the Universal Preschool Endowment (UPE). Funds deposited into the endowment will allow for a sustainable, planful expansion of pre-school access with approximately 12,000 new and 7,500 extended day preschool spaces and a reduction in the cost of 19,000 existing spaces by 2032. Access to high-quality preschool has shown positive, long-term outcomes for children, extending well beyond kindergarten. In addition, studies have shown access to high-quality preschool for low/moderate income families increases parental employment and income.

Building on and enhancing the existing private/public delivery model the endowment will subsidize the cost of offering school-day, school-year preschool spaces at no cost for families making up to $100,000 per year and limit the cost share for families earning between $100,000 and $150,000 per year to a maximum of $20 per day. The expansion of these spaces will be driven by a local needs assessment that addresses the needs at the community level with input from the families who will access these programs. Development of a statewide Parent Portal will link parents to all Birth-5 Early Start options in a seamless and systematic way. Every community in Connecticut is different and family needs are different, the Lamont administration, spearheaded by our Office of Early Childhood designed an approach to preschool expansion that includes local early childhood planning and data informed local needs assessments. Fed by this information, the proposed parent portal seeks to put parents in the driver's seat in accessing affordable preschool opportunities to ensure their children have the best start possible and reduce early barriers to realizing their innate potential.

Property Tax Relief

Continuing the Governor's commitment to affordability, The proposed budget would make modifications to the income tax credit for property taxes paid to Connecticut municipalities. The current maximum credit of $300 would be increased to $350. In addition, the phaseout schedule would be increased. Under the proposal, single filers with an AGI of up to $70,000, joint filers with an AGI of up to $100,000, and Head of Household filers with an AGI of up to $80,000 would receive the full $350 credit, with the credit amount phasing out at higher income levels. This change would expand property tax relief to Connecticut's working- and middle-class families.

Occupational Licenses

Connecticut has acute needs for certain critical professions, including teachers, nurses and related positions, and various skilled labor professions. The Governor's budget proposal would eliminate license

fees for certain occupations, saving taxpayers $18.8 million in FY 2026 and $25.0 million in FY 2027. This change will remove one hindrance for individuals entering in-demand professions. This change will eliminate license costs for the nurses, dental hygienists, mental health clinicians, occupational therapists, paramedics, physical therapists, physician assistants, electricians, HVAC workers, plumbers, sheet metal workers, and teachers that serve our communities.

Corporation Tax Reform

The proposed budget includes corporate tax reform that will increase equity among small and large firms. The budget accelerates the elimination of the capital base tax which primarily impacts smaller firms. Originally scheduled to be eliminated January 1, 2028, the Governor's budget proposal moves that tax relief forward by two years to January 1, 2026. This change will benefit approximately 6,500 firms and is critical in attracting smaller type start-up firms who may not have reached profitability but would have still been required to pay this component of the corporation tax.

Connecticut's world-class institutes of higher education along with our highly educated workforce has made our state a leader in the biotech sector. The Governor seeks to encourage further growth in this area with a targeted change to the state's existing R&D credit exchange program. Currently, firms with less than $70 million in sales and are not yet profitable can exchange their unused R&D tax credits with the state at 65% of their value. The Governor is proposing to increase that reimbursement percentage to 90% for the biotech sector for the modest cost of $1.8 million per year.

The budget would eliminate corporate tax preferences that benefit relatively few firms. Beginning in 2016, Connecticut switched to a unitary form of corporate taxation similar to 28 other states in the nation and the District of Columbia. However, at that time the law provided for a $2.5 million upper limit, or cap, on any change in liability between the old system of taxation and the new unitary system. This meant firms were still required to calculate their tax under two different methodologies. The Governor is proposing to eliminate this last vestige of the prior tax system and going forward firms will be on a complete unitary basis. Connecticut is the only state with this unique cap and this proposal would bring the state in line with other states with mandatory combined reporting and result in a revenue gain of $133.1 million in FY 2026 and $83.2 million in FY 2027.

In 2015 Connecticut limited to 50% the amount of prior year net operating losses corporate entities could deduct from their taxes. However, a special tax preference was retained for firms with existing prior year losses in excess of $6 billion whereby such firms could fully deduct such losses. The budget would eliminate this 100% net operating loss deduction provision.

Since FY 2008, Connecticut has invested heavily in developing the film industry in the state. Over those years, more than $1.7 billion in tax credits has been garnered by that sector. Furthermore, Connecticut's 30% upper credit level and absence of any overall annual budgetary caps make our structure one of the more expansive in the nation. The Governor's budget proposal would reduce the top film production tax credit rate from 30% to 25% of qualifying expenditures for budgetary savings of $9.2 million in FY 2026 and $17.1 million in FY 2027.

Finally, the budget proposal also extends the 10% corporate surcharge for three additional income years, the same level that has existed since income year 2018. This is expected to raise $48.0 million in FY 2026 and $80.0 million in FY 2027.

Update to Hospital Provider User Fee After Hospital Settlement Agreement Ends

In anticipation of the expiration of the current hospital settlement after FY 2026, the Governor's budget proposes the following two-pronged approach: First, the base year would be updated for the existing hospital user fee from FFY 2016 to FFY 2024 while reducing the tax rate on outpatient services to generate an additional $140 million in revenue and, second, modifications to the hospital reimbursement rates for active and retired state employees totaling $100 million would be negotiated. These two changes will allow the state to make a total of $250 million in additional supplemental payments to the hospitals, thereby garnering $167.5 million in new federal revenue to the state.

Continuing Behavioral Health Investments

Since the pandemic, there has been a demonstrated need for investment in mental health services across the life span. The Governor is proposing the pick-up of previously American Rescue Plan Act (ARPA) funded mobile crisis programs for children and adults through Opioid Settlement Funding - $8.6 million to continue 24/7 mobile crisis for children and $1.75 million in FY 2026 and $3.0 million in FY 2027 to pick up privately provided 24/7 mobile crisis programs for adults. Also, some of the $20 million in FY 2026 and $25 million in FY 2027 to support the results of the Medicaid rate study will fund adult mental health providers. Phase 1 of the rate study targeted increases toward children's providers. With additional funding, it is important to reestablish rate parity for services between children and adults because Medicaid is available for eligible individuals of all ages and it is problematic to set up a cliff where children suddenly lose access to services when they become adults.

Investments in Programming for Individuals with Substance Use Disorder (SUD)

$58.6 million from Opioid Settlement Funding – approved by the Opioid Settlement Advisory Committee at the January 10, 2025 meeting - will support 500 new units of supportive housing over 4 years for individuals with opioid use disorder who are homeless or at risk of homelessness. Funding will support housing subsidies, trauma-informed wrap-around services, and flex funding. One third of the 4,500 individuals identified as homeless in the most recent point-in-time count were identified as having a substance use issue. Housing plays a significant role in influencing substance use, particularly opioid use, and affects both the risk of addiction and recovery outcomes. Additionally, new revenue that results from revenue maximization activities allowed under the state's SUD waiver - $15.6 million in FY 2026 annualized to $17.9 million in FY 2027 - will support significant investments in the continuum of services for individuals with substance use needs, including rate increases for SUD providers, new adolescent residential beds, sober housing, recovery housing, the pick- up of an ARPA-funded recovery house for the Court Support Services Division (CSSD), specialty services for childbearing women and new mothers

Tackling Chronic Homelessness

The Governor recommends that the resources associated with the appropriated Social Equity and Innovation Fund be transferred to the unappropriated Social Equity and Innovation Account while remaining under the purview of the Social Equity Council. The Governor intends to work collaboratively with the Council to identify services which could be supported by these funds that would address homelessness and needs associated needs associated with the increase in unhoused individuals.

Access to Affordable Care

Healthcare costs in Connecticut continue to be among the highest in the country outpacing people's personal income growth. Notice of Material Change legislation will create a system to monitor the purchase of hospital systems by private equity firms. It will significantly expand the type of transfers and changes (including private equity) that would be noticed to the Office of the Attorney General (OAG) for investigation and potential action. Three positions and $350,000 in OHS will be added to evaluate health quality and access criteria related to requests for system purchases by private equity firms. Three staff and $115,530 in FY 2026 and $230,873 in FY 2027 are provided to the OAG to undertake investigations, actions and enforcement activities. In FY 2027, 5 positions and $1.1 million are being recommended to enforce Out-of-Network Hospital price limits based on Medicare rates to reduce patient costs. This proposal will curb anti-competitive practices and prevent price gouging when patients need to access care from a provider who is not in their insurance network limiting out-of-network costs for inpatient and outpatient hospital services to 240% of the Medicare rate for the same service in the same geographic area.

Increased Provider Rates under Medicaid

A rational rate-setting practice that regularly evaluates access needs and measures performance and costs against other states is an important foundation of an effective Medicaid program. In furtherance of that objective, the Department of Social Services (DSS) concluded a two-part study of Medicaid rates of reimbursement, comparing Connecticut's rates to other benchmark states and/or Medicare pursuant to Public Act 23-186. The rate study findings are intended to serve as a guide for further analysis—a point of reference that should be considered, along with other measurements of patient access and Medicaid performance, to inform policy decisions. Recognizing that further analysis is needed to determine where funding can best be targeted to strengthen access and improve quality, outcomes and, ultimately, reduce spending on acute care services, the Governor is proposing $10.4 million in FY 2026 and $25 million in FY 2027 (state share) to support increased rates for providers. DSS is recommending the initiation of a strategic and targeted rate-setting process to ensure that any appropriated dollars invested address access issues or gaps in coverage. That process will also take into account what level of increase or support is needed to achieve intended policy goals. Specifically, DSS is recommending that the following services and strategies be prioritized within available funding: rate adjustments for certain physician fees to provide a strong foundation and provider base with access to core services; rate parity for behavioral health services between children and adults; and a comprehensive analysis of home and community-based services waiver rates, as well as options to better manage the dually eligible population.

Private providers

$157 million in new private provider funding over the biennium - $31 million in FY 2026 and $126 million in FY 2027 – an approximately 3% adjustment beginning January 2026. This brings the investment in private provider support to over $1.9 billion since FY 2021.

Early Childhood

The Governor's Recommended Budget builds on his ongoing support for improved access to high quality childcare and early education for Connecticut's youngest residents. It starts with the capitalization of the Universal Preschool Endowment. In addition, the budget continues the state's focus on the critical years from birth to five by investing an additional $111.7 million over the biennium to: (1) increase rates for providers supported by Early Start CT by 4% including state funded child day care centers, School Readiness providers, and State Head Start grant supported programs, (2) increase the per child and per classroom rate for the 650 preschool slots under the Smart Start program to ensure the programs remain financially viable as well as maintaining the 250 slots that were previously supported by expiring federal funds under the Smart Start for Recovery Program, (3) provides funding to support the continuation of the Sparkler application which is an effective tool used to support the state's efforts to increase early detection for development and emotional delays or diagnosis in young children (birth to five years old), (4) provides funding to support a rate increase for Birth to Three providers to improve provider retention, grow the workforce and improve access for families, and (5) provide state support for the continuation of the Tri-Share program which was a pilot partnership between the employer, the state and the family to support access to childcare for working families.

In addition, funding included in the biennial budget includes $35 million in FY 26 and $38.4 million in FY 27 in early childhood supports a rate increases for providers in the Care 4 Kids (C4K) program including Family Childcare Providers. Funding will maintain the program's current caseload of approximately 23,000 families and ensure all providers are reimbursed at least at 50% of the market rate in accordance with federal law. Lastly, $5 million is provided in FY 27 to support the final phase of the Start Early - Early Childhood Developmental Initiative established by PA 22-118, which includes the study of the impact of early care and education from infancy to age five to better understand the components of high quality infant/toddler care, the importance of supporting families and the impact of the ecosystem in which a child develops.

K-12 Education

The Governor's investment in the Universal Preschool Endowment seeks to fund a robust preschool expansion through a mixed public – private model. This model is predicated on the successful collaboration between private childcare providers, public schools, local government and state agencies. The Governor's budget includes $160 million in new General Fund support over the biennium - $75 million in FY 26 and $85 million in FY 27 for K-12 education to support critical targeted investments in both evidence-based programs and competitive grant opportunities which will allow districts to deploy

resources for their students most in need of additional supports. These investments will in many cases build on successful targeted interventions that were previously supported out of federal funds and continue to support the academic and social emotional success and growth of students throughout the state. It is only through these supports that schools will be able to address the needs of the children in their charge and be prepared to play their part in expanding space within their schoolhouses for the next class of preschool students and their families.

Recommended investments in K-12 include: (1) $700,000 in FY 26 to eliminate reduced price lunch and breakfast fees for students statewide and an additional $12.4 million FY 27 to provide universal free school breakfast, (2) $40 million in FY 27 to enhance funding for the state's main special education grant - Excess Cost to address the growing cost and population of special education to districts, (3) $14 million in FY 2027, $10 million in operating funds, and $4 million bond funds, to help bolster the provision of high-quality special education programs in districts through a competitive grant process. SDE anticipates approximately 40 districts would apply for these funds, with a maximum award of $250,000 annually on the operating side or $150,000 on the capital improvement side. Funding would support districts abilities to provide high quality special education in district, meeting federal special education requirements, and reducing reliance on expensive out-placements, (5) $5 million in FY 27 to support a high dosage tutoring matching grant program. This program would serve 10,000-12,000 students, building on a $11 million ARP ESSER program that served 8,000 students in 43 districts in the 2023 school year, (6) $7.5 million in FY 27 for a dual credit expansion grant program at the State Department of Education (SDE) which estimates this could support 40,000 students in FY 27, and (7) $9.9 million in FY 27 for SDE to continue the Learner Education and Engagement Program (LEAP) which was established during the pandemic to help address student disengagement. The program entails a home visiting program operated by RESCs in 15 high need districts across the state. Since 2021, LEAP has been supported by close to $19.5 million in federal funds. Lastly, the Governor's Recommended Budget will honor the current phase-in to full funding of the Education Cost Sharing formula, two years earlier than the original 10-year timeline. These investments will help support districts' response for their most at need students as they continue to realize their academic potential.

Housing

The Governor's Recommended Budget includes $8.7 million in FY 27 to support new rental assistance vouchers. The investment includes $4.5 million to grow the HeadStart on Housing (HSOH) program and $4.2 million for elderly and disabled individuals to find and maintain stable permanent housing. HSOH provides RAPs to CT Early HeadStart or HeadStart families as an initial step to ending homelessness. As of January 2025, 147 families have been housed through the program, including 326 children. This nationally recognized initiative deploys a system approach to combating homelessness with the support and collaboration of private providers, state agencies and local communities across housing, childcare and social services. Lastly, the Governor's budget includes $10 million, $5 million in each year of the biennium to support eviction prevention efforts and to support the HUBs which provide an in-person access point to housing services and supports. These investments compliment the state's investment of bond funds to build out affordable housing.

Justice-Involved Waiver

The budget supports ongoing efforts to secure an 1115 Medicaid Demonstrations waiver, under newly expanded Federal guidance, that would enable coverage of incarcerated persons medical services 90 days pre-release. Utilizing a combination of Federal Medicaid and State reinvestment dollars, these individuals will receive evaluations to determine needs once they are in the community – referrals to address chronic illnesses, mental health or substance abuse needs, and receive necessary medications. The goal of these efforts is to improve health outcomes, decrease morbidity post release, and better the quality of life for individuals leaving the criminal justice system. Improved medical outcomes ultimately will also reduce recidivism.

In conjunction with the above 1115 Demonstration Waiver, the State is also currently pursuing an Advanced Planning Document to secure 90% Federal funding for replacement of the Department of Correction electronic health records system. In collaboration with the Department of Social Services, and Department of Mental Health and Addiction Services, this effort will seek to establish a coordinated, integrated, and improved health records system. Moving to a more modern platform will offer greater sightlines on care and care outcomes and enable billing under the 1115 Waiver.

Optimizing Information Technology Services

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

The Governor's Budget proposes continuing and expanding the optimization of information technology services within the Department of Administrative Services Bureau of Information Technology Services. Optimization is the process of redesigning how the state supports technology to maximize the value of the state's information technology (IT) employees and expenditures and drive better outcomes for our agencies, taxpayers, and constituents. FY 2023 marked the first steps towards optimizing IT across the state.

Accordingly, the Governor's budget realigns 158 staff, almost $20 million in staffing costs, and $44.4 million in operating expenses from agencies not previously centralized. Building on the Governor's prior leadership, this change will bring expanded capabilities to the Departments of Children and Families, Developmental Services, Mental Health and Addiction Services, and Social Services, and the Office of Health Strategy. Recognizing the complex federal and multisource funding models, these agencies are included in the second phase of optimization, building on success from phase one in FY 2023. The Department of Administrative Services Bureau of Information Technology Solutions will work with these agencies to ensure that necessary support is available for their important, public-facing functions, and that agency IT activities can continue to generate any associated federal revenues.

The Governor's Budget also proposes the launch of new digital identification offerings from the Department of Motor Vehicles. Funded with $3 million annually, reallocated from historical personal services savings, this effort will annualize improvement efforts at the Department of Motor Vehicles via their Modernization account. This effort will provide ongoing, consistent, stable, funding for support and

improvement efforts. Prior efforts have included the rollout of online scheduling, new virtual hold center operations, and forthcoming expansion of online forms.

Transportation

The Governor's budget continues to support public transportation – fueling connectivity and continuing support for expanded workforce informed transit options. Public transportation bus service is supported by an additional $31.3 million in FY 2026 and $36.1 million in FY 2027, an 11.9 percent increase over FY 2025. The subsidy per rider was $8.46 in FY 2025, a 73 percent increase from $4.88 in 2019, and ridership remains at only 84 percent of 2019 usage. To support stability in bus operations, public transit bus fares are proposed to increase, after remaining flat since 2016. A fare increase of $0.25 is proposed in FY 2027, which would produce an estimated $3.7 million in revenue, reducing the required state subsidy.

In the prior biennium the Governor proposed, and the legislature enacted, expanded bus services to support workforce transportation. This expansion of bus service across the state focused on access to large employment hubs and on people working second and third shift jobs. The proposed budget for FY 2026 and FY 2027 continues support for these services and provides an additional $11.5 million to fund federally mandated Americans with Disabilities Act paratransit services.

The Governor's proposed budget for the biennium includes additional funding for rail transportation services. Informed by ridership patterns and customer demand, funding of $43.4 million in FY 2026 and $53.1 million in FY 2027 is provided. However, escalating rail operations costs and the end of federal COVID-19 relief funding present challenges. Accordingly, 5 percent increases in rail fares are proposed each year of the biennium. Fares were last adjusted by 4 percent in FY 2024. These revised fares are projected to generate $10.4 million in FY 2026 and $21.4 million in FY 2027, reducing the required state subsidy. Parking fees are also proposed to increase by 25 percent at state-owned rail stations in Stamford, Bridgeport, West Haven, Fairfield Metro, Berlin, Meriden and Wallingford. These fees have remained unchanged since current locations opened between 2000-2018. Parking fee increases are projected to generate $1.37 million annually. These rate adjustments will contribute to the continued health and stability of the Special Transportation Fund.

Municipal Revenue Sharing Fund

The proposed budget continues to provide support for Connecticut's municipalities through additional transfers of General Fund revenue to the Municipal Revenue Sharing Fund (MRSF) totaling $85.0 million in FY 2026 and $73.0 million in FY 2027, without which municipal grants from the fund would have needed to be curtailed.

Capital

The Governor's proposed biennium budget includes new GO bond authorizations of $2,199.9 million for FY 2026 and $2,263.9 million in FY 2027. Prior authorizations of $339.3 million and $301.2 million bring the total GO authorizations to $2,539.2 million in FY 2026 and $2,565.2 million in FY 2027.

The Governor's proposed biennium budget also includes new Special Tax Obligation bond authorizations of $1,552.9 million in FY 2026 and $1,559.2 million in FY 2027 for transportation initiatives and $50.0 million in FY 2026 and $500.0 million in FY 2027 of Revenue Bonds for Clean and Drinking Water Fund loans.

Proposed new authorizations include:

1. $1,383.7 million across the biennium to invest in the capital assets of the state and it's municipalities;
2. $1,168.3 million across the biennium for education, including $550 million in each year for School Construction;
3. $1,013.6 million over the biennium for energy and climate resiliency programs, including $183.0 million in Year 1 and $675.0 million in Year 2 for the Clean Water and Drinking Water programs, to invest in the state's aging wastewater infrastructure;
4. $825.0 million across the biennium for housing programs, including $50.0 million each year to continue Time-to-Own, a program that gives forgivable loans of up to $25,000 to assist first-time homebuyers with a down payment;
5. $1,552.9 million in FY 2026 and $1,559.2 million in FY 2027 for the state's highways, bridges, local roads, and public transit;

Overall, the Governor has prioritized bonding in areas that require the most investment, such as housing, climate resilience, municipal aid, targeted economic development, and deficiencies in state agency infrastructure.

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 2026 – FY 2027 biennial budget includes sensible tax reform which will benefit small firms and working- and middle-class taxpayers. The recommended budget also provides additional funding in areas that are important to Connecticut's citizens and economy. The Governor's budget is balanced, represents limited growth over prior years, remains below the constitutional spending cap, and is compliant with both the revenue cap and the volatility cap as amended.

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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 2026 – FY 2027 Biennium

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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 2024, Connecticut's population experienced a year over year increase of an estimated 13,300 residents, bringing the total population growth over the past three fiscal years to about 38,000. Connecticut experienced net inmigration for the fourth consecutive year in FY 2024, bringing it's total net migration to more than 52,200 across FYs 2021-2024. 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 6.0% higher than the nation, while the proportion of those holding a graduate or professional degree is 38.5% higher than the nation.

Housing

Connecticut's housing starts decreased by 28.2% in FY 2024, following a significant increase in FY 2023 when housing starts increased by 53.5%. Recent volatility in Connecticut housing starts has been driven primarily by multi-family units. Multi-family housing starts outpaced single-family housing starts in FY 2020 and 2023, but were outpaced by single-family housing starts in FY 2021, 2022, and 2024. In FY 2017, the number of active listings in Connecticut averaged 19,823 per month. In FY 2024, the number of active listings averaged 3,752 in Connecticut, an 81.1% reduction. Median existing home prices increased 10.2% in Connecticut in FY 2024, higher than the U.S. as a whole, which saw median home prices increase 3.8%. Thirty year mortgage rates increased to 7.02%, a 11.7% increase over the prior year. Nationally, homeowner equity as a percentage of home values improved to 71.0% in FY 2022 and held steady at 70.8% in FY 2023 before increasing to 71.9% in FY 2024, 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 2024, Connecticut has added approximately 69,200 from FY 2020 levels, thus recovering all the jobs that were lost as a result of the pandemic. 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 2024, Connecticut remains approximately 11,600 jobs short of employment levels in FY 2008. Employment in the state grew by 1.2% in FY 2024 over FY 2023 levels. Manufacturing remains an important sector of Connecticut's economy, representing 9.3% of all non-farm jobs in FY 2024. Connecticut Manufacturing employment remained flat in FY 2024 over FY 2023 levels, which was more than New England which experienced a 1.0% decline but slightly less than the United States which

experienced growth of 0.2%. Nonmanufacturing employment gained approximately 19,500 jobs, or 1.3%, in FY 2024, trailing the U.S.'s growth of 2.0%, but exceeding New England's growth of 1.1%. The largest growth in nonmanufacturing employment in Connecticut came in the transportation and warehousing industry, which gained 2,900 jobs or a 4.6% increase over the prior year. In FY 2024, Connecticut's unemployment rate averaged 4.2%, slightly worse than the U.S. at 3.8% and New England at 3.3%.

Energy

In calendar year 2023, the United States was the world's largest supplier of oil at 20.1% of the world's total. In 2022 Connecticut consumed 2.56 thousand BTU's per 2017 chained dollar of GDP, making it one of the most energy efficient states relative to output. Overall, Connecticut is 41.0% below the nation's per capita energy consumption and ranks 6th 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 2022 Connecticut's overall energy costs were 30.0% higher than the national average and its electricity prices were 69.9% higher than the national average.

Export Sector

Exports play a crucial role in the economy. The U.S. trade deficit in 2023 was $905.4 billion, down from $1,012.1 billion in 2022. Total trade exports grew 37.5% from 2014 to 2023, while trade imports have grown 48.0% over the same period. Connecticut exports totaled $15.8 billion and accounted for 5.0% of GSP in 2022. Over the past five years, Connecticut's exports have decreased by an average of 0.6% per year. Transportation equipment, nonelectrical machinery, chemicals, and computer and electronic equipment are Connecticut's largest exporting industries and comprise 67.7% of exports in 2023.

Defense Industry

Prime defense contracts tend to be a leading indicator of Connecticut's economic activity. In federal fiscal year (FFY) 2023, Connecticut contractors were awarded $18.2 billion in defense related prime contracts, up 5.4% from the $17.3 billion awarded in FFY 2022. 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 2023, this average was $17.5 billion. Awards to Connecticut defense contractors represent 5.4% of gross state product.

Retail Trade

Connecticut's retail trade in FY 2024 totaled $83.6 billion, a 2.6% increase over FY 2023. Growth in durable sales remained flat in FY 2024 compared to a growth in non-durable sales of 3.7%. 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 2024, with e-commerce sales growing by 8.6% while traditional retail sales grew by only 1.2%. Connecticut retail trade as a percentage of disposable income decreased slightly to 29.7% in FY 2024 from 32.1% in FY 2023.

Nonfinancial Debt

Total nonfinancial debt grew 281.7% between 2000 and 2023, far outpacing GDP growth of 167.9%. Over that same period, federal indebtedness grew 620.6%, state and local government debt grew 172.6%, business debts grew 210.6% and household debts grew 174.9%. Connecticut's state government debt outstanding at the end of FY 2022 was $33.1 billion, up from $41.9 billion in FY 2021 and $41.4 billion in FY 2020. Connecticut per capita state government debt was $9,168 in FY 2022, far above the fifty state average of $3,327 in FY 2022.

Gross State Product

In FY 2024, Connecticut's real GSP increased by 2.8% over the prior year to $290.7 billion in 2017 dollars, slightly worse than the nation which experienced growth of 3.1% and better then New England which experienced positive growth of 2.4%. Per capita real GSP in Connecticut was 18.5% higher than that of the U.S. in FY 2024.

Personal Income

In FY 2024, real personal income in Connecticut increased 2.2%, outpacing the increase in New England which experienced 2.1% growth and roughly equivalent to the U.S, overall. In FY 2024, Connecticut possessed the second highest per capita personal income in the nation at $92,286, 29.0% higher than the national average. Massachusetts took the number one spot with per capita personal income of $93,066.

Economic Forecast

Connecticut's personal income is expected to increase 5.1% in FY 2026 and 4.5% in FY 2027 to $368.4 billion and $384.8 billion, respectively. Connecticut is projected to gain 3,100 jobs in FY 2026 before losing 5,600 jobs in FY 2027, or a respective 0.2% and -0.3% growth. The unemployment rate is projected to grow from 3.5% in FY 2025 to 4.1% in FY 2026 and 4.5% in FY 2027.

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 749 persons for each of its 4,842.4 square miles of land, compared with 96 persons per square mile of land for the United States (3,531,905 square miles), based on FY 2024 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. In addition, Groton is a major hub of submarine manufacturing in the United States, earning the town the moniker "Submarine Capital of the World."

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 other growing counties in the

state: Hartford at 0.6% and New Haven at 0.3%. 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 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

Connecticut saw its population increase for the third consecutive fiscal year in 2024, following a period of slight population decline. Since FY 2021, Connecticut's population has grown by 37,980. Connecticut's

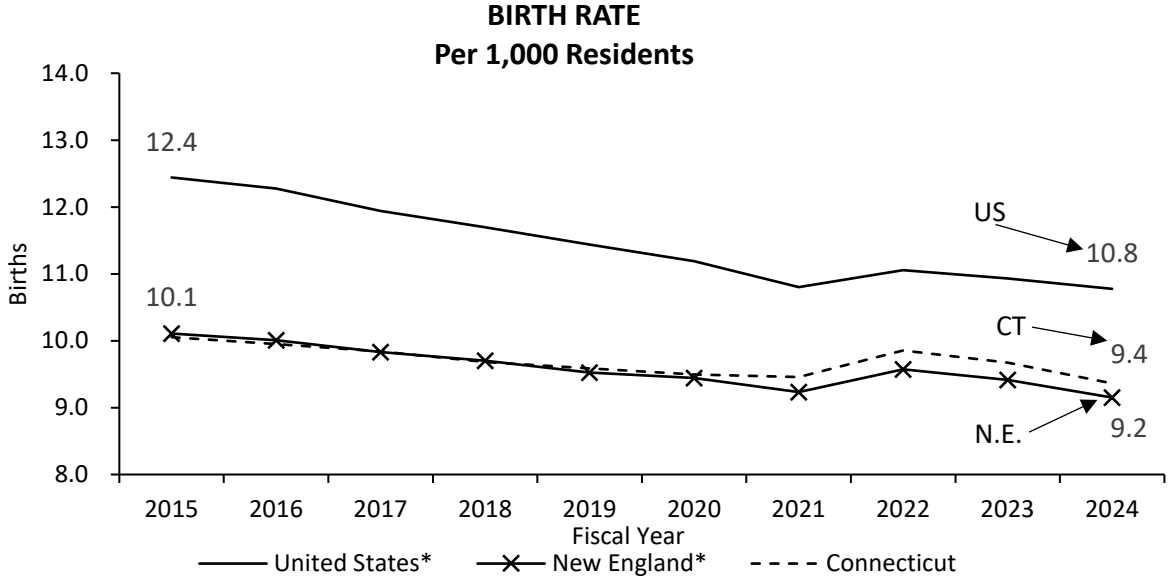
population growth has outpaced New England as a whole after FY 2021. The following table shows population for the last ten fiscal years for each of the three geographical areas.

TABLE 3
POPULATION BY FISCAL YEAR
(In Thousands)

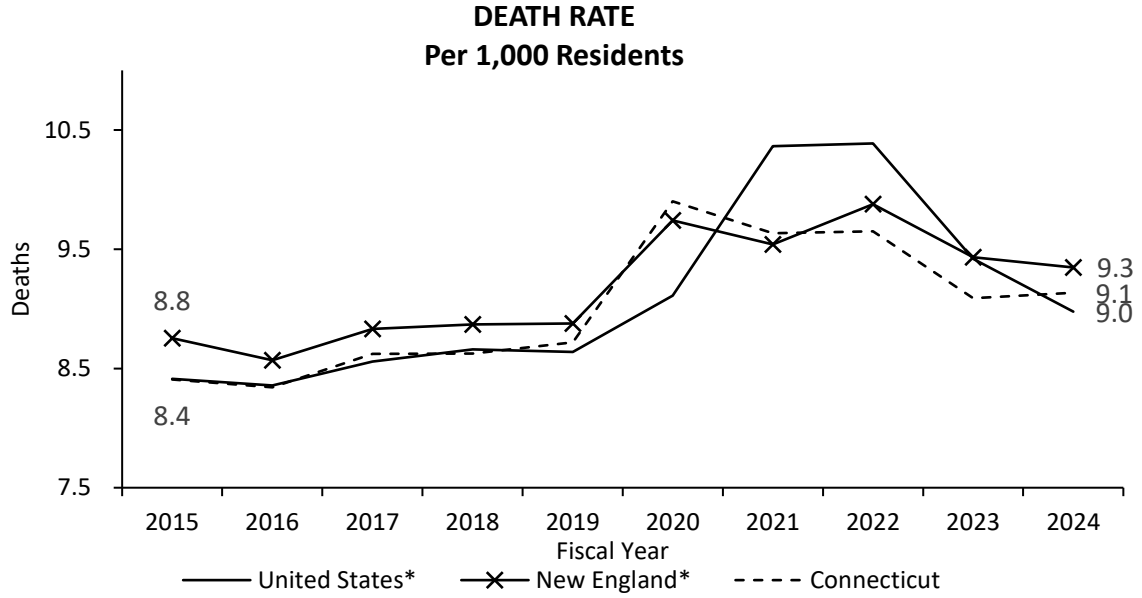
Fiscal	United States*		New England		Connecticut	
Year	Population	% Growth	Population	% Growth	Population	% Growth
2015	320,811.6	0.8	14,852.6	0.4	3,613.3	0.0
2016	323,278.3	0.8	14,908.0	0.4	3,609.6	(0.1)
2017	325,660.0	0.7	14,971.7	0.4	3,608.0	(0.0)
2018	327,766.3	0.6	15,034.6	0.4	3,610.3	0.1
2019	329,667.7	0.6	15,079.8	0.3	3,609.1	(0.0)
2020	331,309.4	0.5	15,098.0	0.1	3,599.2	(0.3)
2021	332,025.0	0.2	15,075.7	(0.1)	3,588.5	(0.3)
2022	333,485.0	0.4	15,119.5	0.3	3,609.4	0.6
2023	336,550.0	0.9	15,142.5	0.2	3,613.2	0.1
2024	340,172.5	1.1	15,201.9	0.4	3,626.5	0.4

*Includes armed forces overseas
Source: Bureau of the Census, IHS Economics

There are two drivers of change in 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 +0.2 per 1,000 people in FY 2024, down from +1.8 per 1,000 people in FY 2014 and +3.7 per 1,000 people in FY 2004. This represents a 87% decline in the natural change rate since 2014 and a 94% decrease since 2004. Deaths per 1,000 people in the state were 9.1 in FY 2024, little changed over the previous fiscal year, but remain higher than the annual average of 8.5 per 1,000 from FY 2014 – 2019. Births per 1,000 people decreased from 9.7 in FY 2023 to 9.4 in FY 2024. The Connecticut birth rate has decreased by 6% since FY 2014 and 23% since FY 2004. The birth rate in Connecticut has tracked with New England as a whole, but both the state and New England have been lower than the nation in every year since FY 2000. The following graph shows the rates of birth in the United States, New England, and Connecticut.



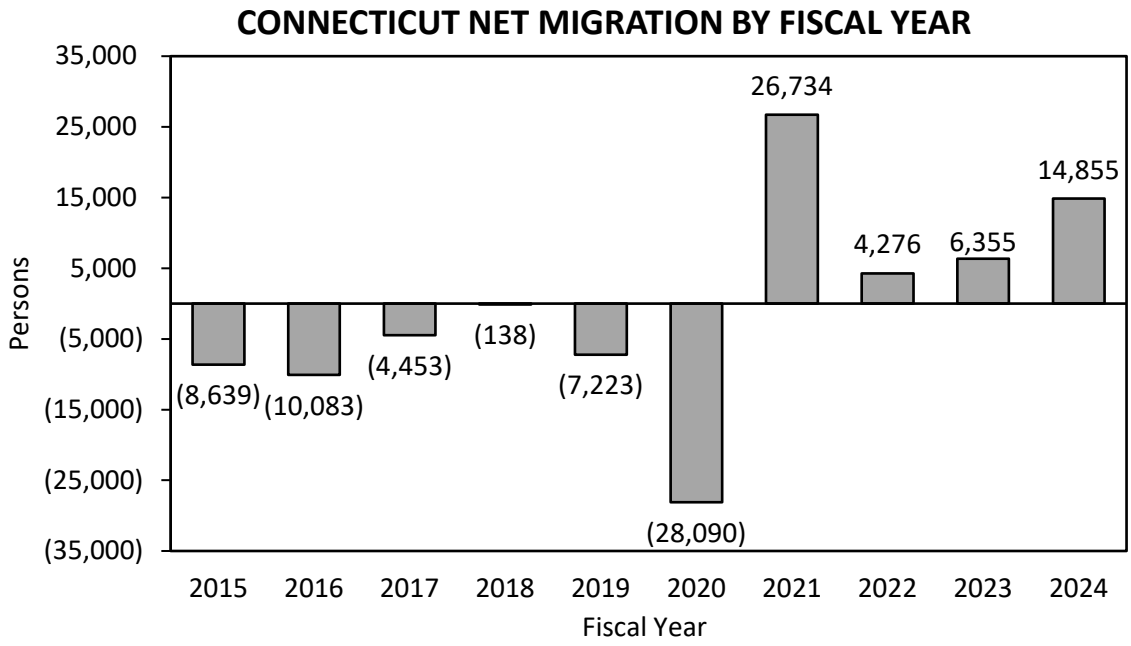
*Sum of states' totals
Source: Bureau of the Census, IHS Markit



*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 "sun belt" in the south and west. At the same time, international migration has contributed to overall population growth in the nation. Following a period of net out-migration from FY 2013 through FY 2020, Connecticut experienced it's fourth consecutive year of net in-

migration in FY 2024, adding approximately 14,855 in FY 2024 and a total of 52,220 during the period from FY 2021 – FY 2024. Please note that an error in the 2022 American Community Survey overstated Connecticut migration data for calendar year 2022. The error resulted in an overestimation of individuals moving to Connecticut and an underestimation of the number of people moving out of Connecticut for that calendar year. The data provided below from IHS relies on annual population estimates provided by the Census Bureau and is not impacted by the 2022 American Community Survey error.



Source: Bureau of the Census, IHS

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. Maine had the highest median age in 2020 at 45.0 years and Utah had the lowest at 31.6 years. Connecticut ranks 7th in the nation for the highest 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 2023 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. Cohorts under the age of 24 were a smaller portion of the population in Connecticut than the nation. 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, Sharon had the highest median age at 57.8 years while Mansfield, where the University of Connecticut is located, had the lowest

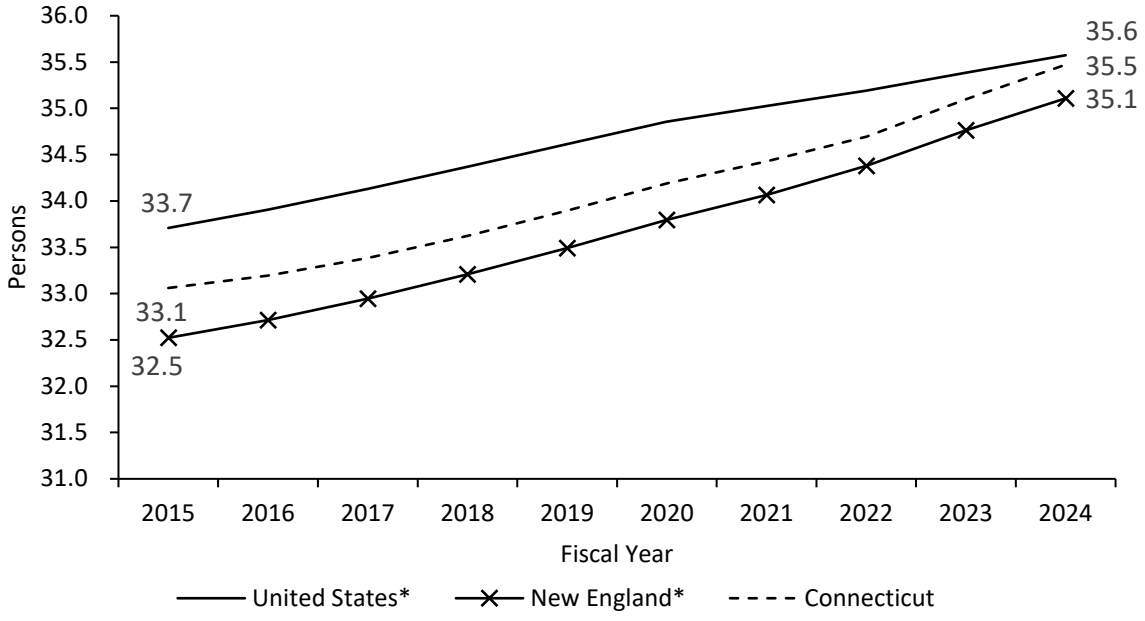
at 21.1 years. Connecticut's major cities have some of the youngest median ages of all the towns in the state. In 2020, New Haven had a median age of 30.7 years, Hartford at 32.9 years, Bridgeport at 34.6 years, and Waterbury and Stamford at 36.4 and 37.9 years, respectively.

TABLE 4
POPULATION BY AGE COHORT
Calendar Year 2023 Population Estimates Program by U.S. Census Bureau

	Connecticut		United States	
Age Cohort	Population	% of Total	Population	% of Total
0-17 Years	722,624	20.0	72,648,436	21.7
18-24 Years	334,630	9.3	30,475,343	9.1
25-34 Years	450,467	12.5	45,311,762	13.5
35-44 Years	469,414	13.0	44,776,584	13.4
45-54 Years	441,639	12.2	40,521,171	12.1
55-64 Years	508,371	14.1	41,874,544	12.5
65+ Years	690,031	19.1	59,307,056	17.7
Total	3,617,176	100.0	334,914,896	100.0

Source: Bureau of the Census

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 2015. The dependency ratio in Connecticut was 35.5 persons per 100 provider population in FY 2024, compared to 35.6 in the United States and 35.1 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 2023 for Connecticut and the United States, according to the Bureau of the Census. The proportion of Connecticut residents holding a bachelor's degree is 6.0% higher than the nation, while the proportion of those holding a graduate or professional degree is 38.5% higher than the nation. In total, 42.9% of Connecticut residents hold a bachelor's degree or higher, compared to 36.1% nationwide.

TABLE 5
HIGHEST EDUCATIONAL ATTAINMENT, POPULATION 25 YEARS AND OVER
Calendar Year 2023

	Connecticut*	United States*	Connecticut as a % of U.S.
Less than high school	8.3%	10.2%	81.4%
High school diploma or equivalent	25.5%	25.9%	98.5%
Some college, no degree	15.5%	18.9%	82.0%
Associate's degree	7.8%	8.8%	88.6%
Bachelor's degree	23.1%	21.8%	106.0%
Graduate or professional degree	19.8%	14.3%	138.5%

*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 2024 was an estimated 1,455,469, a 0.7% increase over FY 2023. This continues a trend of moderate growth since the pandemic. The average household size in Connecticut has remained relatively stable since FY 2020 at approximately 2.5 persons per household.

TABLE 6
HOUSEHOLDS
(In Thousands)

Fiscal	United States*		New England		Connecticut	
Year	Households	% Growth	Households	% Growth	Households	% Growth
2015	121,005.0	1.0	5,785.7	0.4	1,378.7	0.2
2016	121,965.1	0.8	5,821.8	0.6	1,386.5	0.6
2017	123,157.1	1.0	5,879.6	1.0	1,395.3	0.6
2018	124,699.0	1.3	5,949.2	1.2	1,412.6	1.2
2019	126,241.2	1.2	6,014.8	1.1	1,424.1	0.8
2020	127,214.3	0.8	6,037.8	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	131,450.9	1.4	6,159.3	0.8	1,444.8	0.6
2024	132,754.5	1.0	6,200.5	0.7	1,455.5	0.7

*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 contributed 16.0% of national gross domestic product (GDP) in FY 2023 and through the first three quarters of FY 2024. 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. From FY 2015 and FY 2024, starts grew at an annual rate of 3.2% in the United States, compared to 3.0% growth in New England and a 1.7% decline in Connecticut. As shown in the table below, Connecticut has experienced a decrease in starts in 6 of the previous 8 fiscal years. However, starts in Connecticut remain above their recent low of 3.3 thousand units in FY 2011. Starts in Connecticut increased by 53.5% in FY 2023 and retracted by 28.2% in FY 2024. Recent volatility in Connecticut housing starts has been driven primarily by multi-family units.

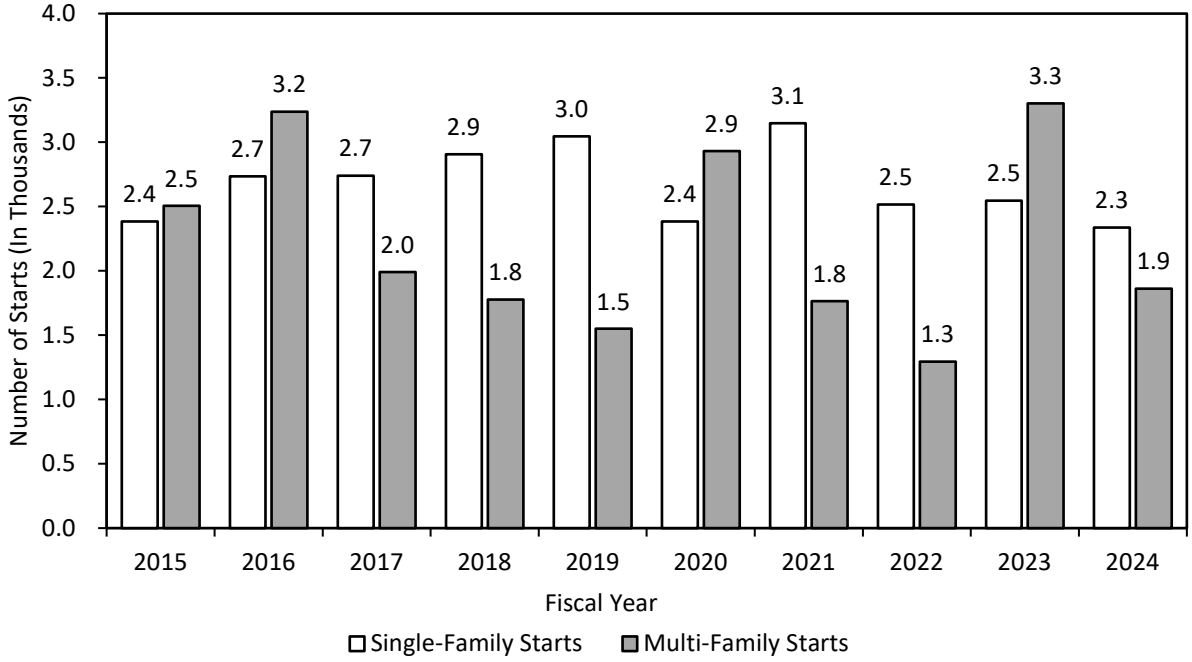
TABLE 7
HOUSING STARTS
(In Thousands)

Fiscal	United States		New England		Connecticut	
Year	Number	% Growth	Number	% Growth	Number	% Growth
2015	1,053.8	10.6	22.2	(4.1)	4.9	5.6
2016	1,151.5	9.3	24.4	9.9	6.0	22.1
2017	1,198.8	4.1	27.1	10.8	4.7	(20.8)
2018	1,247.7	4.1	32.2	19.0	4.7	(1.0)
2019	1,215.8	(2.6)	30.2	(6.2)	4.6	(1.9)
2020	1,313.1	8.0	30.1	(0.3)	5.3	15.7
2021	1,547.4	17.8	29.3	(2.8)	4.9	(7.6)
2022	1,654.0	6.9	29.8	1.7	3.8	(22.5)
2023	1,421.3	(14.1)	31.2	4.9	5.8	53.5
2024	1,402.2	(1.3)	29.0	(7.1)	4.2	(28.2)

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. During the period from FY 2001 to FY 2007, single family starts exceeded multi-family starts in the state by a 5:1 ratio. Since the Great Recession, however, there has been greater parity between single-family and multi-family starts, with multi-family units exceeding single-family units in FY 2015, FY 2016, FY 2020, and FY 2023. The trends in recent years may be driven by demographic changes, shifting preferences, and increased housing costs in the state and nation. 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

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. Connecticut experienced a period of net out-migration from the state prior to the pandemic, but has experienced net in-migration since FY 2021. The number of households in Connecticut has grown modestly since the pandemic, increasing by 0.7% in FY 2024. In comparison, households grew by 1.0% nationwide. Household formation may have been depressed over the previous decade as more young adults have opted to continue living with their parents. A 2020 report from Pew Research found that more than 50% of 18- to 29-year-olds lived with their parents during the COVID-19 pandemic, a level unseen since the Great Depression. In comparison, 29% of this age cohort lived with their parents in the 1960's and 36% did so in the 1990's.

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 2024, the median sales price for existing homes in the nation was 87.2% above the FY 2015 level, while in Connecticut the median sales price was above the FY 2015 level by 73.0%. 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 2022, the median price of a home in Connecticut was 1.0%

higher than the national average. In the last two fiscal years, however, the growth of the median sales price in Connecticut outpaced the nation. As a result, the median sales price in Connecticut was 14% higher than the nation in FY 2024. The following table summarizes data on the median sale price for existing single-family homes.

TABLE 8
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
2015	$214,908	6.5	$265,112	0.1	123.4	167.4
2016	$227,267	5.8	$266,478	0.5	117.3	165.6
2017	$241,058	6.1	$269,883	1.3	112.0	163.4
2018	$253,967	5.4	$276,657	2.5	108.9	154.9
2019	$264,717	4.2	$282,716	2.2	106.8	150.9
2020	$280,158	5.8	$291,493	3.1	104.0	170.2
2021	$328,417	17.2	$333,861	14.5	101.7	162.1
2022	$379,033	15.4	$382,732	14.6	101.0	130.6
2023	$387,492	2.2	$416,195	8.7	107.4	103.1
2024	$402,225	3.8	$458,567	10.2	114.0	95.5
'15-'24 Change	$187,317	87.2	$193,455	73.0		
'15-'24 CAGR*		7.2		6.3		

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

The U.S. housing affordability index decreased to 95.5 in FY 2024 compared to 103.1 in FY 2023. 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, while a value below 100 signifies that a family with the median income would not. FY 2024 is the first time since FY 1986 that the affordability index decreased to below 100. The following table summarizes the affordability index over the previous ten fiscal years.

Housing Finance

In FY 2024, thirty-year fixed mortgage rates averaged 7.02%, 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 put downward pressure on mortgage rates during the housing market collapse and 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 increases of 29.3% in FY 2022, 67.6% in FY 2023, and 11.7% in FY 2024.

TABLE 9
30 YEAR FIXED-RATE MORTGAGES

Fiscal Year	Average Rate	% Change	Fiscal Year	Average Rate	% Change
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
2019	4.43	6.6	2024	7.02	11.7

Source: Freddie Mac

Total Home Sales

Total home sales in Connecticut experienced their third consecutive year of double digit declines in FY 2024. While Connecticut home sales were 67.6% below their previous FY 2005 peak in FY 2024, sales across the nation in 2024 were 41.8% below FY 2005 levels. One major contributor to the reduction in home sales, both in the state and nationally, may be an increase in the tenure of homeownership. In 2005, the median homeowner had been in their home for 6.5 years. By 2020, that length of time had more than doubled to 13.4 years, before decreasing slightly to 11.9 years by 2023. In addition, borrowers who purchased or refinanced during the previous period of low interest have a financial disincentive to purchase a new home in the current higher interest rate environment.

TABLE 10
TOTAL HOME SALES
(In Thousands)

Fiscal	United States*		New England		Connecticut	
Year	Number	% Change	Number	% Change	Number	% Change
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)	189.2	(6.0)	37.7	(9.7)
2021	6,200.8	20.1	230.6	21.9	47.1	24.9
2022	5,917.5	(4.6)	208.2	(9.7)	42.0	(10.8)
2023	4,385.0	(25.9)	154.0	(26.1)	30.8	(26.6)
2024	4,037.5	(7.9)	135.4	(12.1)	26.8	(13.2)

* Sum of States' Home Sales
Source: National Association of Realtors, HIS

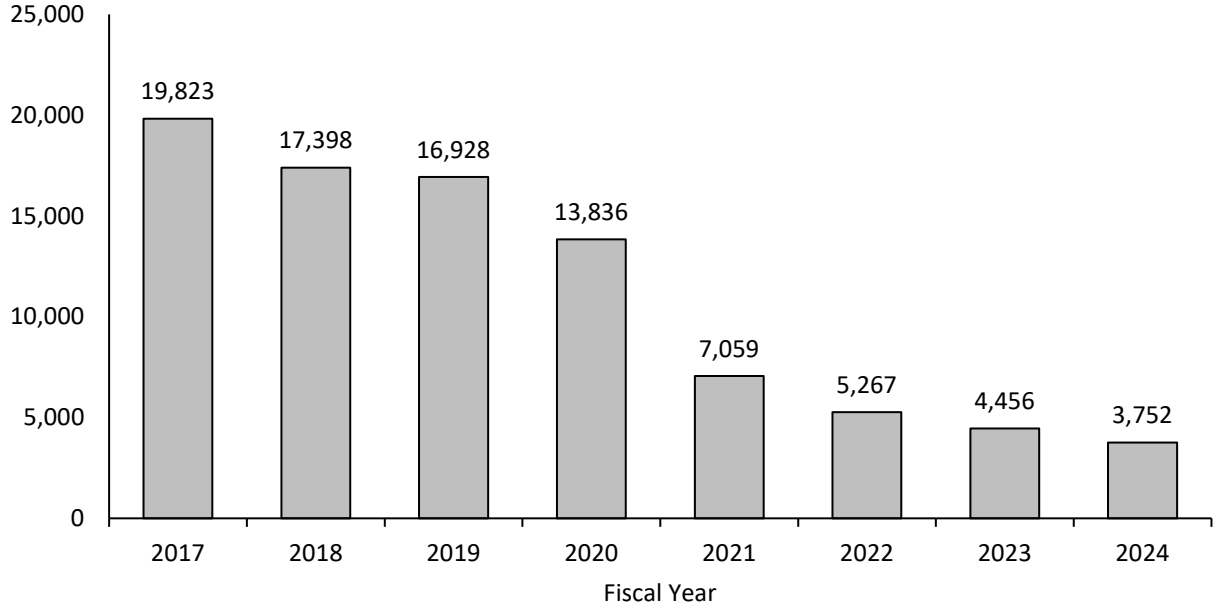
The previous table shows home sales for Connecticut, New England, and the United States by state fiscal year. Total home sales in Connecticut increased in FY 2021 by 24.9%, with about 47,100 sales—the highest

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 21.9% and 20.1%, 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 interest 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.

Home Listings in Connecticut

Active monthly listings of homes for sale in Connecticut have decreased considerably in recent years. In fiscal year 2017, active listings averaged 19,823 per month. In FY 2024, active listings averaged 3,752, an 81% reduction. Nationally, homes listed for sale are on the market for a reduced period of time: median days on market decreased from 69 in FY 2017 to 52 in FY 2024, a 24.6% reduction. In addition, existing homeowners may be "locked in" to their existing mortgage rates and therefore less likely to sell. According to data from Freddie Mac, more than six out of ten mortgages have rates below 4 percent. The following graph details average active monthly listings in Connecticut.

AVERAGE MONTHLY ACTIVE LISTINGS IN CONNECTICUT BY FISCAL YEAR

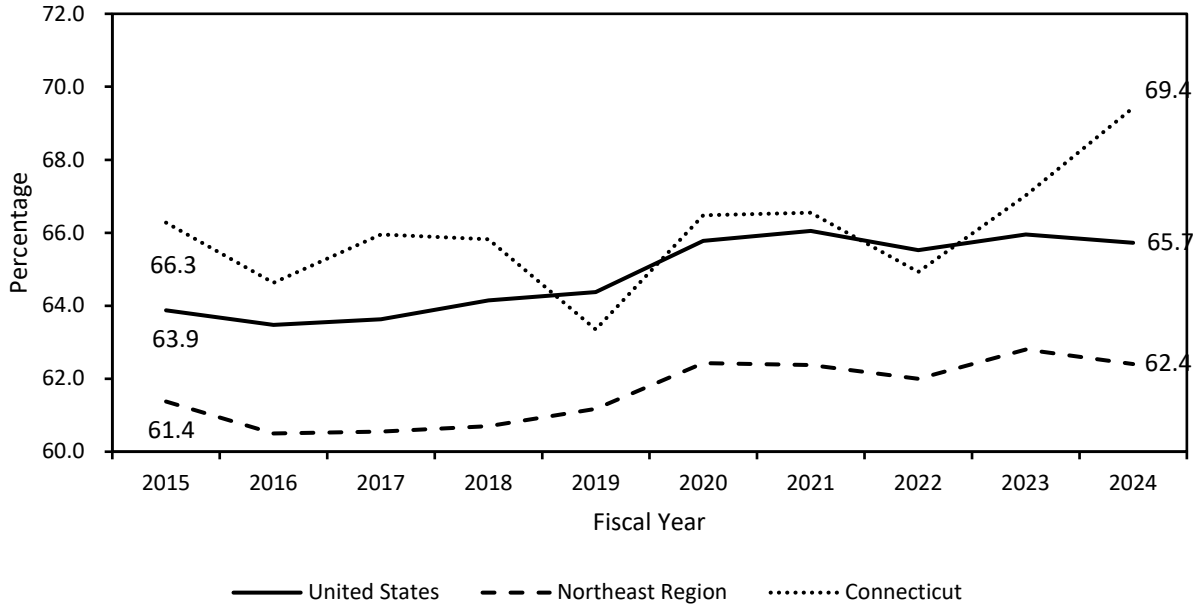


Source: Realtor.com, Federal Reserve Bank of St. Louis Economic Data (FRED)

Homeownership and Home Equity

The rate of homeownership in the United States has remained between 60 and 70 percent since 1965, the earliest available data from the Federal Reserve Bank of St. Louis's Economic Data (FRED). After reaching a high of 69.2% prior to the 2007 housing crisis, homeownership rates in the nation declined, reaching a low of 63.5% on an annual basis in FY 2016. Since then, homeownership rates nationally have rebounded slightly to 65.7%. Over the previous 10 years, Connecticut's homeownership rate has averaged 66.0%, higher than 61.6% for the Northeast and 64.9% for the nation as a whole. The following graph presents homeownership rates for Connecticut, the Northeast region, and the Nation from FY 2015 through FY 2024. It is important to note that quarterly homeownership data promulgated by the U.S. Census Bureau for Connecticut is based on survey data, with a reported margin of error of 4% for calendar year 2023. It is likely that some of the "volatility" for Connecticut level data from year-to-year is attributable to survey errors within the margin.

HOMEOWNERSHIP RATES IN THE UNITED STATES, NORTHEAST, AND CONNECTICUT



Source: U.S. Census Bureau, St. Louis Federal Reserve Economic Data (FRED)

Nationally, owners' equity in their homes has increased in 9 out of the last 10 years, increasing from 57.3% in FY 2015 to 71.9% in FY 2024. Over this period, home values have more than doubled from $21.9 trillion in FY 2015 to $46.3 trillion in FY 2024. The compound annual growth rate of home values during this period was 8.7%. 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. The following table summarizes owners' equity data from the Federal Reserve.

TABLE 11
OWNERS' EQUITY AS A PERCENTAGE OF HOUSEHOLD REAL ESTATE
(In Billions)

Fiscal Year	Home Values*	Home Mortgages*	Home Equity
2015	21,857.7	9,334.3	57.3%
2016	23,373.0	9,433.4	59.6%
2017	25,140.9	9,623.8	61.7%
2018	27,056.0	9,877.8	63.5%
2019	28,661.1	10,144.1	64.6%
2020	30,306.7	10,405.2	65.7%
2021	33,938.4	10,896.6	67.9%
2022	41,112.9	11,922.6	71.0%
2023	43,354.5	12,661.7	70.8%
2024	46,337.9	13,036.4	71.9%

Source: Federal Reserve "Flow of Funds" Table B.101
*In Nominal Dollars

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 1.7% in FY 2024, which was a slight decrease over the 1.8% delinquency rate registered in FY 2023. FY 2024 levels were the lowest since FY 2006.

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 291,100 job losses from February through April, the peak of the pandemic in the northeast region, after government restrictions were put in place. Connecticut jobs had fully recovered COVID losses as of June 2023 employment levels. As of November 2024, nonfarm employment levels stand at 1,709,300 jobs, which is 10,700 above February 2020 levels.

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 2,200 jobs between FY 2023 and FY 2024. Likewise, the level of establishment employment based on the employer survey response increased by 19,500 jobs in FY 2024. Residential employment levels remain below their pre-pandemic peak as establishment employment levels have surpassed their pre-pandemic peak.

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

TABLE 12
CONNECTICUT SURVEY EMPLOYMENT COMPARISONS
(In Thousands)

Fiscal Year	Residential Employment	% Growth	Establishment Employment	% Growth
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	1.7	1,695.2	0.3
2018	1,837.2	0.2	1,696.7	0.1
2019	1,858.3	1.1	1,698.6	0.1
2020	1,816.8	(2.2)	1,633.3	(3.8)
2021	1,680.1	(7.5)	1,583.9	(3.0)
2022	1,808.7	7.7	1,648.8	4.1
2023	1,822.6	0.8	1,683.0	2.1
2024	1,824.8	0.1	1,702.5	1.2

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 13
NONAGRICULTURAL EMPLOYMENT
(In Thousands)

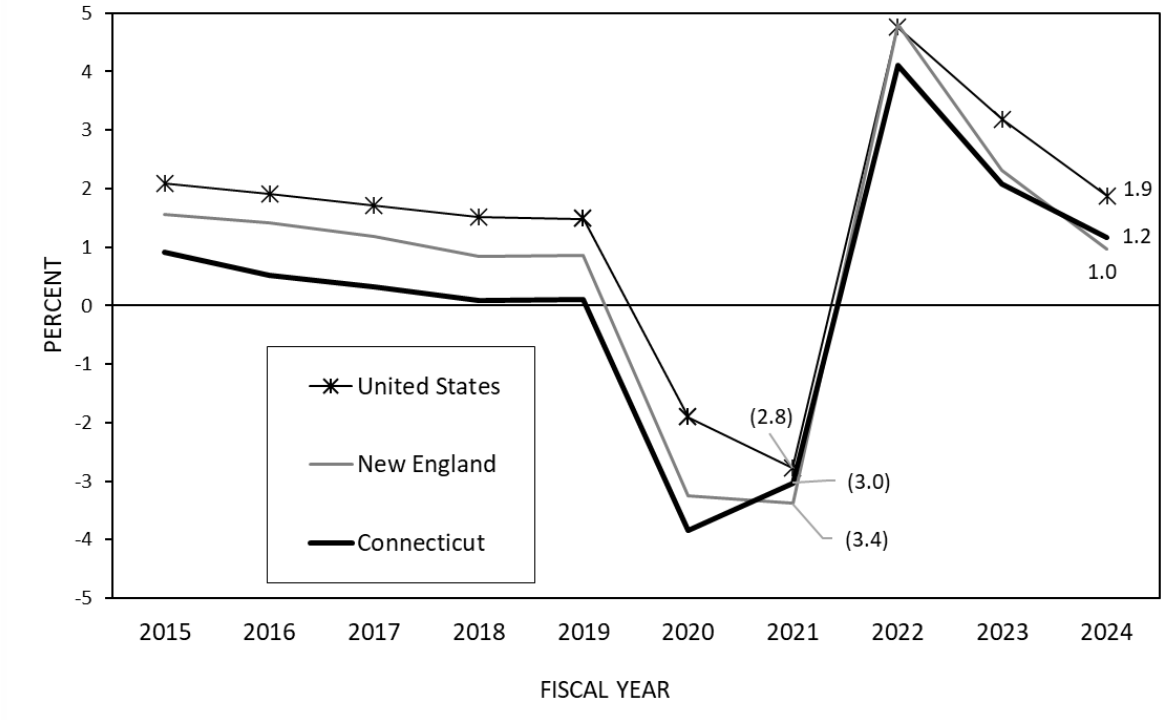
Fiscal	United States		New England		Connecticut	
Year	Number	% Growth	Number	% Growth	Number	% Growth
2015	140,409.1	2.1	7,201.2	1.6	1,681.3	0.9
2016	143,086.9	1.9	7,303.5	1.4	1,689.9	0.5
2017	145,534.8	1.7	7,389.8	1.2	1,695.2	0.3
2018	147,739.2	1.5	7,451.5	0.8	1,696.7	0.1
2019	149,926.5	1.5	7,514.9	0.9	1,698.6	0.1
2020	147,060.9	(1.9)	7,270.9	(3.2)	1,633.3	(3.8)
2021	142,974.8	(2.8)	7,025.0	(3.4)	1,583.9	(3.0)
2022	149,783.1	4.8	7,363.2	4.8	1,648.8	4.1
2023	154,544.6	3.2	7,533.3	2.3	1,683.0	2.1
2024	157,425.3	1.9	7,606.2	1.0	1,702.5	1.2

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

In Connecticut, approximately 62.8% 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 83,800 nonagricultural jobs. FY 2020 saw a reversal of positive employment growth with a loss of 65,200 jobs in a single fiscal year. This trend continued in FY 2021 with an additional decrease of 49,400 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, 65,000 jobs were gained between FY 2021 and FY 2022. As of November 2024, Connecticut's private sector had recovered 101.0% of its jobs lost during the pandemic compared to total Connecticut employment levels which had recovered 100.6% of the jobs lost. 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 FY 2024, employment growth has increased for both the United States and Connecticut by 7.0% and 4.2%, 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 2024, approximately 90% of the state's workforce was employed in nonmanufacturing jobs, up from roughly 50% in early 1950.

TABLE 14
NONAGRICULTURAL EMPLOYMENT
LONG-TERM GROWTH RATES
(Not Seasonally Adjusted)

		Growth Rates		Cumulative Growth Rates	
Fiscal Year		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	2024	7.0%	4.2%	259.4%	132.4%

Source: U.S. Bureau of Labor Statistics

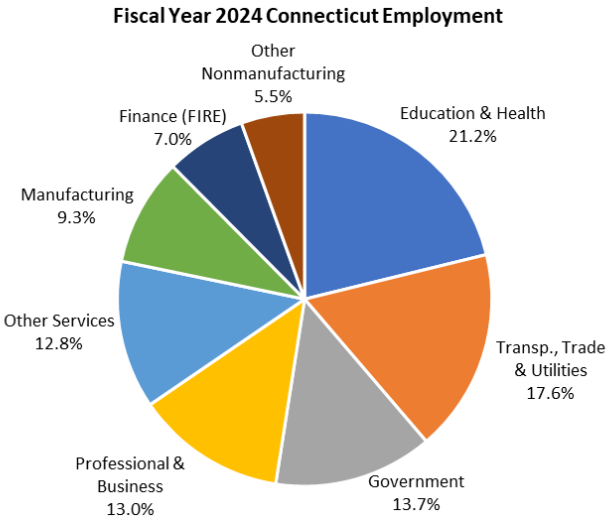
The following table depicts the decrease in the ratio of manufacturing employment to total employment in Connecticut over the last six decades.

TABLE 15
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	1,564.0	250.6	1,313.4	16.0
2000	1,690.0	235.3	1,454.7	13.9
2005	1,666.3	194.3	1,472.0	11.7
2010	1,614.8	163.4	1,451.4	10.1
2015	1,681.3	156.9	1,524.4	9.3
2020	1,633.3	158.6	1,474.7	9.7
2021	1,583.9	152.2	1,431.7	9.6
2022	1,648.8	154.9	1,493.9	9.4
2023	1,683.0	158.4	1,524.6	9.4
2024	1,702.5	158.4	1,544.1	9.3

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

The chart on the right provides a breakdown of Connecticut employment in FY 2024. Connecticut employment is highly concentrated in nonmanufacturing employment sectors with only 9.3% 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 67.6% of those working employed in that classification.

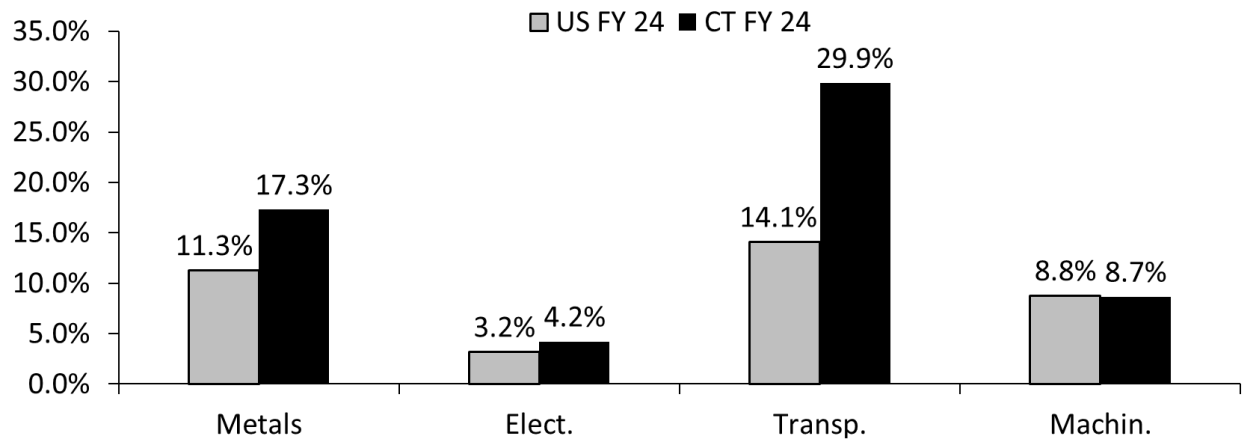


Manufacturing Employment

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 29.9% FY 2024. Employment in the fabricated metals sector as a percent of total state manufacturing has remained relatively stable over the past decade at approximately 18.7% in FY 2015 and 17.3% in FY 2024. The other major manufacturing sectors, industrial machinery, and electrical equipment and appliances make up approximately 8.7% and 4.2% of the total manufacturing sector, respectively, in FY 2024. 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)



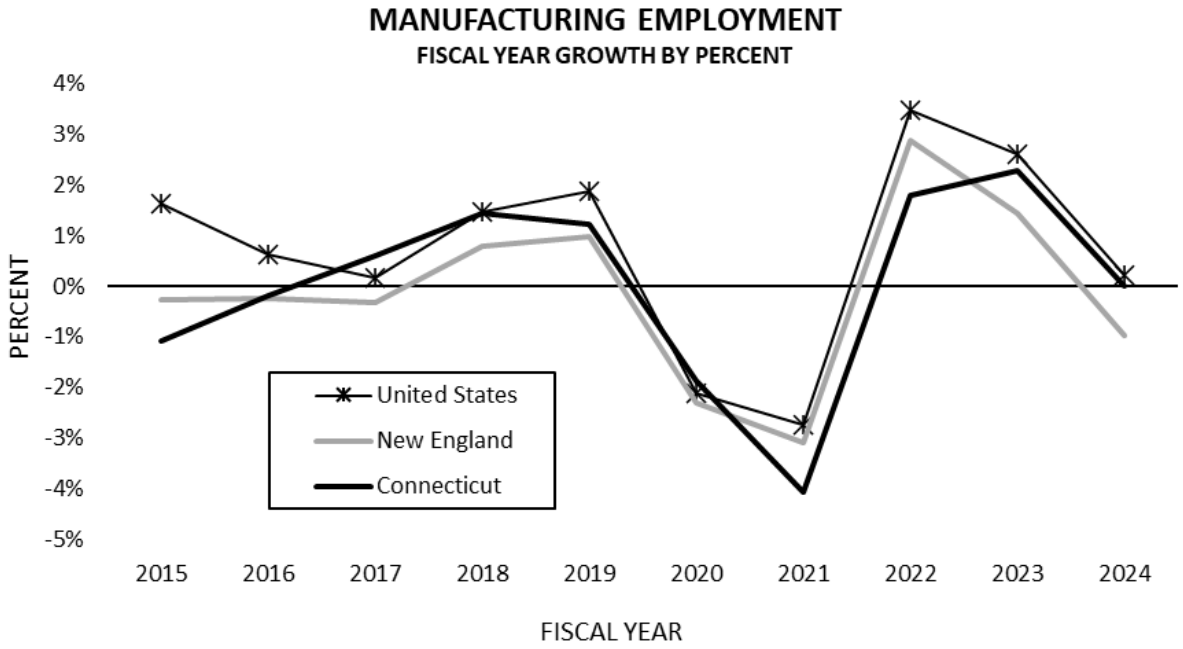
Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department, IHS Economics

In FY 2020, manufacturing employment in the State of Connecticut saw a decline of 1.9% after three annual increases in FY 2017, FY 2018, and FY 2019. The United States also saw a decline of 2.1% 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 2.7% in the United States and 4.1% in Connecticut. This trend reversed in FY 2022 with an increase of 3.5% and 1.8% for the United States and Connecticut, respectively. Growth continued in FY 2023 before slowing significantly in FY 2024, registering positive growth of 0.2% for the United States and no growth in Connecticut in FY 2024 over FY 2023 levels.

TABLE 16
MANUFACTURING EMPLOYMENT
(In Thousands)

Fiscal	United States		New England		Connecticut	
Year	Number	% Growth	Number	% Growth	Number	% Growth
2015	12,279.0	1.6%	592.4	-0.3%	156.9	-1.1%
2016	12,354.5	0.6%	590.9	-0.3%	156.6	-0.2%
2017	12,373.3	0.2%	588.9	-0.3%	157.5	0.6%
2018	12,552.4	1.4%	593.6	0.8%	159.7	1.4%
2019	12,787.9	1.9%	599.4	1.0%	161.7	1.2%
2020	12,516.8	-2.1%	585.6	-2.3%	158.6	-1.9%
2021	12,174.8	-2.7%	567.6	-3.1%	152.2	-4.1%
2022	12,594.9	3.5%	583.8	2.9%	154.9	1.8%
2023	12,922.3	2.6%	592.2	1.4%	158.4	2.3%
2024	12,950.3	0.2%	586.4	-1.0%	158.4	0.0%

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 9.3% of all nonfarm payroll jobs, compared with 8.2% in the U.S. and 7.7% in New England in FY 2024. 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 remained relatively flat in FY 2024 over FY 2023. Connecticut experienced no growth, compared to the United States' growth of a dismal 0.2%, and New England's 1.0% decline. In the past ten years, the only growth to occur within the manufacturing industry in Connecticut occurred in transportation equipment and in chemicals with a 17.7% and 1.6% increase, respectively. This gain was offset by reductions in the remaining industry types. The largest decline occurred in electrical equipment and appliances which dropped 24.1%, followed by printing and related support activities which dropped 12.6%, and fabricated metals which dropped 6.7%. The percent change of a positive 1.0% from FY 2015 to FY 2024 has begun to reverse a trend where manufacturing employment had been declining overall over the last decade. Although there was no growth in manufacturing employment in FY 2024 over FY 2023, data shows manufacturing employment on a positive trend in the prior 10 years.

TABLE 17
CONNECTICUT MANUFACTURING EMPLOYMENT BY INDUSTRY
(In Thousands)

Industry	FY 2015	FY 2023	FY 2024	2023-2024 % Change	2015-2024 % Change
Transportation Equipment	40.2	45.9	47.3	3.0	17.7
Fabricated Metal Products	29.4	27.8	27.4	(1.5)	(6.7)
Electrical Equipment and Appliances	8.8	7.0	6.7	(5.3)	(24.1)
Chemicals	7.8	8.1	7.9	(2.3)	1.6
Printing and Related Support Activities	5.1	4.6	4.5	(2.1)	(12.6)
Machinery	14.1	13.8	13.7	(0.6)	(3.0)
All Other	51.4	51.1	50.9	(0.4)	(1.0)
Total Mfg. Employment	156.9	158.4	158.4	0.0	1.0

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 19,500 positions and increased by approximately 1.3% from FY 2023 to FY 2024. This increase was due in large part to a rebound in the services sector which increased by 1.9% (14,500 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 since been lifted entirely, this sector has rebounded with 1.4% growth between FY 2023 and FY 2024. The transportation and warehousing sector and the government sector also experienced growth between FY 2023 and FY 2024 with a 4.6% and 1.7% gain, respectively, 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 8.6% since FY 2015, a loss of 11,100 jobs, having experienced no growth from FY 2023 and FY 2024. The state and local government sector also has experienced a significant contraction over the last ten years, losing more than 11,700 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 approximately 23,400 jobs added over the last ten years.

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 18
CONNECTICUT NONMANUFACTURING EMPLOYMENT BY INDUSTRY
(In Thousands)

Industry	FY 2015	FY 2023	FY 2024	2023-2024 % Change	2015-2024 % Change
Construction & Mining	57.5	62.3	63.1	1.2	9.6
Information	32.3	31.5	30.3	(3.9)	(6.4)
Transp., Trade & Utilities	**295.4**	**297.6**	**299.1**	**0.5**	**1.3**
Transpo & Warehousing	43.5	64.0	66.9	4.6	53.7
Utilities	5.7	4.9	5.1	3.1	(10.8)
Wholesale	61.8	60.8	61.4	1.0	(0.6)
Retail	184.4	168.0	165.8	(1.3)	(10.1)
Finance (FIRE)	**129.5**	**118.5**	**118.4**	**(0.0)**	**(8.6)**
Finance & Insurance	110.0	98.8	98.7	(0.1)	(10.2)
Real Estate	19.5	19.6	19.7	0.2	0.6
Services	**765.3**	**784.8**	**799.4**	**1.9**	**4.4**
Professional & Business	217.6	222.3	221.1	(0.6)	1.6
Education & Health	333.5	348.6	360.4	3.4	8.1
Leisure & Hospitality	150.7	152.0	154.1	1.4	2.3
All Other Services	63.5	61.9	63.7	2.9	0.4
Government	**244.4**	**229.9**	**233.9**	**1.7**	**(4.3)**
Federal	17.6	18.5	18.8	1.9	6.7
State & Local	226.7	211.4	215.1	1.7	(5.1)
Total Nonmanufacturing	1,524.4	1,524.6	1,544.1	1.3	1.3

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

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

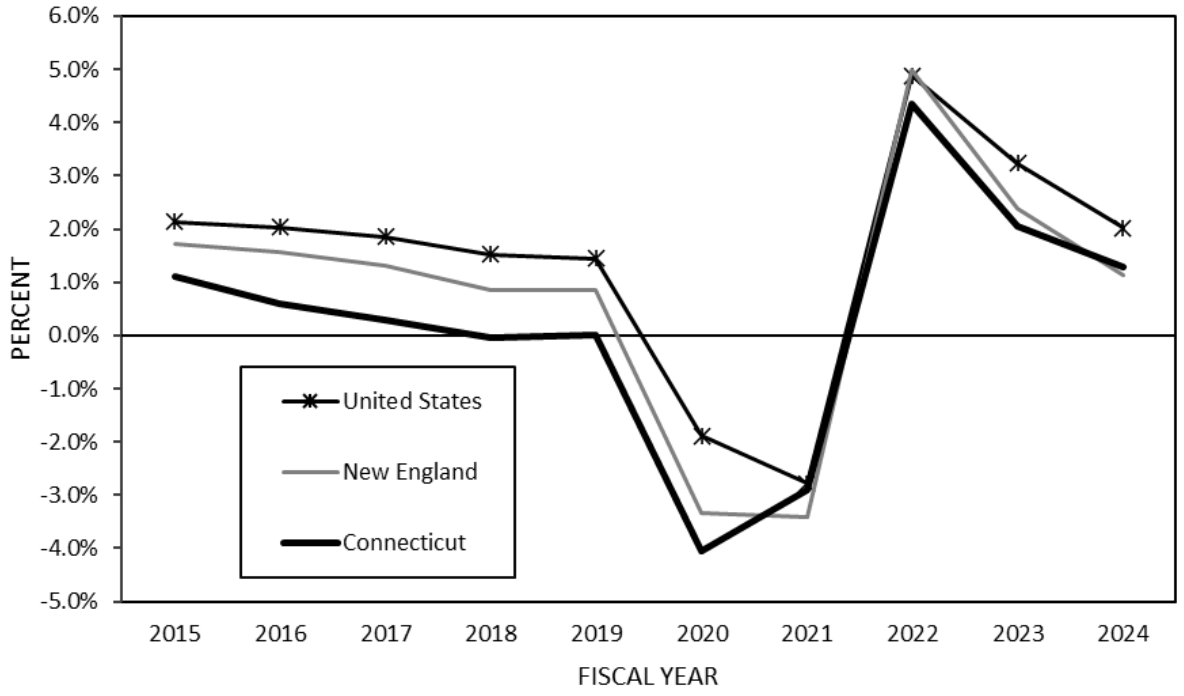
The following table and chart provide a ten fiscal year profile of nonmanufacturing employment in the United States, the New England region, and Connecticut.

TABLE 19
NONMANUFACTURING EMPLOYMENT
(In Thousands)

Fiscal	United States		New England		Connecticut	
Year	Number	% Change	Number	% Change	Number	% Change
2015	128,130.1	2.1	6,608.8	1.7	1,524.4	1.1
2016	130,732.4	2.0	6,712.6	1.6	1,533.3	0.6
2017	133,161.5	1.9	6,800.9	1.3	1,537.7	0.3
2018	135,186.8	1.5	6,857.9	0.8	1,536.9	(0.1)
2019	137,138.6	1.4	6,915.5	0.8	1,536.9	(0.0)
2020	134,544.1	(1.9)	6,685.3	(3.3)	1,474.7	(4.0)
2021	130,800.0	(2.8)	6,457.4	(3.4)	1,431.7	(2.9)
2022	137,188.2	4.9	6,779.3	5.0	1,493.9	4.3
2023	141,622.3	3.2	6,941.2	2.4	1,524.6	2.1
2024	144,475.0	2.0	7,019.7	1.1	1,544.1	1.3

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

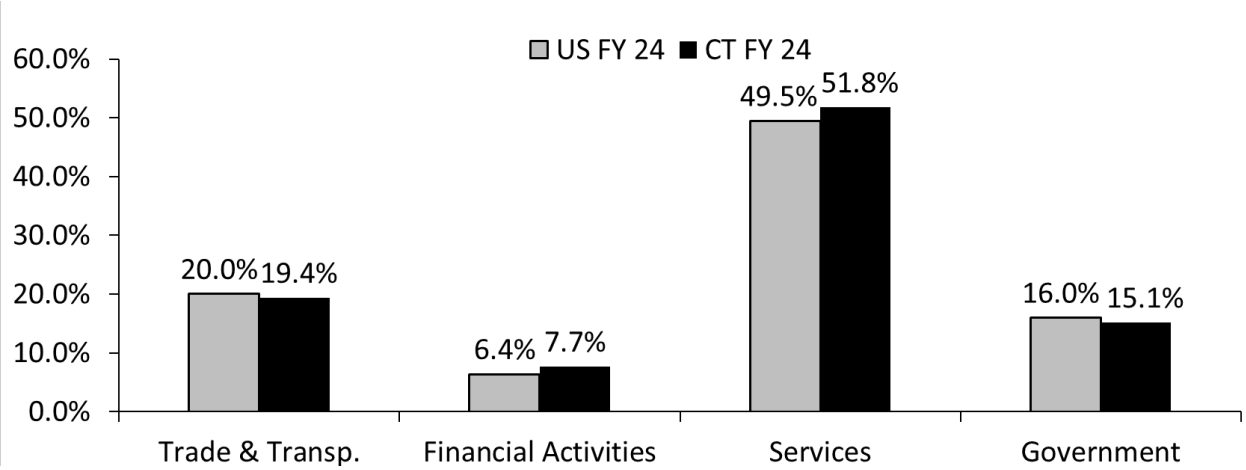
NONMANUFACTING EMPLOYMENT
FISCAL YEAR GROWTH BY PERCENT



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 20
AVERAGE CONNECTICUT NONMANUFACTURING ANNUAL SALARIES

				Percent Change	
	FY	FY	FY	2023-2024	2015-2024
Industry	2015	2023	2024	% Change	% Change
Construction	$ 63,985	$ 83,514	$ 88,634	6.1	38.5
Information	96,311	149,863	166,525	11.1	72.9
Transportation, Trade, & Utilities	49,285	64,195	67,150	4.6	36.2
Wholesale Trade	92,642	120,657	127,202	5.4	37.3
Retail Trade	32,771	43,537	44,975	3.3	37.2
Financial Activities	150,203	188,578	198,689	5.4	32.3
Professional & Business Svcs	85,377	111,101	115,798	4.2	35.6
Educational & Health Svcs	50,456	67,098	68,777	2.5	36.3
Leisure & Hospitality	24,348	36,361	38,396	5.6	57.7
Government	58,943	72,931	75,174	3.1	27.5
Federal Government	74,024	87,673	91,862	4.8	24.1
State & Local Government	57,770	71,644	73,715	2.9	27.6

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

Unemployment Rate

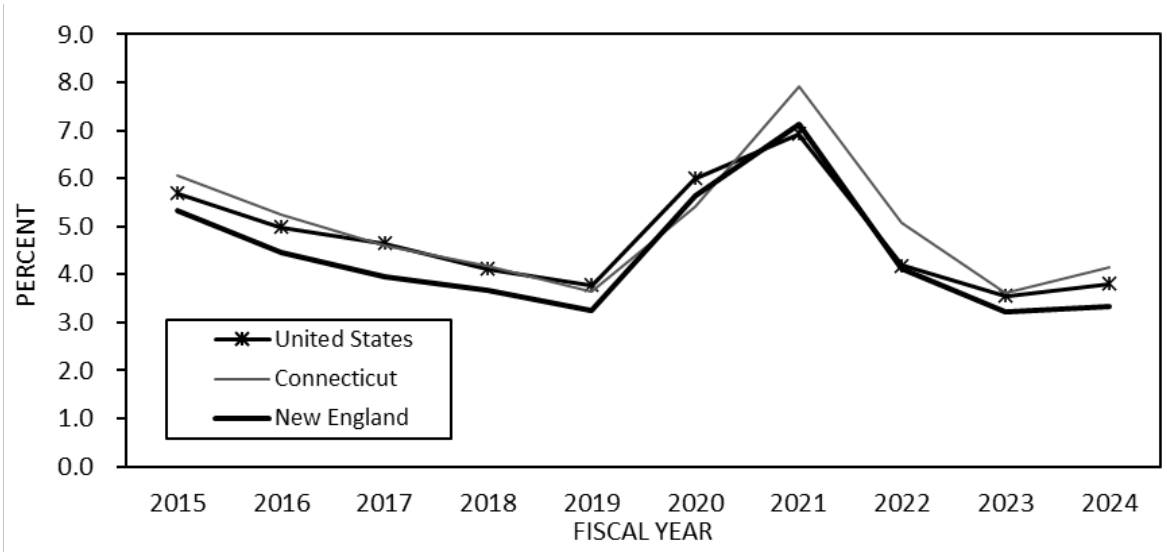
The unemployment rate is the proportion of persons in the civilian labor force who do not have jobs but are actively looking for work. The rate is based upon a monthly survey in which household members are asked a series of questions, one of which is whether a jobless person has looked for work at some 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 United States, the New England region, and Connecticut over a ten-year period. Unemployment rates rose considerably due to the pandemic induced recession and have since declined substantially to near record lows for the state. Connecticut's unemployment rate and the national average were 4.2% and 3.8% respectively for FY 2024, while they were 3.6% and 3.5% last year.

TABLE 21
UNEMPLOYMENT RATES
BY FISCAL YEAR (%)

Fiscal Year	United States	New England	Connecticut
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	7.1	7.9
2022	4.2	4.1	5.1
2023	3.5	3.2	3.6
2024	3.8	3.3	4.2

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 modified 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 2023. Both supply and demand continued to increase in 2023, with supply increasing by 2.2% over 2022 levels compared to 4.6% in 2022 over 2021 levels, and demand increasing by 2.6% over 2022 demand levels, compared to a relatively small 0.8% increase in 2022 over 2021 levels. This return to a steadier growth in supply and demand reflects a change from the marked fluctuations experienced during the COVID-19 Pandemic. 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 11.39 million barrels per day (MBPD), it consumed 4.05 MBPD, generating a 7.34 MBPD surplus. The Organization for Economic Cooperation and Development (OECD), on the other hand, consumed (44.73 MBPD) more than it supplied (31.33 MBPD), registering a 13.40 MBPD deficit.

The United States had a -2.0% dependency rate on foreign oil supplies in 2023, down from 7.2% in 2022 and significantly below the ten-year average of 22.7% for the period ending in 2022. The nation accounted for 18.9% of global demand and 20.1% of global supply. The development of new oil production technologies, like fracking and horizontal drilling, and increasing fuel efficiency has led the United States to become progressively less reliant on foreign oil. While the United States continues to import crude oil for reasons related to refinery design and global markets, it has grown to become a net exporter of finished petroleum products plus crude 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, and in 2023 set an all-time record for oil production.

China and India, the world's two most populous countries, told slightly different stories in 2023. India's consumption remained flat compared to the previous year, accounting for 5.4% of worldwide demand. On the other hand, China showed a 15.9% increase in total demand, accounting for 16.5% of worldwide demand. The two countries accounted for a combined 21.9% of the worldwide demand total in 2023, a 1.5% percentage point increase from 2022. China, the world's third largest consumer market 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 2023, China consumed 16.58 MBPD while

supplying 4.19 MBPD, registering a growing 12.39 MBPD deficit compared to 10.18 in 2022. China had a 74.7% dependence rate on foreign oil in 2023, surpassing the highest level ever registered by the United States of 66.4% in 2005 and 2006.

TABLE 22
WORLD OIL SUPPLY AND DEMAND
Calendar Year 2023

	Supply			Demand	
	Millions of Barrels Per Day	% of Total		Millions of Barrels Per Day	% of Total
Total OECD (a)	31.33	32.5%	Total OECD	44.73	44.6%
United States	19.36	20.1%	United States	18.98	18.9%
Canada	5.65	5.9%	Canada	2.35	2.3%
Mexico	2.04	2.1%	Mexico	1.96	2.0%
Other OECD	4.28	4.4%	Japan	3.36	3.4%
			Germany	1.95	1.9%
Total OPEC (b)	34.04	35.3%	France	1.35	1.3%
Saudi Arabia	11.39	11.8%	Italy	1.22	1.2%
United Arab Emirates	3.92	4.1%	United Kingdom	1.33	1.3%
Iran	4.66	4.8%	Other OECD	12.23	12.2%
Iraq	4.36	4.5%			
Other OPEC	9.71	10.1%	Total Non-OECD	55.49	55.4%
			Russia	3.64	3.6%
All Other	31.01	32.2%	China	16.58	16.5%
Russia	11.07	11.5%	India	5.45	5.4%
China	4.19	4.3%	Saudi Arabia	4.05	4.0%
Other	15.75	16.3%	Other	25.77	25.7%
Total 2023 Supply	96.38	100.0%	**Total 2023 Demand**	100.22	100.0%
Total 2022 Supply	94.29	97.8%	**Total 2022 Demand**	97.68	97.5%
Change	2.09	2.2%	Change	2.54	2.6%

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: 2024 Energy Institute Statistical Review of World Energy

United States

The U.S. has the largest demand for world oil. While the country contains 4.14% of the world population and produces 20.1% of world oil, it consumes 18.9% of world oil. The nation has long been a net energy importer, but America's energy dependence has decreased significantly 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 93.5 quadrillion British Thermal Units (QBTU's) of energy in 2023, 82.6% 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 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 2023 by fuel type and by economic sector. Petroleum products are currently the most important energy source for the U.S. economy. The 35.5 quadrillion petroleum-generated BTU's accounted for 38.0% of U.S. energy consumption, followed by natural gas at 33.6 QBTU's and coal at 8.2 QBTU's.

TABLE 23
U.S. ENERGY CONSUMPTION IN 2023
(Quadrillion BTU's)

	Resi-dential	Com-mercial	In-dustrial	Trans-portation	Electric Generation	Total	% of Total
Fossil Fuels							
Natural Gas	4.6	3.4	10.9	1.3	13.3	33.6	35.9
Petroleum	1.0	0.9	8.5	24.8	0.2	35.5	38.0
Coal	0.0	0.0	0.9	0.0	7.2	8.2	8.7
Nuclear	0.0	0.0	0.0	0.0	8.1	8.1	8.7
Renewables							
Hydroelectric	0.0	0.0	0.0	0.0	0.8	0.8	0.9
Other*	0.7	0.3	2.2	1.8	2.4	7.4	7.9
Electricity	5.0	4.7	3.5	0.0	0.1	13.2	14.2
Electric Losses	7.1	6.7	5.0	0.0	-32.2	-13.3	(14.2)
Total Demand	18.4	16.1	31.1	28.0	0.0	93.5	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 2.5% of electric generation to the U.S. in 2023, compared to approximately 60% in Canada in 2023. 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 April 2024, the United States had 94 operable nuclear reactors in service. Nuclear generation accounted for about 18.6% of domestic electricity net generation

in 2023. 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 31.1 QBTU's in 2023, followed by transportation at 28.0 QBTU's, residential at 18.4 QBTU's, and commercial at 16.1 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 2022, bringing the price per barrel up to a peak of $95.29. Since 2022, the price per barrel has decreased, falling 21.4% in 2023 and a further 0.2% through the first two quarters of 2024.

TABLE 24
CRUDE OIL PRICES AND U.S. CONSUMPTION
Refiners' Crude Oil Acquisition Costs* Per Barrel

Calendar Year	In Current Dollars	In 2017 Dollars	Percent Change
2015	48.39	49.72	-47.9%
2016	40.66	41.39	-16.8%
2017	50.68	50.68	22.4%
2018	64.38	62.94	24.2%
2019	59.38	57.09	-9.3%
2020	39.75	37.72	-33.9%
2021	67.83	61.54	63.1%
2022	95.29	80.77	31.2%
2023	77.67	63.52	-21.4%
2024**	79.02	63.42	-0.2%

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 and led to record-high oil production.

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 25
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	88.7	1.0	11,413.0	7,769	(1.5)
2000	96.7	1.7	14,096.0	6,860	(2.5)
2005	98.1	0.3	15,988.0	6,136	(2.2)
2010	95.1	(0.6)	16,789.8	5,667	(1.6)
2015	94.5	(0.9)	18,799.6	5,026	(3.7)
2020	88.9	(8.0)	20,234.1	4,391	(5.9)
2021	93.4	5.1	21,407.7	4,361	(0.7)
2022	94.8	1.5	21,822.0	4,344	(0.4)
2023	93.6	(1.3)	22,376.9	4,182	(3.7)

*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 2023, energy consumption per dollar of real GDP decreased at a compound annual rate of 2.1% per year. In 1990, 8,397 BTU's of energy were required to produce $1 of GDP measured in 2017 dollars. In 2023, that number was 4,182 BTU's, a 50.2% 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 when Russia invaded Ukraine in 2022. As of August 2024, the reserve held 374.5 million barrels of crude oil.

Connecticut

Connecticut is one of the most energy-efficient states in the nation 41.0% below the national average of 4.34 thousand BTU's per 2017 chained dollar of Gross State Product in 2022. The state consumed 2.56 thousand BTU's per 2017 chained dollar of Gross State Product in 2022. This puts Connecticut behind only Washington, Massachusetts, California, 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 196.1 million BTU's per capita in 2022. Connecticut ranks 43rd among the 50 states plus the District of Columbia. Connecticut was 31.0% below the national figure of approximately 284.4 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 2022, Connecticut residents spent $33.33 per million BTU, compared to $25.66 for the nation.

TABLE 26
CONSUMER ENERGY PRICES IN THE UNITED STATES AND CONNECTICUT*
Nominal Dollars per Million BTU in 2022

	Natural Gas	Motor Gasoline	Distillate Fuel Oil*	All Petroleum**	Retail Electricity	Total Energy
Connecticut	$11.18	$33.83	$32.31	$32.93	$61.77	$33.33
United States	$9.25	$32.41	$34.61	$30.11	$36.35	$25.66
CT as a % of the U.S.	121%	104%	93%	109%	170%	130%

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 2022

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 2022, the latest data available. Overall energy costs in Connecticut in 2022 were 30% higher than the national average, with retail electricity prices 70% higher than the national average.

TABLE 27
CONNECTICUT ENERGY CONSUMPTION IN 2022
(Trillion BTU's)

Fuels	Resi-dential	Com-mercial	In-dustrial	Trans-portation	Electric Generation	CT Total	% of CT Total	% of US Total
Natural Gas	52.2	56.7	22.3	6.3	169.7	307.2	43.4	27.8
Petroleum	59.8	17.4	18.3	218.1	3.6	317.2	44.8	41.5
Coal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.6
Nuclear	0.0	0.0	0.0	0.0	171.7	171.7	24.3	9.5
Hydroelectric	0.0	0.0	0.0	0.0	1.1	1.1	0.2	1.1
Other*	7.8	2.2	3.8	0.0	10.4	24.2	3.4	8.4
Deliv. Elec.	45.0	39.7	9.5	0.6	0.0	94.8	13.4	15.8
Deliv. Losses	70.4	62.1	14.8	0.9	(356.5)	(208.3)	(29.4)	(15.7)
Total Demand	235.2	178.1	68.7	225.9	0.0	707.9	100.0	100.0
% of Total-CT	33.2	25.2	9.7	31.9	0.0	100.0		
% of Total-U.S.	23.1	19.3	25.0	32.6	0.0	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 2022

The preceding table displays the amount and percentage share of total energy consumed in Connecticut by fuel source and sector in 2022, the latest available data. Compared to the nation, nuclear and natural gas provide more of Connecticut's energy needs, while coal provides none. Notably, with the deactivation of Bridgeport's Harbor Station coal-burning power plant in 2021, Connecticut became one of only six states that no longer uses coal to generate electricity. 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 with no reliance on coal for electric generation compared to the United States which does in fact rely on coal for some of its electric generation. 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 2022 data, the latest available, highway vehicles in the U.S. consumed approximately 93.4% of all gasoline, with about 6.6% used for other purposes such as agriculture, aviation, construction, and boating. In 2022, gasoline consumption in the U.S. totaled 139.5 billion gallons, with Connecticut accounting for 1.5 billion gallons, 1.1% 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 9.0% in Connecticut, but consumption remained below pre-pandemic levels. In 2022, national consumption remained flat while statewide consumption grew 7.8%, nearing pre-pandemic levels. The table below shows gasoline consumption for the U.S. and Connecticut since 1995.

In 2022, Connecticut residents consumed 413.6 gallons of gasoline per capita, versus 418.6 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 in both Connecticut and the U.S. since. Between 2005 and 2022, per capita consumption decreased by 10.1% in Connecticut, versus 11.7% for the nation. As of 2022, Connecticut's per capita consumption is 98.8% of total U.S. consumption.

Connecticut residents owned 303 private and commercial automobiles per 1,000 residents in 2022, versus 296 for the nation. Also, Connecticut had 725 driver licenses per 1,000 residents in 2022, compared to 705 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 2023, of those commuting to work by car, 8.3% of Connecticut residents carpooled, versus 9.0% for the nation as a whole.

TABLE 28
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%	416.2	373.8	89.8%
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	354.2	91.9%
2021	139,926,671	9.6%	1,390,867	9.0%	421.3	383.8	91.1%
2022	139,595,562	-0.2%	1,499,846	7.8%	418.6	413.6	98.8%
Average	**2017-2022**				**425.3**	**402.2**	**94.5%**

* 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 mile per gallon (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 $3.64 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 2023, the average real price was $2.77 a gallon.

TABLE 29
RETAIL MOTOR GASOLINE PRICES
(Dollars per Gallon, Regular Gasoline)

Calendar Year	Nominal Price	Real Price*	Calendar Year	Nominal Price	Real Price*
1950	$0.27	$2.06	2011	$3.58	$3.64
1960	0.31	1.86	2012	3.68	3.68
1970	0.36	1.66	2013	3.58	3.51
1980	1.25	2.96	2014	3.44	3.32
1990	1.16	1.82	2015	2.52	2.41
2000	1.52	1.95	2016	2.25	2.13
2005	2.31	2.64	2017	2.53	2.36
2006	2.62	2.90	2018	2.81	2.56
2007	2.84	3.07	2019	2.69	2.41
2008	3.30	3.49	2020	2.26	2.00
2009	2.41	2.53	2021	3.10	2.62
2010	2.84	2.95	2022	4.06	3.20
			2023	3.64	2.77

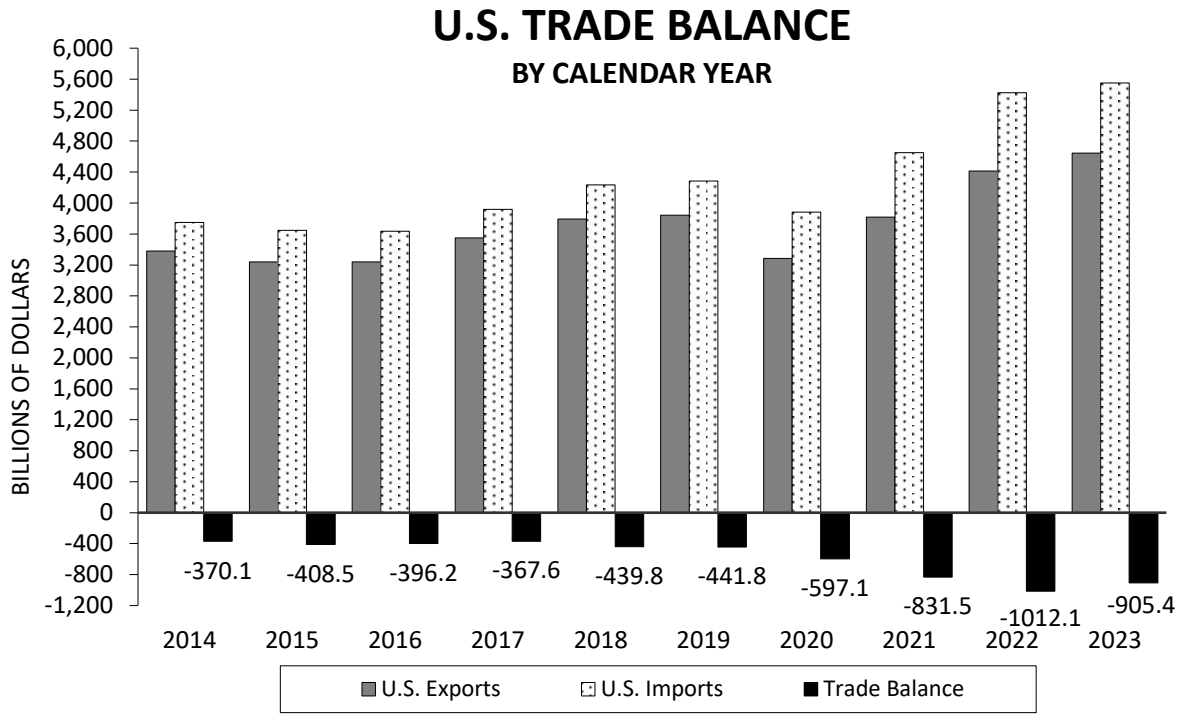
Note: Prices for 1950 to 1970 are leaded regular; 1980 and after are unleaded regular.
* Adjusted by GDP Price Deflator (2017=100)

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

Export Sector

Historically, trade has played an important role in the U.S. economy. Exports and a favorable balance of payments have stimulated growth in the American economy, 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 vital the country's economic expansion over the last half century. Total trade exports grew 37.5% from 2014 to 2023, while total trade imports grew 48.0% over the same time period.

The following graph illustrates the United States' trade balance for the past ten years. In 2023, the trade deficit decreased to $905.4 billion, down from $1,012.1 billion in 2022. 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 2023, supply chain issues, subsequent inflation increases, and a strong economy have led to an elevated imbalance in the US trade balance.



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

In the past two decades, America's trade balances have generally improved during recession years and deteriorated during recovery periods. Unlike previous expansionary cycles, from 2009 to 2018 the U.S. trade balance remained relatively stable, with little net change year over year. However, in 2020 as the COVID-19 Pandemic disrupted the world economy, the American trade deficit began to rapidly increase. The deficit, which peaked in 2022 at $1,012.1 billion, has shrunk slightly in 2023 to $905.4 billion. This is significantly more than the prior deficit peak in 2006 of $806.7 billion.

TABLE 30
U.S. TRADE DEFICIT BY CATEGORY
(In Billions of Dollars)

	2022			2023		
	Exports	Imports	Balance	Exports	Imports	Balance
Total Trade	**4,412.5**	**5,424.6**	**(1,012.1)**	**4,645.2**	**5,550.6**	**(905.4)**
Merchandise	**2,090.3**	**3,270.3**	**(1,179.9)**	**2,045.2**	**3,108.5**	**(1,063.3)**
Foods/Beverages	179.9	209.5	(29.7)	161.9	201.5	(39.6)
Industrial Supplies & Materials	810.9	808.4	2.5	719.6	668.4	51.2
Capital Goods, Excluding Autos	573.2	870.1	(296.9)	602.6	865.0	(262.4)
Autos	163.0	399.0	(236.0)	180.0	459.4	(279.4)
Consumer Goods	244.4	839.1	(594.6)	259.0	757.5	(498.4)
Others	118.9	144.2	(25.3)	122.1	156.7	(34.7)
Services	**949.1**	**713.9**	**235.2**	**1,026.6**	**748.2**	**278.4**
Travel & Transportation	249.7	281.8	(32.1)	302.9	308.0	(5.2)
Business Services	502.6	313.7	188.9	524.3	332.5	191.8
Royalties & License fees	137.8	61.0	76.8	134.4	47.5	86.9
Other Services	58.9	57.5	1.5	65.0	60.1	4.9
Investment Income	**1,373.1**	**1,440.5**	**(67.3)**	**1,573.4**	**1,693.9**	**(120.5)**
Direct Investment	608.1	319.3	288.7	629.2	307.2	322.0
Portfolio Investment Income	460.7	590.3	(129.7)	494.7	675.0	(180.3)
U.S. Gov't Receipts/Payments	188.7	372.0	(183.3)	196.6	384.2	(187.5)
Other Investment Income	115.7	158.8	(43.1)	252.8	327.5	(74.7)
			Net Change From Previous Year			
Total Trade	**618.0**	**762.1**	**(144.1)**	**232.7**	**125.9**	**106.7**
Merchandise	**324.5**	**421.2**	**(96.8)**	**(45.1)**	**(161.8)**	**116.7**
Foods/Beverages	15.4	26.2	(10.9)	(18.0)	(8.1)	(9.9)
Industrial Supplies & Materials	193.3	167.5	25.8	(91.4)	(140.0)	48.6
Capital Goods, Excluding Autos	51.7	106.5	(54.8)	29.5	(5.0)	34.5
Autos	16.6	52.7	(36.1)	17.1	60.4	(43.4)
Consumer Goods	22.6	71.0	(48.4)	14.6	(81.6)	96.2
Others	24.9	(2.6)	27.5	3.2	12.5	(9.4)
Services	**144.1**	**144.1**	**0.1**	**77.5**	**34.3**	**43.2**
Travel & Transportation	98.6	111.1	(12.5)	53.1	26.2	26.9
Business Services	29.6	21.1	8.5	21.7	18.9	2.8
Royalties & License fees	6.8	10.5	(3.7)	(3.4)	(13.5)	10.1
Other Services	9.2	1.4	7.8	6.1	2.7	3.4
Investment Income	**149.4**	**196.8**	**(47.4)**	**200.2**	**253.4**	**(53.2)**
Direct Investment	21.1	2.6	18.5	21.1	(12.2)	33.3
Portfolio Investment Income	65.8	66.1	(0.3)	34.1	84.7	(50.6)
U.S. Gov't Receipts/Payments	13.5	57.8	(44.3)	7.9	12.2	(4.2)
Other Investment Income	49.0	70.2	(21.3)	137.1	168.7	(31.6)

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 decreased by $116.6 billion for a total of $1,063.3 billion in 2023, down from $1,179.9 billion in 2022. This decrease was partially attributable to both Industrial Supplies & Materials and Consumer Goods, which experienced the largest positive changes in trade balance compared to 2022.

Of the total trade deficit of $905.4 billion in 2023, consumer goods accounted for the largest portion, reaching $498.4 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 decreased in 2022 by $96.2 billion.

The second largest portion of the deficit occurred in Autos. This category includes automobiles and parts. In 2023, the U.S. imported $459.4 billion worth of these goods compared to the $180.0 billion that the U.S. exported. The Autos trade deficit, at $279.4 billion, represents a $43.4 billion increase from the deficit of $236.0 billion in 2022.

Service Transactions

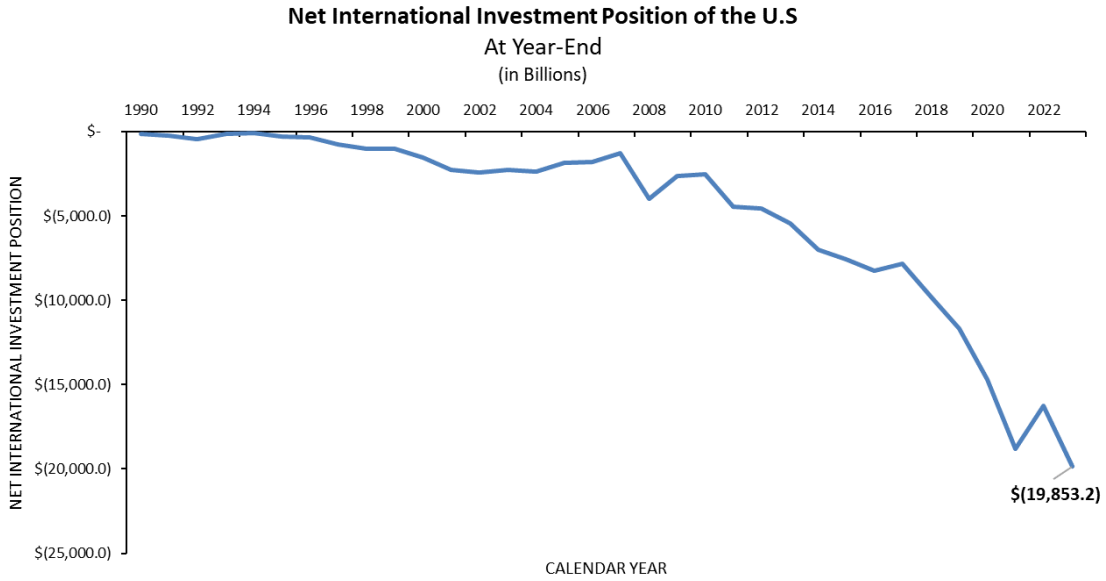
The United States is highly competitive in the delivery of services. The surplus in service transactions increased to $278.4 billion in 2023, from a surplus of $235.2 billion in 2022. Imports increased 4.8% to $748.2 billion while exports increased 8.2% to $1,026.6 billion. Of the $278.4 billion total surplus in 2023, $191.8 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. Offsetting U.S. receipts are payments 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 $120.5 billion in 2023.

According to the U.S. Bureau of Economic Analysis, in calendar year 2023, foreign assets in the U.S., measured at current cost, increased by $6,548.6 billion, or 13.7%, to $54,252.8 billion, compared to an increase of $2,959.4 billion, or 9.4%, to $34,399.6 billion for U.S. assets abroad. This placed U.S. international investment at a net negative $19,853.2 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 has grown rapidly in the last couple decades. In 2023, the U.S.'s direct

investment abroad was $10,606.8 billion and foreign direct investment in the U.S. was $14,809.1 billion, registering a net investment shortfall of $4,202.3 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, tariffs reduce competition, but they can have unintended consequences which can result in less efficient domestic industries that impede economic growth. The United States has used tariffs to protect domestic industries since the country's founding.

The first 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, 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 5.0% 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 $15,846.2 million in 2023, up 3.2% from 2022. Still, total Connecticut exports remain below pre COVID-19 Pandemic levels.

In 2023, the Connecticut industries that relied most heavily on exports were Transportation Equipment (NAICS 336), Nonelectrical Machinery (NAICS 333) and Computer and Electronic Products (NAICS 334). These three industries accounted for 61.5% of Connecticut's foreign sales in 2023. The following table shows the breakdown of major products by NAICS code for the past five years. In 2023, transportation equipment, which includes aircraft engines and spare parts, gas turbines, helicopters and spacecraft accounted for 34.0% of total exports which is slightly down from 2022. In terms of average annual growth from 2019 to 2023, Nonelectrical Machinery posted the strongest growth at 9.7%, followed by Miscellaneous Manufacturing at 5.7%.

Overall export growth in Connecticut was severely impacted by the COVID-19 pandemic. While exports grew steadily from their 2020 low, they are still far below pre-pandemic levels. Connecticut exports of commodities for the five years leading up to 2023 averaged -0.6%. Exports of $15.8 billion are estimated to account for 4.7% of Connecticut Gross State Product (GSP) in 2023, which is lower than the pre-pandemic level of 5.7% in 2019.

TABLE 31
COMMODITY EXPORTS ORIGINATING IN CONNECTICUT BY PRODUCT
(In Millions of Dollars)

NAICS	Industry	2019	2020	2021	2022	2023	Percent of 2023 Total	Average Growth 19-23
322	Paper	145.1	124.9	161.0	196.8	171.9	1.1%	4.3%
325	Chemicals	1,054.4	1,303.3	1,350.7	1,268.9	986.5	6.2%	-1.7%
326	Plastics and Rubber	295.1	211.7	318.4	287.0	302.5	1.9%	0.6%
331	Primary Metal	346.4	256.8	290.8	343.6	334.0	2.1%	-0.9%
332	Fabricated Metal	938.5	888.5	870.1	942.2	1,025.6	6.5%	2.2%
333	Machinery, exc. Elec.	2,180.8	2,134.6	2,221.2	2,696.5	3,156.1	19.9%	9.7%
334	Comp. & Electronic	1,176.9	1,032.5	1,128.6	1,158.3	1,201.8	7.6%	0.5%
335	Electrical Equipment	895.6	946.5	979.1	914.3	1,044.4	6.6%	3.9%
336	Transportation Equip.	6,951.0	4,883.3	5,130.0	5,237.0	5,390.0	34.0%	-6.2%
339	Misc. MFG	382.5	426.9	504.1	483.8	477.8	3.0%	5.7%
	Other	1,864.3	1,618.1	1,594.4	1,823.5	1,755.7	11.1%	-1.5%
Total Commodity Exports		16,230.6	13,827.2	14,548.4	15,352.0	15,846.2	100.0%	-0.6%
	% Growth	-6.7%	-14.8%	5.2%	5.5%	3.2%		
Gross State Product ($M)		285,466.4	275,801.9	295,907.5	319,344.8	340,181.3		4.5%
		1.8%	-3.4%	7.3%	7.9%	6.5%		
Exports as a % of GSP		5.7%	5.0%	4.9%	4.8%	4.7%		5.0%

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 $15.8 billion, with 66.7% of the total being shipped by air, 12.7% being delivered by sea, and the remaining 20.5% 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. Canada is the largest destination country in 2023 at 13.4% of total exports, followed by Germany, the Netherlands, the United Kingdom, and Mexico. These five countries accounted for 47.6% of total state exports in 2023. Exports to the Netherlands have grown the fastest in the past five years at an average growth rate of 10.3%, surpassing Mexico’s average growth rate of 7.3% in 2023.

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

Destination	2023 Rank	2019	2020	2021	2022	2023	Percent of 2023 Total	2019-2023 Average Growth Rate
Canada	1	1,952.9	1,670.8	1,738.8	2,069.0	2,117.4	13.4%	2.0%
Germany	2	2,541.5	2,189.7	2,332.5	2,096.4	2,099.3	13.2%	-4.7%
Netherlands	3	773.7	840.8	973.7	1,036.7	1,147.3	7.2%	10.3%
United Kingdom	4	1,451.7	1,160.8	1,022.1	1,364.4	1,098.1	6.9%	-6.7%
Mexico	5	810.1	753.8	978.7	1,137.1	1,074.2	6.8%	7.3%
France	6	1,859.6	894.3	724.3	1,094.5	1,057.6	6.7%	-13.2%
China	7	1,262.4	1,098.0	1,256.6	888.0	989.6	6.2%	-5.9%
Singapore	8	552.6	425.4	374.9	466.8	582.6	3.7%	1.3%
Korea, Republic Of	9	476.0	453.2	455.2	466.6	477.9	3.0%	0.1%
Japan	10	402.0	397.7	402.2	476.8	475.0	3.0%	4.3%
Other Areas		4,148.0	3,942.7	4,289.4	4,255.6	4,727.0	29.8%	3.3%
Total		16,230.6	13,827.2	14,548.4	15,352.0	15,846.2	100.0%	-0.6%

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

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 through financial incentive programs. 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 6.8% of the state's total nonfarm employment in 2022 was a result of foreign investment. In 2022, 113,200 Connecticut workers were employed by foreign-controlled companies, an increase of 8,700 since 2016. Major sources of foreign investment in Connecticut in 2022 included the Netherlands, the United Kingdom, Germany, and Canada.

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. The state's economy is affected by the volume of defense contracts awarded or subcontracted to Connecticut firms.

In federal fiscal year (FFY) 2023, contractors in the state were awarded $18.2 billion worth of defense-related prime contracts, with the heaviest concentration in the state's transportation equipment sector. This was an increase of 5.4% from the $17.2 billion received in awards in FFY 2022. 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. ARKA Group LP — Surveillance, Targeting, & Sensors
5. LiquidPiston Inc. — Aircraft Engines & Generators

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 33
VALUE OF PRIME CONTRACT AWARDS BY PROGRAM IN FFY 2023
(In Millions)

Connecticut Program	Value	Percent	United States Program	Value	Percent
Gas Turbines and Jet Engines	$ 6,541.1	36.0%	Aircraft, Fixed Wing	$ 35,275.7	12.7%
Combat Ships and Landing Vessels	6,332.4	34.8%	Combat Ships and Landing Vessels	16,159.0	5.8%
Aircraft, Rotary Wing	3,395.5	18.7%	General Health Care Services	13,790.3	5.0%
Helicopter Rotor Blades, Components	373.9	2.1%	Guided Missiles	12,116.1	4.4%
Miscellaneous Aircraft Accessories and Components	203.3	1.1%	Gas Turbines and Jet Engines	9,026.8	3.2%
Other	1,344.2	7.4%	Other	191,643.3	68.9%
Total	$ 18,190.4	100.0%	Total	$ 278,011.1	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 34
GEOGRAPHIC DISTRIBUTION OF CONNECTICUT PRIME AWARDS
(And Total Awards in Thousands of Dollars)

	FFY 2019	FFY 2020	FFY 2021	FFY 2022	FFY 2023
Fairfield	28.9%	19.7%	27.8%	21.1%	24.3%
Hartford	44.5%	26.4%	19.3%	45.6%	38.6%
Litchfield	0.2%	0.1%	0.0%	0.1%	0.1%
Middlesex	0.3%	0.1%	0.1%	0.0%	0.1%
New Haven	0.5%	0.3%	0.2%	0.3%	0.3%
New London	25.6%	53.3%	52.5%	32.7%	36.6%
Tolland	0.1%	0.1%	0.0%	0.0%	0.1%
Windham	0.1%	0.0%	0.0%	0.0%	0.1%
State Total	100.0%	100.0%	100.0%	100.0%	100.0%
State Total	$18,357,870	$22,355,563	$16,966,248	$17,261,824	$18,190,353

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 0.210 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 0.210, compared to 0.153 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 increased 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 $12.9 billion in FFY 2014 to $13.9 billion in FFY 2023. This represents an annual percentage growth rate of 0.8% per year from FFY 2014 to FFY 2023.

Table 35
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
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	46.72	3.0	16,762,486	22.6
2020	22,355,563	21.8	46.37	(0.7)	20,120,288	20.0
2021	16,966,248	(24.1)	44.79	(3.4)	14,782,774	(26.5)
2022	17,261,824	1.7	44.94	0.3	13,936,012	(5.7)
2023	18,190,353	5.4	46.33	3.1	13,976,063	0.3
Coefficient of Variation	0.210		0.056		0.179	

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

TABLE 36
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
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)
2023	18,190	5.4	17,473	(7.4)	278,011	(11.7)	290,873	(12.3)
Coefficient of Variation	0.210				0.153			

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 expansions and contractions in Connecticut's defense funding have historically been more volatile than the national average. 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. This has negative implications for the state's economy.

Connecticut's total defense awards, based on a three-year moving average, increased at an annual growth rate of 4.3% during the ten-year period from 2014 to 2023, compared to a growth rate of 0.3% 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 2023, while Connecticut ranked fourth nationally in total defense contracts awarded, it ranked first in per capita defense dollars awarded with a figure of $5,031. This figure was more than six times the national average of $824. In FFY 2022, Connecticut ranked fifth in total defense contracts awarded and first in per capita defense dollars awarded with a figure of $4,759. This was more than five times the national average of $944 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 37
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
2014	13,208	260,720	5.1%	244,372	11,997	5.4%
2015	12,148	253,370	4.8%	258,694	11,796	4.7%
2016	14,134	279,026	5.1%	263,354	13,163	5.4%
2017	11,623	300,634	3.9%	271,286	12,635	4.3%
2018	14,700	336,167	4.4%	279,609	13,486	5.3%
2019	18,358	360,113	5.1%	283,421	14,894	6.5%
2020	22,356	400,246	5.6%	277,260	18,471	8.1%
2021	16,966	279,812	6.1%	290,313	19,227	5.8%
2022	17,262	314,797	5.5%	313,628	18,861	5.5%
2023	18,190	278,011	6.5%	335,533	17,473	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 38
COMPARISON OF STATE PRIME CONTRACT AWARDS
Federal Fiscal Year 2023

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	**18,190,353**	**4**	**5,031**	**1**	New Jersey	4,184,370	19	451	26
Alaska	1,713,003	31	2,336	2	Oklahoma	1,821,437	30	450	27
Maine	3,221,429	22	2,309	3	Nebraska	883,051	38	447	28
Mississippi	6,684,500	13	2,274	4	New Mexico	932,002	37	441	29
Virginia	19,284,434	3	2,214	5	New York	8,189,390	11	418	30
Kentucky	9,504,180	10	2,101	6	Utah	1,421,661	33	416	31
Hawaii	2,494,761	26	1,738	7	Indiana	2,839,860	25	414	32
Texas	48,744,735	1	1,601	8	North Dakota	298,641	44	381	33
Maryland	9,732,024	9	1,575	9	Illinois	4,505,341	17	359	34
Arizona	11,634,736	7	1,567	10	Michigan	3,503,425	21	349	35
Massachusetts	9,827,099	8	1,404	11	Ohio	4,017,269	20	341	36
Alabama	6,738,572	12	1,320	12	Kansas	973,635	35	331	37
Pennsylvania	13,936,259	6	1,075	13	Wyoming	176,865	45	303	38
Missouri	6,492,166	14	1,048	14	Tennessee	2,099,312	28	295	39
Colorado	4,339,159	18	739	15	South Carolina	1,506,987	32	281	40
Washington	5,520,344	15	707	16	North Carolina	2,958,666	23	273	41
New Hampshire	975,206	34	696	17	Nevada	725,034	39	227	42
Florida	14,834,926	5	657	18	Vermont	138,310	48	214	43
Iowa	2,008,660	29	627	19	Arkansas	527,272	41	172	44
California	20,809,238	2	534	20	Minnesota	948,256	36	165	45
Louisiana	2,239,618	27	490	21	Delaware	138,922	47	135	46
Wisconsin	2,854,064	24	483	22	Oregon	555,112	40	131	47
Georgia	5,128,133	16	466	23	Montana	119,737	49	106	48
Rhode Island	509,895	42	465	24	Idaho	145,956	46	74	49
South Dakota	416,317	43	453	25	West Virginia	70,100	50	40	50
U.S. Total	278,011,149		824						

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 2024. 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 2024 totaled $83.6 billion, a 2.6% increase over FY 2023 and the fourteenth straight year of increased total trade.

TABLE 39
RETAIL TRADE IN CONNECTICUT
(In Millions)

NAICS	Industry	FY 2023	% of Total	FY 2024	% of Total	% Change
441	Motor Vehicle and Parts Dealers	$14,318	17.6	$14,677	17.6	2.5
442	Furniture and Home Furnishings Stores	2,337	2.9	2,133	2.6	(8.7)
443	Electronics and Appliance Stores	1,639	2.0	1,602	1.9	(2.3)
444	Building Material and Garden Supply Stores	4,617	5.7	4,505	5.4	(2.4)
445	Food and Beverage Stores	13,279	16.3	13,794	16.5	3.9
446	Health and Personal Care Stores	6,015	7.4	6,454	7.7	7.3
447	Gasoline Stations	4,749	5.8	4,636	5.5	(2.4)
448	Clothing and Clothing Accessories Stores	3,819	4.7	3,866	4.6	1.2
451	Sporting Goods, Hobby, Book and Music Stores	1,055	1.3	1,035	1.2	(1.9)
452	General Merchandise Stores	7,126	8.8	7,523	9.0	5.6
453	Miscellaneous Store Retailers	9,382	11.5	9,249	11.1	(1.4)
454	Nonstore Retailers	13,101	16.1	14,115	16.9	7.7
	Total	$81,436	100.0	$83,590	100.0	2.6
Durables (NAICS 441,442, 443, 444)		$22,910	28.1	$22,917	27.4	0.0
Nondurables (All Other NAICS)		$58,526	71.9	$60,673	72.6	3.7

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 remained relatively flat in FY 2024 compared to 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 3.7% in FY 2024.

Internet based retail acrtivity remains a significant portion of total retail sales. According to the U.S. Census Bureau's Retail Indicators Branch, in FY 2024 national retail e-commerce sales are estimated at $1,143.2 billion, accounting for 15.7% of total retail sales of $7,278.2 billion. Estimated e-commerce retail sales rose by 8.6% in FY 2024 compared to a 1.2% 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 declined slightly from FY 2023 into FY 2024 from 32.1% to 29.7%. The state's per capita disposable income of $77,523 in FY 2024 was 24.7% above the national average of $62,172. In FY 2024, Connecticut per capita retail trade was estimated at $23,021.

TABLE 40
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)
2017	55,404.5	186,297	297.4	12,391	15.0	5,560.8
2022	72,459.1	191,841	377.7	11,545	16.6	7,112.5
Growth (%)	30.8	3.0	27.0	(6.8)	10.5	27.9

Source: U.S. Census Bureau, 2017 and 2022 Economic Census

According to the 2022 economic census on retail sales, a survey that is done once every five years by the U.S. Department of Commerce, Connecticut had $72.5 billion of retail sales, up from $55.4 billion in 2017. 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 2017 to 2022, the number of employees has increased. In 2022, the sector had 11,545 establishments with 191,841 employees, compared to 12,391 establishments with 186,297 employees in 2017.

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 41
DOMESTIC NON-FINANCIAL DEBT (DNFD) OUTSTANDING BY SECTOR IN THE U.S.
In Billions of Dollars at Year-end

					2023	Growth		
					% of	(1990	(2000	(2010
Private Sector	1990	2000	2010	2023	Total	to 2000)	to 2010)	to 2023)
Households								
Home Mortgages	$2,489.8	$4,805.3	$9,967.3	$13,019.1	17.7%	93.0%	107.4%	30.6%
Consumer Credit	824.4	1,741.3	2,646.8	5,023.7	6.8%	111.2%	52.0%	89.8%
Other	332.0	703.8	1,166.1	1,885.6	2.6%	112.0%	65.7%	61.7%
Total - Households	$3,646.2	$7,250.4	$13,780.2	$19,928.4	27.0%	98.8%	90.1%	44.6%
Business								
Mortgages	$1,223.2	$1,838.3	$3,746.6	$6,780.2	9.2%	50.3%	103.8%	81.0%
Corporate Bonds	1,008.2	2,267.8	3,385.1	6,919.9	9.4%	124.9%	49.3%	104.4%
Other	1,580.5	2,660.6	3,281.3	7,320.4	9.9%	68.3%	23.3%	123.1%
Total - Business	$3,811.9	$6,766.7	$10,412.9	$21,020.4	28.5%	77.5%	53.9%	101.9%
Total - Private Sector	$7,458.1	$14,017.1	$24,193.2	$40,948.8	55.6%	87.9%	72.6%	69.3%
Public Sector								
Federal Government*	$2,830.8	$4,090.0	$10,528.6	$29,471.8	40.0%	44.5%	157.4%	179.9%
State & Local Gov't	987.4	1,197.9	3,221.0	3,265.8	4.4%	21.3%	168.9%	1.4%
Total - Public Sector	$3,818.2	$5,287.9	$13,749.5	$32,737.7	44.4%	38.5%	160.0%	138.1%
Total DNFD	$11,276.3	$19,305.0	$37,942.7	$73,686.5	100.0%	71.2%	96.5%	94.2%
GDP, 4th Quarter	$6,004.7	$10,435.7	$15,309.5	$27,957.0		73.8%	46.7%	82.6%
DNFD as a % of GDP	187.8%	185.0%	247.8%	263.6%				

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

The preceding table shows the 34-year history from 1990 to 2023 for total DNFD and each of its four components – households, businesses, federal government, and state and local governments. In 2023, the year-end total domestic nonfinancial debt outstanding was $73,686.5 billion, almost three times GDP. Total non-financial debt between 2000 and 2023 has grown 281.7%, outpacing the growth in GDP of 167.9%.

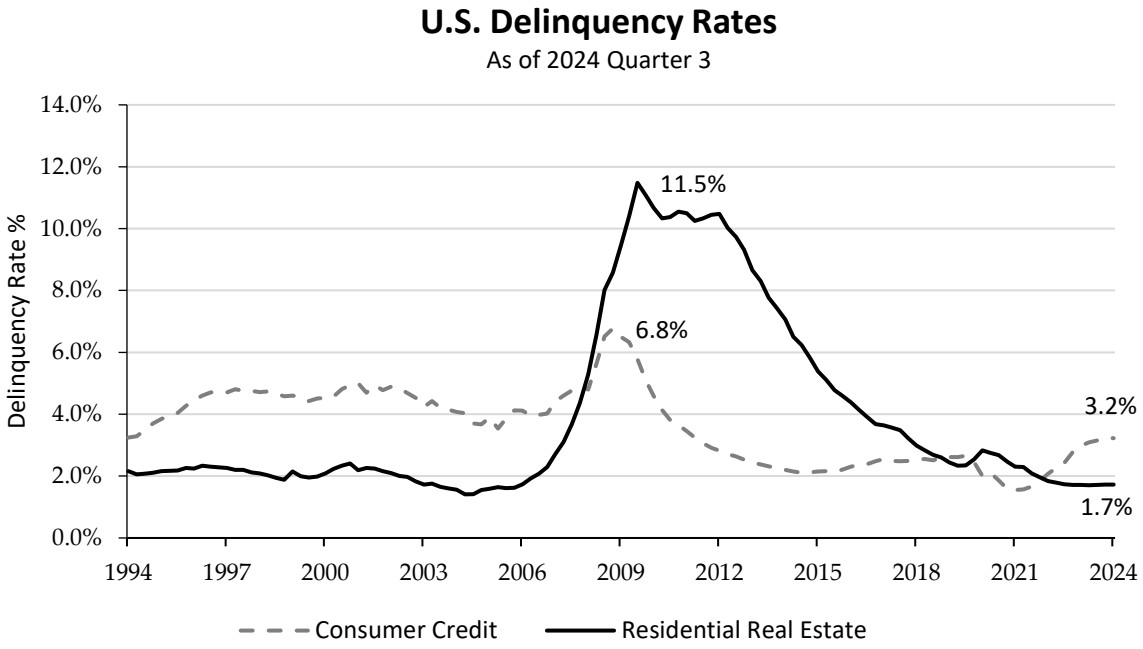
Of the total $73.6 trillion nonfinancial debt outstanding in 2023, the federal government accounted for 40.0%, followed by nonfinancial business at 28.5%, households at 27.0%, and state and local governments at 4.4%. However, debt outstanding in the private sector accounted for 55.6% of the total in 2023, 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 increased from $54.3 trillion in 2019 to $73.6 trillion in 2023 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 $19.9 trillion by the end of 2023. Of this sum, home mortgage loans accounted for $13.0 trillion, or 65.3% of household borrowing, followed by consumer credit at $5.0 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 2024.

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 3.2% in the 3 years since. This growth represents an average 27.7% year-over-year increase; however, current consumer credit delinquency rates remain slightly below their 30-year average of 3.6%.



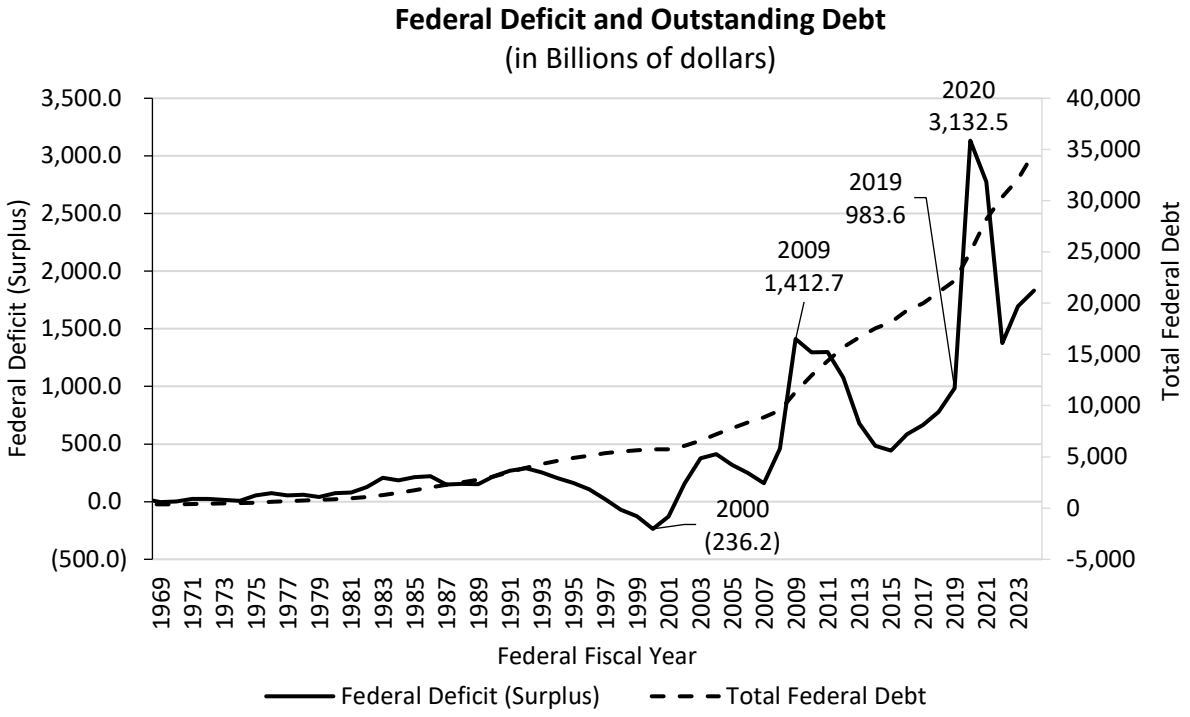
Source: Federal Reserve Bank of St. Louis

Business Borrowing

Business borrowings include debts owed by corporations, nonfarm corporations and farms. Total borrowings were $21.0 trillion at the end of 2023. 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 97.6% from 2000 to 2007, compared to 86.7% since 2007. After the Great Recession, growth in business borrowings has been led by corporate bonds, which grew 141.1% between 2007 to 2023, 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 returned 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 2023 spent an estimated $1.38 for every dollar it took in, an increase of 11.7% from $1.25 in FFY 2022, and an increase of 5.7% compared to $1.30 in FFY 2019, before the COVID-19 pandemic. The federal deficit rose to a record high of $3,132.5 billion as of the end of FFY 2020. This record deficit was largely a result of the unprecedented federal response to the COVID-19 pandemic. This deficit has since decreased to $1,832.8 billion as of the end of FFY 2024.

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 2023 ended with gross debt outstanding at $32.1 trillion followed by $34.7 trillion at the end of FFY 2024, increases of 5.6% and 8.2%, 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 2024 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 2022, the latest available year, was $33.1 billion, compared to $41.9 billion in 2021, and $41.4 billion in 2020. This drop is due to the Census Bureau's revised debt calculation, which excludes conduit debt. Connecticut's per capita state government debt has decreased over the previous three years, from $11,536 in FY 2020 to $9,168 in FY 2022. The fifty-state average also decreased from $3,816 in FY 2020 to $3,327 in FY 2022.

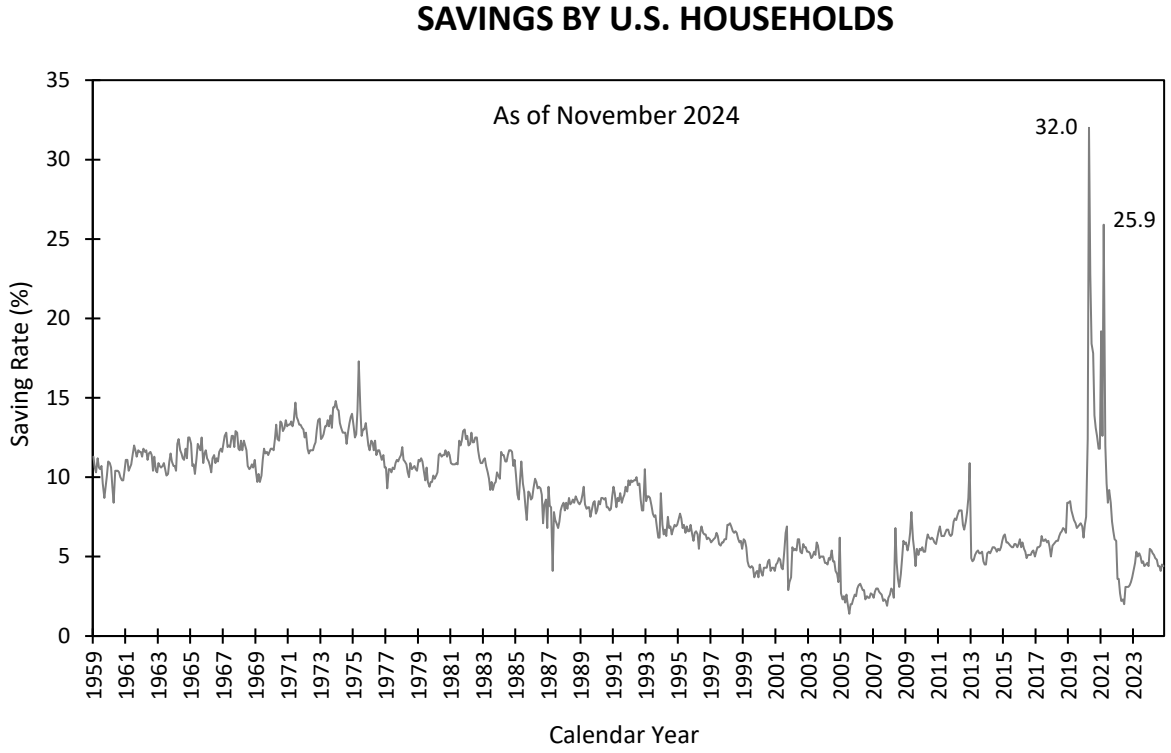
Connecticut's overall credit rating is determined by four major rating agencies: Moody's Investors Service, Standard & Poor's Corporation, Fitch Investors Service, Inc., and Kroll Bond Ratings. The table below shows how Connecticut's General Obligation bonds are rated as of January 2025. Over the course 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	Positive
Standard & Poor's Corporation	AA-	Stable
Fitch Investors Service	AA-	Positive
Kroll Bond Ratings	AA+	Stable

Note: Ratings as of January 2025

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 2024. After remaining at an average of 11.6% between 1959 and 1980, the U.S. savings rate began trending down from a high of 13.0% in late 1981 to a low of 1.4% in mid-2005. The savings rate then climbed back up to 10.9% by December 2012 before falling to 7.5% 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 25.9% in March of 2021 after two more rounds of stimulus checks were issued. The savings rate as of November 2024 is 4.4% which is lower than the pre-pandemic rate of 7.5% in February 2020. The average savings rate for the past five years is 7.7%.



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 2024 for the most recent data.

TABLE 42
Balance Sheet of Households and Non-profit Organizations
In Billions of Dollars

	1970 In Real $*	% of Total	2007 In Real $*	% of Total	2024 Q3	% of Total	Average Growth**
Assets							
Real Estate	8,335.2	23.5%	39,258.6	30.5%	52,329.2	27.6%	3.5%
Stock Related	11,207.6	31.7%	46,977.1	36.5%	81,968.3	43.2%	3.8%
Other	15,859.0	44.8%	42,413.6	33.0%	55,402.7	29.2%	2.3%
Time & Saving Deposits	4,405.1	12.4%	12,351.2	9.6%	18,865.2	2.7%	2.9%
Corporate Bonds	242.3	0.7%	1,272.4	1.0%	239.5	0.0%	0.0%
Gov't Securities***	763.1	2.2%	3,156.6	2.5%	6,069.4	3.9%	4.1%
All Other	10,448.5	29.5%	25,633.3	19.9%	30,228.6	2.0%	2.1%
Total	35,401.8	100.0%	128,649.3	100.0%	189,700.2	100.0%	3.2%
Liabilities							
Home Mortgages	2,325.4	59.7%	16,138.4	73.0%	13,256.8	63.4%	3.3%
Consumer Credit	1,086.7	27.9%	3,970.9	18.0%	5,065.0	24.2%	2.9%
Other	480.0	12.3%	2,004.6	9.1%	2,578.4	12.3%	3.2%
Total	3,892.1	100.0%	22,113.9	100.0%	20,900.3	100.0%	3.2%
Net Worth	31,509.7		106,535.4		168,799.9		3.2%
Net Home Equity	6,009.8		23,120.2		39,072.3		3.5%
As a % of Net Worth	19.1%		21.7%		23.1%		
Per Capita Net Worth ($)	152,695.5		351,218.9		494,987.8		2.2%
As a % of Total Assets							
Home Mortgages	6.6%		12.5%		7.0%		
Liabilities	11.0%		17.2%		11.0%		
Net worth	89.0%		82.8%		89.0%		

Notes:
* Real dollar is calculated by using the estimated CPI-U for 2024
** Compound annual growth rate from 1970 through 2024 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 2024, household assets totaled $189.7 trillion with real estate comprising 27.6% of total assets, stocks 43.2%, and the remaining 29.2% 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 $128.9 trillion just prior to the onset of the Great Recession. During that recession total real assets declined sharply falling to $110.0 trillion before recovering to $189.7 trillion by 2024 Q3.

Liabilities

Household liabilities totaled $20.9 trillion in the third quarter of 2024. Home mortgages accounted for 63.4% of the total with consumer credit at 24.2% and other liabilities at 12.3%**.** 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 2024 dollars, real net worth grew from $31.5 trillion in 1970 to a pre-recession peak of $106.5 trillion in 2007, before declining to $88.6 trillion in 2009 and rebounding to $168.8 trillion in 2023. Per capita real net worth increased from $152,695 in 1970 to $494,987 in 2024, with an annual growth rate of 2.3%.

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 2024, however, liabilities account for 11.0% of total assets, 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 7.0% in 2024. 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 11.3% as of third quarter 2024, 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 2024, the State of Connecticut produced an estimated $356.4 billion in goods and services - $290.7 billion in calendar year 2017 dollars. This was an estimated increase of 6.6% in current dollars and an approximate 2.8% 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 inflation adjusted economic activity during the same timeframe. While overall growth in Connecticut GSP has lagged both the region and the nation since FY 2009, the nadir of the 2008 recession, FY 2024 represented the second consecutive year when GSP growth in Connecticut outpaced both New England and the nation as a whole. From FY 2015 through FY 2024, nominal gross product has increased by 39.4% in Connecticut, compared to 51.2% in New England and 58.1% in the nation. In real terms, Connecticut's GSP was 9.0% above its FY 2015 level in FY 2024. The following table provides data on the recent ten-year history of gross product.

TABLE 43
GROSS PRODUCT

(in Millions of Current Dollars)

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2015	18,014,905	4.6	961,305	5.4	255,672	5.5
2016	18,518,600	2.8	995,705	3.6	262,424	2.6
2017	19,175,186	3.5	1,022,233	2.7	268,534	2.3
2018	20,159,787	5.1	1,063,971	4.1	277,974	3.5
2019	21,056,534	4.4	1,103,261	3.7	282,587	1.7
2020	21,328,372	1.3	1,122,725	1.8	280,900	(0.6)
2021	22,444,743	5.2	1,177,139	4.8	287,292	2.3
2022	24,930,078	11.1	1,279,318	8.7	308,884	7.5
2023	26,906,116	7.9	1,369,499	7.0	334,344	8.2
2024	28,476,362	5.8	1,453,569	6.1	356,426	6.6
% Increase ('15 to '24)		58.1		51.2		39.4

(in Millions of Constant Dollars*)

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2015	18,588,959	3.2	1,002,469	3.2	266,577	3.3
2016	18,953,506	2.0	1,018,187	1.6	268,185	0.6
2017	19,351,896	2.1	1,029,559	1.1	270,288	0.8
2018	19,934,418	3.0	1,053,422	2.3	275,007	1.7
2019	20,403,736	2.4	1,071,627	1.7	274,188	(0.3)
2020	20,394,656	(0.0)	1,068,340	(0.3)	266,779	(2.7)
2021	20,941,967	2.7	1,093,682	2.4	265,882	(0.3)
2022	21,838,720	4.3	1,139,607	4.2	274,701	3.3
2023	22,314,774	2.2	1,157,901	1.6	282,740	2.9
2024	23,004,746	3.1	1,186,196	2.4	290,674	2.8
% Increase ('15 to '24)		23.8		18.3		9.0

* 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 2015 and FY 2024, the contributions to Connecticut's GSP from the construction; information; finance, insurance, and real estate (FIRE); healthcare and education; and leisure and hospitality sectors increased, while other sectors decreased. While the percent of gross product attributable to manufacturing decreased nationally during the period of FY 2015 – FY 2024, the impact of manufacturing on Connecticut Gross State Product was relatively stable, decreasing slightly from 11.7% in FY 2015 to 11.6% in FY 2024. Connecticut GSP as a portion of national GDP decreased slightly between FY 2015 and FY 2024, from 1.4% to 1.3%.

TABLE 44
GROSS PRODUCT BY SOURCE
(In Billions of Current Dollars)

	FY 2015				FY 2024			
Industry	U.S.	%	CT	%	U.S.	%	CT	%
Agriculture, Forest & Fisheries	187.3	1.0	0.4	0.2	248.9	0.9	0.5	0.1
Construction & Mining	1,031.6	5.8	7.1	2.8	1,686.9	6.0	10.4	2.9
Manufacturing	2,053.9	11.5	29.8	11.7	2,899.3	10.2	41.3	11.6
Transportation, Trade & Utilities	3,044.4	17.0	40.0	15.7	4,879.5	17.2	53.9	15.1
Information	873.6	4.9	12.5	4.9	1,528.5	5.4	19.2	5.4
Finance, Insurance & Real Estate	3,670.9	20.5	69.3	27.1	5,998.8	21.2	97.3	27.3
Professional & Business Services	2,187.6	12.2	31.4	12.3	3,724.7	13.2	43.7	12.3
Health Care & Education	1,535.1	8.6	26.0	10.2	2,447.6	8.6	38.0	10.7
Leisure & Hospitality	721.4	4.0	7.9	3.1	1,255.2	4.4	13.7	3.8
Other Services	397.1	2.2	5.0	2.0	607.4	2.1	6.8	1.9
Government	2,198.8	12.3	26.3	10.3	3,043.3	10.7	31.7	8.9
Total	17,901.6	100.0	255.7	100.0	28,320.1	100.0	356.4	100.0
Broadly Defined Services		52.4		59.5		55.0		61.4
CT as a % of U.S. Total GDP			1.4				1.3	

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 61.4% of Connecticut's total GSP in FY 2024, up from 59.5% in FY 2015. During this period, the contribution to the United State's GDP from services increased to 55.0% of GDP in FY 2024 from 52.4% in FY 2015. 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 2024, Connecticut's productivity as measured by GSP per capita was 18.5% higher than the United States as a whole. This level has steadily declined almost every year since the 2008 recession, primarily driven by declines in the manufacturing and financial activities sectors. However, FY 2024 marked the second consecutive year-over-year increase in Connecticut relative to the United States. Real Gross State Product now stands at over $80,000 per person in the state.

TABLE 45
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.
2015	$57,943.5	2.5	$67,494.6	2.7	$73,777.3	3.3	127.3
2016	$58,629.1	1.2	$68,298.2	1.2	$74,297.8	0.7	126.7
2017	$59,423.6	1.4	$68,766.9	0.7	$74,914.2	0.8	126.1
2018	$60,819.0	2.3	$70,066.6	1.9	$76,173.3	1.7	125.2
2019	$61,891.8	1.8	$71,063.8	1.4	$75,971.4	-0.3	122.7
2020	$61,557.7	-0.5	$70,760.5	-0.4	$74,122.6	-2.4	120.4
2021	$63,073.5	2.5	$72,546.0	2.5	$74,093.0	0.0	117.5
2022	$65,486.4	3.8	$75,373.4	3.9	$76,106.5	2.7	116.2
2023	$66,304.5	1.2	$76,467.0	1.5	$78,252.3	2.8	118.0
2024	$67,626.7	2.0	$78,029.3	2.0	$80,153.4	2.4	118.5

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 2024; 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 2024 was $334.7 billion, a 5.6% increase over FY 2023. Total personal income in Connecticut increased 41.3% from FY 2015 to FY 2024. For the United States, total personal income increased 58.6%, and in the New England region, the increase for the same period was 53.8%. FY 2024 was the third consecutive year when personal income growth in Connecticut outpaced both the Nation and New England as a whole.

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

TABLE 46
PERSONAL INCOME
(In Millions of Dollars)

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
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	17,986,576	5.25	1,007,432	5.00	265,235	4.10
2020	18,992,663	5.59	1,054,512	4.67	270,725	2.07
2021	20,676,808	8.87	1,136,093	7.74	285,756	5.55
2022	21,474,515	3.86	1,177,018	3.60	297,738	4.19
2023	22,803,833	6.19	1,249,135	6.13	316,895	6.43
2024	24,064,585	5.53	1,316,918	5.43	334,696	5.62

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 51.4% of total personal income compared to 50.3% for the nation in FY 2024. 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 47
SOURCES OF PERSONAL INCOME
(In Billions of Dollars)

	Fiscal Year 2015				Fiscal Year 2024			
	U.S.	%	CT	%	U.S.	%	CT	%
Manufacturing Salaries & Wages	796.1	5.2	14.4	6.1	1,106.6	4.6	18.1	5.4
Nonmanufacturing Salaries & Wages	6,882.5	45.4	108.6	45.9	10,986.7	45.7	153.9	46.0
Proprietors Income	1,362.4	9.0	25.6	10.8	1,974.8	8.2	32.4	9.7
Property Income	2,884.2	19.0	47.6	20.1	4,938.1	20.5	72.8	21.7
Other Labor Income	1,807.5	11.9	27.3	11.5	2,547.3	10.6	34.3	10.3
Transfer Payments (Less Social Insurance)	1,443.0	9.5	13.4	5.6	2,511.1	10.4	23.1	6.9
Total	15,175.7	100.0	236.8	100.0	24,064.6	100.0	334.7	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 40.8% between FY 2015 and FY 2024, compared to a national increase of 51.3% and a New England region increase of 50.3%.

Per capita personal income in Connecticut for the most recent fiscal year was 6.5% higher than the New England region and 29.0% 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 48
PER CAPITA PERSONAL INCOME

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2015	47,297	4.76	57,646	4.84	65,553	4.14
2016	48,446	2.43	59,565	3.33	67,046	2.28
2017	49,856	2.91	61,197	2.74	68,072	1.53
2018	52,130	4.56	63,828	4.30	70,583	3.69
2019	54,573	4.69	66,823	4.69	73,499	4.13
2020	57,348	5.09	69,849	4.53	75,221	2.34
2021	62,325	8.68	75,359	7.89	79,631	5.86
2022	64,541	3.56	77,848	3.30	82,489	3.59
2023	68,218	5.70	82,492	5.97	87,705	6.32
2024	71,563	4.90	86,631	5.02	92,286	5.22

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 2024. In FY 2024, Connecticut ranked number two in the nation based on per capita personal income, right behind Massachusetts. Connecticut's figure of $92,286 for per capita personal income is approximately 29.0% higher than the national average.

TABLE 49
PER CAPITA PERSONAL INCOME BY STATE
(Fiscal Year 2024)

State	Per Capita Income	Rank	State	Per Capita Income	Rank
Massachusetts	$93,066	1	Kansas	$67,426	26
Connecticut	**92,286**	**2**	Texas	67,401	27
New York	84,860	3	Maine	66,715	28
Wyoming	84,055	4	Wisconsin	66,632	29
California	84,051	5	Montana	66,297	30
New Jersey	83,982	6	Utah	65,996	31
Washington	83,114	7	Missouri	64,054	32
Colorado	81,684	8	Arizona	63,932	33
New Hampshire	81,480	9	Tennessee	63,707	34
Maryland	77,405	10	Iowa	63,520	35
Virginia	75,862	11	North Carolina	63,501	36
Minnesota	73,937	12	Ohio	63,180	37
Illinois	73,902	13	Indiana	62,905	38
Alaska	73,853	14	Michigan	62,704	39
South Dakota	73,164	15	Oklahoma	61,712	40
Nebraska	71,941	16	Georgia	61,343	41
North Dakota	71,878	17	Idaho	60,584	42
Pennsylvania	70,403	18	Louisiana	60,473	43
Florida	70,178	19	South Carolina	58,847	44
Oregon	69,562	20	Arkansas	58,433	45
Rhode Island	69,399	21	Kentucky	56,862	46
Vermont	68,586	22	New Mexico	56,666	47
Nevada	68,292	23	Alabama	55,515	48
Delaware	68,137	24	West Virginia	54,275	49
Hawaii	68,087	25	Mississippi	50,842	50
U.S. Average	$71,563				

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 (13.5%), energy (6.5%), housing (45.4%), transportation (15.8%), medical care (8.0%), education and communication (5.8%), apparel (2.6%), and the other goods that people buy for day-to-day living (2.4%). 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 over 90 percent of the total population; and a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 30 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 50
THE U.S. CONSUMER PRICE INDEX
(1982-84=100)

Fiscal Year	CPI	% Growth
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	1.58
2021	263.1	2.28
2022	282.0	7.17
2023	299.7	6.25
2024	309.6	3.31

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 51
REAL PERSONAL INCOME
(In Millions)

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
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	7,102,088	3.12	397,790	2.88	104,729	1.99
2020	7,382,452	3.95	409,889	3.04	105,231	0.48
2021	7,857,540	6.44	431,735	5.33	108,592	3.19
2022	7,614,383	(3.09)	417,344	(3.33)	105,571	(2.78)
2023	7,610,031	(0.06)	416,858	(0.12)	105,753	0.17
2024	7,773,531	2.15	425,401	2.05	108,116	2.23

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 52
REAL PER CAPITA PERSONAL INCOME

Fiscal	United States		New England		Connecticut	
Year	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
2015	19,984	4.02	24,357	4.09	27,698	3.40
2016	20,335	1.75	25,002	2.65	28,142	1.60
2017	20,545	1.03	25,218	0.86	28,051	(0.32)
2018	21,009	2.26	25,724	2.01	28,446	1.41
2019	21,548	2.57	26,385	2.57	29,022	2.02
2020	22,291	3.45	27,150	2.90	29,239	0.75
2021	23,684	6.25	28,638	5.48	30,261	3.50
2022	22,885	(3.38)	27,603	(3.61)	29,249	(3.35)
2023	22,766	(0.52)	27,529	(0.27)	29,269	0.07
2024	23,117	1.54	27,984	1.65	29,811	1.85

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 53
GROWTH IN REAL PER CAPITA PERSONAL INCOME
(Base Year: 1982-1984)

Fiscal	% Growth		% Cumulative Growth	
Year	United States	Connecticut	United States	Connecticut
1950-1960	30.8%	30.1%	30.8%	30.1%
1960-1970	37.4%	39.8%	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%	5.1%	272.2%	299.0%
2020-2024	3.8%	1.9%	286.3%	306.8%

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 74 years. During this period, Connecticut's cumulative growth in real per capita personal income exceeded that of the United States by 20.5 percentage points. However, since the global financial crisis in 2008, Connecticut's real personal income growth has been weak. During the period of 2010-2020, Connecticut's real per capita personal income growth lagged the United States at only 5.1%. 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 54
COMPARISON OF COST OF LIVING

2024 Qtr. 1 Data MTA / MTD	Composite Index	Grocery Items	Housing	Utilities	Trans-portation	Health Care	Misc.*
Hartford, CT	102.5	101.3	87.8	129.3	98.0	102.0	109.8
Boston, MA	144.3	104.0	212.8	149.0	113.8	123.6	116.1
New York**, NY	231.0	117.7	511.5	116.6	116.2	136.4	125.5
Index Weights	100.00%	14.67%	27.97%	8.75%	10.75%	4.59%	33.27%

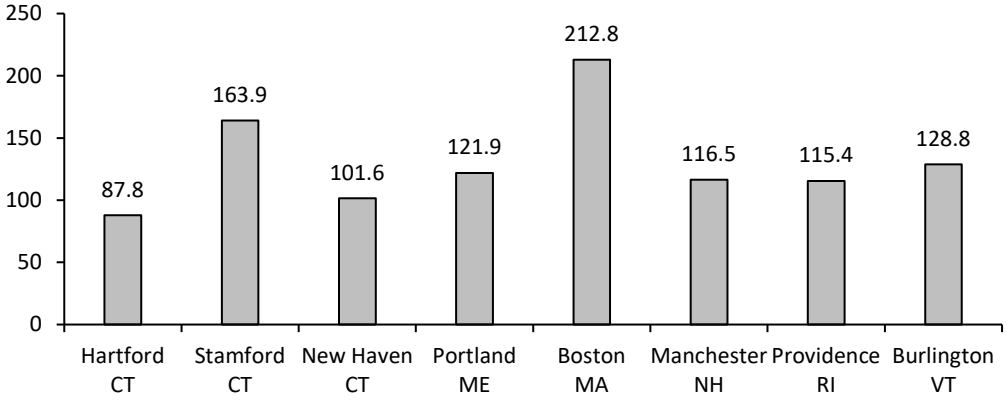
Note: * Denotes miscellaneous goods and services
** Manhattan

Source: The Council for Community and Economic Research (C2ER), *"ACCRA Cost of Living Index,"* Data for Quarter 1, 2024

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. For example, the index for the Hartford area was 102.5 for the first quarter of 2024. Compared to the national index of 100.0, this shows that the overall living cost in the Hartford area was higher than the national average by 2.5%. Data for the

first quarter of 2024 showed that the cost of utilities in the Hartford area was the most expensive item at 29.3% higher than the national average, followed by miscellaneous items at 9.8%, healthcare at 2.0%, and grocery items at 1.3%. Housing and transportation were less expensive than the national average, registering at 12.2% below the national average for housing and 2.0% below the national average for transportation. Hartford bears the distinction of the only metropolitan area reported for New England with lower housing costs than the national average. The following graph compares housing costs across the metropolitan areas in New England included in the first quarter of 2024 report.

Cost of Living - Housing Component
New England Metropolitan Areas (National Average = 100.0)
Quarter 1, 2024 Data



Source: The Council for Community and Economic Research (C2ER), *"ACCRA Cost of Living Index,"* Data for Quarter 1, 2024

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 first quarter data for 2024, many cities had a relatively higher cost of living than the Hartford area. These include, for example, New York City (Manhattan) at 231.0; San Francisco, California at 169.6; and Washington, D.C. at 144.6. Living costs in most cities in the southern and mountain west states are relatively low; for example, Pueblo, Colorado at 93.0; Jackson, Mississippi at 89.2; and San Antonio, Texas at 90.6. 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 101.6, 114.6, and 113.4, 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 125.4% 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 55.6% reduction in after-tax income and still maintain their current standard of living.

The cost of living also varies within Connecticut. According to first quarter data for 2024, the ACCRA cost of living index was 128.2 in the Stamford area, 102.5 in the Hartford area, and 108.9 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 55
COMPARISON OF COST OF LIVING IN CONNECTICUT
Hartford, New Haven, and Stamford MTAs

2024 Qtr.1 Data MSA	Composite Index	Grocery Items	Housing	Utilities	Trans-portation	Health Care	Misc.
Hartford	102.5	101.3	87.8	129.3	98.0	102.0	109.8
New Haven	108.9	100.2	101.6	138.6	111.2	108.1	110.3
Stamford	128.2	104.6	163.9	133.6	113.6	112.1	114.1
Index Weights	100.00%	14.67%	27.97%	8.75%	10.75%	4.59%	33.27%

Source: The Council for Community and Economic Research (C2ER), *"ACCRA Cost of Living Index,"* Data for Quarter 1, 2024

THE MAJOR REVENUE RAISING TAXES IN THE STATE OF CONNECTICUT

In FY 2023, 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 2023. The table shows overall state tax collections as a percentage of personal income. In the table, note that Connecticut ranks 21st, signifying that in twenty other states, a greater percentage of an individual's income is collected in state taxes than in Connecticut.

TABLE 56
STATE TAX COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME
FY 2023

State	Percentage	Rank	State	Percentage	Rank
New Mexico	12.37%	1	Iowa	6.47%	26
Hawaii	10.97%	2	Idaho	6.47%	27
North Dakota	10.71%	3	Alaska	6.35%	28
Vermont	10.60%	4	Utah	6.34%	29
Delaware	9.72%	5	Wisconsin	6.33%	30
Minnesota	8.43%	6	Pennsylvania	6.30%	31
West Virginia	8.36%	7	Washington	6.22%	32
New York	7.98%	8	Michigan	6.20%	33
Oregon	7.47%	9	Alabama	6.18%	34
Indiana	7.36%	10	North Carolina	5.99%	35
Arkansas	7.32%	11	Virginia	5.93%	36
Maine	7.26%	12	Louisiana	5.90%	37
Mississippi	7.25%	13	Oklahoma	5.75%	38
Wyoming	7.21%	14	Tennessee	5.53%	39
California	7.14%	15	Ohio	5.49%	40
Illinois	7.10%	16	Nebraska	5.33%	41
Kentucky	7.06%	17	South Carolina	5.24%	42
New Jersey	6.96%	18	Georgia	5.24%	43
Kansas	6.95%	19	Arizona	5.18%	44
Nevada	6.91%	20	Missouri	4.59%	45
Connecticut	**6.91%**	**21**	Texas	4.41%	46
Massachusetts	6.70%	22	Florida	4.12%	47
Montana	6.59%	23	South Dakota	4.03%	48
Rhode Island	6.56%	24	Colorado	3.93%	49
Maryland	6.55%	25	New Hampshire	3.29%	50
U.S. Average	6.30 %				

Source: S&P Global; U.S. Census Bureau, "Annual Survey of State Government Tax Collections, 2023"; 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 59 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 $11,223.5 million in FY 2023, and $11,803.0 million in FY 2024. In FY 2024, this tax accounted for 51.9% of total General Fund revenue.

TABLE 57
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 2023.

TABLE 58
STATE INCOME TAX COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME
FY 2023

State	Percentage	Rank	State	Percentage	Rank
Oregon	4.75%	1	Kansas	2.38%	23
New York	3.75%	2	Iowa	2.31%	24
Delaware	3.59%	3	Missouri	2.30%	25
Massachusetts	3.53%	4	New Mexico	2.29%	26
Minnesota	3.42%	5	Rhode Island	2.23%	27
Hawaii	3.34%	6	Alabama	2.19%	28
Montana	3.20%	7	Nebraska	2.19%	29
California	3.12%	8	Pennsylvania	1.95%	30
Utah	3.05%	9	South Carolina	1.94%	31
West Virginia	2.95%	10	Michigan	1.92%	32
Vermont	2.85%	11	Idaho	1.88%	33
Indiana	2.84%	12	Oklahoma	1.82%	34
Maine	2.80%	13	Arkansas	1.81%	35
Connecticut	**2.79%**	**14**	Louisiana	1.78%	36
Maryland	2.68%	15	Mississippi	1.69%	37
Virginia	2.66%	16	Ohio	1.60%	38
North Carolina	2.59%	17	Colorado	1.47%	39
Georgia	2.58%	18	Arizona	1.06%	40
New Jersey	2.49%	19	North Dakota	0.88%	41
Kentucky	2.47%	20	Washington	0.14%	42
Illinois	2.46%	21	New Hampshire	0.14%	43
Wisconsin	2.45%	22			
United states	2.56%				

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: S&P Global; Bureau of Economic Analysis; U.S. Census Bureau, "2023 Annual Survey of State Government Tax Collections;" IHS Markit

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 59
CONNECTICUT PERSONAL INCOME TAX EXEMPTIONS & CREDITS
Income Year 2024

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 60
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	(4)	(4)
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.
(4) Washington State has a 7% long-term capital gains tax on gains greater than $270,000. Some municipal bonds may be subject to this rate.

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 61
PERSONAL INCOME TAX BY STATE
Rates as of January 1, 2024

	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,b)	2.00	2,414	4.80	8,449
Arizona (1)	2.50	All			Montana (1,b)	4.70	41,000	5.90	41,001
Arkansas (3,b)	2.00	4,400	4.40	8,801	Nebraska (1,b)	2.46	7,390	5.84	71,461
California (1,b)	1.00	20,824	13.30	1,396,543	New Hampshire	(a)			
Colorado (2)	4.40	All			New Jersey (3)	1.40	20,000	10.75	1,000,001
Connecticut (1)	**2.00**	**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)	5.49	All			N. Carolina (1)	4.50	All		
Hawaii (1)	1.40	4,800	11.00	400,001	N. Dakota (2,b)	0.00	74,750	1.95	74,751
Idaho (2,d)	0.00	5,000	5.70	5,001	Ohio (1,b)	0.00	26,050	3.50	92,151
Illinois (1)	4.95	All			Oklahoma (1)	0.25	2,000	4.75	12,201
Indiana (1)	3.05	All			Oregon (2,b)	4.75	8,600	9.90	250,001
Iowa (1,b)	4.40	12,420	5.70	62,101	Pennsylvania (3)	3.07	All		
Kansas (1)	3.10	30,000	5.70	60,001	Rhode Island(1,b)	3.75	77,450	5.99	176,051
Kentucky (1)	4.00	All			S. Carolina (2,b)	0.00	3,460	6.40	17,331
Louisiana (1)	1.85	25,000	4.25	100,001	Utah (1)	4.65	All		
Maine (1,b)	5.80	52,100	7.15	123,251	Vermont (1,b)	3.35	75,850	8.75	279,451
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	Washington	(c)			
Michigan (1)	4.25	All			W. Virginia (1)	2.36	10,000	5.12	60,001
Minnesota (1,b)	5.35	46,330	9.85	321,451	Wisconsin (1,b)	3.54	19,090	7.65	420,420
Mississippi (3)	0.00	10,000	4.70	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, Tennessee, 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: 3.0% 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.
(d) In February 2024, the Idaho State Legislature reduced the flat tax rate to 5.695% for income over $5,000 this was retroactive to January 1, 2024

Source: Tax Foundation

Sales and Use Tax

The sales tax is imposed, subject to certain limitations, on the gross receipts from certain business transactions within 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 $6,314.6 million in FY 2024, compared to $6,246.6 million in FY 2023, $5,962.4 million in FY 2022, and $5,291.1 million in FY 2021. In FY 2024, sales and use taxes accounted for 22.0% of the total revenue in the General Fund, compared to 21.7% in FY 2023, 21.9% in FY 2022, and 23.3% in FY 2021.

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 31 other states. The comparison is based on FY 2023 data. From FY 1991 to FY 2023, Connecticut's sales tax collections as a percentage of personal income dropped from 3.15% to 1.75%, declining from 9th in the nation to 32nd, 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 62
SALES TAX COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME
FY 2023

State	Tax Rate (%)	Percentage	Rank	State	Tax Rate (%)	Percentage	Rank
Hawaii	4.000%	5.1%	1	Nebraska	5.500%	2.0%	24
Nevada	6.850%	3.9%	2	Wisconsin	5.000%	2.0%	25
Washington	6.500%	3.7%	3	New Jersey	6.625%	2.0%	26
New Mexico	4.875%	3.6%	4	West Virginia	6.000%	2.0%	27
Mississippi	7.000%	3.5%	5	Minnesota	6.875%	2.0%	28
Tennessee	7.000%	3.2%	6	Louisiana	4.450%	1.8%	29
Arkansas	6.500%	2.9%	7	North Carolina	4.750%	1.8%	30
Wyoming	4.000%	2.8%	8	Pennsylvania	6.000%	1.8%	31
Arizona	5.600%	2.8%	9	**Connecticut**	**6.350%**	**1.8%**	**32**
Texas	6.250%	2.7%	10	Illinois	6.250%	1.7%	33
Idaho	6.000%	2.7%	11	California	7.250%	1.7%	34
Indiana	7.000%	2.7%	12	South Carolina	6.000%	1.7%	35
Florida	6.000%	2.7%	13	Alabama	4.000%	1.7%	36
South Dakota	4.200%	2.6%	14	Oklahoma	4.500%	1.6%	37
Maine	5.500%	2.6%	15	Massachusetts	6.250%	1.5%	38
Kentucky	6.000%	2.3%	16	Maryland	6.000%	1.5%	39
Ohio	5.750%	2.3%	17	Georgia	4.000%	1.4%	40
Iowa	6.000%	2.3%	18	Vermont	6.000%	1.4%	41
Kansas	6.500%	2.3%	19	Missouri	4.225%	1.3%	42
North Dakota	5.000%	2.2%	20	New York	4.000%	1.2%	43
Rhode Island	7.000%	2.2%	21	Virginia	5.300%	1.2%	44
Michigan	6.000%	2.2%	22	Colorado	2.900%	1.0%	45
Utah	6.100%	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 January 1, 2024

Source: Bureau of Economic Analysis, U.S. Census Bureau, "Annual Survey of State Government Tax Collections, 2023"; IHS Markit, and Tax Foundation

TABLE 63
MAJOR SALES TAX EXEMPTIONS BY STATE

State	Food	Prescription Drugs	Motor Fuels	Clothes
Alabama	T	E	E (7)	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 (7)	T
Hawaii	T	E	T (7)	T
Idaho	T	E	E	T
Illinois	T	T (6)	T (7)	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 (8)
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 (7)	T
New Jersey	E	E	E	E
New Mexico (7)	E	E	E	T
New York	E	E	T	E (8)
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 (8)
South Carolina	E	E	E	T
South Dakota	T	E	E (7)	T
Tennessee	T (4)	E	E	T
Texas	E	E	E (7)	T
Utah	T (5)	E	E	T
Vermont	E	E	E	E
Virginia	T (2)	E	E (7)	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 levies a 1% tax on prescription drugs. (7) Motor fuels subject to local taxes. (8) Clothes tax exempt up to a sales price of $110 in NY, $175 in MA, and $250 in RI per item.

Source: Federation of Tax Administrators and Accurate Tax, Tax rates are effective as of January 1, 2024

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 $1,555.5 million in FY 2024, $1,516.6 million in FY 2023, $1,401.2 million in FY 2022, and $1,153.1 million in FY 2021. In FY 2024, this tax accounted for 6.8% of the General Fund revenue, compared to 6.6% in FY 2023.

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 net 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. Since that time the 10% surcharge has been extended, most recently in Public Act 23-204, through income year 2025. 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 2024, the capital base was taxed at a rate of 2.6 mils ($0.0026) per dollar. This rate is lower than the 3.1 mil rate for income year 2023 due to the capital base method phaseout initiated by Section 340 of Public Act 19-117. The phase-out schedule was extended in section 424 of Public Act 21-2 of the June Special Session and 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 64
CORPORATION TAX BY STATE
FOR TAX YEAR 2024

	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	5.84	100,001
Alaska	0.00	25,000	9.40	222,001	Nevada	None			
Arizona	4.90	All			New Hampshire (i)	7.50	All		
Arkansas	1.00	3,000	4.80	11,001	New Jersey (j)	6.50	50,000	9	100,001
California	8.84	All			New Mexico	4.80	500,000	5.9	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	0.00	50,000	5.50	50,001	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	7.6	1,000,001
Idaho	5.80	All			Pennsylvania	8.49	All		
Illinois (c)	9.50	All			Rhode Island	7.00	All		
Indiana	4.90	All			South Carolina	5.00	All		
Iowa	5.50	100,000	7.10	100,001	South Dakota	None			
Kansas (d)	3.50	50,000	6.50	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	8.5	25,001
Maryland	8.25	All			Virginia	6.00	All		
Massachusetts (f)	8.00	All			Washington	None			
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	None			
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, 2.6 mils 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 of 9.5% is the sum of a corporate income tax rate of 7.0% plus a replacement tax of 2.5%.

(d) KS levies a 3.0% surtax on taxable income over $50,000 in addition to the flat 4.0% 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 as of the end of its taxable year, or (2) 39¢ per $1,000 of the institution's Maine assets as of the end of its taxable year.

(f) In MA, 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). The minimum tax for both corporations and financial institutions is $456.

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

(h) MT levies a 7% tax on taxpayers using water's edge combination. The minimum tax per corporation is $50; the $50 minimum applies to each corporation included on a combined tax return. 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 0.60% 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.

(j) NJ also imposes a 2.5% surtax on taxpayers with income over $1 million in tax year 2023. Small businesses with annual entire net income under $100,000 pay a tax rate of 7.5%; businesses with income under $50,000 pay 6.5%. The minimum Corporation Business Tax is based on New Jersey gross receipts. It ranges from $500 for a corporation with gross receipts less than $100,000, to $2,000 for a corporation with gross receipts of $1 million or more.

(k) NY also levies a Corporate Stocks Tax of 0.1875% for tax years 2022 & 2023. A top bracket of 7.25% is imposed on income over $5 million for 2022 & 2023. A minimum tax ranges from $25 to $200,000, depending on receipts ($250 minimum 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) OH no longer levies a corporate income tax, but instead imposes a Commercial Activity Tax (CAT) equal to $150 for gross receipts situsedbetween $150,000 and $1 million, plus 0.26% of gross receipts over $1 million.

(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) TX imposes a Franchise Tax, otherwise known as margin tax, imposed on entities with more than $1,230,000 total revenues at rate of 0.75%, or 0.375% for entities primarily engaged in retail or wholesale trade, on lesser of 70% of total revenues or 100% of gross receipts after deductions for either compensation or cost of goods sold.

Source: Federation of Tax Administrators & Tax Foundation. Rates as of January 2024.

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 currently 25 cents per gallon. After the Russian invasion of Ukraine in February of 2022 gasoline prices rose dramatically in the U.S. To help ease 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 65
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)	29.00 ¢	1.20 ¢	30.2 ¢	Montana	33.00 ¢	0.75 ¢	33.75 ¢
Alaska	8.00	0.95	8.95	Nebraska (d)	29.10	0.90	30.00
Arizona	18.00	1.00	19.00	Nevada (f)	23.00	0.81	23.81
Arkansas	24.70	0.30	25.00	New Hampshire	22.20	1.63	23.83
California (i)	57.90	10.20	68.10	New Jersey	10.50	31.85	42.35
Colorado	22.00	7.24	29.24	New Mexico	17.00	1.88	18.88
Connecticut	**25.00**	**20.45**	**45.45**	New York (h)	8.00	17.68	25.68
Delaware	23.00	0.00	23.00	North Carolina	40.40	0.25	40.65
Florida (g)	4.00	34.60	38.60	North Dakota	23.00	0.03	23.03
Georgia (h)	32.30	0.75	33.05	Ohio	38.50	0.00	38.50
Hawaii (f) (h)	16.00	2.50	18.50	Oklahoma	19.00	1.00	20.00
Idaho	32.00	1.00	33.00	Oregon (f)	40.00	0.00	40.00
Illinois (f)	45.40	21.10	66.50	Pennsylvania (e)	57.60	1.10	58.70
Indiana (h)	34.00	17.70	51.70	Rhode Island	37.00	1.12	38.12
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	30.10	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	36.50	0.65	37.15
Maryland (c)	31.00	16.19	47.19	Vermont	12.10	20.51	32.61
Massachusetts	24.00	3.34	27.34	Virginia (f)	29.80	9.30	39.10
Michigan (h)	30.00	18.00	48.00	Washington	49.40	3.42	52.82
Minnesota	28.50	0.10	28.60	West Virginia (g)	20.50	15.20	35.70
Mississippi	18.00	0.40	18.40	Wisconsin	30.90	2.00	32.90
Missouri	24.50	0.47	24.97	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: Energy Information Administration Federal and State Motor Fuel Taxes; Rates effective 1/1/2024

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 66
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)	$5.35
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)	$0.62
Louisiana	$1.08	Texas	$1.41
Maine	$2.00	Utah	$1.70
Maryland	$5.00	Vermont	$3.08
Massachusetts	$3.51	Virginia (a)	$0.60
Michigan	$2.00	Washington	$3.025
Minnesota (c)	$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 73.9¢ through December 31, 2024.

Source: Centers for Disease Control and Prevention, rates as of June 30, 2024.

TABLE 67
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 (3)	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	0.95-6.50	0.95-6.50	South Carolina (3)	0.75-6.00	0.75-6.00
Kansas (3)	2.00-3.00	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 0.25% in DE and 0.4312% on vehicles in AZ.
(3) Plus a fire marshal's tax of 0.3125% in OK; 0.5% in SD; 0.65% in MN; 0.75% in KY, OH, TN; 0.375% (Domestic) & 0.75% (Foreign) in NE; 1% in FL, MS, & VA; 1.15% in OR; 1.25% in LA; 1.35% in SC; 1.4% in ME; 1.6% in WV; 1% (Domestic) & 2% (Foreign) in IL, NJ, & NY; 1.25% (Domestic) & 2% (Foreign) in KS; 2.5% in MT; 2% (Domestic) & 4.375% (Foreign) in WI.
(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 2024

TABLE 68
ALCOHOLIC BEVERAGE EXCISE TAXES BY STATE
(Dollars per Gallon)

State	Distilled Spirits	Wine 14% or Less	Wine 14% and Up	Beer
Alabama (2) (6)	(1)	1.70	9.16	0.53
Alaska	12.80	2.50	2.50	1.07
Arizona (6)	3.00	0.84	4.00	**0.16**
Arkansas	2.50	0.75	0.75	0.23
California	3.30	0.20	0.20	0.20
Colorado	2.28	0.28	0.28	0.08
Connecticut (6)	**5.94**	**0.79**	**1.98**	**0.24**
Delaware	4.50	1.63	1.63	0.26
Florida (6)	6.50	2.25	3.00	0.48
Georgia (2) (6)	3.79	1.51	2.54	0.32
Hawaii	5.98	1.38	1.38	0.93
Idaho	(1)	0.45	0.45	0.15
Illinois (2) (6)	8.55	1.39	8.55	0.23
Indiana (6)	2.68	0.47	2.68	0.12
Iowa	(1)	1.75	1.75	0.19
Kansas	2.50	0.30	0.75	0.18
Kentucky	1.92	0.50	0.50	0.08
Louisiana (2) (7)	3.03	0.76	1.32	0.40
Maine	(1)	0.60	(1a)	0.35
Maryland	1.50	0.40	0.40	0.09
Massachusetts	4.05	0.55	0.55	0.11
Michigan (6)	(1)	0.51	0.76	0.20
Minnesota (7)	5.03	0.30	0.95	0.15
Mississippi	(1)	0.35	0.35	0.43
Missouri	2.00	0.42	0.42	0.06
Montana	(1)	1.02	(1a)	0.14
Nebraska	3.75	0.95	0.95	0.31
Nevada (7)	3.60	0.70	1.30	0.16
New Hampshire	(1)	0.30	0.30	0.30
New Jersey	5.50	0.88	0.88	0.12
New Mexico	6.06	1.70	5.68	0.41
New York (2)	6.44	0.30	0.30	0.14
North Carolina (6)	(1)	1.00	1.11	0.62
North Dakota (6)	2.50	0.50	0.60	0.16
Ohio	(1)	0.30	0.98	0.18
Oklahoma	5.56	0.72	0.72	0.40
Oregon (6)	(1)	0.67	0.77	0.08
Pennsylvania	(1)	(1)	(1a)	0.08
Rhode Island	5.40	1.40	1.40	0.11
South Carolina (3)	2.72	0.90	1.08	0.77
South Dakota (7)	3.93	0.93	1.45	0.27
Tennessee	4.40	1.21	1.21	1.29
Texas	2.40	0.20	0.41	0.19
Utah	(1)	(1)	(1a)	0.42
Vermont	(1)	0.55	(1a)	0.27
Virginia	(1)	1.51	(1a)	0.26
Washington	14.27	0.87	1.75	0.26
West Virginia	(1)	1.00	1.00	0.18
Wisconsin (4)	3.25	0.25	0.45	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) AL-Over 16.5%; AZ-Over 24%; CT-Over 21%; FL-Over 17.259%; IL-Over 20%; IN-Over 21%; MI-Over 16%; NC-Over 17%; ND-Over 17%; OR-Over 16%
(7) LA-14%-24%, Over 24%-$2.08; MN-14%-21%, 21%-24%-$1.82, Over 24%-$3.52; NV-Over 22%-$3.60; SD-Over 21%-$2.07

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

TABLE 69
GENERAL FUND REVENUES

TAXES ($K)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Income	$ 9,397,779	$ 10,340,437	$ 12,131,800	$ 11,223,390	$ 11,803,047
Sales and Use	4,317,730	4,792,675	4,818,083	4,944,772	5,003,036
Corporation	934,499	1,153,079	1,401,153	1,516,588	1,555,553
Pass-through Entity Tax	1,241,949	1,549,716	2,307,594	2,048,068	1,964,652
Public Service Corporation	254,076	243,671	295,681	278,205	343,767
Inheritance & Estate	159,538	303,339	220,223	218,352	129,550
Insurance Companies	228,350	229,761	240,969	295,687	300,167
Cigarettes	346,300	351,077	326,709	290,789	251,816
Real Estate Conveyance	176,578	385,028	384,454	287,187	284,563
Alcoholic Beverages	73,080	79,111	78,916	80,242	78,860
Admissions & Dues	39,939	36,022	41,011	40,677	38,870
Miscellaneous	1,023,041	1,052,109	1,051,776	851,995	908,490
Total - Taxes	$ 18,192,858	$ 20,516,024	$ 23,298,368	$ 22,075,952	$ 22,662,371
Less Refunds of Taxes	(1,491,413)	(1,857,512)	(1,811,202)	(1,990,104)	(2,156,713)
Less Refunds of R&D Credit	(8,628)	(7,093)	(5,756)	(6,061)	(9,028)
Total - Taxes Less Refunds	$ 16,692,816	$ 18,651,419	$ 21,481,411	$ 20,079,787	$ 20,496,631
OTHER REVENUE					
Transfer-Special Revenue	$ 340,090	$ 410,301	$ 395,023	$ 395,602	$ 382,557
Indian Gaming Payments	164,141	228,883	248,686	278,974	305,655
Licenses, Permits & Fees	307,524	329,568	368,612	331,212	368,570
Sales of Commodities & Services	26,136	22,872	22,816	17,880	18,651
Rents, Fines & Escheats	154,288	183,115	220,749	230,698	275,757
Investment Income	48,690	2,945	20,607	206,218	293,314
Miscellaneous	256,341	257,766	272,825	260,885	180,034
Less Refunds of Payments	(69,306)	(37,661)	(74,708)	(75,821)	(85,660)
Total - Other Revenue	$ 1,227,906	$ 1,397,789	$ 1,474,610	$ 1,645,647	$ 1,738,878
OTHER SOURCES					
Federal Grants	$ 1,796,754	$ 1,496,315	$ 1,934,869	$ 1,997,837	$ 2,060,692
Transfer from Tobacco Fund	136,000	114,500	126,200	112,500	99,190
Transfer From/(To) Other Funds	(129,620)	112,856	21,221	308,915	-357,911
Transfers to BRF – Volatility Adj.	(530,316)	(1,241,460)	(3,047,454)	(1,321,793)	(1,321,350)
Total - Other Sources	$ 1,272,819	$ 482,211	$ (965,164)	$ 1,097,459	$ 480,621
GRAND TOTAL	$ 19,193,540	$ 20,531,418	$ 21,990,857	$ 22,822,894	$ 22,716,130

TAXES	% of Total	% of Total	% of Total	% of Total	% of Total
Personal Income	48.96	50.36	55.17	49.18	51.96
Sales and Use	22.50	23.34	21.91	21.67	22.02
Corporation	4.87	5.62	6.37	6.65	6.85
Pass-through Entity Tax	6.47	7.55	10.49	8.97	8.65
Public Service Corporation	1.32	1.19	1.34	1.22	1.51
Inheritance & Estate	0.83	1.48	1.00	0.96	0.57
Insurance Companies	1.19	1.12	1.10	1.30	1.32
Cigarettes	1.80	1.71	1.49	1.27	1.11
Real Estate Conveyance	0.92	1.88	1.75	1.26	1.25
Alcoholic Beverages	0.38	0.39	0.36	0.35	0.35
Admissions & Dues	0.21	0.18	0.19	0.18	0.17
Miscellaneous	5.33	5.12	4.78	3.73	4.00
Total - Taxes	94.79	99.93	105.95	96.73	99.76
Less Refunds of Taxes	-7.77	-9.05	-8.24	-8.72	-9.49
Less Refunds of R&D Credit	-0.04	-0.03	-0.03	-0.03	-0.04
Total – Taxes Less Refunds	86.97	90.84	97.68	87.98	90.23
OTHER REVENUE					
Transfer-Special Revenue	1.77	2.00	1.80	1.73	1.68
Indian Gaming Payments	0.86	1.11	1.13	1.22	1.35
Licenses, Permits & Fees	1.60	1.61	1.68	1.45	1.62
Sales of Commodities & Services	0.14	0.11	0.10	0.08	0.08
Rents, Fines & Escheats	0.80	0.89	1.00	1.01	1.21
Investment Income	0.25	0.01	0.09	0.90	1.29
Miscellaneous	1.34	1.26	1.24	1.14	0.79
Less Refunds of Payments	-0.36	-0.18	-0.34	-0.33	-0.38
Total - Other Revenue	6.40	6.81	6.71	7.21	7.65
OTHER SOURCES					
Federal Grants	9.36	7.29	8.80	8.75	9.07
Transfer from Tobacco Fund	0.71	0.56	0.57	0.49	0.44
Transfer From/(To) Other Funds	-0.68	0.55	0.10	1.35	-1.58
Transfers to BRF – Volatility Adj.	-2.76	-6.05	-13.86	-5.79	-5.82
Total - Other Sources	6.63	2.35	-4.39	4.81	2.12
GRAND TOTAL	100.00	100.00	100.00	100.00	100.00

TABLE 70
SPECIAL TRANSPORTATION FUND REVENUES

TAXES ($K)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Motor Fuels	$ 478,193	$ 475,157	$ 389,806	$ 261,973	$ 504,469
Oil Companies	230,356	229,061	387,063	383,491	358,582
Sales and Use Tax	400,908	482,892	703,391	837,630	844,374
DMV Sales	73,126	117,215	122,074	117,111	115,323
Highway Use	-	-	-	29,276	60,286
Less Refunds of Taxes	(30,398)	(11,796)	(16,177)	(8,911)	(10,501)
Total – Taxes Less Refunds	$1,152,186	$1,292,530	$1,586,157	$ 1,620,569	$ 1,872,533
OTHER REVENUE					
Motor Vehicle Receipts	$ 241,643	$ 321,420	$ 281,667	$ 254,575	$ 278,802
Licenses, Permits & Fees	128,707	130,747	125,991	126,358	142,213
Interest Income	21,754	1,922	5,029	71,870	87,216
Federal Grants	12,315	11,957	10,913	10,259	9,321
Transfer to Other Funds	(35,500)	24,500	(2,825)	(5,500)	32,166
Less Refunds of Payments	(4,520)	(5,359)	(6,078)	(8,727)	(11,681)
Total – Other Revenue	$ 364,399	$ 485,187	$ 414,697	$ 448,836	$ 538,037
GRAND TOTAL	$1,516,585	$1,777,717	$2,000,854	$ 2,069,405	$ 2,410,571

TAXES	% of Total	% of Total	% of Total	% of Total	% of Total
Motor Fuels	31.53	26.73	19.48	12.66	20.93
Oil Companies	15.19	12.89	19.34	18.53	14.88
Sales and Use Tax	26.43	27.16	35.15	40.48	35.03
DMV Sales	4.82	6.59	6.10	5.66	4.78
Highway Use	0.00	0.00	0.00	1.41	2.50
Less Refunds of Taxes	-2.00	-0.66	-0.81	-0.43	-0.44
Total – Taxes Less Refunds	75.97	72.71	79.27	78.31	77.68
OTHER REVENUE					
Motor Vehicle Receipts	15.93	18.08	14.08	12.30	11.57
Licenses, Permits & Fees	8.49	7.35	6.30	6.11	5.90
Interest Income	1.43	0.11	0.25	3.47	3.62
Federal Grants	0.81	0.67	0.55	0.50	0.39
Transfer to Other Funds	-2.34	1.38	-0.14	-0.27	1.33
Less Refunds of Payments	-0.30	-0.30	-0.30	-0.42	-0.48
Total - Other Revenue	24.03	27.29	20.73	21.69	22.32
GRAND TOTAL	100.00	100.00	100.00	100.00	100.00

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A P P E N D I X

Connecticut Resident Population Census Counts

	Population 2010	Rank	Population 2020	Rank	2010-2020 Change	% Change	2023 DPH* Est.
Total	3,574,097		3,605,944		31,847	0.9	3,617,176
Andover	3,303	147	3,151	147	-152	-4.6	3,144
Ansonia	19,249	60	18,918	60	-331	-1.7	19,008
Ashford	4,317	136	4,191	139	-126	-2.9	4,229
Avon	18,098	65	18,932	59	834	4.6	18,883
Barkhamsted	3,799	141	3,647	141	-152	-4.0	3,677
Beacon Falls	6,049	123	6,000	123	-49	-0.8	6,206
Berlin	19,866	54	20,175	56	309	1.6	20,429
Bethany	5,563	126	5,297	126	-266	-4.8	5,271
Bethel	18,584	62	20,358	55	1,774	9.5	20,678
Bethlehem	3,607	143	3,385	145	-222	-6.2	3,421
Bloomfield	20,486	52	21,535	51	1,049	5.1	21,884
Bolton	4,980	131	4,858	131	-122	-2.4	4,834
Bozrah	2,627	152	2,429	153	-198	-7.5	2,412
Branford	28,026	37	28,273	35	247	0.9	28,031
Bridgeport	144,229	1	148,654	1	4,425	3.1	148,028
Bridgewater	1,727	162	1,662	161	-65	-3.8	1,646
Bristol	60,477	13	60,833	14	356	0.6	61,601
Brookfield	16,452	71	17,528	68	1,076	6.5	17,489
Brooklyn	8,210	110	8,450	109	240	2.9	8,612
Burlington	9,301	104	9,519	99	218	2.3	9,746
Canaan	1,234	168	1,080	168	-154	-12.5	1,082
Canterbury	5,132	130	5,045	130	-87	-1.7	5,140
Canton	10,292	95	10,124	97	-168	-1.6	10,146
Chaplin	2,305	156	2,151	157	-154	-6.7	2,157
Cheshire	29,261	32	28,733	34	-528	-1.8	29,200
Chester	3,994	139	3,749	140	-245	-6.1	3,761
Clinton	13,260	82	13,185	82	-75	-0.6	13,402
Colchester	16,068	72	15,555	74	-513	-3.2	15,504
Colebrook	1,485	165	1,361	166	-124	-8.4	1,368
Columbia	5,485	127	5,272	127	-213	-3.9	5,268
Cornwall	1,420	167	1,567	165	147	10.4	1,575
Coventry	12,435	87	12,235	87	-200	-1.6	12,308
Cromwell	14,005	79	14,225	79	220	1.6	14,363
Danbury	80,893	7	86,518	7	5,625	7.0	86,124
Darien	20,732	51	21,499	52	767	3.7	22,020
Deep River	4,629	133	4,415	133	-214	-4.6	4,454
Derby	12,902	84	12,325	86	-577	-4.5	12,406
Durham	7,388	116	7,152	116	-236	-3.2	7,204
East Granby	5,148	129	5,214	128	66	1.3	5,218
East Haddam	9,126	106	8,875	106	-251	-2.8	8,987
East Hampton	12,959	83	12,717	83	-242	-1.9	12,989
East Hartford	51,252	19	51,045	19	-207	-0.4	50,654

Connecticut Resident Population Census Counts

	Population 2010	Rank	Population 2020	Rank	2010-2020 Change	% Change	2023 DPH* Est.
East Haven	29,257	33	27,923	37	-1,334	-4.6	27,533
East Lyme	19,159	61	18,693	62	-466	-2.4	18,929
East Windsor	11,162	94	11,190	91	28	0.3	11,170
Eastford	1,749	161	1,649	162	-100	-5.7	1,689
Easton	7,490	115	7,605	113	115	1.5	7,636
Ellington	15,602	74	16,426	71	824	5.3	16,994
Enfield	44,654	22	42,141	23	-2,513	-5.6	40,792
Essex	6,683	120	6,733	119	50	0.7	6,802
Fairfield	59,404	14	61,512	11	2,108	3.5	63,433
Farmington	25,340	44	26,712	43	1,372	5.4	26,798
Franklin	1,922	159	1,863	159	-59	-3.1	1,891
Glastonbury	34,427	29	35,159	29	732	2.1	35,204
Goshen	2,976	150	3,150	148	174	5.8	3,232
Granby	11,282	92	10,903	92	-379	-3.4	11,249
Greenwich	61,171	10	63,518	10	2,347	3.8	63,574
Griswold	11,951	90	11,402	90	-549	-4.6	11,624
Groton	40,115	25	38,411	26	-1,704	-4.2	37,878
Guilford	22,375	50	22,073	50	-302	-1.3	22,020
Haddam	8,346	109	8,452	108	106	1.3	8,773
Hamden	60,960	11	61,169	12	209	0.3	60,014
Hampton	1,863	160	1,728	160	-135	-7.2	1,740
Hartford	124,775	3	121,054	4	-3,721	-3.0	119,669
Hartland	2,114	158	1,901	158	-213	-10.1	1,912
Harwinton	5,642	125	5,484	125	-158	-2.8	5,612
Hebron	9,686	99	9,098	104	-588	-6.1	9,146
Kent	2,979	149	3,019	149	40	1.3	3,066
Killingly	17,370	68	17,752	66	382	2.2	17,945
Killingworth	6,525	121	6,174	121	-351	-5.4	6,254
Lebanon	7,308	117	7,142	117	-166	-2.3	7,108
Ledyard	15,051	77	15,413	75	362	2.4	15,459
Lisbon	4,338	135	4,195	137	-143	-3.3	4,228
Litchfield	8,466	108	8,192	111	-274	-3.2	8,293
Lyme	2,406	154	2,352	154	-54	-2.2	2,409
Madison	18,269	64	17,691	67	-578	-3.2	17,498
Manchester	58,241	15	59,713	15	1,472	2.5	59,408
Mansfield	26,543	41	25,892	44	-651	-2.5	25,401
Marlborough	6,404	122	6,133	122	-271	-4.2	6,106
Meriden	60,868	12	60,850	13	-18	0.0	60,111
Middlebury	7,575	114	7,574	114	-1	0.0	7,936
Middlefield	4,425	134	4,217	135	-208	-4.7	4,257
Middletown	47,648	20	47,717	20	69	0.1	47,984
Milford	52,759	17	52,044	18	-715	-1.4	52,793
Monroe	19,479	59	18,825	61	-654	-3.4	18,831
Montville	19,571	57	18,387	64	-1,184	-6.0	17,814

Connecticut Resident Population Census Counts

	Population 2010	Rank	Population 2020	Rank	2010-2020 Change	% Change	2023 DPH* Est.
Morris	2,388	155	2,256	156	-132	-5.5	2,272
Naugatuck	31,862	30	31,519	30	-343	-1.1	31,820
New Britain	73,206	8	74,135	8	929	1.3	74,080
New Canaan	19,738	55	20,622	54	884	4.5	20,862
New Fairfield	13,881	81	13,579	80	-302	-2.2	13,487
New Hartford	6,970	118	6,658	120	-312	-4.5	6,709
New Haven	129,779	2	134,023	3	4,244	3.3	135,319
New London	27,620	38	27,367	38	-253	-0.9	27,560
New Milford	28,142	36	28,115	36	-27	-0.1	28,276
Newington	30,562	31	30,536	31	-26	-0.1	31,227
Newtown	27,560	39	27,173	40	-387	-1.4	27,673
Norfolk	1,709	164	1,588	163	-121	-7.1	1,596
North Branford	14,407	78	13,544	81	-863	-6.0	13,415
North Canaan	3,315	146	3,211	146	-104	-3.1	3,204
North Haven	24,093	47	24,253	48	160	0.7	24,295
North Stonington	5,297	128	5,149	129	-148	-2.8	5,165
Norwalk	85,603	6	91,184	6	5,581	6.5	92,458
Norwich	40,493	24	40,125	25	-368	-0.9	39,881
Old Lyme	7,603	113	7,628	112	25	0.3	7,696
Old Saybrook	10,242	96	10,481	93	239	2.3	10,571
Orange	13,956	80	14,280	78	324	2.3	14,322
Oxford	12,683	85	12,706	84	23	0.2	13,125
Plainfield	15,405	75	14,973	76	-432	-2.8	15,193
Plainville	17,716	67	17,525	69	-191	-1.1	17,491
Plymouth	12,243	88	11,671	88	-572	-4.7	11,766
Pomfret	4,247	137	4,266	134	19	0.4	4,313
Portland	9,508	101	9,384	101	-124	-1.3	9,428
Preston	4,726	132	4,788	132	62	1.3	4,829
Prospect	9,405	103	9,401	100	-4	0.0	9,479
Putnam	9,584	100	9,224	102	-360	-3.8	9,312
Redding	9,158	105	8,765	107	-393	-4.3	8,719
Ridgefield	24,638	46	25,033	45	395	1.6	24,931
Rocky Hill	19,709	56	20,845	53	1,136	5.8	20,708
Roxbury	2,262	157	2,260	155	-2	-0.1	2,297
Salem	4,151	138	4,213	136	62	1.5	4,319
Salisbury	3,741	142	4,194	138	453	12.1	4,240
Scotland	1,726	163	1,576	164	-150	-8.7	1,578
Seymour	16,540	70	16,748	70	208	1.3	16,953
Sharon	2,782	151	2,680	151	-102	-3.7	2,744
Shelton	39,559	26	40,869	24	1,310	3.3	42,144
Sherman	3,581	144	3,527	144	-54	-1.5	3,530
Simsbury	23,511	48	24,517	46	1,006	4.3	24,953
Somers	11,444	91	10,255	95	-1,189	-10.4	10,725
South Windsor	25,709	43	26,918	42	1,209	4.7	26,773

Connecticut Resident Population Census Counts

	Population 2010	Rank	Population 2020	Rank	2010-2020 Change	% Change	2023 DPH* Est.
Southbury	19,904	53	19,879	57	-25	-0.1	20,127
Southington	43,069	23	43,501	22	432	1.0	43,743
Sprague	2,984	148	2,967	150	-17	-0.6	2,940
Stafford	12,087	89	11,472	89	-615	-5.1	11,567
Stamford	122,643	4	135,470	2	12,827	10.5	136,226
Sterling	3,830	140	3,578	143	-252	-6.6	3,644
Stonington	18,545	63	18,335	65	-210	-1.1	18,431
Stratford	51,384	18	52,355	17	971	1.9	52,454
Suffield	15,735	73	15,752	73	17	0.1	15,650
Thomaston	7,887	112	7,442	115	-445	-5.6	7,501
Thompson	9,458	102	9,189	103	-269	-2.8	9,385
Tolland	15,052	76	14,563	77	-489	-3.2	14,574
Torrington	36,383	27	35,515	28	-868	-2.4	35,550
Trumbull	36,018	28	36,827	27	809	2.2	37,269
Union	854	169	785	169	-69	-8.1	797
Vernon	29,179	34	30,215	32	1,036	3.6	30,596
Voluntown	2,603	153	2,570	152	-33	-1.3	2,612
Wallingford	45,135	21	44,396	21	-739	-1.6	43,725
Warren	1,461	166	1,351	167	-110	-7.5	1,367
Washington	3,578	145	3,646	142	68	1.9	3,685
Waterbury	110,366	5	114,403	5	4,037	3.7	114,990
Waterford	19,517	58	19,571	58	54	0.3	19,829
Watertown	22,514	49	22,105	49	-409	-1.8	22,274
West Hartford	63,268	9	64,083	9	815	1.3	63,969
West Haven	55,564	16	55,584	16	20	0.0	54,790
Westbrook	6,938	119	6,769	118	-169	-2.4	6,881
Weston	10,179	97	10,354	94	175	1.7	10,344
Westport	26,391	42	27,141	41	750	2.8	27,470
Wethersfield	26,668	40	27,298	39	630	2.4	27,114
Willington	6,041	124	5,566	124	-475	-7.9	5,552
Wilton	18,062	66	18,503	63	441	2.4	18,400
Winchester	11,242	93	10,224	96	-1,018	-9.1	10,236
Windham	25,268	45	24,425	47	-843	-3.3	23,833
Windsor	29,044	35	29,492	33	448	1.5	29,372
Windsor Locks	12,498	86	12,613	85	115	0.9	12,529
Wolcott	16,680	69	16,142	72	-538	-3.2	16,309
Woodbridge	8,990	107	9,087	105	97	1.1	9,021
Woodbury	9,975	98	9,723	98	-252	-2.5	9,862
Woodstock	7,964	111	8,221	110	257	3.2	8,346

* 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, 2023"

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

TABLE 1
U.S. ECONOMIC VARIABLES

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gross Domestic Product ($B)	18,014.9	18,518.6	19,175.2	20,159.8	21,056.5	21,328.4	22,444.7	24,930.1	26,906.1	28,476.4
Percent Change	4.6%	2.8%	3.5%	5.1%	4.4%	1.3%	5.2%	11.1%	7.9%	5.8%
Real GDP (2017=100)	18,589.0	18,953.5	19,351.9	19,934.4	20,403.7	20,394.7	20,942.0	21,838.7	22,314.8	23,004.7
Percent Change	3.2%	2.0%	2.1%	3.0%	2.4%	0.0%	2.7%	4.3%	2.2%	3.1%
GDP Deflator (2017=100)	96.9	97.7	99.1	101.1	103.2	104.6	107.2	114.2	120.6	123.8
Percent Change	1.4%	0.8%	1.4%	2.1%	2.0%	1.3%	2.5%	6.5%	5.6%	2.7%
Housing Starts (K)	1,053.8	1,151.5	1,198.8	1,247.7	1,215.8	1,313.1	1,547.4	1,654.0	1,421.3	1,402.2
Percent Change	10.6%	9.3%	4.1%	4.1%	-2.6%	8.0%	17.8%	6.9%	-14.1%	-1.3%
Unemployment Rate	5.7%	5.0%	4.6%	4.1%	3.8%	6.0%	6.9%	4.2%	3.5%	3.8%
New Vehicle Sales (M)	16.9	17.5	17.3	17.3	17.1	15.1	16.3	13.4	14.6	15.6
Percent Change	6.0%	3.9%	-1.5%	-0.1%	-0.8%	-12.0%	8.3%	-17.7%	8.8%	6.7%
Consumer Price Index ('82-'84=100)	236.7	238.2	242.7	248.1	253.3	257.3	263.1	282.0	299.7	309.6
Percent Change	0.7%	0.7%	1.9%	2.2%	2.1%	1.6%	2.3%	7.2%	6.3%	3.3%
Industrial Production Index (2017=100)	102.3	99.4	99.1	101.5	103.3	98.0	97.3	101.4	102.9	102.7
Percent Change	1.6%	-2.8%	-0.3%	2.4%	1.8%	-5.2%	-0.7%	4.1%	1.5%	-0.2%
Personal Income ($B)	15,175.6	15,667.7	16,241.4	17,088.6	17,986.6	18,992.7	20,676.8	21,474.5	22,803.8	24,064.6
Percent Change	5.6%	3.2%	3.7%	5.2%	5.3%	5.6%	8.9%	3.9%	6.2%	5.5%
Real Personal Income ($B in 2017=100)	15,613.1	16,038.5	16,376.1	16,916.7	17,497.2	18,255.6	19,461.3	19,073.2	19,214.7	19,713.8
Percent Change	4.8%	2.7%	2.1%	3.3%	3.4%	4.3%	6.6%	-2.0%	0.7%	2.6%
Disposable Personal Income ($B)	13,303.9	13,721.8	14,245.8	15,011.5	15,851.6	16,798.5	18,214.5	18,437.4	19,781.1	21,131.8
Percent Change	5.2%	3.1%	3.8%	5.4%	5.6%	6.0%	8.4%	1.2%	7.3%	6.8%
Disposable Personal Income ($B in 2017=100)	13,687.6	14,046.9	14,364.5	14,860.8	15,420.9	16,147.2	17,145.3	16,379.8	16,666.4	17,311.9
Percent Change	4.4%	2.6%	2.3%	3.5%	3.8%	4.7%	6.2%	-4.5%	1.8%	3.9%

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Personal Income	15,175.7	15,667.7	16,241.4	17,088.7	17,986.6	18,992.7	20,676.8	21,474.5	22,803.8	24,064.6
Percent Change	5.6%	3.2%	3.7%	5.2%	5.3%	5.6%	8.9%	3.9%	6.2%	5.5%
Wages & Salaries	7,678.6	7,973.2	8,261.5	8,697.6	9,122.2	9,357.9	9,822.0	10,774.9	11,431.4	12,093.3
Percent Change	5.6%	3.8%	3.6%	5.3%	4.9%	2.6%	5.0%	9.7%	6.1%	5.8%
Manufacturing Income	796.1	809.9	827.1	866.1	900.3	905.1	930.6	998.2	1,060.5	1,106.6
Percent Change	4.5%	1.7%	2.1%	4.7%	3.9%	0.5%	2.8%	7.3%	6.2%	4.4%
Nonmanufacturing Inc.	6,882.5	7,163.4	7,434.5	7,831.5	8,221.8	8,452.8	8,891.3	9,776.8	10,371.0	10,986.7
Percent Change	5.8%	4.1%	3.8%	5.3%	5.0%	2.8%	5.2%	10.0%	6.1%	5.9%
Other Labor Income	1,807.5	1,857.9	1,905.4	2,005.2	2,096.2	2,116.5	2,190.5	2,274.4	2,381.8	2,547.3
Percent Change	3.3%	2.8%	2.6%	5.2%	4.5%	1.0%	3.5%	3.8%	4.7%	6.9%
Proprietor's Income	1,362.4	1,341.2	1,389.0	1,459.3	1,524.8	1,538.9	1,729.2	1,850.3	1,920.5	1,974.8
Percent Change	0.4%	-1.6%	3.6%	5.1%	4.5%	0.9%	12.4%	7.0%	3.8%	2.8%
Farm Income	58.9	48.0	38.9	34.0	29.1	37.3	66.5	84.3	93.3	49.0
Percent Change	-23.5%	-18.5%	-19.0%	-12.6%	-14.5%	28.4%	78.4%	26.8%	10.6%	-47.5%
Nonfarm Income	1,303.5	1,293.2	1,350.2	1,425.3	1,495.7	1,501.6	1,662.7	1,766.0	1,827.3	1,925.8
Percent Change	1.8%	-0.8%	4.4%	5.6%	4.9%	0.4%	10.7%	6.2%	3.5%	5.4%
Rental Income	598.0	611.2	628.0	658.1	677.7	714.3	749.8	813.6	939.1	1,027.0
Percent Change	0.9%	2.2%	2.8%	4.8%	3.0%	5.4%	5.0%	8.5%	15.4%	9.4%
Personal Dividend Inc.	978.1	1,001.5	1,080.9	1,184.0	1,300.0	1,369.1	1,529.7	1,797.4	1,890.8	1,963.3
Percent Change	16.2%	2.4%	7.9%	9.5%	9.8%	5.3%	11.7%	17.5%	5.2%	3.8%
Personal Interest Income	1,308.1	1,372.1	1,426.8	1,501.3	1,598.6	1,562.0	1,482.7	1,521.4	1,777.7	1,947.8
Percent Change	7.4%	4.9%	4.0%	5.2%	6.5%	-2.3%	-5.1%	2.6%	16.8%	9.6%
Transfer Payments	2,622.9	2,732.1	2,816.2	2,914.7	3,062.1	3,767.7	4,666.6	4,077.5	4,226.6	4,375.8
Percent Change	6.2%	4.2%	3.1%	3.5%	5.1%	23.0%	23.9%	-12.6%	3.7%	3.5%

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Less:										
Contributions to										
Social Insurance	1,179.9	1,221.5	1,266.4	1,331.6	1,394.9	1,433.7	1,493.6	1,635.0	1,764.1	1,864.7
Percent Change	4.7%	3.5%	3.7%	5.2%	4.8%	2.8%	4.2%	9.5%	7.9%	5.7%
Equals:										
Personal Income	15,175.7	15,667.7	16,241.4	17,088.7	17,986.6	18,992.7	20,676.8	21,474.5	22,803.8	24,064.6
Percent Change	5.6%	3.2%	3.7%	5.2%	5.3%	5.6%	8.9%	3.9%	6.2%	5.5%
Less:										
Personal Taxes	1,871.8	1,945.9	1,995.6	2,077.1	2,135.0	2,194.2	2,462.3	3,037.1	3,022.7	2,932.8
Percent Change	8.8%	4.0%	2.6%	4.1%	2.8%	2.8%	12.2%	23.3%	-0.5%	-3.0%
Equals:										
Disposable Income ($B)	13,303.9	13,721.8	14,245.8	15,011.5	15,851.6	16,798.5	18,214.5	18,437.4	19,781.1	21,131.8
Percent Change	5.2%	3.1%	3.8%	5.4%	5.6%	6.0%	8.4%	1.2%	7.3%	6.8%
Less:										
Personal Outlays	12,535.3	12,950.0	13,468.0	14,130.1	14,686.3	14,766.0	15,607.3	17,516.6	18,970.3	20,108.2
Percent Change	4.5%	3.3%	4.0%	4.9%	3.9%	0.5%	5.7%	12.2%	8.3%	6.0%
Equals:										
Personal Savings	768.7	771.8	777.8	881.4	1,165.3	2,032.5	2,607.2	920.8	810.8	1,023.6
Percent Change	18.0%	0.4%	0.8%	13.3%	32.2%	74.4%	28.3%	-64.7%	-11.9%	26.2%
Personal Savings Rate	5.8%	5.6%	5.5%	5.9%	7.4%	12.1%	14.3%	5.0%	4.1%	4.8%

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Establishment Employ.	140.4	143.1	145.5	147.7	149.9	147.1	143.0	149.8	154.5	157.4
Percent Change	2.1%	1.9%	1.7%	1.5%	1.5%	-1.9%	-2.8%	4.8%	3.2%	1.9%
Manufacturing	12.3	12.4	12.4	12.6	12.8	12.5	12.2	12.6	12.9	13.0
Percent Change	1.6%	0.6%	0.2%	1.4%	1.9%	-2.1%	-2.7%	3.5%	2.6%	0.2%
Nonmanufacturing	128.1	130.7	133.2	135.2	137.1	134.5	130.8	137.2	141.6	144.5
Percent Change	2.1%	2.0%	1.9%	1.5%	1.4%	-1.9%	-2.8%	4.9%	3.2%	2.0%
Construction & Mining	7.2	7.3	7.5	7.8	8.1	8.1	7.9	8.2	8.5	8.8
Percent Change	4.8%	2.1%	2.2%	4.3%	4.2%	-1.0%	-2.3%	3.8%	4.2%	3.0%
Information	2.7	2.8	2.8	2.8	2.8	2.8	2.7	3.0	3.1	3.0
Percent Change	0.7%	1.1%	1.6%	0.4%	1.0%	-1.0%	-3.0%	8.9%	3.3%	-2.1%
Public Utility, Trade & Transportation	26.5	26.9	27.3	27.4	27.6	27.1	27.1	28.2	28.8	28.9
Percent Change	2.1%	1.6%	1.2%	0.6%	0.6%	-2.0%	0.1%	4.2%	1.9%	0.5%
Finance, Insurance & Real Estate	8.0	8.2	8.4	8.5	8.7	8.8	8.7	8.9	9.1	9.2
Percent Change	1.6%	1.9%	2.1%	1.6%	1.9%	1.1%	-0.6%	2.6%	2.2%	1.0%
Services	61.7	63.4	64.9	66.2	67.3	65.4	62.6	66.8	69.6	71.5
Percent Change	2.6%	2.7%	2.4%	2.0%	1.7%	-2.9%	-4.4%	6.8%	4.3%	2.6%
Professional & Business	19.5	20.0	20.4	20.8	21.2	20.9	20.7	22.1	22.8	22.9
Percent Change	3.0%	2.6%	1.9%	2.1%	1.9%	-1.2%	-1.1%	6.6%	3.2%	0.7%
Education & Health	21.7	22.3	22.9	23.4	23.9	23.8	23.4	23.9	24.8	25.9
Percent Change	2.3%	2.8%	2.7%	2.1%	2.0%	-0.2%	-2.0%	2.4%	3.8%	4.2%
Leisure & Hospitality	14.9	15.4	15.9	16.2	16.4	15.0	13.2	15.2	16.3	16.8
Percent Change	2.9%	3.4%	3.0%	2.0%	1.4%	-8.5%	-12.4%	15.5%	7.1%	3.2%
Other Services	5.6	5.7	5.7	5.8	5.9	5.6	5.3	5.6	5.8	5.9
Percent Change	1.2%	1.0%	1.4%	1.3%	0.9%	-4.0%	-5.1%	5.0%	2.9%	1.9%
Government	21.9	22.1	22.3	22.4	22.5	22.4	21.8	22.1	22.5	23.1
Percent Change	0.5%	0.8%	0.9%	0.4%	0.6%	-0.4%	-2.7%	1.1%	1.8%	2.8%
Civilian Labor Force	156.6	158.0	159.8	161.2	162.7	162.6	160.6	162.9	165.6	167.7
Percent Change	0.7%	0.9%	1.1%	0.9%	0.9%	-0.1%	-1.2%	1.5%	1.6%	1.3%
Unemployment Rate	5.7%	5.0%	4.6%	4.1%	3.8%	6.0%	6.9%	4.2%	3.5%	3.8%

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
All Items	236.7	238.2	242.7	248.1	253.3	257.3	263.1	282.0	299.7	309.6
Percent Change	0.7%	0.7%	1.9%	2.2%	2.1%	1.6%	2.3%	7.2%	6.3%	3.3%
Food & Beverages	245.1	247.7	248.3	251.6	255.7	261.7	270.4	288.5	314.9	324.1
Percent Change	2.5%	1.1%	0.2%	1.3%	1.7%	2.3%	3.4%	6.7%	9.1%	2.9%
Housing	235.6	240.7	247.8	254.8	262.2	269.1	275.0	289.7	311.8	327.4
Percent Change	2.3%	2.1%	3.0%	2.9%	2.9%	2.6%	2.2%	5.3%	7.6%	5.0%
Energy	221.2	192.5	197.8	213.2	217.5	206.9	211.0	274.4	290.5	283.9
Percent Change	-10.3%	-12.9%	2.7%	7.8%	2.0%	-4.9%	2.0%	30.0%	5.9%	-2.3%
Commodities	184.5	180.2	180.3	183.0	184.9	184.7	189.7	212.0	222.9	223.7
Percent Change	-1.9%	-2.4%	0.0%	1.5%	1.0%	-0.1%	2.7%	11.8%	5.1%	0.4%
Apparel	126.8	125.9	126.1	125.8	124.6	121.5	118.4	124.4	129.1	131.0
Percent Change	-0.6%	-0.7%	0.2%	-0.2%	-1.0%	-2.5%	-2.6%	5.1%	3.8%	1.4%
Transportation	206.2	196.0	198.4	206.3	210.5	205.4	211.3	253.3	265.8	270.5
Percent Change	-5.4%	-4.9%	1.2%	4.0%	2.0%	-2.4%	2.8%	19.9%	4.9%	1.8%
Services	288.3	295.6	304.2	312.3	320.7	329.0	335.7	350.4	374.8	394.2
Percent Change	2.4%	2.5%	2.9%	2.7%	2.7%	2.6%	2.0%	4.4%	7.0%	5.2%
Medical Care	441.0	454.0	471.0	480.4	489.3	510.2	522.6	533.7	550.5	555.3
Percent Change	2.5%	2.9%	3.8%	2.0%	1.9%	4.3%	2.4%	2.1%	3.1%	0.9%
Other Goods & Services	411.2	418.9	427.7	437.8	446.1	457.4	467.9	490.4	522.2	549.3
Percent Change	1.6%	1.9%	2.1%	2.3%	1.9%	2.5%	2.3%	4.8%	6.5%	5.2%

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 6
PERSONAL INCOME
(BILLIONS OF DOLLARS)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Personal Income	236.8	242.0	245.6	254.8	265.2	270.7	285.8	297.7	316.9	334.7
Percent Change	4.1%	2.2%	1.5%	3.8%	4.1%	2.1%	5.6%	4.2%	6.4%	5.6%
Disposable Personal Income	197.9	203.1	207.1	215.0	225.2	230.3	241.4	244.1	263.7	283.2
Percent Change	4.0%	2.6%	2.0%	3.8%	4.7%	2.3%	4.8%	1.1%	8.0%	7.4%
Total Wages	123.0	125.3	126.3	130.8	136.2	138.2	143.2	155.0	163.0	172.0
Percent Change	3.5%	1.8%	0.8%	3.5%	4.2%	1.4%	3.6%	8.2%	5.2%	5.6%
Manufacturing Wages	14.4	13.9	14.1	14.9	15.5	15.9	15.7	16.4	17.3	18.1
Percent Change	-2.2%	-3.2%	1.4%	5.8%	4.2%	2.3%	-1.2%	4.5%	5.4%	5.0%
Nonmanufacturing Wages	108.6	111.4	112.2	115.9	120.7	122.3	127.5	138.6	145.7	153.9
Percent Change	4.3%	2.5%	0.8%	3.3%	4.2%	1.3%	4.2%	8.7%	5.1%	5.6%
Other Labor Income	27.3	28.2	28.3	29.4	30.2	30.0	30.9	32.1	32.9	34.3
Percent Change	2.9%	3.4%	0.5%	3.9%	2.7%	-0.6%	3.0%	3.8%	2.6%	4.2%
Proprietor's Income	25.6	25.6	26.7	27.3	26.7	26.1	28.1	29.5	30.6	32.4
Percent Change	0.4%	0.1%	4.3%	2.3%	-2.4%	-2.2%	7.7%	5.0%	3.7%	6.0%
Property Income	47.6	49.0	50.2	52.8	56.6	54.7	53.7	59.0	67.6	72.8
Percent Change	8.3%	3.0%	2.3%	5.2%	7.3%	-3.5%	-1.8%	9.9%	14.5%	7.7%
Transfer Payments Less Social Insurance	13.4	13.9	14.1	14.5	15.5	21.7	29.9	22.2	22.8	23.1
Percent Change	5.6%	3.7%	1.3%	3.1%	6.8%	40.5%	37.4%	-25.8%	2.9%	1.2%
Transfer Payments	31.3	32.2	32.8	34.1	36.0	42.6	51.4	45.3	47.1	48.4
Percent Change	4.1%	3.0%	1.8%	4.0%	5.5%	18.5%	20.5%	-11.8%	4.0%	2.8%
Social Insurance	17.9	18.4	18.8	19.6	20.5	20.9	21.5	23.2	24.3	25.4
Percent Change	2.9%	2.5%	2.1%	4.6%	4.5%	1.9%	2.9%	7.6%	5.1%	4.2%
Residence Adjustment	13.1	13.0	13.7	16.1	18.6	20.0	21.3	22.9	22.9	24.7
Percent Change	3.2%	-0.9%	5.7%	16.9%	15.5%	7.7%	6.5%	7.6%	0.1%	7.8%

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 7
DEFLATED PERSONAL INCOME
(BILLIONS OF DOLLARS)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Personal Income	243.7	247.7	247.6	252.2	258.0	260.2	269.0	264.4	267.0	274.2
Percent Change	3.4%	1.7%	0.0%	1.9%	2.3%	0.8%	3.4%	-1.7%	1.0%	2.7%
Disposable Personal Income	203.6	207.9	208.8	212.9	219.1	221.4	227.2	216.8	222.2	232.1
Percent Change	3.2%	2.1%	0.4%	2.0%	2.9%	1.1%	2.6%	-4.6%	2.5%	4.4%
Total Wages	126.5	128.2	127.4	129.5	132.5	132.8	134.8	137.6	137.3	140.9
Percent Change	2.8%	1.3%	-0.7%	1.7%	2.4%	0.2%	1.5%	2.1%	-0.2%	2.6%
Manufacturing Wages	14.8	14.2	14.2	14.8	15.1	15.3	14.8	14.6	14.6	14.9
Percent Change	-2.9%	-3.7%	-0.2%	3.9%	2.4%	1.1%	-3.2%	-1.5%	0.0%	2.1%
Nonmanufacturing Wages	111.8	114.0	113.2	114.7	117.4	117.6	120.0	123.1	122.8	126.1
Percent Change	3.5%	2.0%	-0.7%	1.4%	2.4%	0.1%	2.1%	2.5%	-0.2%	2.7%
Other Labor Income	28.1	28.9	28.6	29.1	29.4	28.9	29.1	28.5	27.8	28.1
Percent Change	2.2%	2.9%	-1.0%	2.0%	0.9%	-1.8%	0.8%	-2.1%	-2.7%	1.3%
Proprietor's Income	26.3	26.2	27.0	27.1	26.0	25.1	26.4	26.2	25.8	26.6
Percent Change	-0.4%	-0.4%	2.7%	0.4%	-4.1%	-3.4%	5.5%	-1.0%	-1.6%	3.1%
Property Income	49.0	50.2	50.6	52.2	55.1	52.5	50.6	52.4	57.0	59.6
Percent Change	7.5%	2.5%	0.8%	3.3%	5.5%	-4.6%	-3.8%	3.7%	8.7%	4.7%
Transfer Payments Less Social Insurance	13.8	14.2	14.2	14.3	15.1	20.9	28.1	19.7	19.2	18.9
Percent Change	4.9%	3.2%	-0.2%	1.2%	5.0%	38.8%	34.6%	-30.0%	-2.3%	-1.6%
Transfer Payments	32.2	33.0	33.1	33.8	35.0	41.0	48.4	40.2	39.7	39.7
Percent Change	3.3%	2.5%	0.3%	2.1%	3.6%	17.1%	18.0%	-16.8%	-1.3%	-0.1%
Social Insurance	18.4	18.8	18.9	19.4	20.0	20.1	20.3	20.6	20.5	20.8
Percent Change	2.2%	2.0%	0.6%	2.7%	2.6%	0.7%	0.8%	1.5%	-0.2%	1.3%
Residence Adjustment	13.5	13.3	13.9	15.9	18.0	19.2	20.0	20.3	19.3	20.2
Percent Change	2.5%	-1.4%	4.1%	14.7%	13.5%	6.4%	4.3%	1.5%	-5.0%	4.8%

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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Manufacturing	156.9	156.6	157.5	159.7	161.7	158.6	152.2	154.9	158.4	158.4
Percent Change	-1.1%	-0.2%	0.6%	1.4%	1.2%	-1.9%	-4.1%	1.8%	2.3%	0.0%
Transportation Equip.	40.2	41.1	42.8	45.0	46.4	46.8	45.1	44.7	45.9	47.3
Percent Change	-1.1%	2.4%	4.0%	5.3%	3.0%	0.9%	-3.6%	-0.9%	2.8%	3.0%
Fabricated Metals	29.4	29.2	29.3	29.5	29.9	29.0	27.3	27.9	27.8	27.4
Percent Change	-2.2%	-0.8%	0.6%	0.5%	1.4%	-2.8%	-5.9%	2.3%	-0.4%	-1.5%
Electrical Equip. & Appl.	8.8	8.4	8.1	8.1	8.0	7.5	7.1	7.1	7.0	6.7
Percent Change	-5.4%	-4.4%	-4.0%	0.5%	-1.5%	-6.6%	-5.2%	0.9%	-1.2%	-5.3%
Chemicals	7.8	7.7	7.7	7.9	7.9	7.7	7.7	8.0	8.1	7.9
Percent Change	-1.5%	-2.1%	0.1%	2.7%	0.2%	-1.8%	-0.9%	3.8%	2.0%	-2.3%
Printing & Support	5.1	5.2	5.4	5.3	5.2	4.9	4.2	4.4	4.6	4.5
Percent Change	0.3%	1.9%	3.3%	-1.4%	-3.0%	-4.6%	-13.7%	4.6%	2.9%	-2.1%
Industrial Machinery	14.1	13.8	13.4	13.1	13.1	13.1	12.7	13.1	13.8	13.7
Percent Change	1.0%	-2.1%	-2.8%	-2.5%	0.2%	-0.1%	-2.9%	3.2%	4.9%	-0.6%
All Other	51.4	51.1	50.8	50.8	51.3	49.6	48.0	49.6	51.1	50.9
Percent Change	-0.3%	-0.6%	-0.7%	0.1%	0.8%	-3.2%	-3.1%	3.2%	3.1%	-0.4%

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 9
NONMANUFACTURING EMPLOYMENT
(THOUSANDS -Seasonally Adjusted)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Nonmanufacturing	1,524.4	1,533.3	1,537.7	1,536.9	1,536.9	1,474.7	1,431.7	1,493.9	1,524.6	1,544.1
Percent Change	1.1%	0.6%	0.3%	-0.1%	0.0%	-4.0%	-2.9%	4.3%	2.1%	1.3%
Construction & Mining	57.5	59.5	59.2	58.7	60.3	58.4	58.8	61.1	62.3	63.1
Percent Change	5.2%	3.5%	-0.6%	-0.7%	2.6%	-3.2%	0.8%	3.9%	2.0%	1.2%
Information	32.3	32.5	32.1	31.6	31.5	30.8	29.1	30.9	31.5	30.3
Percent Change	0.6%	0.5%	-1.1%	-1.6%	-0.3%	-2.4%	-5.5%	6.3%	1.8%	-3.9%
Utilities	5.7	5.6	5.5	5.2	5.2	5.1	5.0	5.0	4.9	5.1
Percent Change	-5.0%	-1.3%	-2.4%	-4.6%	-1.4%	-0.9%	-2.2%	-0.8%	-0.6%	3.1%
Transportation	43.5	45.2	45.7	48.1	50.2	53.6	59.2	63.7	64.0	66.9
Percent Change	2.9%	3.8%	1.3%	5.1%	4.4%	6.9%	10.4%	7.6%	0.4%	4.6%
Wholesale Trade	61.8	61.4	61.6	61.5	60.5	57.9	56.0	58.8	60.8	61.4
Percent Change	-0.4%	-0.6%	0.3%	-0.2%	-1.6%	-4.4%	-3.1%	5.0%	3.3%	1.0%
Retail Trade	184.4	185.0	184.3	182.1	178.1	166.1	165.3	167.9	168.0	165.8
Percent Change	0.2%	0.3%	-0.4%	-1.2%	-2.2%	-6.7%	-0.5%	1.6%	0.0%	-1.3%
Finance & Insurance	110.0	110.1	108.8	106.8	104.4	102.6	100.3	99.2	98.8	98.7
Percent Change	-0.1%	0.2%	-1.2%	-1.9%	-2.2%	-1.7%	-2.2%	-1.1%	-0.3%	-0.1%
Real Estate	19.5	20.0	19.8	19.8	20.0	19.7	18.5	19.1	19.6	19.7
Percent Change	2.8%	2.1%	-0.6%	0.0%	0.8%	-1.8%	-6.1%	3.2%	3.0%	0.2%
Professional & Business	217.6	219.1	219.1	220.2	220.3	213.3	208.5	219.2	222.3	221.1
Percent Change	2.2%	0.7%	0.0%	0.5%	0.0%	-3.2%	-2.2%	5.1%	1.4%	-0.6%
Education & Health	333.5	335.7	341.7	343.3	346.3	339.2	329.2	338.0	348.6	360.4
Percent Change	1.5%	0.6%	1.8%	0.5%	0.9%	-2.0%	-3.0%	2.7%	3.1%	3.4%
Leisure & Hospitality	150.7	152.2	155.5	157.1	158.3	136.9	122.1	145.0	152.0	154.1
Percent Change	1.3%	1.0%	2.2%	1.0%	0.7%	-13.5%	-10.8%	18.7%	4.8%	1.4%
Other Services	63.5	64.3	64.9	65.3	65.6	60.6	56.4	60.1	61.9	63.7
Percent Change	2.0%	1.3%	0.9%	0.7%	0.4%	-7.7%	-6.9%	6.6%	3.0%	2.9%
Federal Government	17.6	17.7	18.0	18.0	18.1	18.4	19.1	18.2	18.5	18.8
Percent Change	1.9%	0.4%	1.5%	0.3%	0.3%	1.9%	3.7%	-4.6%	1.4%	1.9%
State & Local Gov't.	226.7	225.0	221.6	219.1	218.2	212.1	204.2	207.7	211.4	215.1
Percent Change	-0.3%	-0.7%	-1.5%	-1.2%	-0.4%	-2.8%	-3.7%	1.7%	1.8%	1.7%

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Labor Force	1,909.8	1,901.0	1,921.1	1,917.4	1,928.7	1,920.0	1,824.8	1,905.3	1,890.8	1,903.9
Percent Change	1.3%	-0.5%	1.1%	-0.2%	0.6%	-0.4%	-5.0%	4.4%	-0.8%	0.7%
Nonfarm Employment	1,681.3	1,689.9	1,695.2	1,696.7	1,698.6	1,633.3	1,583.9	1,648.8	1,683.0	1,702.5
Percent Change	0.9%	0.5%	0.3%	0.1%	0.1%	-3.8%	-3.0%	4.1%	2.1%	1.2%
Residential Employment	1,794.0	1,801.5	1,833.0	1,837.2	1,858.3	1,816.8	1,680.1	1,808.7	1,822.6	1,824.8
Percent Change	2.7%	0.4%	1.7%	0.2%	1.1%	-2.2%	-7.5%	7.7%	0.8%	0.1%
Unemployed	115.8	99.6	88.1	80.2	70.4	103.2	144.7	96.6	68.2	79.1
Percent Change	-16.0%	-14.0%	-11.5%	-9.0%	-12.2%	46.6%	40.2%	-33.2%	-29.4%	15.9%
Unemployment Rate	6.1%	5.2%	4.6%	4.2%	3.6%	5.4%	7.9%	5.1%	3.6%	4.2%
Households	1,378.7	1,386.5	1,395.3	1,412.6	1,424.1	1,423.3	1,428.7	1,436.4	1,444.8	1,455.5
Percent Change	0.2%	0.6%	0.6%	1.2%	0.8%	-0.1%	0.4%	0.5%	0.6%	0.7%
Housing Starts	4,890.4	5,972.3	4,729.9	4,683.2	4,594.0	5,315.8	4,913.1	3,809.6	5,847.3	4,197.9
Percent Change	5.6%	22.1%	-20.8%	-1.0%	-1.9%	15.7%	-7.6%	-22.5%	53.5%	-28.2%
Single Family	2,384.7	2,734.2	2,739.9	2,907.4	3,044.7	2,385.0	3,147.7	2,515.1	2,546.2	2,335.5
Percent Change	-13.9%	14.7%	0.2%	6.1%	4.7%	-21.7%	32.0%	-20.1%	1.2%	-8.3%
Multi Family	2,505.8	3,238.1	1,990.0	1,775.7	1,549.4	2,930.8	1,765.4	1,294.5	3,301.1	1,862.4
Percent Change	34.5%	29.2%	-38.5%	-10.8%	-12.7%	89.2%	-39.8%	-26.7%	155.0%	-43.6%
New Car Registrations	176.3	182.3	179.0	172.9	168.3	147.3	169.5	137.1	137.6	150.7
Percent Change	0.7%	3.4%	-1.8%	-3.4%	-2.7%	-12.5%	15.1%	-19.1%	0.4%	9.6%

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

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 11
ANALYTICS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Wages/Total Income	51.9%	51.8%	51.4%	51.3%	51.4%	51.0%	50.1%	52.0%	51.4%	51.4%
Other Labor Income /Total Income	11.5%	11.7%	11.5%	11.5%	11.4%	11.1%	10.8%	10.8%	10.4%	10.3%
Social Insurance /Total Income	7.6%	7.6%	7.6%	7.7%	7.7%	7.7%	7.5%	7.8%	7.7%	7.6%
Transfer Payments /Total Income	13.2%	13.3%	13.4%	13.4%	13.6%	15.7%	18.0%	15.2%	14.9%	14.5%
Proprietor's Income /Total Income	10.8%	10.6%	10.9%	10.7%	10.1%	9.6%	9.8%	9.9%	9.7%	9.7%
Property Income /Total Income	20.1%	20.3%	20.4%	20.7%	21.3%	20.2%	18.8%	19.8%	21.3%	21.7%
Average Wages (Thousands of Dollars)	72.70	73.66	74.00	76.62	79.77	84.41	89.86	93.43	96.31	100.49
Average Mfg. Wages (Thousands of Dollars)	91.5	88.8	89.4	93.3	96.0	100.2	103.1	105.8	109.0	114.5
Manufacturing Share of Nonfarm Employment	9.3%	9.3%	9.3%	9.4%	9.5%	9.7%	9.6%	9.4%	9.4%	9.3%
Residential Employment /Total Nonfarm Employment	1.067	1.066	1.081	1.083	1.094	1.112	1.061	1.097	1.083	1.072

MAJOR CONNECTICUT REGIONAL ECONOMIC INDICATORS - CALENDAR YEAR BASIS

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

BRIDGEPORT-STAMFORD-NORWALK

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personal Income	94,759.8	96,433.6	98,894.4	102,060.3	108,016.9	108,794.5	108,242.4	117,202.9	125,260.7	133,974.9
Percent Change	5.5%	1.8%	2.6%	3.2%	5.8%	0.7%	-0.5%	8.3%	6.9%	7.0%
Total Wages	37,405.2	38,602.1	38,735.8	38,318.7	38,728.0	39,653.6	39,365.9	42,626.8	46,202.2	48,171.5
Percent Change	3.1%	3.2%	0.3%	-1.1%	1.1%	2.4%	-0.7%	8.3%	8.4%	4.3%

HARTFORD-WEST HARTFORD-EAST HARTFORD

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personal Income	67,694.6	69,870.5	70,865.8	72,131.0	74,672.3	76,900.6	80,243.6	84,275.3	86,858.5	91,453.3
Percent Change	3.7%	3.2%	1.4%	1.8%	3.5%	3.0%	4.3%	5.0%	3.1%	5.3%
Total Wages	39,790.1	41,121.1	41,308.1	42,329.2	43,484.1	44,898.4	44,707.9	46,319.1	49,692.6	51,960.9
Percent Change	4.2%	3.3%	0.5%	2.5%	2.7%	3.3%	-0.4%	3.6%	7.3%	4.6%

NEW HAVEN-MILFORD

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personal Income	42,157.7	43,406.2	43,906.5	44,623.2	46,563.7	48,808.6	51,417.8	55,453.1	56,172.7	59,201.8
Percent Change	3.0%	3.0%	1.2%	1.6%	4.3%	4.8%	5.3%	7.8%	1.3%	5.4%
Total Wages	20,421.0	21,049.6	21,422.8	21,924.8	22,330.9	23,065.7	23,512.9	25,338.8	27,293.8	28,584.4
Percent Change	2.8%	3.1%	1.8%	2.3%	1.9%	3.3%	1.9%	7.8%	7.7%	4.7%

NEW LONDON-NORWICH, CT-RI

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personal Income	13,547.9	14,146.5	14,449.8	14,771.4	15,016.8	15,578.3	16,280.3	17,247.2	17,785.4	18,730.3
Percent Change	2.5%	4.4%	2.1%	2.2%	1.7%	3.7%	4.5%	5.9%	3.1%	5.3%
Total Wages	6,881.4	6,968.8	7,232.3	7,481.3	7,529.9	7,624.4	7,474.9	8,048.8	8,636.9	9,106.7
Percent Change	1.9%	1.3%	3.8%	3.4%	0.7%	1.3%	-2.0%	7.7%	7.3%	5.4%