



OPPORTUNITY & AFFORDABILITY

ECONOMIC REPORT OF THE GOVERNOR

FEBRUARY 4, 2026

STATE OF CONNECTICUT



FY 2027 Midterm Economic Report of the Governor

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ECONOMIC ASSUMPTIONS OF THE GOVERNOR'S BUDGET

The United States Economy

For the nation, the overall economy showed signs of softening in calendar year 2025. Real gross domestic product (GDP) grew by an estimated 2.2% in calendar year 2025, down from 2.8% in 2024 and 2.9% in 2023. Looking at employment levels, payroll employment increased by 584 thousand jobs in 2025, a decrease from 2024 when 2.0 million jobs were added. The nation closed out calendar year 2025 with an unemployment rate of 4.4%, up compared to the 4.1% in December of 2024.

The Federal Reserve continued a program of interest rate cuts in 2025, with three one-quarter interest rate reductions in the calendar year. Compared to a target rate of 4.25% at the start of the year, as of the December 2025 Federal Reserve meeting the target now stands at 3.50%. In total, the Federal Reserve cut interest rates a total of six times in calendar years 2024 and 2025. The Federal Reserve's forecast as of December 2025 indicates one additional rate cut in 2026.

The national housing market has remained constricted by supply. Sales of existing homes were approximately 4.1 million in calendar year 2025, virtually unchanged from 2023 and 2024 and well below the 7.1 million units sold in calendar year 2005, a recent peak. Depressed sales are due in part to low housing inventory for sale. Nationally, average monthly listings were just over one million in 2025, up 22% over 2024 but still below the pace of approximately 1.2 million listings 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 2025, 30-year mortgage rates averaged 6.19%, down slightly from an average of 6.72% in December 2024 but well above levels seen immediately after the pandemic. Because mortgage rates are more closely correlated with long-term interest rates, the Federal Reserve rate cuts in 2024 and 2025 have not resulted in directly proportional 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. As of September of 2025, total student loans reached an all-time high of \$1.83 trillion dollars. In January of 2026, The U.S. Department of Education announced a delay of implementation of involuntary collections of student loans through wage garnishments and treasury offsets, although such measures may still be implemented. 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.

Although the current economic expansion has continued through 2025, data suggests a slowdown in growth relative to recent years, which may continue into 2026. National geopolitical risk remains high, particularly regarding trade and immigration policy at the federal level. The federal government had its longest shutdown in history beginning October 1, 2025, lasting 43 days and impacting several data series relied on for economic forecasting. Tariff policy remains uncertain, with multiple changes in federal policy direction following the "liberation day" announcement in April of 2025 and a pending Supreme Court case, *Learning Resources v. Trump*, which will determine whether tariffs may be implemented by executive order. Inflation has remained moderate in 2025, measuring 2.71% as of November 2025, the same reading as November 2024. On the positive side, the equities market continued to fare well in 2025, increasing by 16% as measured by the S&P 500 index. Global hostilities continue in Europe and the Middle East. Climate events have resulted in an increase in homeowner's insurance and, in some parts of the

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country, cancellation of insurance plans. The current economic expansion has lasted 69 months, longer than the 66 month average since the end of World War II.

The Connecticut Economy

Connecticut has experienced an extraordinary period of budget stability, with 7 years of surpluses. As a result, the state has been able to enact several tax cuts, including lower marginal income tax rates for working class families, an expansion of the exemption for pensions and annuities from the income tax, an increase in the earned income tax credit, an enhancement to the EITC for filers with children, and a decrease in the mill rate for the capital base tax on corporations.

While the economy in Connecticut has thrived over the last few years, the state has not been immune to the general deceleration seen nationwide. As of November of 2025, the state has added 1,800 jobs over the previous 12-month period, compared to 12,600 jobs as of November 2024 and 23,100 jobs as of 2023. In addition, Connecticut has also seen signs of resilience in its economy. Real Gross State product grew by an estimated 2.3% in calendar year 2025, exceeding growth of 1.0% in 2024 and 1.4% in 2025 while slightly edging out national GDP growth at 2.2%. The state has also continued to fare better in terms of unemployment compared to the nation as a whole. In November of 2025, the State's unemployment rate stood at 4.0%, compared to 4.6% in the nation.

Following a period of flat or declining population, FY 2025 marked the fourth consecutive year of population growth in Connecticut based on data from the U.S. Census and S&P Global, the data vendor utilized by the Connecticut Office of Policy and Management. With a relatively low natural change rate (calculated as births minus deaths), Connecticut's recent population growth has been driven by migration. The state experienced its fifth consecutive year of positive net migration in FY 2025, reversing a previous trend of net outmigration from the state. During the period from FY 2021 to FY 2025, Connecticut added approximately 102,155 residents due to migration. It is worth noting that Connecticut's net migration has been driven by international immigrants, offsetting a continued net migration to other states for domestic migration.

Personal income in the state was \$357.9 billion in FY 2025, an increase of almost 5.5% over the prior year. FY 2025 marked the fourth 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 \$97,098 in FY 2025, and ranked 1st among the states and significantly above the 50-state average of \$74,745.

Similar to the nation, the housing market in Connecticut has been tough for buyers and better for sellers. Total home sales in Connecticut increased slightly by 1.3% in FY 2025, following three consecutive years of double-digit declines. Elevated interest rates may deter a homeowner looking to sell their home and buy a new one, resulting in lower-than-normal inventory of homes for sale in the Connecticut housing market. Monthly active home listings averaged 4,194 in FY 2025, up slightly from FY 2024 but well below FY 2017, when monthly active listings averaged 19,819 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 \$497 thousand in FY 2025, an 8.5% increase over FY 2024, significantly outpacing growth in the nation as a whole at 3.2%. 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.

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Energy costs in Connecticut remain elevated relative to costs in the nation. Total Energy costs in Connecticut were \$33.32 per million British Thermal Units (BTU) in 2023, compared to \$23.59 for the nation. Retail electricity costs are particularly elevated in the state of Connecticut, costing \$71.04 per million BTU compared to \$37.34 for the nation, a 90% 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. In September of 2025, Connecticut received two upgrades to its credit rating from the major credit rating agencies, continuing a trend of upgrades beginning in 2021. These rating upgrades cited Connecticut's strong budgetary controls, sometimes called the "fiscal guardrails," as a driver of Connecticut's recent fiscal success. These include the state's spending cap, volatility cap, revenue cap, and various bonding limits. 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.

Early economic projections for Connecticut in FY 2026 and thereafter remain mostly positive. Employment levels are projected to peak in state fiscal year FY 2028 with a slight decline thereafter, and the unemployment rate is expected to remain below the national average through FY 2030. Home sales are expected to rebound further in FY 2026 and FY 2027, with growth of 6.1% and 8.8%, respectively.

Economic Assumptions of the Governor's Budget

The U.S. economy is projected to grow 2.4% in FY 2026 and 2.1 % in FY 2027, before slowing down to the mid-1% range for FY 2028 through FY 2030. The inflation rate for FY 2025 was approximately 2.6% and is projected to finish FY 2026 at 2.6% as well, before increasing slightly to 2.8% in FY 2027, decreasing to 2.5% in FY 2028, and decreasing further to the low 2% range in FY 2029 and FY 2030. The U.S. unemployment rate is projected to increase from 4.2% in FY 2025 to 4.6% in FY 2026 and 4.7% in FY 2027. The U.S. unemployment rate in the outyears is projected to decrease slightly but remain in the 4.5% range. U.S. housing starts are projected to continue a decline which began in FY 2023, decreasing by 4.3% in FY 2026 and 0.2% in FY 2027 before increasing slightly in FY 2028 by 0.5%. New vehicle sales in the U.S. increased by 3.9% in FY 2025 and are projected to decrease by 2.4% in FY 2026. Slight growth for new vehicle sales is projected in FY 2027 at 0.6% before ticking up to 1.1% and 1.4% in FY 2028 and FY 2029, respectively.

Connecticut's real gross state product (GSP) is expected to close FY 2026 with growth of 2.5% and continue to increase, albeit at a lower rate, at 1.5% in FY 2027, 1.1% in FY 2028, and 1.2% in FY 2029. Personal income in Connecticut is projected to increase by 4.7% by the end of FY 2026 before growing by 5.3% in FY 2027, 4.8% in FY 2028, and 4.2% in FY 2029. Wages and salaries in the state are projected to increase by 4.5% in FY 2026, accelerating to 5.0% in FY 2027 before decelerating to 4.7% and 3.9% growth in FY 2028 and FY 2029, respectively.

Employment in Connecticut is projected to remain flat by the end of FY 2026 with growth of 0.1%. This trend of flat-to-minimal employment growth is projected to remain through FY 2030. The state's unemployment rate is projected to average 4.0% in FY 2026 and increase to 4.2% in FY 2027 through FY 2030. This pattern is similar to what the nation is projected to experience. Unemployment in Connecticut is projected to remain below national levels through FY 2030.

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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, including, but not limited to, tariffs, executive orders, and the implementation of Public Law 119-21.

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

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

<u>Fiscal Year</u>	U.S. Real GDP (Billions of Dollars)		CT Real GSP (Millions of Dollars)		U.S. Housing Starts (Millions)		CT Housing Starts	
	<u>Value</u>	<u>Growth</u>	<u>Value</u>	<u>Growth</u>	<u>Value</u>	<u>Growth</u>	<u>Value</u>	<u>Growth</u>
2025	23,596.1	2.3%	288.9	1.5%	1.4	-2.3%	6,575.6	55.9%
2026	24,173.4	2.4%	296.0	2.5%	1.3	-4.3%	5,319.5	-19.1%
2027	24,678.9	2.1%	300.3	1.5%	1.3	-0.2%	5,284.0	-0.7%
2028	25,083.3	1.6%	303.7	1.1%	1.3	0.5%	5,203.6	-1.5%
2029	25,533.7	1.8%	307.5	1.2%	1.3	0.9%	5,207.2	0.1%
2030	25,912.5	1.5%	311.9	1.4%	1.3	0.3%	5,270.2	1.2%

<u>Fiscal Year</u>	U.S. Employment (Millions)		CT Employment (Thousands)		U.S. Unemployment Rate		CT Unemployment Rate	
	<u>Value</u>	<u>Growth</u>	<u>Value</u>	<u>Growth</u>	<u>Value</u>	<u>Growth</u>	<u>Value</u>	<u>Growth</u>
2025	158.8	1.2%	1,713.2	0.6%	4.2%	0.3	3.4%	0.2
2026	159.7	0.6%	1,715.4	0.1%	4.6%	0.4	4.0%	0.6
2027	160.7	0.6%	1,716.5	0.1%	4.7%	0.1	4.2%	0.2
2028	161.2	0.3%	1,715.8	0.0%	4.6%	-0.1	4.3%	0.0
2029	161.7	0.3%	1,715.4	0.0%	4.5%	-0.1	4.2%	0.0
2030	162.1	0.2%	1,714.4	-0.1%	4.3%	-0.1	4.2%	0.0

<u>Fiscal Year</u>	Consumer Price Index		U.S. New Vehicle Sales (Millions)		CT Personal Income (Millions of Dollars)	
	<u>Value</u>	<u>Growth</u>	<u>Value</u>	<u>Growth</u>	<u>Value</u>	<u>Growth</u>
2025	317.8	2.6%	16.2	3.9%	357,910.3	5.5%
2026	326.0	2.6%	15.8	-2.4%	374,866.7	4.7%
2027	335.0	2.8%	15.9	0.6%	394,918.5	5.3%
2028	343.5	2.5%	16.1	1.1%	413,826.1	4.8%
2029	351.5	2.3%	16.3	1.4%	431,130.2	4.2%
2030	359.0	2.1%	16.4	0.6%	445,162.8	3.3%

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REVENUE FORECAST

TABLE A-2

STATE OF CONNECTICUT - GENERAL FUND REVENUES (In Millions)

	Actual Revenue FY 2025	Projected Revenue Current Rates FY 2026	Proposed Revenue Changes FY 2026	Net Projected Revenue FY 2026
<u>Taxes</u>				
PIT - Withholding	\$ 9,153.0	\$ 9,503.4	\$ -	\$ 9,503.4
PIT – Estimates & Finals	3,811.0	4,098.4	-	4,098.4
Sales & Use Tax	5,120.5	5,279.2	-	5,279.2
Corporation Tax	1,402.6	1,381.7	-	1,381.7
Pass-Through Entity Tax	2,367.0	2,440.6	-	2,440.6
Public Service Tax	336.7	324.7	-	324.7
Inheritance & Estate Tax	146.1	186.0	-	186.0
Insurance Companies Tax	324.1	348.9	-	348.9
Cigarettes Tax	233.7	217.1	-	217.1
Real Estate Conveyance Tax	297.0	313.6	-	313.6
Alcoholic Beverages Tax	75.8	76.2	-	76.2
Admissions & Dues Tax	42.9	43.3	-	43.3
Health Provider Tax	912.0	891.0	-	891.0
Miscellaneous Tax	21.9	21.9	-	21.9
Total Taxes	\$ 24,244.3	\$ 25,126.0	\$ -	\$ 25,126.0
Less Refunds of Tax	(1,904.5)	(2,100.6)	-	(2,100.6)
Less Earned Income Tax Credit	(195.5)	(235.4)	-	(235.4)
Less R&D Credit Exchange	(6.4)	(9.8)	-	(9.8)
Total - Taxes Less Refunds	\$ 22,137.8	\$ 22,780.2	\$ -	\$ 22,780.2
<u>Other Revenue</u>				
Transfers-Special Revenue	\$ 354.0	\$ 372.5	\$ -	\$ 372.5
Indian Gaming Payments	332.7	364.6	-	364.6
Licenses, Permits, Fees	332.0	371.9	-	371.9
Sales of Commodities	17.6	17.6	-	17.6
Rents, Fines, Escheats	262.1	228.1	-	228.1
Investment Income	338.3	273.8	-	273.8
Miscellaneous	208.9	167.1	-	167.1
Less Refunds of Payments	(124.5)	(112.2)	-	(112.2)
Total - Other Revenue	\$ 1,721.1	\$ 1,683.4	\$ -	\$ 1,683.4
<u>Other Sources</u>				
Federal Grants	\$ 1,935.1	\$ 1,827.1	\$ -	\$ 1,827.1
Transfer From Tobacco Settlement	105.5	91.8	-	91.8
Transfers From/(To) Other Funds	90.4	(93.5)	(456.9)	(550.4)
Transfer to BRF – Volatility Cap	(2,098.7)	(1,810.4)	500.0	(1,310.4)
Transfer to Housing Trust Fund	-	(13.6)	-	(13.6)
Total - Other Sources	\$ 32.3	\$ 1.4	\$ 43.1	\$ 44.5
Total - General Fund Revenues	\$ 23,891.2	\$ 24,465.0	\$ 43.1	\$ 24,508.1
Revenue Cap Deduction	-	-	-	-
Available Net General Fund Revenues	\$ 23,891.2	\$ 24,465.0	\$ 43.1	\$ 24,508.1

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Projected Revenue Current Rates FY 2027	Proposed Revenue Changes FY 2027	Net Projected Revenue FY 2027
\$ 9,864.0	\$ -	\$ 9,864.0
3,876.9	(20.0)	3,856.9
5,409.9	-	5,409.9
1,460.5	66.8	1,527.3
2,365.6	-	2,365.6
347.5	-	347.5
190.4	-	190.4
354.0	-	354.0
203.8	-	203.8
317.8	-	317.8
76.6	-	76.6
43.8	-	43.8
1,313.9	(275.0)	1,038.9
21.3	-	21.3
<u>\$ 25,846.0</u>	<u>\$ (228.2)</u>	<u>\$ 25,617.8</u>
(2,060.8)	(505.0)	(2,565.8)
(240.5)	-	(240.5)
(10.1)	(5.0)	(15.1)
<u>\$ 23,534.6</u>	<u>\$ (738.2)</u>	<u>\$ 22,796.4</u>
\$ 381.7	\$ -	\$ 381.7
380.1	-	380.1
340.2	(15.9)	324.3
18.0	-	18.0
223.3	-	223.3
225.2	-	225.2
167.1	-	167.1
(108.9)	-	(108.9)
<u>\$ 1,626.7</u>	<u>\$ (15.9)</u>	<u>\$ 1,610.8</u>
\$ 1,940.8	\$ 1.9	\$ 1,942.7
90.2	-	90.2
89.3	489.6	578.9
(1,233.4)	20.0	(1,213.4)
(9.8)	-	(9.8)
<u>\$ 877.1</u>	<u>\$ 511.5</u>	<u>\$ 1,388.6</u>
\$ 26,038.4	\$ (242.6)	\$ 25,795.8
(325.5)	3.0	(322.4)
<u>\$ 25,712.9</u>	<u>\$ (239.6)</u>	<u>\$ 25,473.4</u>

Explanation of Changes

Personal Income Tax

Allow Certain Pass-through Entities to Earn R&D Tax Credit

Corporation Tax

Conform to Federal P.L. 119-21 R&E Rules Beginning in FY 2026; Decouple From Federal P.L. 119-21 Bonus Depreciation Rules

Health Provider Taxes

Reduce Hospital Provider Tax

Refunds of Taxes

Sales Tax Rebate - One Time Rebate of \$200/\$400 for AGI Under \$200K/\$400K; Establish Individual Coverage Health Reimbursement Arrangement (ICHRA) Tax Credit

R&D Credit Exchange

Allow Certain Pass-through Entities to Earn R&D Tax Credit

License, Permits, and Fees

Eliminate Certain Occupational License Application & Renewal Fees

Federal Grants

Revenue Attributable to Expenditure Changes

Transfers-Other Funds

Update Municipal Revenue Sharing Fund Subsidy Requirements; Reduce Transfer From FY 2026 to FY 2027 by \$30M; Transfer \$500M From FY 2026 to FY 2027 for Rebate Program; Home Improvement Guaranty Fund to Retain Additional Funds; Increase Transfer From GF to Mashantucket Pequot Fund

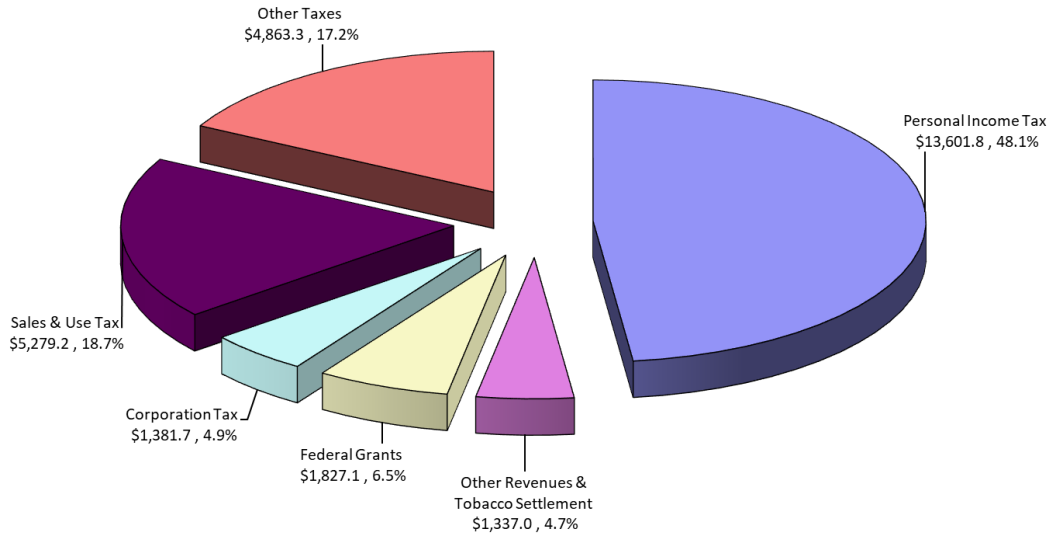
Volatility Cap Adjustment

Adjust Volatility Cap Threshold in FY 2026 Only for Rebate Program; Allow Certain Pass-through Entities to Earn R&D Tax Credit

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GENERAL FUND REVENUES FY 2026 (In Millions)

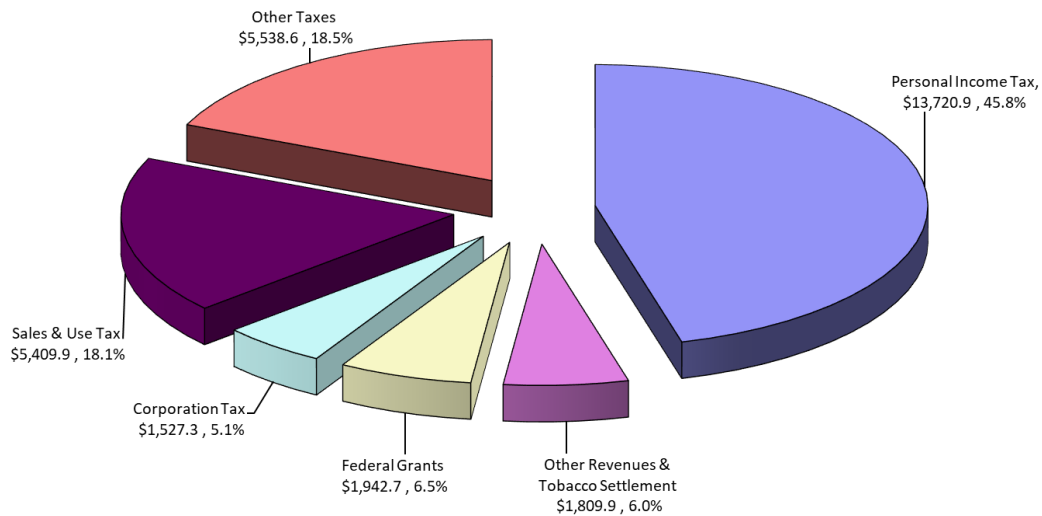
TOTAL \$ 24,508.1 MILLION*



* Refunds of Taxes are estimated at \$2,100.6 million, R&D Credit Exchange is estimated at \$9.8 million, Earned Income Tax Credit is estimated at \$235.4 million, Refunds of Payments are estimated at \$112.2 million, and Transfers to the Budget Reserve Fund are estimated to be \$1,310.4 million.

General Fund Revenues FY 2027 (In Millions)

TOTAL \$ 25,795.8 MILLION*



* Refunds of Taxes are estimated at \$2,565.8 million, R&D Credit Exchange is estimated at \$15.1 million, Earned Income Tax Credit is estimated at \$240.5 million, Refunds of Payments are estimated at \$108.9 million, and Transfers to the Budget Reserve Fund are estimated to be \$1,213.4 million. This chart does not include the revenue cap deduction of \$322.4 million.

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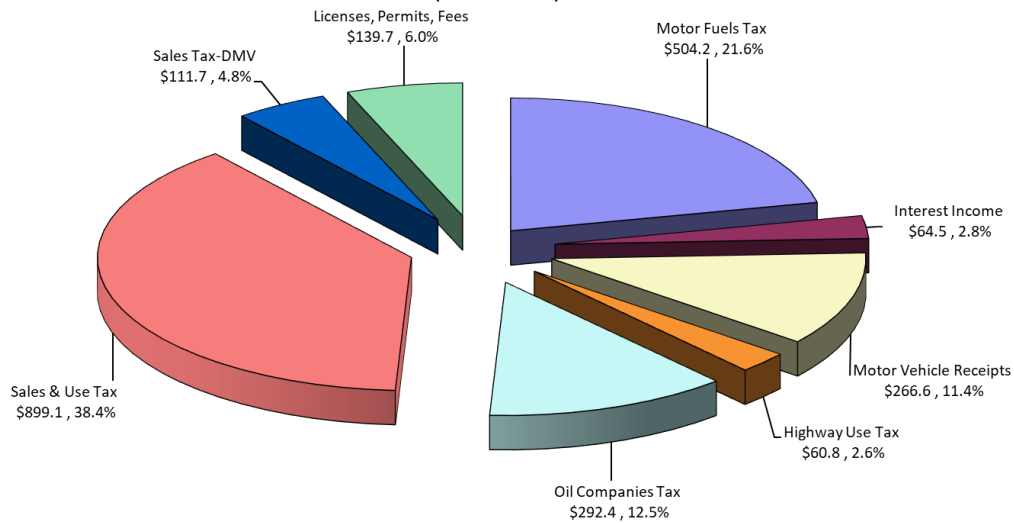
TABLE A-3

**STATE OF CONNECTICUT
SPECIAL TRANSPORTATION FUND REVENUES
(In Millions)**

	Estimated Revenue FY 2025	Projected Revenue Current Rates FY 2026	Proposed Revenue Changes FY 2026	Net Projected Revenue FY 2026
<u>Taxes</u>				
Motor Fuels Tax	\$ 513.8	\$ 504.2	\$ -	\$ 504.2
Oil Companies Tax	298.0	292.4	-	292.4
Sales and Use Tax	877.8	899.1	-	899.1
Sales Tax - DMV	114.1	111.7	-	111.7
Highway Use Tax	59.9	60.8	-	60.8
Total Taxes	\$ 1,863.6	\$ 1,868.2	\$ -	\$ 1,868.2
Less Refunds of Taxes	(7.8)	(14.3)	-	(14.3)
Total - Taxes Less Refunds	\$ 1,855.9	\$ 1,853.9	\$ -	\$ 1,853.9
<u>Other Sources</u>				
Motor Vehicle Receipts	\$ 275.1	\$ 266.6	\$ -	\$ 266.6
Licenses, Permits, Fees	139.7	139.7	-	139.7
Interest Income	71.2	64.5	-	64.5
Federal Grants	5.2	-	-	-
Transfers From/(To) Other Funds	(113.1)	11.5	-	11.5
Less Refunds of Payments	(12.9)	(10.9)	-	(10.9)
Total - Other Sources	\$ 365.1	\$ 471.4	\$ -	\$ 471.4
Total - STF Revenues	\$ 2,221.0	\$ 2,325.3	\$ -	\$ 2,325.3
Revenue Cap Deduction	-	-	-	-
Available Net STF Revenue	\$ 2,221.0	\$ 2,325.3	\$ -	\$ 2,325.3

FISCAL YEAR 2026 - TOTAL \$2,325.3 MILLION*

(In Millions)



* Refunds are estimated at \$25.2 million and Transfers from Other Funds at \$11.5 million.

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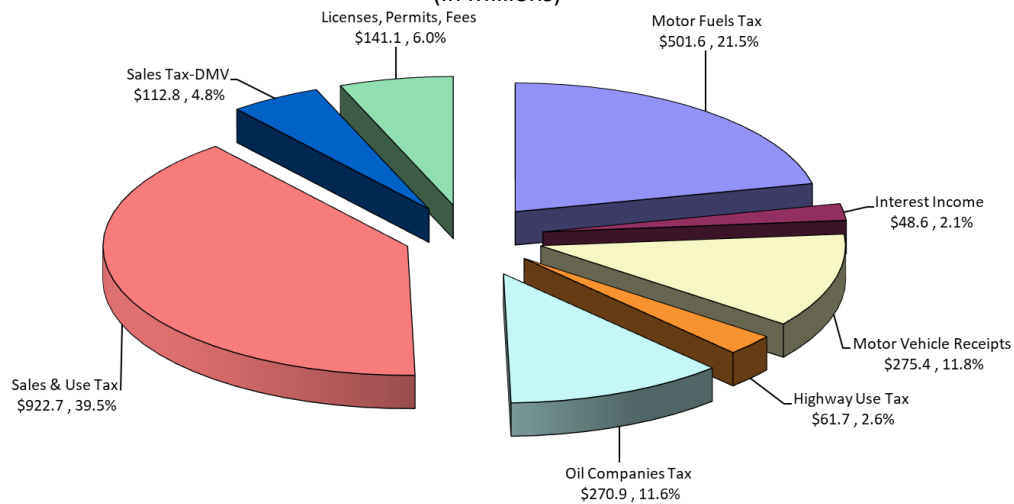
Projected Revenue Current Rates FY 2027	Proposed Revenue Changes FY 2027	Net Projected Revenue FY 2027
\$ 501.6	\$ -	\$ 501.6
270.9	-	270.9
922.7	-	922.7
112.8	-	112.8
61.7	-	61.7
<u>\$ 1,869.7</u>	<u>\$ -</u>	<u>\$ 1,869.7</u>
(10.6)	-	(10.6)
<u>\$ 1,859.1</u>	<u>\$ -</u>	<u>\$ 1,859.1</u>
\$ 275.4	\$ -	\$ 275.4
141.1	-	141.1
48.6	-	48.6
-	-	-
117.5	-	117.5
(11.1)	-	(11.1)
<u>\$ 571.5</u>	<u>\$ -</u>	<u>\$ 571.5</u>
\$ 2,430.6	\$ -	\$ 2,430.6
(30.4)	-	(30.4)
<u>\$ 2,400.2</u>	<u>\$ -</u>	<u>\$ 2,400.2</u>

Explanation of Changes

No revenue-related policy changes are being proposed as part of the Governor's FY 2027 Midterm adjustments.

FISCAL YEAR 2027 - TOTAL \$2,430.6 MILLION*

(In Millions)



* Refunds are estimated at \$21.7 million and Transfers from Other Funds at \$117.5 million. This chart does not include the revenue cap deduction of \$30.4 million.

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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 nearly 38 percent of gross domestic product in 2024, an important dimension of the national economy. The Governor's revised budget will account for an estimated 7.1 percent of gross state product in FY 2027, and state government's expenditure and revenue actions will inevitably influence the state's economy.

Budgetary Discipline

First and foremost, the Governor's budget proposal maintains budgetary discipline by complying with the state's Constitutional and statutory budgetary governance measures. Expenditure growth in all funds remains within the economy's ability to pay as measured by the state's expenditure cap. The budget further complies with budgetary measures enacted in 2017 and revised in 2025, including the volatility cap and revenue cap, which have resulted in seven years of budget surpluses, additional payments to the state's underfunded pension systems and resulting budgetary savings, and several credit rating increases for the state.

Revenue

Revenue policy changes in recent years have focused on improving affordability for Connecticut families. Changes under this administration have included lowering personal income tax rates, increasing the earned income tax credit (EITC), adding a \$250 child enhancement to the EITC for filers with children, and eliminating certain occupational application fees. This budget will continue making selective changes to the state's revenues to maintain affordability for Connecticut's residents with no increases in tax rates.

Sales Tax Rebate

Persistent inflation, rising utility costs, and the on-again, off-again impacts of tariffs have caused Connecticut residents to pay ever increasing prices for goods and services, creating a real affordability problem. The Governor is focused on helping families in the state and proposes utilizing \$500 million of excess FY 2026 revenues subject to the volatility cap in order to provide a rebate of sales and use taxes to Connecticut residents. This rebate will be available to individuals who filed a resident income tax return for income year 2024, and will be in the amount of \$200 for singles and \$400 for joint filers. Eligibility for the rebates would be for residents with income of \$200,000 or less for single filers, and \$400,000 or less for joint filers. The state will not require an application for the rebate; checks will be issued automatically.

Tax Rebate

<u>Filing Status</u>	<u>Income Limit</u>	<u>Rebate Amount</u>
Single	\$200,000	\$200
Married Filing Jointly	\$400,000	\$400
Head of Household	\$320,000	\$320
Married Filing Separately	\$200,000	\$200

Economic Report of the Governor

Removing Financial Barriers for Individuals Entering In-Demand Professions

During the FY 2025 legislative session, Connecticut made a historic first step towards eliminating application fees for occupational licenses for certain professions, including certain healthcare and educational professions, impacting nearly 20,000 workers. The Governor's proposed budget builds on the foundation set in the last session by eliminating application fees for electricians, plumbers, sheet metal workers, HVAC professionals, and educators. It also proposes eliminating renewal fees for these professions, as well as healthcare workers who's application fees were zeroed out last session. This change will remove a barrier to entry for in-demand professions, enabling residents to start and build their career right here in Connecticut. This change will benefit over 160,000 workers.

Encouraging Small Business Participation in Employee Healthcare

A new tax credit for small businesses will encourage employers to offer Individual Coverage Health Reimbursement Arrangements (ICHRA) through Access Health's BusinessPlus platform. ICHRA plans allow employers to contribute to their employees' individual healthcare plans procured through the exchange, allowing them to offer competitive benefits relative to larger employers. As an incentive, a credit is offered to match employer contributions in the first two years they participate, up to \$1,000 per year. Credits offered will be capped at \$5 million annually and available on a first-come, first-served basis.

Decoupling from Business Tax Provisions in Public Law 119-21

Connecticut's taxation of businesses begins with "taxable income" as established under federal law. Unless the state specifically decouples from provisions of the Internal Revenue Code, deductions and exemptions will generally flow through to the Connecticut return. Connecticut has identified two provisions of last summer's budget reconciliation act that will impact Connecticut corporate tax collections through immediate expensing of:

1. Domestic research and experimentation (R&E) expenses; and,
2. Bonus depreciation on qualified production property.

The Governor's budget proposes decoupling from the bonus depreciation on qualified production property consistent with the way Connecticut's corporation tax already decouples from all other bonus depreciation provisions. In addition, the Governor proposes decoupling from expensing rules for domestic R&E for income years 2022 through 2025, inclusive. Corporations will maintain the five-year amortization schedule for R&E expenses for such years. This change will not result in an overall increase in corporation's liabilities but will negate a timing shift. However, more importantly, the Governor proposes following P.L. 119-21 expensing rules for R&E expenses in income year 2026 and thereafter.

Expanding Research and Development Tax Credits to Pass-through Entities

Connecticut has an existing tax credit for research and development (R&D) at the corporation tax level. This change will allow pass-through entities to participate in this program and earn a 6% credit on qualifying expenditures upon approval from the Department of Economic and Community Development (DECD). This change will allow small businesses and start-ups to invest in the future economy right here in Connecticut. Credits will be capped at annual amount of \$25 million. Because the credit is available to pass-through entities, a majority of the cost of this credit will impact revenues subject to the volatility cap. To the extent the tax credit issued exceeds their tax liability, the excess amount of these tax credits for pass-through entities are refundable at 90% for biotechnology firms and 65% for all non-biotechnology firms, which would result in an increase to refunds and a potential minimal impact to General Fund operating revenues.

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Modifications to the Hospital Tax

Working in conjunction with the hospital industry, at the end of FY 2025 session, the state increased the hospital user fee by \$375 million in FY 2027. The Governor's budget proposal will reduce the tax amount by \$275 million without a corresponding reduction in supplemental payments to hospitals, thereby supporting the hospital industry in Connecticut. These changes will also ensure Connecticut complies with revisions to Medicaid policy under P.L. 119-21 by reducing the inpatient tax rate from 6.0% to 4.1%.

Health and Human Services

The federal changes enacted under P.L. 119-21 introduce significant new requirements for state-administered entitlement programs including stricter eligibility standards, mandatory community engagement (work requirements), and more frequent redeterminations for both the Supplemental Nutrition Assistance Program (SNAP) and Medicaid programs. These provisions will substantially increase the complexity and volume of case processing, verification, and compliance monitoring. As a result, the Department of Social Services (DSS), the agency that administers these benefits, will need to adapt quickly to avoid delays, errors, and potential federal penalties. In order to ensure timely and accurate eligibility determinations while maintaining compliance with federal regulations, the Governor is recommending 50 new positions and \$3.2 million to strengthen capacity for outreach, eligibility reviews, and customer support.

Beyond the administrative burdens, the federal changes will have a direct impact on residents who rely on these programs for food security and access to health care. The increased frequency of eligibility reviews and implementation of work requirements are expected to lead to higher churn rates and greater demand for assistance navigating these programs and will create ripple effects across the broader social services network, requiring coordinated support from community partners. Connecticut has also secured an approved Implementation Advanced Planning Document (IAPD) which provides enhanced federal funding to support necessary system modifications. These upgrades are essential for implementing new community engagement requirements and eligibility determination processes. Leveraging this federal match will reduce the state's financial burden while ensuring compliance and operational readiness.

The anticipated reduction in Medicaid enrollees is expected to impact revenue to the various health care entities that provide services to the Medicaid population. P.L. 119-21 included funding for a competitive five-year grant – the Rural Health Transformation grant – designed to partially mitigate anticipated losses to rural hospitals and other providers and to help address gaps in rural health care. Connecticut submitted an application and was notified on December 29, 2025, of a \$154.2 million award with funding expected in early 2027. If that funding remains steady over the 5-year grant period, it would represent a \$770 million investment in healthcare systems for nearly 325,000 Connecticut residents living in rural areas. Examples of anticipated projects include investments in access to primary care, telehealth and AI-powered virtual monitoring tools which can help overcome barriers created by limited transportation infrastructure and significant travel distances. Funding will support incentives to address chronic workforce gaps affecting care availability in rural areas and promote innovative care delivery models that respond to the needs of patients and support sustainable improvements in critical healthcare facility access points – advancements that had primarily occurred in urban and suburban communities.

Encouraging Small Business Participation in Employee Healthcare

A new tax credit for small businesses will encourage employers to offer Individual Coverage Health Reimbursement Arrangements (ICHRA) through Access Health CT's BusinessPlus platform. ICHRA plans allow employers to contribute funds that their employees can use to purchase individual healthcare plans

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procured through the exchange, allowing them to offer competitive benefits relative to larger employers. As an incentive, a credit is offered to match employer contributions in the first two years they participate, up to \$1,000 per employee per year. Credits offered will be capped at \$5 million annually and available on a first-come, first-served basis. This new incentive will expand healthcare coverage options while allowing small employers to better attract and retain workers.

Remove Funding to Expand Emergency Medicaid

The enacted budget includes funding in FY 2027 for systems changes that would allow individuals, who meet Medicaid eligibility requirements but do not qualify due to their immigration status, to apply in advance for emergency Medicaid coverage for emergency medical conditions that could be treated in outpatient settings rather than in hospital emergency departments. This change is related to legislation that was proposed last year, which would have established a new definition for “emergency medical condition” and required DSS to expand emergency Medicaid coverage for treatment of specified emergency medical conditions. Given concerns with such an expansion and the myriad of systems changes that are already required pursuant to P.L. 119-21, the Governor’s budget removes funding for these systems changes.

Transition Community First Choice Participants to Waiver Programs

Under the Community First Choice (CFC) State Plan Option, states receive a 6% increase in the federal match rate for home and community-based attendant services and supports to individuals who would otherwise require institutional level of care. While it was recognized that there could be some additional enrollment as a result of the personal care attendant (PCA) benefit becoming a state plan service, it was anticipated that any additional costs would be largely offset by both the enhanced reimbursement and the ability to provide self-directed PCA services at a much lower cost than agency-based home health services. Given the increased complexity to administer the program, higher program costs associated with self-directed care, and ever-increasing enrollment, program costs have more than quadrupled, increasing from \$88.8 million in FY 2018 to \$371.0 million in FY 2025, with average paid cases increasing from approximately 2,400 to nearly 5,800 over this period. As a state plan service with uncapped program growth and administrative challenges, it is expected that CFC costs will continue to escalate. To address this, the Governor is proposing to sunset CFC and move participants to either an existing home and community-based services waiver, which could be modified if needed, or to a new Medicaid waiver. While this will result in loss of the 6% enhanced reimbursement, this change will better position the state in the long run with net state savings of \$8.1 million in FY 2028, \$57.8 million in FY 2029, and \$109.1 million in FY 2030 projected.

Phase-In Impact of Patient Driven Payment Model (PDPM) and Establish High Medicaid Utilization Pool

The nursing home transition to the federally required PDPM, targeted for July 1, 2026, will require that rates be rebased so that the case mix index (CMI) and base year are aligned. After aligning the CMI to a more recent cost and applying an inflation factor, this rebase is expected to result in savings to the state of \$22.4 million in FY 2027 and \$24.4 million when annualized in FY 2028. To avoid destabilizing the industry, the Governor is proposing to phase in the impact of the PDPM over three years. In addition, the Governor is recommending that a portion of the savings be reinvested to (1) reward homes that serve a higher proportion of Medicaid members beginning in FY 2027 and, beginning in FY 2029 when the system has fully transitioned to the new model, fund a quality performance program, whereby payments would be made to eligible nursing homes based on the Centers for Medicare & Medicaid Services’ quality metrics and consumer satisfaction measures. As noted above, states are federally required to transition to the PDPM as it will ensure more accurate and appropriate payment for residents by using International Classification of Diseases (ICD-10) diagnosis codes and individual resident characteristics focusing on each

Economic Report of the Governor

resident's individual care needs rather than the volume of services provided to that resident. As such, the baseline budget assumes the full savings of \$22.4 million in FY 2027. The phase-in over three years and the proposed reinvestments will require additional state funding of \$13.1 million in FY 2027, resulting in net savings to the state of \$9.3 million.

Education and Workforce Development

K-12 Education

The Governor's FY 2027 Recommended Budget builds on and maintains historic investments in K-12 education made in the FY 2026 - 27 Biennial Budget. The enacted budget provided \$94.5 million in additional funding for the Education Cost Sharing (ECS) grant in FY 2026-27, while holding harmless all municipalities to formula driven decreases in their ECS entitlements and maintaining the accelerated phase-up schedule enacted in the FY 2024-25 budget. In addition, the enacted budget included increased investments to support special education students totaling \$80 million. Taken as a whole, state investments in K-12 education for the period beginning FY 2019, when Governor Lamont took office, through FY 2027, for special education programs directly subsidizing districts special education have increased by \$120.5 million, or 85%.

Beyond the investments enacted in the FY 2026 – FY 27 biennial budget. The Governor's FY 2027 Recommend Budget continues a strategic approach that prioritizes targeted, proven investment in educational programming designed to improve outcomes for Connecticut students. In FY 2027 new investments total \$24.5 million, including \$12 Million for Universal Free School Breakfast, ensuring that roughly all 500,000 Connecticut students have access to a nutritious meal to start their day.

Blue Ribbon Panel on K-12 Education

The Governor's Executive Order establishing the Blue-Ribbon Panel on K-12 Education sets in motion the collaboration across stakeholders to evaluate the ECS formula as well as the state's other formula driven K-12 grant programs to ensure future investments in education are data driven, evidence based, and outcome oriented. Making sure funding is agile enough to meet the needs of the modern student, rapidly changing workforce, and talented teaching professionals responsible for ensuring all children have access to quality education.

Early Childhood

Public Act 25-93 established the Early Childhood Education Endowment (ECEE), funded by transfers of unappropriated surplus to support a significant, long-term commitment to stabilizing and expanding educational and care opportunities for children ages birth to five. The state capitalized the ECEE with an initial transfer of \$300 million of FY 2025 General Fund surplus.

In addition, to the creation and funding of the ECEE, the FY 2026 and FY 2027 Biennial Budget included \$109.9 million in new General Fund appropriations: \$41.7 million in FY 2026 and \$68.2 million in FY 2027. These investments are maintained in the Governor's FY 2027 recommended budget.

These investments built upon prior investments in the state's early childcare and education system. For the period FY 2021 to FY 2025, state funding increased by over \$146.9 million, or 62.8 percent. These investments in the state's providers have helped to stabilize a critical component of the state's workforce system which enables parents to engage in meaningful employment and ensures the youngest children are in a safe and high-quality learning environment.

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Housing

The Governor's Recommended FY 2027 Midterm Budget builds upon investments in the enacted budget aimed at strengthening and supporting the state's goal of expanding long-term stable housing opportunities and supporting those experiencing housing instability. The recommended budget includes \$10 million in FY 2027 to maintain the Rental Assistance Program (RAP). This funding will allow the state to maintain support for 6,373 RAP certificates. Further initiatives are detailed under the capital section.

Higher Education

The enacted budget provides over \$100 million in additional operating support in each year to the constituent units of higher education. These increases to the block grants for UConn, UConn Health, and CT State Colleges and Universities include \$24 million in FY 2026 and \$46 million in FY 2027 for cost inflation above the FY 2025 baseline. The budget also provided for additional block grant increases of \$50 million in FY 2026 and \$10 million in FY 2027 to UConn and UConn Health. The Governor's FY 2027 Midterm Budget maintains these investments in higher education.

The Governor's recommended capital budget includes a new \$10 million bond authorization to support a new student loan opportunity for graduate students in Connecticut. The Federal Direct PLUS loan program for graduate students is being eliminated effective July 2026, removing an affordable option for thousands of Connecticut residents seeking to finance a graduate or professional degree. This new bond authorization, in combination with CHESLA revenue bonds, will ensure that affordable financing remains available to Connecticut residents pursuing a graduate degree.

Municipal Aid

The enacted capital budget for the biennium included significant increases to two municipal aid grants that are funded by bond authorizations. First, the budget increases Town Aid Road grants by \$20 million, providing a proportional 33% increase to every municipality's grant. The budget also increased funding for Municipal Grants in Aid by \$59 million, distributing this targeted funding to eight municipalities for FY 2026 and FY 2027. The Governor's budget maintains this funding.

General Government

Department of Transportation

The Governor's budget continues to support public transportation, fueling connectivity and continuing support for expanded workforce-informed transit options. Funding for public transportation networks tops \$650.8 million in FY 2027, a proposed increase of \$30.6 million over the baseline adopted FY2027 budget. The budget seeks to simultaneously invest in transportation and balance significant escalating outyear fiscal pressures.

Rail and bus networks are supported with additional funding of \$19.7 million and \$9.4 million. Cost growth in both networks continues to outpace ticket sales and revenue growth. Within the rail network, costs continue to be subsidized with soon expiring Federal COVID-19 relief funds of \$51.1 million in FY 2026 and \$45.6 million in FY 2027, creating an outyear fiscal cliff when those funds expire in the next biennium.

IT and Modernization

The Governor's Budget continues historic investments in modernization of technology solutions with a transformative investment of \$9.86 million for the Department of Emergency Services and Public Protection to replace outdated, first-generation police technology and equipment. This investment equips

Economic Report of the Governor

the Connecticut State Police with advanced tools that modernize operations, enhance efficiency, and improve safety for both officers and the public. This effort builds on prior initiatives that established ongoing, annual, efforts to improve technology at the Department of Motor Vehicles, centralization of information technology for the executive branch, and the incorporation of annual support for bond funded information technology initiatives as they come online.

Capital

The Governor's proposed midterm adjustments include \$308.1 million in new General Obligation (GO) bond authorizations for FY 2027. This is in addition to the \$3.27 billion authorized in Public Act 25-174 that becomes available on July 1, 2026. The Governor's proposed new authorizations include:

1. \$150 million of additional funds for the construction of a new Windham Technical High School.
2. \$50 million of additional funds for the School Construction program.
3. \$32 million of additional funds to relocate and replace the state's current data center in Groton.
4. \$34.6 million of additional funds for the expansion and renovation of the Office of the Chief Medical Examiner's facility in Farmington.
5. \$10 million for a new authorization that would replace the Grad PLUS subsidized loan program previously offered by the federal government.

Investing in Housing

Bond authorizations for the Department of Housing have averaged over \$400 million per year over FYs 2023 - 2026. In that time, the state invested \$413.2 million for development projects adding new housing units across the state, \$117.7 million in projects to renovate the existing housing stock, and \$225.8 million in forgivable loans to first-time homebuyers.

Reducing Utility Costs

Public Act 25-174 included \$155 million in FY 2026 for payments to electric utilities companies to help reduce system benefits charges applied to rate-payers' monthly bills. An additional \$145 million becomes available in FY 2027 to continue the effort to address the impact of the rising cost of electricity across the state.

Also available on July 1, 2026, is \$100 million more for grants to improve energy efficiency by retrofitting multifamily residences. This investment in the state's aging housing stock will help ease the demand for increasingly costly electricity and natural gas.

Investing in Childcare Infrastructure

\$11.5 million becomes available on July 1st for the Childcare Competitive Grant Program. This new program, developed in the 2025 legislative session, authorizes \$80 million from FY 2026 through FY 2032 for grants to childcare providers for capital projects for renovations and expansions.

Maintaining Critical Hospital Services

This past November the Governor and the legislature entered special session to allow UCONN Health Center to acquire Waterbury Hospital, as well as lay the foundation for further acquisitions of local hospitals. Funds for the acquisition were provided through an increase to the UCONN 2000 bond authorization, totaling \$390 million across FYs 2026 through 2030.

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Assisting Municipalities

The enacted capital budget for the biennium included significant increases to two municipal aid grants that are funded by bond authorizations. First, the budget increases Town Aid Road grants by \$20 million, providing a proportional 33% increase to every municipality's grant. The budget also increased funding for Municipal Grants in Aid by \$59 million, distributing this targeted funding to eight municipalities for FY 2026 and FY 2027.

Additionally, nearly \$1.1 billion of grants-in-aid to municipalities become available in FY 2027. \$150 million for grants to municipalities, \$30 million for the new District Repair and Improvement Program (D.R.I.P.), and \$80 million for Town Aid Road, along with various other programs, all put funds into local towns to help keep property taxes down. These changes ensure ongoing infrastructure maintenance and improvements that provide underlying support for economic growth. The Governor is also proposing to increase the currently scheduled \$550 million authorization for school construction to \$600 million to bolster the state's commitment to strong and equitable schools across the state.

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 2027 budget includes sensible revenue revisions and once again does not include any tax rate increases. 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, and complies with the state's budgetary governance measures.

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**ECONOMIC REPORT
OF THE GOVERNOR**

FY 2027 Midterm

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Economic Report of the Governor

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.

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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 2025, Connecticut's population experienced a year over year increase of an estimated 23,000 residents, bringing the total population growth over the past four fiscal years to about 94,600. Connecticut experienced net in-migration for the fifth consecutive year in FY 2025, bringing its total net migration to more than 102,155 across FYs 2021-2025. Negative net migration occurred between FY 2013 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 5.4% higher than the nation, while the proportion of those holding a graduate or professional degree is 31.3% higher than the nation.

Housing

Connecticut's housing starts increased by 55.9% in FY 2025, following a significant decrease in FY 2024 when housing starts decreased by 28.2%. 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, 2023, and 2025, 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 19,819 per month. In FY 2025, the number of active listings averaged 4,194 in Connecticut, an 81% reduction. Median existing home prices increased 8.5% in Connecticut in FY 2025, higher than the U.S. as a whole, which saw median home prices increase 3.2%. Thirty-year mortgage rates decreased to 6.69%, a 4.6% decline over the prior year. Nationally, homeowner equity as a percentage of home values stood at 72.4% in FY 2025, 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 65,100 non-farm jobs, representing 3.8% decline over the prior year. By the end of FY 2025, Connecticut has added approximately 79,800 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 2025, Connecticut remains approximately 900 jobs short of employment levels in FY 2008. Employment in the state grew by 0.6% in FY 2025 over FY 2024 levels. Manufacturing remains an important sector of Connecticut's economy, representing 9.0% of all non-farm jobs in FY 2025. Connecticut Manufacturing employment slightly declined by 1.4% in FY 2025 over FY 2024 levels, which was less than New England which experienced a 1.7% decline but slightly more than the United States which experienced decline of

Economic Report of the Governor

0.6%. Nonmanufacturing employment gained approximately 12,600 jobs, or 0.8%, in FY 2025, trailing the U.S.'s growth of 1.3%, but exceeding New England's growth of 0.5%. The largest growth in nonmanufacturing employment in Connecticut came in the education and health sector, which gained 9,200 jobs or a 2.6% increase over the prior year. In FY 2025, Connecticut's unemployment rate averaged 3.4%, slightly better than the U.S. at 4.2% and New England at 3.8%.

Energy

In calendar year 2024, the United States was the world's largest supplier of oil at 20.8% of the world's total. In 2023 Connecticut consumed 2.40 thousand BTUs per 2017 chained dollar of GSP, putting the state behind only Washington, Massachusetts, California, New York, and the District of Columbia on this measure. Overall, Connecticut is 31.9% below the nation's per capita energy consumption and ranks 45th 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 2023 Connecticut's overall energy costs were 37% higher than the national average, with retail electricity prices 90% higher than the national average.

Export Sector

Exports play a crucial role in the economy. The U.S. trade deficit in 2024 was \$1,185.3 billion, up from 928.0 billion in 2023. Total trade exports grew 50.4% from 2015 to 2024, while total trade imports grew 66.1% over the same time period. Connecticut exports totaled \$17.4 billion and accounted for 4.9% of GSP in 2024. Over the past five years, Connecticut's exports have grown by an average of 5.9% per year. Transportation equipment, nonelectrical machinery, and computer and electronic equipment are Connecticut's largest exporting industries and comprise 62.0% of exports in 2024.

Defense Industry

Prime defense contracts tend to be a leading indicator of Connecticut's economic activity. In federal fiscal year (FFY) 2024, Connecticut contractors were awarded \$16.1 billion in defense related prime contracts, a decline of 11.7% from the \$18.2 billion awarded in FFY 2023. 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 2024, this average was \$17.2 billion. Awards to Connecticut defense contractors represent 4.4% of gross state product.

Retail Trade

Connecticut's retail trade in FY 2025 totaled \$83.3 billion, a 0.3% decrease over FY 2024. Growth in durable sales declined by 6.4% in FY 2025 compared to a growth in non-durable sales of 2.0%. 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. In FY 2025, e-commerce sales grew by 5.0% while traditional retail sales grew by only 1.0%. Connecticut retail trade as a percentage of disposable income decreased slightly to 27.6% in FY 2025 from 29.2% in FY 2024.

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Nonfinancial Debt

Total nonfinancial debt grew 297.9% between 2000 and 2024, far outpacing GDP growth of 197.0%. Over that same period, federal indebtedness grew 673.0%, state and local government debt grew 187.7%, business debts grew 218.6% and household debts grew 178.7%. Connecticut's state government debt outstanding at the end of FY 2023 was \$32.5 billion, down from \$33.1 billion in 2022 and \$41.9 billion in FY 2021. Connecticut per capita state government debt was \$8,982 in FY 2023, far above the fifty-state average of \$3,256 in FY 2023.

Gross State Product

In FY 2025, Connecticut's real GSP increased by 1.5% over the prior year to \$288.9 billion in 2017 dollars, slightly worse than the nation which experienced growth of 2.3% and New England which experienced positive growth of 1.7%. Per capita real GSP in Connecticut was 13.5% higher than that of the U.S. in FY 2025.

Personal Income

In FY 2025, real personal income in Connecticut increased 2.8%, outpacing the increase in New England which experienced 2.2% growth and the U.S with 2.5% growth, overall. In FY 2025, Connecticut possessed the highest per capita personal income in the nation at \$97,098, 29.9% higher than the national average. Massachusetts took the number two spot with per capita personal income of \$95,299.

Economic Forecast

Connecticut's personal income is expected to increase 4.7% in FY 2026 and 5.3% in FY 2027 to \$374.9 billion and \$394.9 billion, respectively. Connecticut is projected to gain 2,200 jobs in FY 2026 and gain another 1,100 jobs in FY 2027, or 0.1% growth in each fiscal year. The unemployment rate is projected to grow from 4.0% in FY 2026 to 4.2% in FY 2027 and 4.3% in FY 2028.

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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 761 persons for each of its 4,842.4 square miles of land, compared with 97 persons per square mile of land for the United States (3,531,905 square miles), based on FY 2025 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)

<u>Year</u>	<u>United States</u>		<u>New England</u>		<u>Connecticut</u>	
	<u>Number</u>	<u>% Growth</u>	<u>Number</u>	<u>% Growth</u>	<u>Number</u>	<u>% Growth</u>
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 growth 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

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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 Fairfield County. The towns with the greatest percentage decline were Canaan (12.5%), Somers (10.4%), Hartland (10.1%), Winchester (9.1%), and Scotland (8.7%). The first four are located in Litchfield County while Scotland is in Eastern Connecticut. The town with the greatest decline in individuals was Hartford at 3,721.

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

<u>County</u>	<u>2010 Census</u>	<u>2010 Percent</u>	<u>2020 Census</u>	<u>2020 Percent</u>	<u>Percent Change</u>
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	<u>118,428</u>	<u>3.3</u>	<u>116,418</u>	<u>3.2</u>	<u>(1.7)</u>
TOTAL	3,574,097	100.0	3,605,944	100.0	0.9

Source: U.S. Bureau of the Census

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Connecticut saw its population increase for the fourth consecutive fiscal year in 2025, following a period of slight population decline. Since FY 2021, Connecticut's population has grown by 94,597. 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)

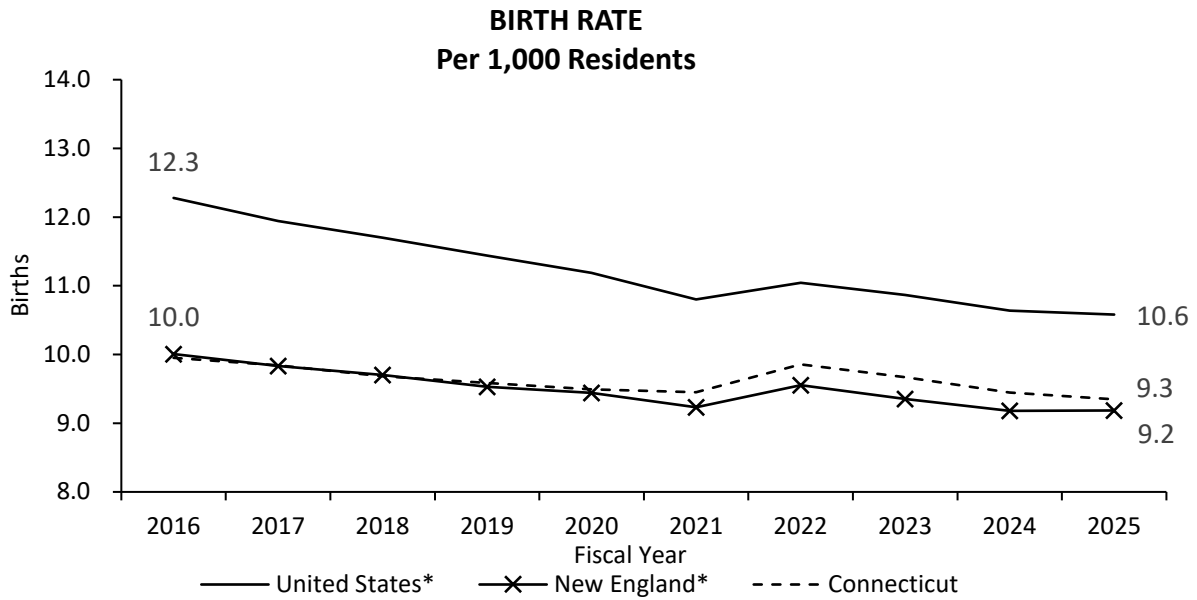
Fiscal	United States*		New England		Connecticut	
<u>Year</u>	<u>Population</u>	<u>% Growth</u>	<u>Population</u>	<u>% Growth</u>	<u>Population</u>	<u>% Growth</u>
2016	323,636.2	0.8	14,906.6	0.4	3,609.2	(0.1)
2017	326,009.2	0.7	14,969.6	0.4	3,607.6	(0.0)
2018	328,063.5	0.6	15,031.7	0.4	3,609.8	0.1
2019	329,836.3	0.5	15,076.2	0.3	3,608.7	(0.0)
2020	331,385.3	0.5	15,097.9	0.1	3,600.5	(0.2)
2021	332,076.2	0.2	15,081.7	(0.1)	3,591.5	(0.3)
2022	333,450.6	0.4	15,156.9	0.5	3,615.5	0.7
2023	335,943.8	0.7	15,226.6	0.5	3,632.0	0.5
2024	339,143.5	1.0	15,339.0	0.7	3,663.1	0.9
2025	341,778.2	0.8	15,436.7	0.6	3,686.1	0.6

*Includes armed forces overseas

Source: Bureau of the Census, IHS Economics

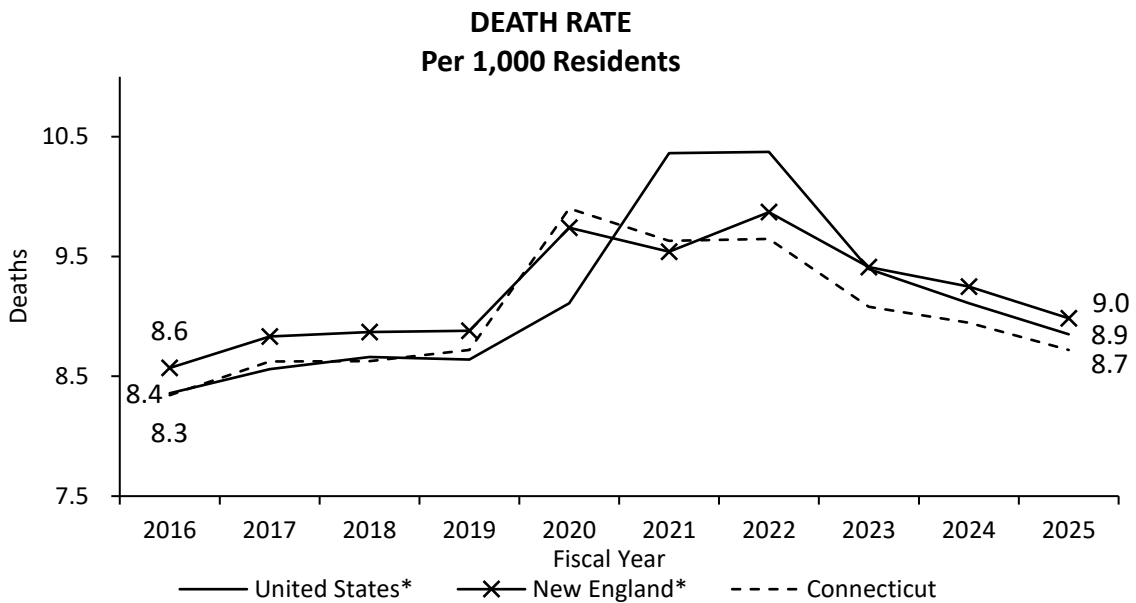
There are two drivers of change in population. The first is natural change, calculated as births per 1,000 people less deaths per 1,000 people. The natural change in Connecticut was an estimated +0.6 per 1,000 people in FY 2025, down from +1.6 per 1,000 people in FY 2015 and +3.5 per 1,000 people in FY 2005. This represents a 62% decline in the natural change rate since 2015 and an 82% decrease since FY 2005. Deaths per 1,000 people in the state were 8.7 in FY 2025, down from a high of 9.9 in FY 2020. Births per 1,000 people decreased slightly from 9.4 in FY 2024 to 9.3 in FY 2025. The Connecticut birth rate has decreased by 7% since FY 2015 and 22% since FY 2005. The death rate in Connecticut has increased by 4% since FY 2015 and 3% since 2005. 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 graphs show the rates of births and deaths in the United States, New England, and Connecticut.

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*Sum of states' totals

Source: Bureau of the Census, S&P Global

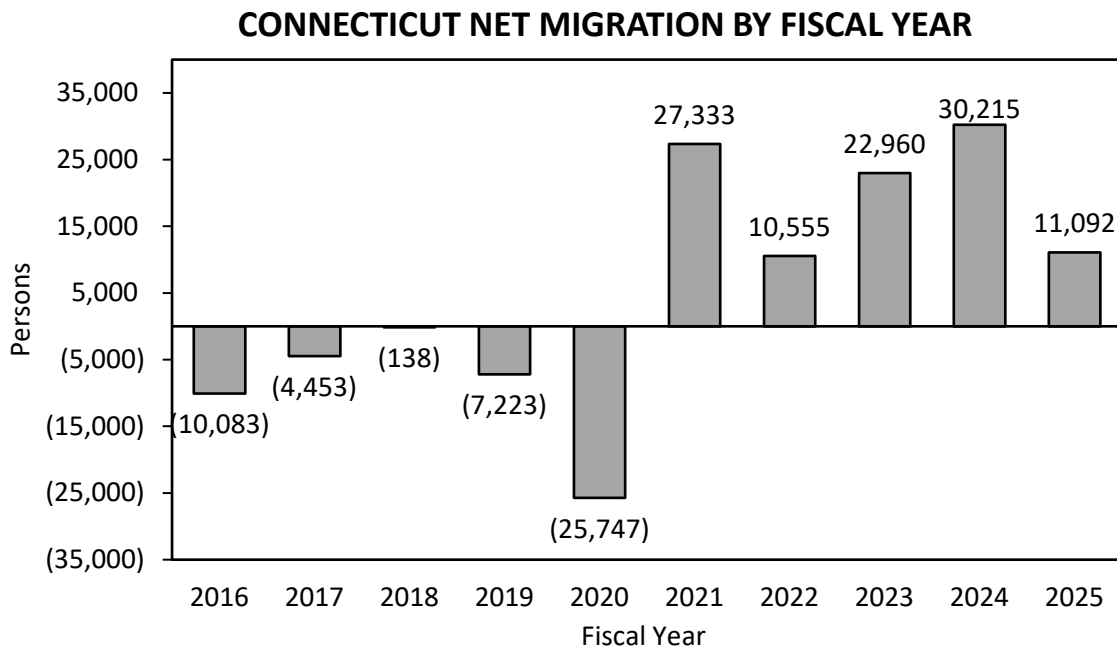


*Sum of states' totals

Source: Bureau of the Census, S&P Global

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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 outmigration from FY 2013 through FY 2020, Connecticut experienced its fifth consecutive year of net immigration in FY 2021, adding approximately 11,092 residents in FY 2025 and a total of 102,155 during the period from FY 2021 – FY 2025. Connecticut’s positive net migration in recent years has been entirely driven by international immigration, with new residents from other countries offsetting continued net domestic outmigration.



Source: Bureau of the Census, S&P Global

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 2024 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 17 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.

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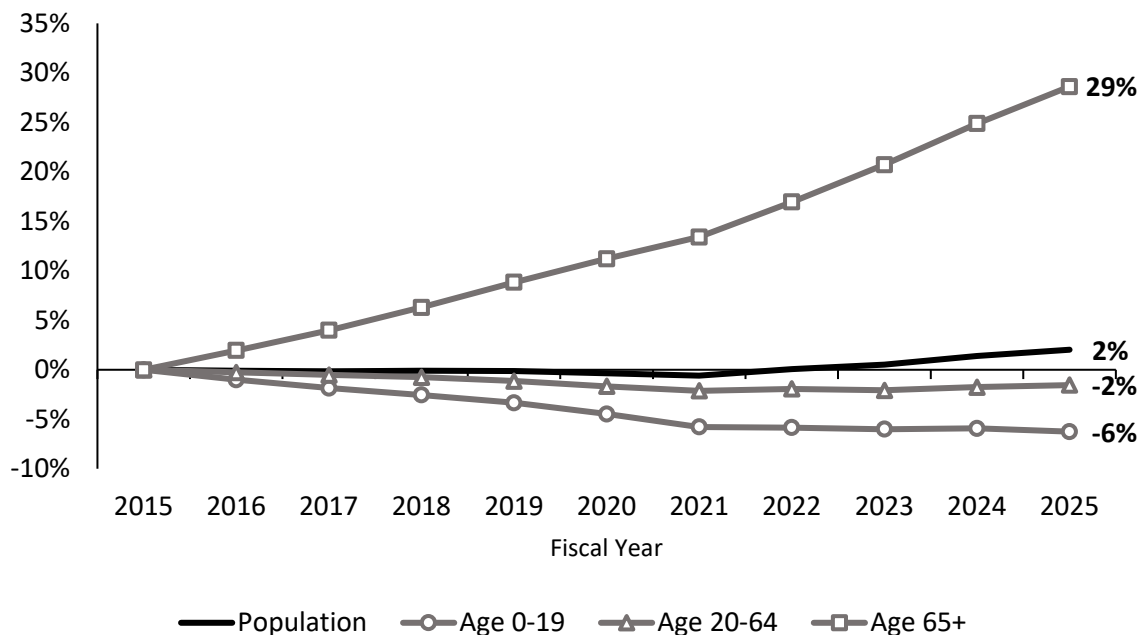
TABLE 4
POPULATION BY AGE COHORT
Calendar Year 2024 Population Estimates Program by U.S. Census Bureau

<u>Age Cohort</u>	<u>Connecticut</u>		<u>United States</u>	
	<u>Population</u>	<u>% of Total</u>	<u>Population</u>	<u>% of Total</u>
0-17 Years	727,827	19.8	73,132,720	21.5
18-24 Years	347,520	9.5	31,363,181	9.2
25-34 Years	463,780	12.6	46,453,864	13.7
35-44 Years	478,268	13.0	45,539,224	13.4
45-54 Years	441,393	12.0	40,780,356	12.0
55-64 Years	502,078	13.7	41,661,725	12.2
65+ Years	714,203	19.4	61,179,918	18.0
Total	3,675,069	100.0	340,110,988	100.0

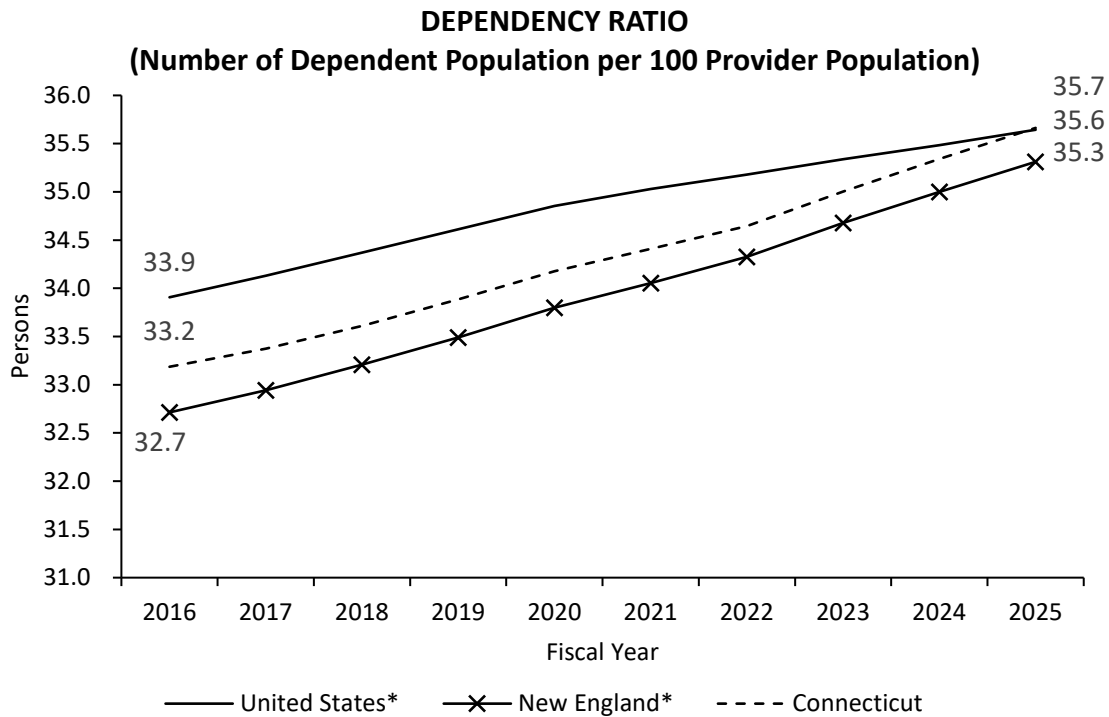
Source: Bureau of the Census

Growth among age cohorts has been uneven over the previous ten fiscal years. Since FY 2015, the state population has increased by a modest 2 percent. Over that same period, those aged 0-19 have decreased by 6 percent while those aged 20-64 (the age when individuals are generally available to work) has decreased by 2 percent. On the other hand, Connecticut residents aged 65 and older have increased by a dramatic 29% over the previous ten fiscal years.

CONNECTICUT POPULATION BY AGE COHORT
CUMULATIVE CHANGE SINCE FY 2015



Source: Bureau of the Census, S&P Global



*Based on sum of states' population data

Source: Bureau of the Census, S&P Global

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 was below the nation for the period from FY 2016 – FY 2024, but registered slightly ahead of the nation in FY 2025 at 35.7 persons per 100 provider population. The dependency ratio in the United States was 35.6 persons per 100 provider population in FY 2025 and 35.3 in New England. The increase in Connecticut's dependency ratio is the result of an increase in adults aged 65 and older state. Connecticut has seen a decrease in it's minor population, and 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 2024 for Connecticut and the United States, according to the Bureau of the Census. The proportion of Connecticut residents holding a bachelor's degree is 5.4% higher than the nation, while the

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proportion of those holding a graduate or professional degree is 31.3% higher than the nation. In total, 42.6% of Connecticut residents hold a bachelor's degree or higher, compared to 36.8% nationwide.

TABLE 5
HIGHEST EDUCATIONAL ATTAINMENT, POPULATION 25 YEARS AND OVER
Calendar Year 2024

	<u>Connecticut*</u>	<u>United States*</u>	Connecticut as a % of U.S.
Less than high school	8.2%	10.1%	81.2%
High school diploma or equivalent	25.4%	25.7%	98.8%
Some college, no degree	16.2%	18.5%	87.6%
Associate's degree	7.7%	8.8%	87.5%
Bachelor's degree	23.3%	22.1%	105.4%
Graduate or professional degree	19.3%	14.7%	131.3%

*Note, columns may not add to 100.0% due to rounding

Source: Bureau of the Census

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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 2025 was an estimated 1,470,559, a 0.5% increase over FY 2024. 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 Year	United States*		New England		Connecticut	
	<u>Households</u>	<u>% Growth</u>	<u>Households</u>	<u>% Growth</u>	<u>Households</u>	<u>% Growth</u>
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	127,228.4	0.8	6,038.2	0.4	1,423.9	(0.0)
2021	127,807.2	0.5	6,047.3	0.2	1,429.9	0.4
2022	129,822.7	1.6	6,128.3	1.3	1,438.8	0.6
2023	132,020.2	1.7	6,193.3	1.1	1,452.3	0.9
2024	133,176.5	0.9	6,222.7	0.5	1,462.8	0.7
2025	133,991.9	0.6	6,243.2	0.3	1,470.6	0.5

*Sum of states' data

Source: Bureau of the Census, IHS Markit

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Housing

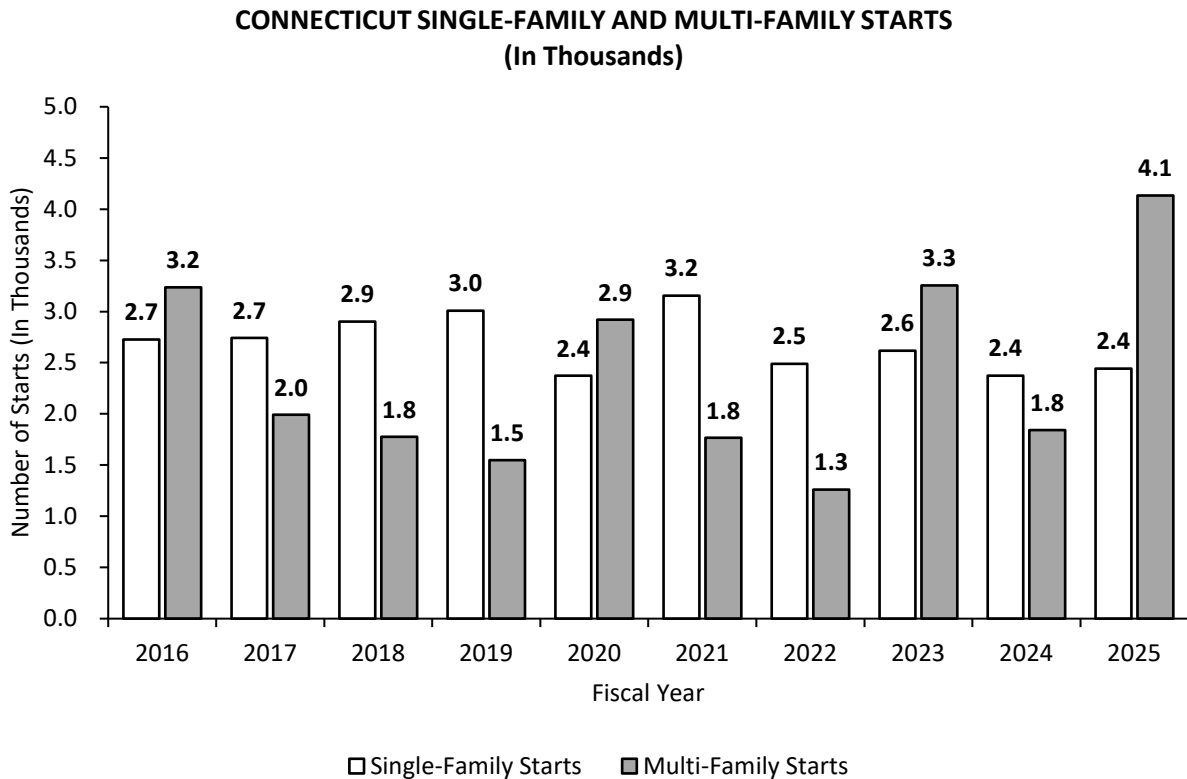
Housing plays an integral role in our nation's economy. According to the National Association of Home Builders, the housing sector contributes between 15 and 18% of national gross domestic product (GDP) annually. Housing starts, or the number of housing units on which construction has begun, reached 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 2016 through FY 2025, starts grew at an annual rate of 1.9% in the United States, compared to 1.5% growth in New England and 1.1% 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 55.9% in FY 2025 after retracting 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 Year	United States		New England		Connecticut	
	Number	% Growth	Number	% Growth	Number	% Growth
2016	1,151.5	9.3	31.1	14.1	6.0	22.1
2017	1,198.8	4.1	31.3	0.6	4.7	(20.6)
2018	1,247.7	4.1	32.3	3.2	4.7	(1.2)
2019	1,215.8	(2.6)	29.9	(7.3)	4.6	(2.6)
2020	1,315.8	8.2	30.7	2.5	5.3	16.1
2021	1,546.6	17.5	35.8	16.6	4.9	(7.0)
2022	1,652.1	6.8	30.3	(15.4)	3.8	(23.8)
2023	1,421.9	(13.9)	33.7	11.3	5.9	56.6
2024	1,402.0	(1.4)	28.3	(16.1)	4.2	(28.2)
2025	1,369.9	(2.3)	35.7	26.0	6.6	55.9

Source: U.S. Department of Commerce, Bureau of the Census, S&P Global

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 some years. This recent trend 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 multi-family starts. The following graph shows both single- and multi-family housing starts in Connecticut by fiscal year.



Source: U.S. Department of Commerce, Bureau of the Census, S&P Global

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 driven by international migrants. The number of households in Connecticut has grown modestly since the pandemic, increasing by 0.5% in FY 2025. In comparison, households grew by 0.6% 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 2025, the median sales price for existing homes in the nation was 82.6% above the FY 2016 level, while in Connecticut the median sales price was above the FY 2016 level by 86.1%. Historically, the median price of an existing family home has been much higher in Connecticut than in the nation. That gap has

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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 three 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 nearly 20% higher than the nation in FY 2025, the highest level since FY 2015. 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 <u>Year</u>	Median Price <u>U.S.</u>	U.S. % <u>Change</u>	Median Price <u>CT</u>	CT % <u>Change</u>	CT as a % of U.S.	U.S. Affordability <u>Index</u>
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	95.4
2025	\$414,958	3.2	\$497,600	8.5	119.9	100.1
'16-'25 Change	\$187,692	82.6	\$231,122	86.7		
'16-'25 CAGR*		6.9		7.2		

*Compound annual growth rate

Source: National Association of Realtors, Federal Housing Finance Agency, S&P Global

The U.S. housing affordability index increased to 100.1 in FY 2025 compared to 95.4 in FY 2024. 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 above table summarizes the affordability index over the previous ten fiscal years.

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Housing Finance

In FY 2025, thirty-year fixed mortgage rates averaged 6.69%, down slightly from 7.02% in FY 2024 but still up significantly from 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. In recent years, the fed has embarked on a series of reductions to interest rate targets, cutting rates six times over the course of 2024 and 2025. As a result, the average rate on 30-year fixed rate mortgages decreased slightly by 4.6% in FY 2025.

TABLE 9
30 YEAR FIXED-RATE MORTGAGES

Fiscal <u>Year</u>	Average <u>Rate</u>	% <u>Change</u>	Fiscal <u>Year</u>	Average <u>Rate</u>	% <u>Change</u>
2016	3.80	(3.0)	2021	2.90	(17.9)
2017	3.86	1.6	2022	3.75	29.3
2018	4.16	7.8	2023	6.28	67.6
2019	4.43	6.6	2024	7.02	11.7
2020	3.53	(20.3)	2025	6.69	(4.6)

Source: Freddie Mac

Total Home Sales

Total home sales in Connecticut experienced a slight increase in FY 2025 following three years of declines. The growth in Connecticut home sales outpaced both New England and the nation as a whole in. While Connecticut home sales were 67.1% below their previous FY 2005 peak in FY 2025, sales across the nation in 2024 were 41.6% 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 11.8 years by 2024. The median tenure in a home was 13.5 years in the Hartford metro area in 2024, higher than the nation as a whole. 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.

The following table shows home sales for Connecticut, New England, and the United States by state fiscal year. Total home sales in Connecticut increased in FY 2025 by 1.3%, with about 27,200 sales, while the Nation and New England each grew by 0.5%. The previous fiscal year, Connecticut reached a low of 26,900 sales among constrained supply.

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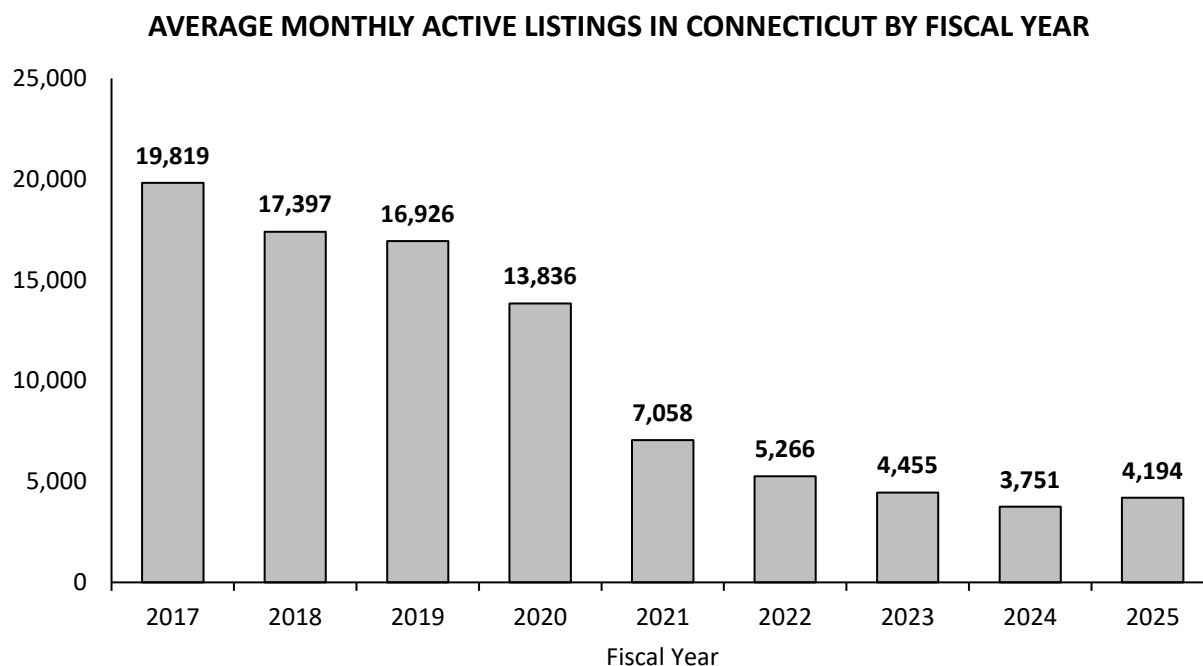
TABLE 10
TOTAL HOME SALES
(In Thousands)

<u>Fiscal Year</u>	<u>United States*</u>		<u>New England</u>		<u>Connecticut</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
2016	5,343.3	4.8	212.6	10.8	42.9	9.8
2017	5,516.7	3.2	218.9	2.9	44.2	3.1
2018	5,476.7	(0.7)	207.4	(5.2)	41.9	(5.2)
2019	5,244.2	(4.2)	201.2	(3.0)	41.6	(0.8)
2020	5,162.5	(1.6)	189.1	(6.0)	37.6	(9.5)
2021	6,200.8	20.1	230.5	21.9	47.1	25.1
2022	5,901.7	(4.8)	208.2	(9.7)	41.9	(11.0)
2023	4,380.8	(25.8)	153.6	(26.2)	30.8	(26.5)
2024	4,034.2	(7.9)	135.9	(11.5)	26.9	(12.7)
2025	4,054.2	0.5	136.5	0.5	27.2	1.3

* Sum of States' Home Sales

Source: National Association of Realtors, IHS

Home Listings in Connecticut

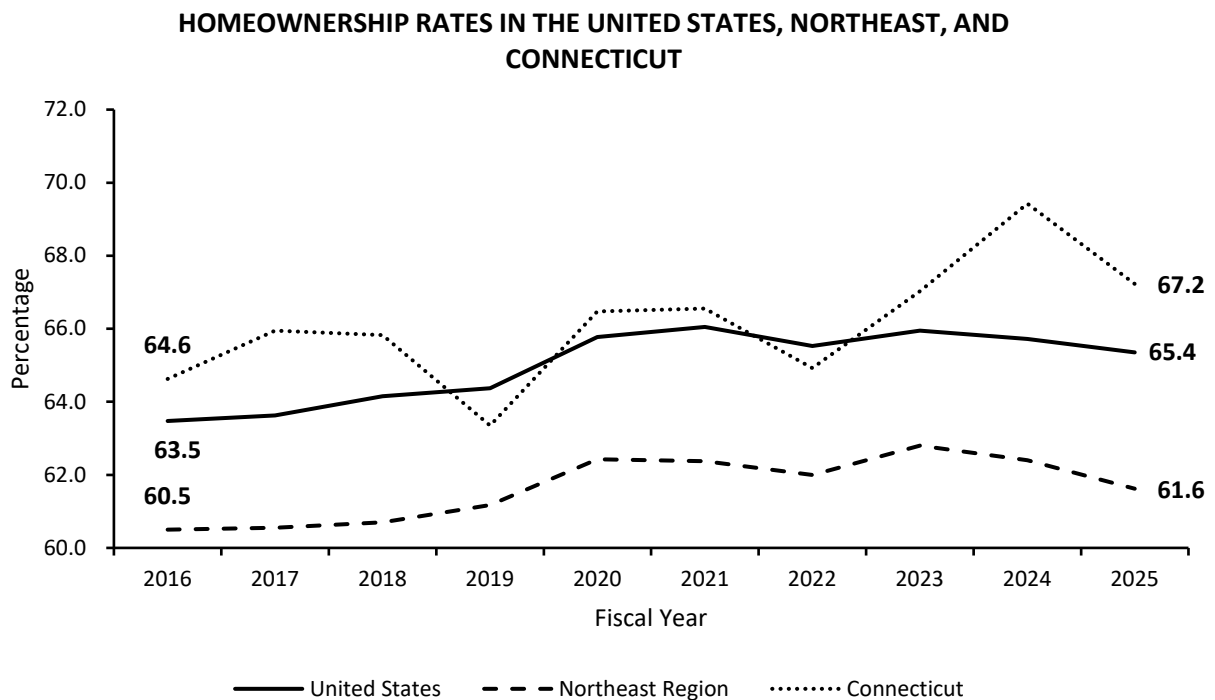


Source: Realtor.com, Federal Reserve Bank of St. Louis Economic Data (FRED)

Economic Report of the Governor

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 69.0% in FY 2005, homeownership rates in the nation declined, reaching a low of 63.5% in FY 2016. Since then, homeownership rates nationally have rebounded slightly. In FY 2025, the homeownership rate for the nation was 65.4%. Connecticut registered a homeownership rate of 67.2%, higher than both the nation and the northeast region. The following graph presents homeownership rates for Connecticut, the Northeast region, and the Nation from FY 2016 through FY 2026. 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 3.9% for calendar year 2024. It is likely that some of the "volatility" for Connecticut level data from year-to-year is attributable to survey errors within the margin.



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 59.7% in FY 2016 to 72.4% in FY 2025. This is up from a recent low of 46.4% in FY 2012 in the aftermath of the Great Recession. Over this period, home values have more than doubled from \$23.4 trillion in FY 2015 to \$48.5 trillion in FY 2025. The compound annual growth rate of home values during this period was 8.4%. The following table summarizes owners' equity data from the Federal Reserve.

Economic Report of the Governor

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

<u>Fiscal</u> <u>Year</u>	<u>Home</u> <u>Values*</u>	<u>Home</u> <u>Mortgages*</u>	<u>Home</u> <u>Equity</u>
2016	23,373.0	9,431.0	59.7%
2017	25,140.9	9,618.6	61.7%
2018	27,056.0	9,872.7	63.5%
2019	28,661.1	10,139.6	64.6%
2020	30,306.7	10,411.7	65.6%
2021	33,938.4	10,920.0	67.8%
2022	41,112.9	11,935.0	71.0%
2023	43,354.5	12,670.2	70.8%
2024	46,478.5	13,040.0	71.9%
2025	48,498.3	13,402.1	72.4%

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 1.8% in FY 2025, which was a slight increase over the 1.7% delinquency rate registered in FY 2024. 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 September 2025, nonfarm employment levels stand at 1,714,100 jobs, which is 15,500 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 23,900 jobs between FY 2024 and FY 2025. Likewise, the level of establishment employment based on the employer survey response increased by 10,342 jobs in FY 2025.

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

Economic Report of the Governor

TABLE 12
CONNECTICUT SURVEY EMPLOYMENT COMPARISONS
(In Thousands)

Fiscal Year	Residential Employment	% Growth	Establishment Employment	% Growth
2016	1,799.6	0.4	1,689.9	0.5
2017	1,830.4	1.7	1,695.2	0.3
2018	1,832.5	0.1	1,696.7	0.1
2019	1,857.1	1.3	1,698.6	0.1
2020	1,819.0	(2.1)	1,633.4	(3.8)
2021	1,684.5	(7.4)	1,583.9	(3.0)
2022	1,818.1	7.9	1,648.5	4.1
2023	1,842.7	1.4	1,682.9	2.1
2024	1,865.4	1.2	1,702.8	1.2
2025	1,889.3	1.3	1,713.2	0.6

Source: U.S. Bureau of Labor Statistics, Connecticut Department of Labor, S&P Global Market Intelligence

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)

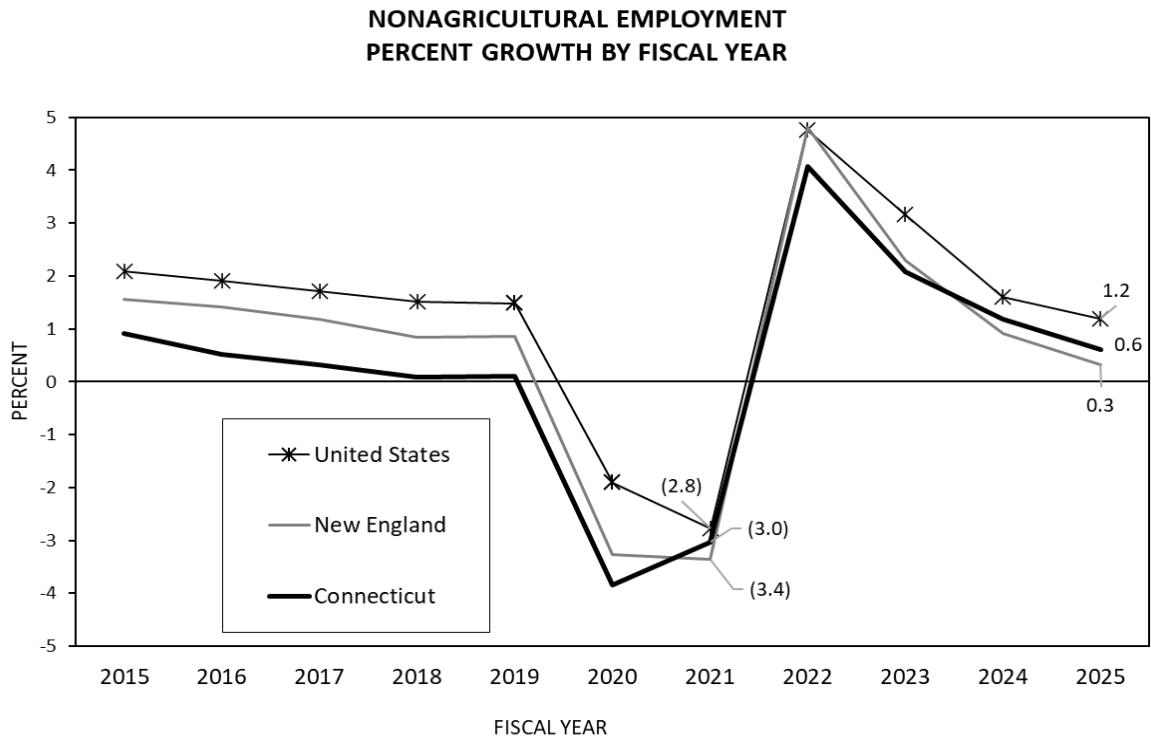
Fiscal Year	United States		New England		Connecticut	
	Number	% Growth	Number	% Growth	Number	% Growth
2016	143,086.3	1.9	7,304.1	1.4	1,689.9	0.5
2017	145,532.3	1.7	7,390.4	1.2	1,695.2	0.3
2018	147,738.3	1.5	7,452.1	0.8	1,696.7	0.1
2019	149,923.4	1.5	7,515.6	0.9	1,698.6	0.1
2020	147,062.3	(1.9)	7,269.6	(3.3)	1,633.4	(3.8)
2021	142,969.7	(2.8)	7,025.4	(3.4)	1,583.9	(3.0)
2022	149,783.0	4.8	7,363.6	4.8	1,648.5	4.1
2023	154,518.0	3.2	7,532.9	2.3	1,682.9	2.1
2024	156,987.9	1.6	7,602.2	0.9	1,702.8	1.2
2025	158,843.1	1.2	7,626.7	0.3	1,713.2	0.6

Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department, S&P Global Market Intelligence

Economic Report of the Governor

In Connecticut, approximately 61.9% 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 65,100 jobs in a single fiscal year. This trend continued in FY 2021 with an additional decrease of 49,500 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 September 2025, Connecticut's private sector recovered 101.2% of its jobs lost during the pandemic compared to total Connecticut employment levels which had recovered 100.9% 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.



Source: U.S. Bureau of Labor Statistics, Connecticut Labor Department, S&P Global Market Intelligence

Economic Report of the Governor

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 2025, employment growth has increased for both the United States and Connecticut by 8.0% and 4.8%, 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 2025, 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)

<u>Fiscal Year</u>		<u>Growth Rates</u>		<u>Cumulative Growth Rates</u>	
		<u>United States</u>	<u>Connecticut</u>	<u>United States</u>	<u>Connecticut</u>
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	2025	8.0%	4.8%	262.7%	133.8%

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.

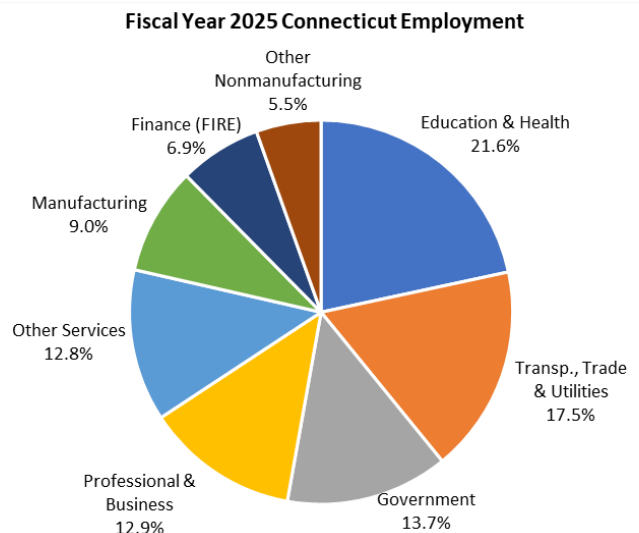
Economic Report of the Governor

TABLE 15
CONNECTICUT RATIO OF MANUFACTURING EMPLOYMENT
TO TOTAL EMPLOYMENT
(In Thousands)

<u>Fiscal Year</u>	<u>Total Employment</u>	<u>Manufacturing Employment</u>	<u>NonMfg. Employment</u>	<u>Mfg. Employment as a Percentage of Total Employment</u>
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	1,633.4	158.7	1,474.7	9.7
2021	1,583.9	152.2	1,431.7	9.6
2022	1,648.5	154.9	1,493.7	9.4
2023	1,682.9	158.2	1,524.7	9.4
2024	1,702.8	156.9	1,546.0	9.2
2025	1,713.2	154.6	1,558.5	9.0

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

The chart on the right provides a breakdown of Connecticut employment in FY 2025. Connecticut employment is highly concentrated in nonmanufacturing employment sectors with only 9.0% 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 67.9% of those working employed in that classification.



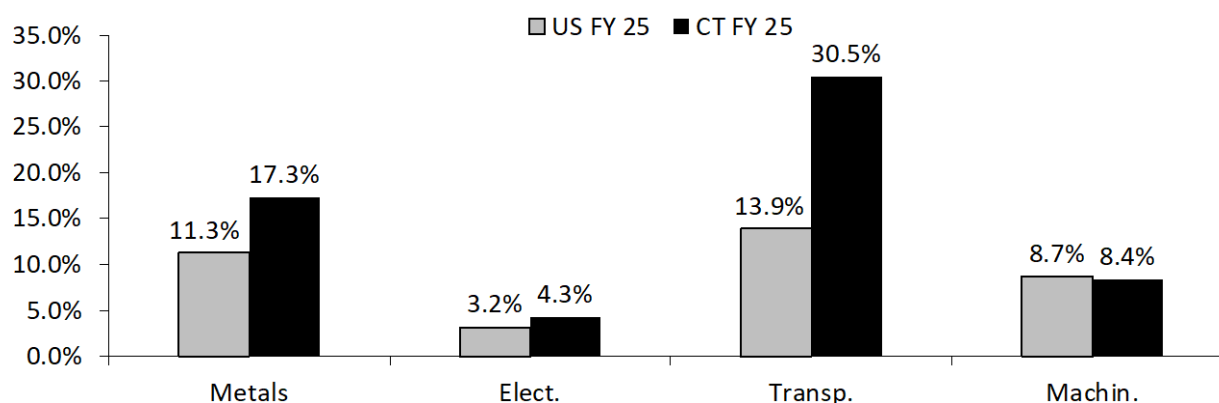
Economic Report of the Governor

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 30.5% FY 2025. 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 2025. The other major manufacturing sectors, industrial machinery, and electrical equipment and appliances make up approximately 8.4% and 4.3% of the total manufacturing sector, respectively, in FY 2025. 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, S&P Global Market Intelligence

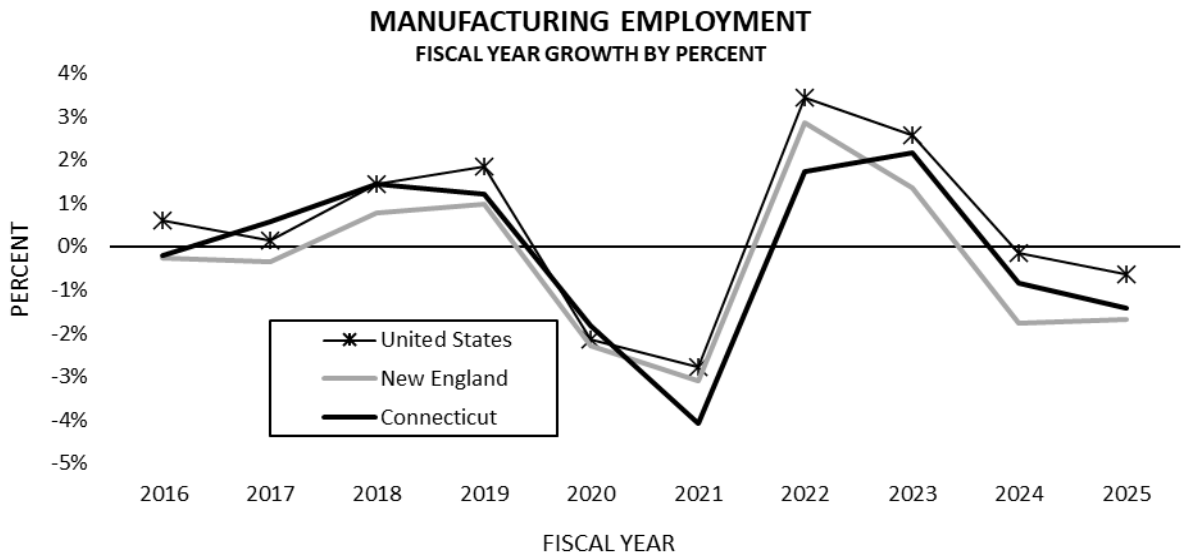
In FY 2020, manufacturing employment in the State of Connecticut saw a decline of 1.8% after three annual increases in FY 2017, FY 2018, and FY 2019. The United States also saw a decline of 2.1% in FY 2020, likely a consequence of the COVID-19 pandemic. The downward trend continued in FY 2021 as the pandemic continued, with a decline of 2.8% in the United States and 4.1% in Connecticut. This trend reversed in FY 2022 with an increase of 3.4% and 1.7% for the United States and Connecticut, respectively. Growth continued in FY 2023 before slowing significantly in FY 2025 falling by 0.6% for the United States and by 1.4% in Connecticut in FY 2025 over FY 2024 levels.

Economic Report of the Governor

TABLE 16
MANUFACTURING EMPLOYMENT
(In Thousands)

Fiscal Year	United States		New England		Connecticut	
	Number	% Growth	Number	% Growth	Number	% Growth
2016	12,326.3	0.6%	590.9	-0.3%	156.6	-0.2%
2017	12,342.3	0.1%	588.9	-0.3%	157.5	0.6%
2018	12,518.8	1.4%	593.5	0.8%	159.7	1.4%
2019	12,751.4	1.9%	599.4	1.0%	161.7	1.2%
2020	12,479.2	-2.1%	585.7	-2.3%	158.7	-1.8%
2021	12,133.4	-2.8%	567.6	-3.1%	152.2	-4.1%
2022	12,550.3	3.4%	583.8	2.9%	154.9	1.7%
2023	12,872.4	2.6%	591.7	1.4%	158.2	2.2%
2024	12,853.3	-0.1%	581.3	-1.8%	156.9	-0.9%
2025	12,771.3	-0.6%	571.5	-1.7%	154.6	-1.4%

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.

Economic Report of the Governor

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 9.0% of all nonfarm payroll jobs, compared with 8.1% in the U.S. and 7.6% in New England in FY 2025. 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 decreased in FY 2025 over FY 2024. Connecticut experienced a decline of 1.4%, compared to the United States' negative growth of 0.6%, and New England's 1.7% decline. In the past ten years, the only growth to occur within the manufacturing industry in Connecticut occurred in transportation equipment with a 14.7% increase. This gain was offset by reductions in the remaining industry types. The largest decline occurred in electrical equipment and appliances which dropped 21.2%, followed by printing and related support activities which dropped 18.0%, and fabricated metals which dropped 8.4%. The percent change of a negative 1.2% from FY 2016 to FY 2025 highlights a trend where manufacturing employment had been declining overall over the last decade. This is a reversal from last year, where a 1.0% positive growth rate in manufacturing employment was recorded over the 10-year period.

TABLE 17
CONNECTICUT MANUFACTURING EMPLOYMENT BY INDUSTRY
(In Thousands)

<u>Industry</u>	<u>FY</u> <u>2016</u>	<u>FY</u> <u>2024</u>	<u>FY</u> <u>2025</u>	<u>2024-2025</u> <u>% Change</u>	<u>2016-2025</u> <u>% Change</u>
Transportation Equipment	41.1	47.4	47.2	(0.6)	14.7
Fabricated Metal Products	29.2	27.1	26.7	(1.5)	(8.4)
Electrical Equipment and Appliances	8.4	6.7	6.6	(1.7)	(21.2)
Chemicals	7.7	7.9	7.5	(4.5)	(1.4)
Printing and Related Support Activities	5.2	4.4	4.3	(3.2)	(18.0)
Machinery	13.8	13.4	13.0	(3.4)	(6.1)
All Other	<u>51.1</u>	<u>49.8</u>	<u>49.3</u>	(1.0)	(3.5)
Total Mfg. Employment	156.6	156.9	154.6	(1.4)	(1.2)

Source: U.S. Bureau of Economic Analysis, Connecticut Labor Department, S&P Global Market Intelligence

Economic Report of the Governor

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 12,600 positions and increased by approximately 0.8% from FY 2024 to FY 2025. This increase was due in large part to a jump in the services sector which increased by 1.4% (11,200 jobs). The transportation and warehousing sector also experienced growth between FY 2024 and FY 2025 with a 1.3% gain.

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 10.2% since FY 2016, a loss of 11,200 jobs, but did experience slight growth of 0.4% from FY 2024 and FY 2025. The state and local government sector also has experienced a significant contraction over the last ten years, losing more than 8,200 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. Over the last 10 years, retail employment has dropped 10.9%, a loss of 20,100 jobs. On the opposite end of the spectrum, the transportation and warehousing sector has experienced substantial growth with approximately 22,600 jobs added over the last ten years as distribution warehouses were added in the state.

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.

Economic Report of the Governor

TABLE 18
CONNECTICUT NONMANUFACTURING EMPLOYMENT BY INDUSTRY
(In Thousands)

<u>Industry</u>	<u>FY</u> <u>2016</u>	<u>FY</u> <u>2024</u>	<u>FY</u> <u>2025</u>	<u>2024-2025</u> <u>% Change</u>	<u>2016-2025</u> <u>% Change</u>
Construction & Mining	59.5	63.0	63.4	0.7	6.5
Information	32.5	30.9	30.6	(0.9)	(5.7)
Transp., Trade & Utilities	297.2	299.6	299.4	(0.1)	0.7
Transpo & Warehousing	45.2	67.0	67.8	1.3	50.2
Utilities	5.6	5.2	5.3	2.2	(6.4)
Wholesale	61.4	61.0	61.4	0.7	(0.0)
Retail	185.0	166.5	164.9	(0.9)	(10.9)
Finance (FIRE)	130.1	118.0	118.7	0.6	(8.7)
Finance & Insurance	110.1	98.5	98.9	0.4	(10.2)
Real Estate	20.0	19.6	19.8	1.4	(0.6)
Services	771.3	800.2	811.4	1.4	5.2
Professional & Business	219.1	220.9	221.4	0.2	1.0
Education & Health	335.7	361.4	370.6	2.6	10.4
Leisure & Hospitality	152.2	154.6	155.4	0.5	2.1
All Other Services	64.3	63.3	64.0	1.0	(0.5)
Government	242.8	234.4	235.1	0.3	(3.2)
Federal	17.7	18.6	18.3	(1.7)	3.4
State & Local	225.0	215.8	216.8	0.5	(3.7)
Total Nonmanufacturing	1,533.3	1,546.0	1,558.5	0.8	1.6

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

Source: U.S. Department of Commerce, Bureau of Economic Analysis, S&P Global Market Intelligence

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

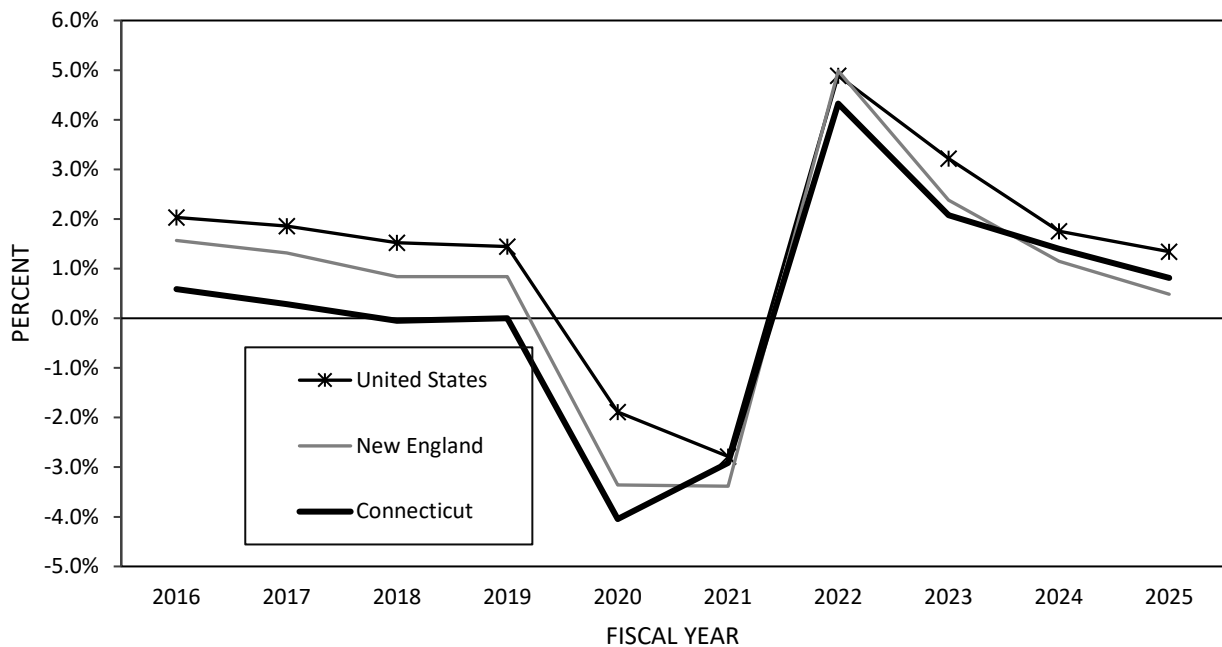
Economic Report of the Governor

TABLE 19
NONMANUFACTURING EMPLOYMENT
(In Thousands)

Fiscal Year	United States		New England		Connecticut	
	Number	% Change	Number	% Change	Number	% Change
2016	130,759.9	2.0	6,713.1	1.6	1,533.3	0.6
2017	133,190.0	1.9	6,801.4	1.3	1,537.7	0.3
2018	135,219.4	1.5	6,858.6	0.8	1,536.9	(0.1)
2019	137,172.0	1.4	6,916.1	0.8	1,536.9	(0.0)
2020	134,583.2	(1.9)	6,684.0	(3.4)	1,474.7	(4.0)
2021	130,836.3	(2.8)	6,457.8	(3.4)	1,431.7	(2.9)
2022	137,232.8	4.9	6,779.8	5.0	1,493.7	4.3
2023	141,645.6	3.2	6,941.2	2.4	1,524.7	2.1
2024	144,134.7	1.8	7,020.9	1.1	1,546.0	1.4
2025	146,071.8	1.3	7,055.2	0.5	1,558.5	0.8

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

NONMANUFACTURING EMPLOYMENT
FISCAL YEAR GROWTH BY PERCENT

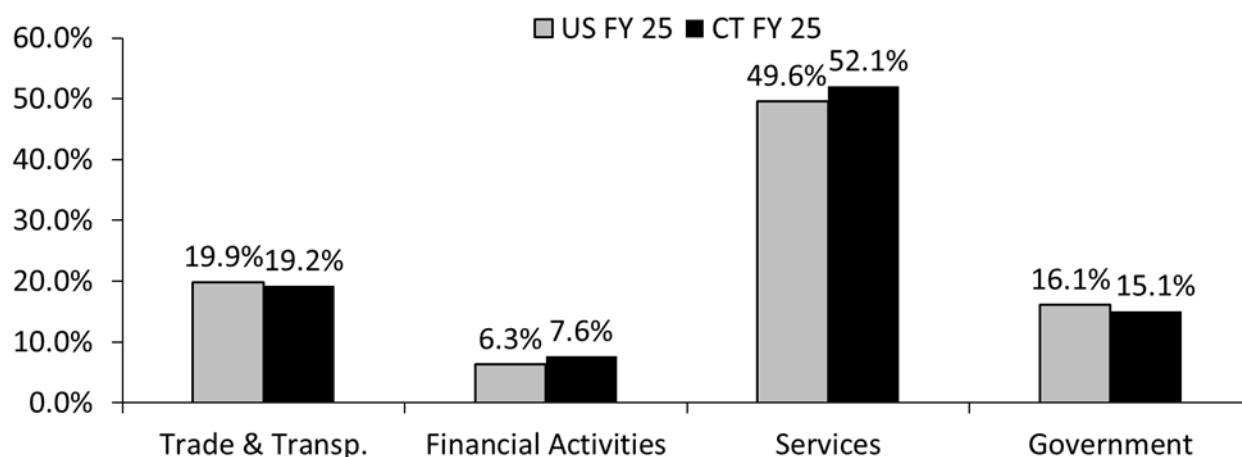


Source: U.S. Bureau of Labor Statistics, S&P Global Market Intelligence

Economic Report of the Governor

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, S&P Global Market Intelligence

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

Industry	FY 2016	FY 2024	FY 2025	Percent Change	
				2024-2025 % Change	2016-2025 % Change
Construction	\$ 67,954	\$ 87,967	\$ 92,945	5.7	36.8
Information	100,087	162,669	170,224	4.6	70.1
Transportation, Trade, & Utilities	50,163	67,892	70,848	4.4	41.2
Wholesale Trade	94,722	125,670	130,283	3.7	37.5
Retail Trade	33,498	47,000	47,693	1.5	42.4
Financial Activities	152,820	206,026	218,338	6.0	42.9
Professional & Business Svcs	86,874	112,506	120,708	7.3	38.9
Educational & Health Svcs	51,691	68,670	70,393	2.5	36.2
Leisure & Hospitality	25,651	37,730	38,715	2.6	50.9
Government	60,175	74,733	77,510	3.7	28.8
Federal Government	74,352	92,835	97,288	4.8	30.8
State & Local Government	59,059	73,171	75,171	3.6	28.4

Source: U.S. Bureau of Economic Analysis, S&P Global Market Intelligence

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Labor Force Participation

The following table presents labor force participation rates for the United States and Connecticut over a ten-year period.

TABLE 21
LABOR FORCE PARTICIPATION RATE
BY FISCAL YEAR (%)

<u>Fiscal</u> <u>Year</u>	United States		Connecticut	
	<u>Rate</u>	<u>% Change</u>	<u>Rate</u>	<u>% Change</u>
2016	62.7	(0.2)	64.7	(0.6)
2017	62.8	0.2	65.2	0.9
2018	62.8	0.0	64.9	(0.5)
2019	62.9	0.1	65.3	0.6
2020	62.6	(0.6)	65.2	(0.2)
2021	61.5	(1.7)	62.1	(4.7)
2022	62.0	0.8	64.4	3.7
2023	62.4	0.6	63.7	(1.0)
2024	62.6	0.4	63.7	(0.1)
2025	62.5	(0.2)	64.1	0.6

Source: S&P Global Market Intelligence, U.S. Bureau of Labor Statistics

The labor force participation rate measures the share of the civilian noninstitutional population that is either employed or actively seeking employment. The rate reflects the proportion of the population engaged in the labor market and is calculated as the number of individuals in the labor force divided by the total civilian noninstitutional population. Participation rates declined sharply during the pandemic as labor market disruptions led many individuals to exit the workforce, particularly in 2020 and 2021. Since then, participation has recovered gradually, though it remains below pre-pandemic levels in both Connecticut and the nation. For FY 2025, Connecticut's labor force participation rate was 64.1%, compared with 62.5% nationally, reflecting continued re-engagement with the labor market.

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Unemployment Rate

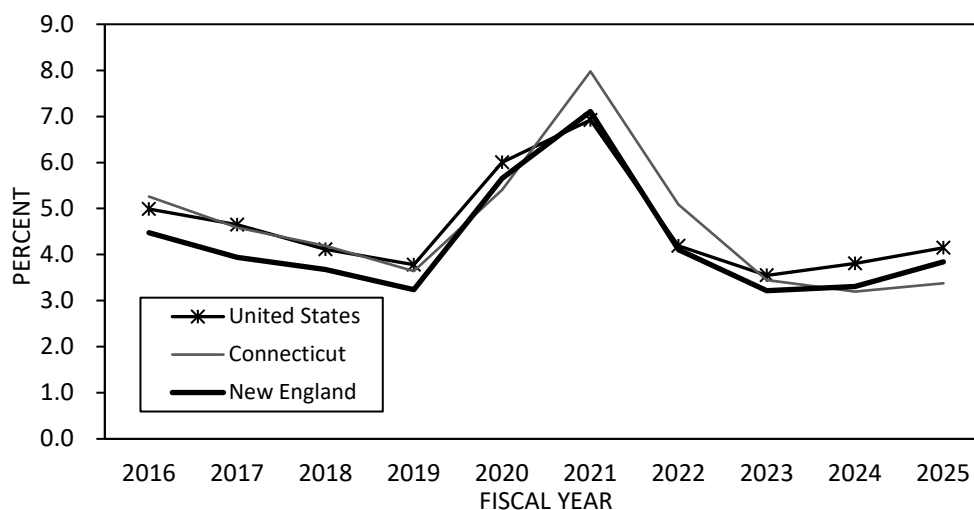
The unemployment rate is the proportion of persons in the civilian labor force who do not have jobs but are actively looking for work. The rate is based upon a monthly survey in which household members are asked a series of questions, one of which is whether a jobless person has looked for work at some 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 3.4% and 4.2% respectively for FY 2025, up slightly from 3.2% and 3.8% respectively last year.

TABLE 22
UNEMPLOYMENT RATES
BY FISCAL YEAR (%)

<u>Fiscal Year</u>	<u>United States</u>	<u>New England</u>	<u>Connecticut</u>
2016	5.0	4.5	5.3
2017	4.6	3.9	4.6
2018	4.1	3.7	4.2
2019	3.8	3.2	3.6
2020	6.0	5.7	5.4
2021	6.9	7.1	8.0
2022	4.2	4.1	5.1
2023	3.5	3.2	3.4
2024	3.8	3.3	3.2
2025	4.2	3.8	3.4

Source: S&P Global Market Intelligence, U.S. Bureau of Labor Statistics

UNEMPLOYMENT RATES
BY FISCAL YEAR



Source: U.S. Bureau of Labor Statistics, S&P Global Market Intelligence

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 2024. Both supply and demand continued to increase in 2024, with supply increasing by 0.5% over 2023 levels, comparatively lower than the 2.2% increase in 2023 over 2022. Demand has increased by 0.7% over 2023 demand levels, comparatively lower than the 2.6% increase in 2023 over 2022 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 10.85 million barrels per day (MBPD), it consumed 3.95 MBPD, generating a 6.90 MBPD surplus. The Organization for Economic Cooperation and Development (OECD), on the other hand, consumed (44.76 MBPD) more than it supplied (31.95 MBPD), registering a 12.81 MBPD deficit.

The United States had a -6.1% dependency rate on foreign oil supplies in 2024, down from -2.0% in 2023 and significantly below the ten-year average of 18.1% for the period ending in 2023. The nation accounted for 18.7% of global demand and 20.8% 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 2024. India's consumption remained flat compared to the previous year, accounting for 5.5% of worldwide demand. On the other hand, China is accounting for 16.1% of worldwide demand. The two countries accounted for a combined 21.6% of the worldwide demand total in 2024, a 0.3% percentage point decrease from 2023. 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 2024, China consumed 16.37 MBPD while supplying 4.26 MBPD, registering a growing 12.11

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MBPD deficit compared to 12.39 in 2023. China had a 74.0% dependence rate on foreign oil in 2024. The prior year, it had surpassed the highest level ever registered by the United States of 66.4% in 2005 and 2006, with a dependency ratio of 74.7%.

TABLE 23
WORLD OIL SUPPLY AND DEMAND
Calendar Year 2024

	Supply			Demand	
	Millions			Millions	
	of Barrels Per Day	% of Total		of Barrels Per Day	% of Total
Total OECD (a)	31.95	33.0%	Total OECD	44.76	44.1%
United States	20.14	20.8%	United States	18.99	18.7%
Canada	5.89	6.1%	Canada	2.33	2.3%
Mexico	1.91	2.0%	Mexico	1.85	1.8%
Other OECD	4.01	4.1%	Japan	3.23	3.2%
			Germany	2.05	2.0%
Total OPEC (b)	32.79	33.8%	France	1.35	1.3%
Saudi Arabia	10.85	11.2%	Italy	1.26	1.2%
United Arab Emirates	4.00	4.1%	United Kingdom	1.32	1.3%
Iran	5.06	5.2%	Other OECD	12.38	12.2%
Iraq	4.39	4.5%			
Other OPEC	8.49	8.8%	Total Non-OECD	56.65	55.9%
			Russia	3.84	3.8%
All Other	32.15	33.2%	China	16.37	16.1%
Russia	10.75	11.1%	India	5.62	5.5%
China	4.26	4.4%	Saudi Arabia	3.95	3.9%
Other	17.14	17.7%	Other	26.87	26.5%
Total 2024 Supply	96.89	100.0%	Total 2024 Demand	101.41	100.0%
Total 2023 Supply	96.39	99.5%	Total 2023 Demand	100.69	99.3%
Change	0.50	0.5%	Change	0.72	0.7%

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

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United States

The U.S. has the largest demand for world oil. While the country contains 4.22% of the world population and produces 20.8% of world oil, it consumes 18.7% 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 94.1 quadrillion British Thermal Units (QBTU's) of energy in 2024, 81.7% 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 2024 by fuel type and by economic sector. Petroleum products are currently the most important energy source for the U.S. economy. The 35.4 quadrillion petroleum-generated BTU's accounted for 37.6% of U.S. energy consumption, followed by natural gas at 33.6 QBTU's and coal at 7.9 QBTU's.

TABLE 24
U.S. ENERGY CONSUMPTION IN 2024
(Quadrillion BTU's)

	<u>Resi- dential</u>	<u>Com- mercial</u>	<u>In- dustrial</u>	<u>Trans- portation</u>	<u>Electric Generation</u>	<u>Total</u>	<u>% of Total</u>
Fossil Fuels							
Natural Gas	4.5	3.5	10.9	1.4	13.3	33.6	35.7
Petroleum	0.9	0.9	8.6	24.8	0.2	35.4	37.6
Coal	0.0	0.0	0.9	0.0	7.0	7.9	8.4
Nuclear	0.0	0.0	0.0	0.0	8.2	8.2	8.7
Renewables							
Hydroelectric	0.0	0.0	0.0	0.0	0.8	0.8	0.9
Other*	0.7	0.3	2.3	1.9	2.7	7.8	8.2
Electricity	5.1	4.9	3.5	0.0	0.0	13.6	14.4
Electric Losses	7.2	7.0	5.0	0.0	-32.2	-12.9	(13.7)
Total Demand	18.4	16.5	31.2	28.2	0.0	94.1	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 2.6% of electric generation to the U.S. in 2024, compared to approximately 62% in Canada in 2024. 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 October 2025, the United States had 94 operable nuclear reactors in service. Nuclear generation accounted for about 18.2% of domestic electricity net

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generation in 2024. 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 31.2 QBTU's in 2024, followed by transportation at 28.2 QBTU's, residential at 18.4 QBTU's, and commercial at 16.5 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 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 \$39.75 in 2020. In 2021 there was a 63.1% increase in cost to \$67.83 a barrel, and a further 31.2% increase in 2022, bringing the price per barrel up to a peak of \$95.29. Since 2022, the price per barrel has decreased, falling 3.7% in 2024 and a further 11.6% through the first two quarters of 2025.

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

Calendar	In Current	In 2017	Percent
<u>Year</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Change</u>
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	76.64	61.2	-3.7%
2025**	69.15	54.13	-11.6%

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 three 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.

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

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

Calendar Year	U.S. Energy Consumption		GDP	BTU	Annualized % Change*
	Total Quadrillion BTU's	Annualized % Change*	Billions (In 2017\$)	Per \$1 GDP (In 2017\$)	
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)	20,284.5	4,381	(6.1)
2021	93.4	5.1	21,532.4	4,336	(1.0)
2022	94.9	1.7	22,075.9	4,301	(0.8)
2023	93.7	(1.3)	22,723.7	4,125	(4.1)
2024	94.6	(0.9)	22,358.4	4,049	(1.8)

*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 2024, 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 2024, that number was 4,049 BTU's, a 51.8% 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

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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 October 2025, the reserve held 408.6 million barrels of crude oil.

Connecticut

Connecticut is one of the most energy-efficient states in the nation 41.8% below the national average of 4.13 thousand BTU's per 2017 chained dollar of Gross State Product in 2023. The state consumed 2.40 thousand BTU's per 2017 chained dollar of Gross State Product in 2023. 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 189.1 million BTU's per capita in 2023. Connecticut ranks 45th among the 50 states plus the District of Columbia. Connecticut was 31.9% below the national figure of approximately 277.8 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 2023, Connecticut residents spent \$32.32 per million BTU, compared to \$23.59 for the nation.

TABLE 27
CONSUMER ENERGY PRICES IN THE UNITED STATES AND CONNECTICUT*
Nominal Dollars per Million BTU in 2023

	Natural <u>Gas</u>	Motor <u>Gasoline</u>	Distillate <u>Fuel Oil*</u>	All <u>Petroleum**</u>	Retail <u>Electricity</u>	Total <u>Energy</u>
Connecticut	\$7.98	\$29.78	\$28.00	\$28.91	\$71.04	\$32.32
United States	\$6.82	\$29.02	\$29.62	\$26.00	\$37.34	\$23.59
CT as a % of the U.S.	117%	103%	95%	111%	190%	137%

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 2023

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 2023, the latest data available. Overall energy costs in Connecticut in 2023 were 37% higher than the national average, with retail electricity prices 90% higher than the national average.

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TABLE 28
CONNECTICUT ENERGY CONSUMPTION IN 2023
(Trillion BTU's)

<u>Fuels</u>	<u>Resi- dential</u>	<u>Com- mercial</u>	<u>In- dustrial</u>	<u>Trans- portation</u>	<u>Electric Generation</u>	<u>CT Total</u>	<u>% of CT Total</u>	<u>% of US Total</u>
Natural Gas	48.3	56.2	21.3	6.3	172.8	304.9	44.3	35.3
Petroleum	61.3	18.0	18.9	211.0	1.4	310.6	45.1	39.0
Coal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5
Nuclear	0.0	0.0	0.0	0.0	142.9	142.9	20.7	8.5
Hydroelectric	0.0	0.0	0.0	0.0	1.6	1.6	0.2	0.9
Other*	12.3	2.8	3.7	0.0	10.9	29.7	4.3	7.7
Deliv. Elec.	42.8	38.8	8.8	0.6	0.0	91.0	13.2	13.9
Deliv. Losses	64.8	58.7	13.3	0.9	(329.6)	(191.9)	(27.9)	(13.9)
Total Demand	229.5	174.5	66.0	218.8	0.0	688.8	100.0	100.0
% of Total-CT	33.3	25.3	9.6	31.8	0.0	100.0		
% of Total-U.S.	19.3	17.1	32.4	31.2	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 2023

The preceding table displays the amount and percentage share of total energy consumed in Connecticut by fuel source and sector in 2023, 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 2025, 34.4% of Connecticut households used fuel oil for home heating, followed by natural gas at 36.8%, electricity at 19.2%, liquefied petroleum gases (propane/butane) at 6.4% and others at 3.3%. 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 rely on coal for some of its electric generation. In 2023, the latest data available, the state generated 40.6 million net megawatt hours of electricity, primarily from natural gas. Retail sales within the state were at 26.7 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

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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 2023, there were 1,702,144 electric consumers in Connecticut. Of these, 90.5% were residential customers, 9.1% 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.

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Gasoline Consumption and Automotive Fuel Economy

According to 2023 data, the latest available, highway vehicles in the U.S. consumed approximately 94.6% of all gasoline, with about 5.4% used for other purposes such as agriculture, aviation, construction, and boating. In 2023, gasoline consumption in the U.S. totaled 141.8 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. In 2023, national consumption grew 1.6% and statewide consumption decreased by 3.3%. The table below shows gasoline consumption for the U.S. and Connecticut since 1995.

In 2023, Connecticut residents consumed 397.7 gallons of gasoline per capita, versus 420.6 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 2023, per capita consumption decreased by 13.6% in Connecticut, versus 11.3% for the nation. As of 2023, Connecticut's per capita consumption is 94.6% of total U.S. consumption.

Connecticut residents owned 298 private and commercial automobiles per 1,000 residents in 2023, versus 283 for the nation. Also, Connecticut had 728 driver licenses per 1,000 residents in 2023, compared to 710 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 2024, of those commuting to work by car, 8.2% of Connecticut residents carpooled, versus 9.2% for the nation as a whole.

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TABLE 29
GASOLINE CONSUMPTION IN THE UNITED STATES & CONNECTICUT

Calendar Year	U.S.* Total Gallons (000's)	Annualized % Change**	CT Total Gallons (000's)	Annualized % Change**	Gallons Per Capita		
					U.S.*	CT	CT/U.S. (%)
1995	120,875,789	1.9%	1,302,750	0.0%	453.3	391.7	86.4%
2000	132,279,950	1.8%	1,476,340	2.5%	468.2	432.4	92.3%
2005	140,338,710	1.2%	1,614,697	1.8%	474.3	460.3	97.0%
2006	140,320,089	0.0%	1,566,875	-3.0%	469.7	445.3	94.8%
2007	140,436,133	0.1%	1,567,360	0.0%	465.7	444.0	95.4%
2008	136,499,418	-2.8%	1,494,164	-4.7%	448.4	421.2	93.9%
2009	136,877,949	0.3%	1,512,081	1.2%	445.7	424.3	95.2%
2010	137,592,937	0.5%	1,514,622	0.2%	444.3	422.9	95.2%
2011	135,204,475	-1.7%	1,467,953	-3.1%	433.1	408.3	94.3%
2012	134,998,800	-0.2%	1,449,384	-1.3%	429.1	402.0	93.7%
2013	135,595,239	0.4%	1,438,625	-0.7%	427.7	398.4	93.2%
2014	137,883,016	1.7%	1,434,867	-0.3%	431.5	397.1	92.0%
2015	141,757,545	2.8%	1,479,844	3.1%	440.1	409.8	93.1%
2016	144,885,278	2.2%	1,515,941	2.4%	446.3	420.2	94.1%
2017	144,575,062	-0.2%	1,514,021	-0.1%	442.4	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%	385.1	355.7	92.4%
2021	139,926,671	9.6%	1,390,867	9.0%	421.1	385.5	91.6%
2022	139,595,562	-0.2%	1,499,846	7.8%	417.5	414.2	99.2%
2023	141,823,505	1.6%	1,450,336	-3.3%	420.6	397.7	94.6%
Average 2018-2023					421.5	399.2	94.7%

* 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, S&P Global

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 previously imposed 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). Recent legislation, enacted in July 2025, eliminated monetary penalties for noncompliance for passenger cars and light trucks. The Trump Administration also moved to reduce federal CAFE standards by setting the industry average for light-duty vehicles at 34.5 miles per

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gallon through the 2031 MY, rolling back previously scheduled increases to 50 miles per gallon. According to NHTSA data, total fleet performance in MY 2021, the most recent data available, was 35.0 miles per gallon, while the fleet standard was 35.1 miles per gallon. While this represents a 42.3% 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 2024 reached \$3.58 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 2024, averaging \$3.42 per gallon for the year. Prices remained steady, only reaching a high of \$3.79 in the last week of April, but quickly came back down by year end. Prices in December averaged \$3.14, 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 \$3.50 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 \$2.53 in more recent years. The real prices listed are adjusted for inflation in 2017 dollars. In 2024, the average real price was \$2.54 a gallon.

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

Calendar	Nominal	Real	Calendar	Nominal	Real
<u>Year</u>	<u>Price</u>	<u>Price*</u>	<u>Year</u>	<u>Price</u>	<u>Price*</u>
1950	\$0.27	\$2.06	2012	3.68	3.68
1960	0.31	1.86	2013	3.58	3.51
1970	0.36	1.66	2014	3.44	3.32
1980	1.25	2.96	2015	2.52	2.41
1990	1.16	1.82	2016	2.25	2.13
2000	1.52	1.95	2017	2.53	2.36
2005	2.31	2.64	2018	2.81	2.56
2006	2.62	2.90	2019	2.69	2.41
2007	2.84	3.07	2020	2.26	2.00
2008	3.30	3.49	2021	3.10	2.62
2009	2.41	2.53	2022	4.06	3.20
2010	2.84	2.95	2023	3.64	2.77
2011	\$3.58	\$3.64	2024	\$3.42	\$2.54

Note: Prices for 1950 to 1970 are leaded regular; 1980 and after are unleaded regular.

* Adjusted by GDP Price Deflator (2017=100)

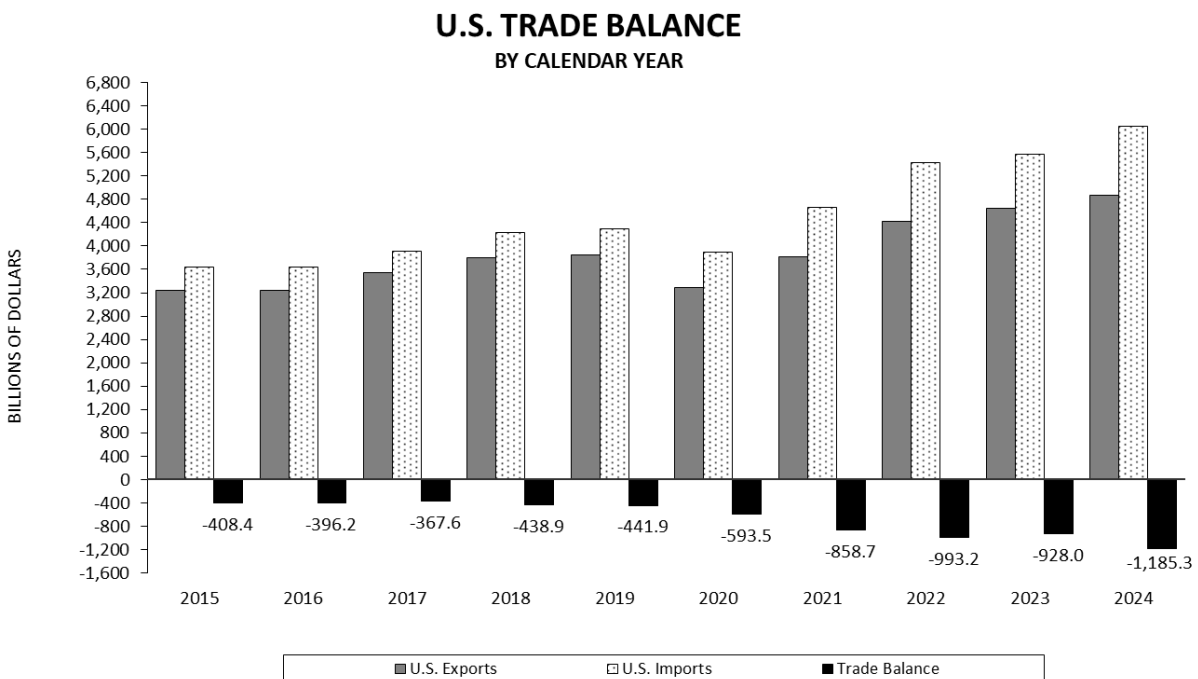
Source: U.S. Dept. of Energy, Energy Information Administration, Bureau of Economic Analysis, S&P Global

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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 to the country's economic expansion over the last half century. Total trade exports grew 50.4% from 2015 to 2024, while total trade imports grew 66.1% over the same time period.

The following graph illustrates the United States' trade balance for the past ten years. In 2024, the trade deficit increased to \$1,185.3 billion, up from \$928.0 billion in 2023. 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 2024, 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 jumped in 2024 to \$1,185.3 billion, growing from 2023, which stood at \$928.0 billion. The U.S. trade deficit in 2024 was about 5.1% of GDP.

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

	2023			2024		
	Exports	Imports	Balance	Exports	Imports	Balance
Total Trade	4,649.8	5,577.8	(928.0)	4,871.5	6,056.8	(1,185.3)
Merchandise	2,047.5	3,105.0	(1,057.5)	2,079.8	3,295.2	(1,215.4)
Foods/Beverages	161.7	201.5	(39.8)	165.8	217.3	(51.5)
Industrial Supplies & Materials	721.8	667.5	54.4	713.2	660.1	53.1
Capital Goods, Excluding Autos	602.8	864.3	(261.4)	647.2	969.1	(321.9)
Autos	180.0	458.2	(278.1)	172.5	475.5	(303.0)
Consumer Goods	258.9	757.0	(498.0)	259.6	806.1	(546.5)
Others	122.1	156.6	(34.5)	121.5	167.1	(45.6)
Services	1,045.1	761.8	283.3	1,152.7	840.9	311.9
Travel & Transportation	314.8	308.1	6.8	351.5	341.2	10.3
Business Services	521.8	348.3	173.4	577.3	390.8	186.5
Royalties & License fees	148.2	52.6	95.6	169.5	54.0	115.5
Other Services	60.3	52.8	7.5	54.4	54.8	(0.4)
Investment Income	1,557.2	1,711.0	(153.8)	1,639.0	1,920.7	(281.8)
Direct Investment	615.2	304.9	310.3	639.9	342.9	297.0
Portfolio Investment Income	494.8	677.7	(182.9)	516.9	774.8	(257.8)
U.S. Gov't Receipts/Payments	194.0	400.4	(206.4)	187.9	428.6	(240.7)
Other Investment Income	253.3	328.1	(74.8)	294.2	374.5	(80.3)
Net Change From Previous Year						
Total Trade	220.2	155.1	65.1	221.7	479.0	(257.3)
Merchandise	(48.1)	(165.2)	117.1	32.3	190.2	(157.9)
Foods/Beverages	(18.1)	(8.0)	(10.1)	4.1	15.8	(11.7)
Industrial Supplies & Materials	(95.2)	(140.9)	45.7	(8.6)	(7.4)	(1.2)
Capital Goods, Excluding Autos	29.6	(5.8)	35.5	44.3	104.8	(60.5)
Autos	17.1	59.2	(42.1)	(7.5)	17.4	(24.9)
Consumer Goods	14.6	(82.0)	96.6	0.7	49.2	(48.5)
Others	3.9	12.4	(8.5)	(0.6)	10.5	(11.1)
Services	82.2	49.8	32.5	107.7	79.1	28.6
Travel & Transportation	55.9	25.2	30.7	36.7	33.1	3.6
Business Services	24.8	28.8	(3.9)	55.6	42.5	13.1
Royalties & License fees	(4.5)	(6.8)	2.3	21.3	1.4	19.9
Other Services	6.0	2.6	3.4	(5.9)	2.0	(7.9)
Investment Income	186.2	270.5	(84.4)	81.7	209.7	(128.0)
Direct Investment	3.4	(13.6)	17.0	24.7	38.0	(13.3)
Portfolio Investment Income	34.9	88.4	(53.5)	22.1	97.1	(74.9)
U.S. Gov't Receipts/Payments	7.9	26.2	(18.3)	(6.1)	28.2	(34.3)
Other Investment Income	140.0	169.5	(29.5)	41.0	46.4	(5.5)

Note: Net changes were derived before rounding to billions.

Source: U.S. Bureau of Economic Analysis

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Merchandise Trade

The U.S. Department of Commerce classifies international trade into three categories: merchandise trade, service transactions, and investment income. There are six subcategories within Merchandise Trade: Foods and Beverages; Industrial Supplies and Materials; Capital Goods Excluding Autos; Autos; Consumer Goods; and others. The deficit in merchandise trade increased by \$157.9 billion for a total of \$1,215.4 billion in 2024, up from \$1,057.5 billion in 2023. This increase was partially attributable to both Capital Goods and Consumer Goods, which experienced the largest negative changes in trade balance compared to 2023.

Of the total trade deficit of \$1,185.3 billion in 2024, consumer goods accounted for the largest portion, reaching \$546.5 billion. Consumer goods consist of durables and nondurables. Durable goods include household and kitchen appliances such as radio and stereo equipment, televisions and video receivers, bicycles, watches, toys and sporting goods. Nondurables include footwear, apparel, medical, dental and pharmaceutical preparations. The trade deficit in the consumer goods category increased in 2024 by \$48.5 billion.

The second largest portion of the deficit occurred in Capital Goods. This category excludes automobiles. In 2024, the U.S. imported \$969.1 billion worth of these goods compared to the \$647.2 billion that the U.S. exported. The Capital Goods trade deficit, at \$321.9 billion, represents a \$60.5 billion increase from the deficit of \$261.4 billion in 2023.

Service Transactions

The United States is highly competitive in the delivery of services. The surplus in service transactions increased to \$311.9 billion in 2024, from a surplus of \$283.3 billion in 2023. Imports increased 10.4% to \$840.9 billion while exports increased 10.3% to \$1,152.7 billion. Of the \$311.9 billion total surplus in 2024, \$186.5 billion was attributable to business services.

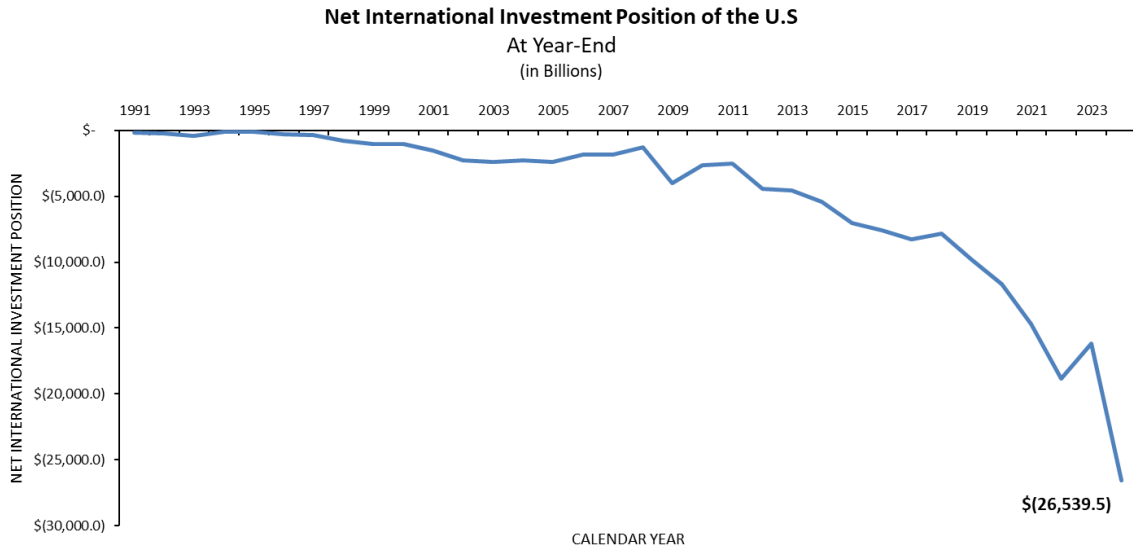
Investment Income

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 \$281.8 billion in 2024.

According to the U.S. Bureau of Economic Analysis, in calendar year 2024, foreign assets in the U.S., measured at current cost, increased by \$7,819.9 billion, or 14.4%, to \$62,258.8 billion, compared to an increase of \$1,696.9 billion, or 5.0%, to \$35,719.3 billion for U.S. assets abroad. This placed U.S. international investment at a net negative \$26,539.5 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 2024, the U.S.'s direct

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investment abroad was \$11,128.8 billion and foreign direct investment in the U.S. was \$17,810.0 billion, registering a net investment shortfall of \$6,681.2 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 and enhance domestic production 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 to adjust the imbalance in the United States' trade deficit. The intent was to protect industries believed to be negatively impacted by global trade policies and protect certain domestic production to be in the Nation's best interest and security. Since then, the second Trump Administration's U.S. tariff policy has been marked by a high degree of instability. The ongoing turbulence has introduced significant operational uncertainty for firms engaged in global trade. These changes occurred alongside a series of rapidly evolving negotiations with key trading partners.

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. Independent analysis from the

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Budget Lab at Yale, a nonpartisan research center specializing in federal fiscal and trade policy, finds that the 2025 tariff actions have raised the average effective tariff rate to its highest level since the 1930s. As of October 2025, the average U.S tariff rate has increased to 17.9%, up from 2.4% in January 2025. These measures are expected to increase the overall price level by 1.3%, reducing household purchasing power by roughly \$1,800 in 2025 dollars. Real GDP growth is estimated to be 0.5 percentage points lower in both 2025 and 2026 due to tariff actions. To date, the 2025 tariffs have raised around \$111 billion, in comparison to \$77 billion raised by the end of FFY 2024.

Several of these tariff actions are also the subject of ongoing legal review, as the Supreme Court consider challenges to the Administration's use of International Emergency Economic Powers Act (IEEPA) as a basis for broad tariff authority. IEEPA includes statutory authority that allows the President to restrict imports during a declared national emergency

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 \$17,418.9 million in 2024, up 9.2% from 2023. Total Connecticut exports have now exceeded pre-COVID-19 Pandemic levels.

In 2024, 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 62.0% of Connecticut's foreign sales in 2024. The following table shows the breakdown of major products by NAICS code for the past five years. In 2024, transportation equipment, which includes aircraft engines and spare parts, gas turbines, helicopters and spacecraft accounted for 35.6% of total exports which is slightly up from 2023. In terms of average annual growth from 2020 to 2024, Primary Metal posted the strongest growth at 14.5%, followed by Nonelectrical Machinery at 11.9%.

The growth in Connecticut exports of commodities for the five years leading up to 2024 averaged 5.9%. Exports of \$17.4 billion are estimated to account for 4.9% of Connecticut Gross State Product (GSP) in 2024, which is lower than the pre-pandemic level of 5.7% in 2019.

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

<u>NAICS</u>	<u>Industry</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Percent of 2024 <u>Total</u>	Average Growth <u>20-24</u>
322	Paper	124.9	161.0	196.8	171.9	169.8	1.0%	8.0%
325	Chemicals	1,303.3	1,350.7	1,268.9	986.5	1,066.3	6.1%	-4.9%
326	Plastics and Rubber	256.8	290.8	343.5	333.9	349.3	2.0%	8.0%
331	Primary Metal	211.7	318.4	286.9	302.5	363.9	2.1%	14.5%
332	Fabricated Metal	888.5	870.1	941.9	1,024.7	1,103.8	6.3%	5.6%
333	Machinery, exc. Elec.	2,134.6	2,221.2	2,703.3	3,188.0	3,341.9	19.2%	11.9%
334	Comp. & Electronic	1,032.5	1,128.6	1,158.2	1,202.3	1,257.6	7.2%	5.1%
335	Electrical Equipment	946.5	979.1	914.3	1,044.5	1,172.9	6.7%	5.5%
336	Transportation Equip.	4,883.3	5,130.0	5,236.4	5,464.4	6,195.1	35.6%	6.1%
339	Misc. MFG	426.9	504.1	483.7	477.9	503.6	2.9%	4.2%
	Other	<u>1,618.1</u>	<u>1,594.4</u>	<u>1,823.3</u>	<u>1,755.4</u>	<u>1,894.6</u>	<u>10.9%</u>	<u>4.0%</u>
Total Commodity Exports		13,827.2	14,548.4	15,357.3	15,952.0	17,418.9	100.0%	5.9%
% Growth		-14.8%	5.2%	5.6%	3.9%	9.2%		
Gross State Product (\$M)		278,747.9	297,366.0	321,625.2	341,851.8	356,835.0		6.4%
		-2.7%	6.7%	8.2%	6.3%	4.4%		
Exports as a % of GSP		5.0%	4.9%	4.8%	4.7%	4.9%		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 2024, exports originating from Connecticut totaled \$17.4 billion, with 63.8% of the total being shipped by air, 12.0% being delivered by sea, and the remaining 24.2% 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 2024 at 13.7% of total exports, followed by Germany, Mexico, China, The Netherlands, and The United Kingdom. These five countries accounted for 54.9% of total state exports in 2024. Exports to Mexico have grown the fastest in the past five years at an average growth rate of 22.0%, surpassing Singapore's average growth rate of 14.7% in 2024.

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

<u>Destination</u>	<u>2024 Rank</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Percent of 2024	2020-2024 Average Growth
							<u>Total</u>	<u>Rate</u>
Canada	1	1,670.8	1,738.8	2,068.0	2,117.4	2,385.8	13.7%	9.3%
Germany	2	2,189.7	2,332.5	2,096.4	2,100.2	1,790.3	10.3%	-4.9%
Mexico	3	753.8	978.7	1,137.0	1,074.3	1,669.3	9.6%	22.0%
China	4	1,098.0	1,256.6	887.4	989.7	1,455.6	8.4%	7.3%
Netherlands	5	840.8	973.7	1,041.7	1,167.1	1,242.3	7.1%	10.3%
United Kingdom	6	1,160.8	1,022.1	1,364.4	1,167.3	1,026.4	5.9%	-3.0%
France	7	894.3	724.3	1,094.5	1,057.5	830.8	4.8%	-1.8%
Singapore	8	425.4	374.9	466.9	582.6	737.3	4.2%	14.7%
Korea, Republic Of	9	453.2	455.2	466.6	477.7	428.5	2.5%	-1.4%
Japan	10	397.7	402.2	476.8	475.0	527.1	3.0%	7.3%
Other Areas		<u>3,942.7</u>	<u>4,289.4</u>	<u>4,257.6</u>	<u>4,743.2</u>	<u>5,325.5</u>	<u>30.6%</u>	<u>7.8%</u>
Total		13,827.2	14,548.4	15,357.3	15,952.0	17,418.9	100.0%	5.9%

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 7.3% of the state's total nonfarm employment in 2024 was a result of foreign investment. In 2024, 124,000 Connecticut workers were employed by foreign-controlled companies, an increase of 8,700 since 2016. Major sources of foreign investment in Connecticut in 2024 included the Netherlands, the United Kingdom, Germany, and Canada.

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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) 2024, contractors in the state were awarded \$16.1 billion worth of defense-related prime contracts, with the heaviest concentration in the state's combat equipment sector. This was a decrease of 11.5% from the \$18.2 billion received in awards in FFY 2023. 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 34
VALUE OF PRIME CONTRACT AWARDS BY PROGRAM IN FFY 2024
(In Millions)

<u>Connecticut Program</u>	<u>Value</u>	<u>Percent</u>	<u>United States Program</u>	<u>Value</u>	<u>Percent</u>
Combat Ships and Landing Vessels	\$ 8,314.5	51.7%	Combat Ships and Landing Vessels	\$ 21,738.3	7.0%
Gas Turbines and Jet Engines	2,704.6	16.8%	Aircraft, Fixed Wing	19,355.9	6.2%
Aircraft, Rotary Wing	2,464.5	15.3%	Engineering/Technical Support	15,932.1	5.1%
Helicopter Rotor Blades, Components	317.5	2.0%	General/Managed Health Care	14,036.9	4.5%
Miscellaneous Aircraft Accessories and Components	278.2	1.7%	Guided Missiles	5,939.7	1.9%
Other	<u>1,991.5</u>	<u>12.4%</u>	Other	<u>233,289.8</u>	<u>75.2%</u>
Total	\$ 16,070.8	100.0%	Total	\$ 310,292.7	100.0%

Source: General Services Administration (SAM.gov)

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

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

	<u>FFY 2020</u>	<u>FFY 2021</u>	<u>FFY 2022</u>	<u>FFY 2023</u>	<u>FFY 2024</u>
Fairfield	19.7%	27.8%	21.1%	24.3%	21.1%
Hartford	26.4%	19.3%	45.6%	38.6%	45.6%
Litchfield	0.1%	0.0%	0.1%	0.1%	0.1%
Middlesex	0.1%	0.1%	0.0%	0.1%	0.0%
New Haven	0.3%	0.2%	0.3%	0.3%	0.3%
New London	53.3%	52.5%	32.7%	36.6%	32.7%
Tolland	0.1%	0.0%	0.0%	0.1%	0.0%
Windham	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.1%</u>	<u>0.0%</u>
State Total	100.0%	100.0%	100.0%	100.0%	100.0%
State Total	\$22,355,563	\$16,966,248	\$17,261,824	\$18,190,353	\$16,070,760

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 0.198 compared with 0.052 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 0.198, compared to 0.142 for the U.S., reflecting greater volatility in the state's annual levels of defense contract awards compared to the national level. Prior to FFY 2024, Connecticut has seen increased volatility as the U.S. Department of Defense has approved increasingly larger contracts to Connecticut contractors.

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Real defense contract awards in Connecticut —the value of contracts after accounting for inflation— increased from \$11.91 billion in FFY 2015 to \$11.98 billion in FFY 2024. This represents an annual percentage growth rate of 0.1% per year from FFY 2015 to FFY 2024.

Table 36
CONNECTICUT DEFENSE CONTRACT AWARDS AND RELATED EMPLOYMENT

Federal Fiscal Year	Defense Contract Awards	% Growth	Connecticut Transportation Equipment Employment	% Growth	Defense Contract Awards in 2013 Dollars	% Growth
	(\$ 000's)		(000's)		(\$ 000's)	
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)	20,120,359	20.0
2021	16,966,248	(24.1)	44.80	(3.4)	14,782,617	(26.5)
2022	17,261,824	1.7	44.94	0.3	13,935,999	(5.7)
2023	18,190,353	5.4	46.29	3.0	13,975,928	0.3
2024	16,070,760	(11.7)	47.57	2.7	11,978,357	(14.3)
Coefficient of Variation	0.198		0.052		0.186	

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

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

Federal Fiscal Year	Connecticut				United States			
	Defense Contract Awards	% Growth	3-Year Moving Average	% Growth	Defense Contract Awards	% Growth	3-Year Moving Average	% Growth
	(\$ Millions)		(\$ Millions)		(\$ Millions)		(\$ Millions)	
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)
2024	16,071	(11.7)	17,174	(1.7)	310,293	11.6	301,034	3.5
Coefficient of Variation	0.198				0.142			

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

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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 2015 to 2024, compared to a growth rate of 1.6% 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 2024, while Connecticut ranked fifth nationally in total defense contracts awarded, it ranked first in per capita defense dollars awarded with a figure of \$4,378. This figure was almost five times the national average of \$913. In FFY 2023, Connecticut ranked fourth in total defense contracts awarded and first in per capita defense dollars awarded with a figure of \$5,031. This was more than six times the national average of \$824 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.

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.

More recently, in December 2024, President Biden signed into law a \$895.2 billion National Defense Authorization Act for FFY 2025. The FFY 2025 Act continued to prioritize military modernization, defense preparation, and deterrence in response to global security concerns. Within the legislation there were new and extended contracts awarded to Pratt & Whitney for advanced jet engines. Additionally, contracts authorized to Electric Boat for continued construction and maintenance of Virginia Class Submarine and

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Columbia Class Submarines. Finally, contracts allocated for Sikorsky Aircraft Corporation will deliver new CH-53K King Stallion and Black Hawk helicopters to the U.S. Armed Forces.

TABLE 38
CONNECTICUT DEFENSE CONTRACT AWARDS AND GSP

Federal Fiscal Year	Connecticut Defense Contract Awards (\$ Millions)	U.S. Defense Contract Awards (\$ Millions)	CT as % of U.S.	CT GSP Current Dollars (\$ Millions)	3-year Average CT Awards (\$ Millions)	CT Awards as % of CT GSP
2015	12,148	253,370	4.8%	258,667	11,796	4.7%
2016	14,134	279,026	5.1%	263,300	13,163	5.4%
2017	11,623	300,634	3.9%	271,246	12,635	4.3%
2018	14,700	336,167	4.4%	279,818	13,486	5.3%
2019	18,358	360,113	5.1%	283,814	14,894	6.5%
2020	22,356	400,246	5.6%	279,476	18,471	8.0%
2021	16,966	279,812	6.1%	291,674	19,227	5.8%
2022	17,262	314,797	5.5%	315,003	18,861	5.5%
2023	18,190	278,011	6.5%	340,414	17,473	5.3%
2024	16,071	310,293	5.2%	361,394	17,174	4.4%

Source: General Services Administration (SAM.gov), Bureau of Economic Analysis, S&P Global

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

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TABLE 39
COMPARISON OF STATE PRIME CONTRACT AWARDS
Federal Fiscal Year 2024

<u>State</u>	<u>Prime Contract Awards (\$ 000's)</u>	<u>Rank</u>	<u>\$ Per Capita Prime Contract Awards</u>	<u>Rank</u>	<u>State</u>	<u>Prime Contract Awards (\$ 000's)</u>	<u>Rank</u>	<u>\$ Per Capita Prime Contract Awards</u>	<u>Rank</u>
Connecticut	16,070,760	5	4,378	1	Nevada	1,640,143	34	503	26
Virginia	35,020,030	1	3,979	2	New Jersey	4,703,741	20	496	27
Hawaii	3,942,482	21	2,728	3	Kansas	1,369,811	36	462	28
Maine	3,187,798	24	2,270	4	Georgia	5,013,310	19	449	29
Maryland	13,988,629	7	2,236	5	Illinois	5,432,902	16	428	30
Alaska	1,638,998	35	2,216	6	Wisconsin	2,516,707	28	422	31
Kentucky	10,019,432	10	2,186	7	South Carolina	2,280,658	29	417	32
Alabama	9,973,548	11	1,936	8	New Mexico	826,262	39	388	33
Mississippi	5,319,073	18	1,807	9	North Dakota	308,622	46	388	34
Arizona	12,359,540	8	1,633	10	Indiana	2,533,699	27	366	35
Massachusetts	11,313,900	9	1,588	11	Louisiana	1,655,612	33	360	36
New Hampshire	2,198,165	30	1,561	12	Wyoming	205,328	48	350	37
Utah	5,400,540	17	1,545	13	Michigan	3,329,001	22	329	38
Colorado	7,951,376	12	1,336	14	New York	6,466,530	15	326	39
Missouri	7,762,740	14	1,244	15	Ohio	3,774,882	22	318	40
Pennsylvania	14,567,629	6	1,115	16	North Carolina	2,816,634	26	255	41
Washington	7,866,005	13	990	17	Tennessee	1,841,022	32	255	42
Vermont	605,752	42	934	18	West Virginia	413,849	45	234	43
Rhode Island	916,882	37	825	19	Nebraska	457,802	44	229	44
Texas	25,695,060	3	823	20	Montana	252,845	47	222	45
Florida	18,973,374	4	814	21	Arkansas	651,743	41	211	46
California	30,685,428	2	779	22	Oregon	727,285	40	170	47
Oklahoma	3,177,933	25	777	23	Minnesota	867,940	38	150	48
South Dakota	557,352	43	603	24	Delaware	126,012	50	120	49
Iowa	1,892,391	31	584	25	Idaho	147,543	49	74	50
U.S. Total	310,292,730		913						

Source: General Services Administration (SAM.gov), Bureau of the Census, S&P Global

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Retail Trade in Connecticut

Consumer spending on goods and services, ranging from smartphones to refrigerators to haircuts to electricity, accounted for approximately 68.2% of the nation's gross domestic product (GDP) in FY 2025. 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 2025 totaled \$83.3 billion, a 0.3% decrease over FY 2024, breaking fourteen straight years of increased total trade.

TABLE 40
RETAIL TRADE IN CONNECTICUT
(In Millions)

<u>NAICS</u>	<u>Industry</u>	<u>FY</u> <u>2024</u>	<u>% of</u> <u>Total</u>	<u>FY</u> <u>2025</u>	<u>% of</u> <u>Total</u>	<u>%</u> <u>Change</u>
441	Motor Vehicle and Parts Dealers	\$14,677	17.6	\$13,197	15.8	(10.1)
442	Furniture and Home Furnishings Stores	2,133	2.6	2,135	2.6	0.1
443	Electronics and Appliance Stores	1,602	1.9	1,597	1.9	(0.3)
444	Building Material and Garden Supply Stores	4,505	5.4	4,515	5.4	0.2
445	Food and Beverage Stores	13,794	16.5	14,560	17.5	5.5
446	Health and Personal Care Stores	6,454	7.7	6,787	8.1	5.2
447	Gasoline Stations	4,636	5.5	4,285	5.1	(7.6)
448	Clothing and Clothing Accessories Stores	3,866	4.6	3,901	4.7	0.9
451	Sporting Goods, Hobby, Book and Music Stores	1,035	1.2	1,053	1.3	1.7
452	General Merchandise Stores	7,523	9.0	7,490	9.0	(0.4)
453	Miscellaneous Store Retailers	9,249	11.1	9,319	11.2	0.7
454	Nonstore Retailers	<u>14,115</u>	<u>16.9</u>	<u>14,496</u>	<u>17.4</u>	2.7
	Total	\$83,590	100.0	\$83,334	100.0	(0.3)
	Durables (NAICS 441, 442, 443, 444)	\$22,917	27.4	\$21,444	25.7	(6.4)
	Nondurables (All Other NAICS)	\$60,673	72.6	\$61,891	74.3	2.0

Source: Connecticut Department of Revenue Services

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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 decreased by a total of 6.4% from FY 2024 to FY 2025, a sign that consumer confidence in the economy is down. 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 2.0% in FY 2025.

Internet based retail activity remains a significant portion of total retail sales. According to the U.S. Census Bureau's Retail Indicators Branch, in FY 2025 national retail e-commerce sales are estimated at \$1,200.0 billion, accounting for 16.2% of total retail sales of \$7,393.5 billion. Estimated e-commerce retail sales rose by 5.0% in FY 2025 compared to a 1.0% 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 2024 into FY 2025 from 29.2% to 27.6%. The state's per capita disposable income of \$81,770 in FY 2025 was 19% above the national average of \$68,726. In FY 2025, Connecticut per capita retail trade was estimated at \$22,610.

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TABLE 41
RETAIL SALES IN CONNECTICUT BY EMPLOYEES AND ESTABLISHMENTS

	<u>Sales</u> <u>(\$M)</u>	<u>Number</u> <u>of</u> <u>Employees</u>	<u>Per</u> <u>Employee</u> <u>Sales</u> <u>(\$ 000's)</u>	<u>Per</u> <u>Number</u> <u>of</u> <u>Establish.</u>	<u>Employees</u> <u>Per</u> <u>Establish.</u>	<u>Annual</u> <u>Payroll</u> <u>(\$M)</u>
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.

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Nonfinancial Debt

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

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

					2024	Growth		
	1990	2000	2010	2024	% of Total	(1990 to 2000)	(2000 to 2010)	(2010 to 2024)
Private Sector								
Households								
Home Mortgages	\$2,489.8	\$4,805.2	\$9,957.9	\$13,381.1	17.4%	93.0%	107.2%	34.4%
Consumer Credit	824.4	1,741.3	2,646.8	4,950.0	6.4%	111.2%	52.0%	87.0%
Other	<u>332.0</u>	<u>701.8</u>	<u>1,165.8</u>	<u>1,869.5</u>	2.4%	111.4%	66.1%	60.4%
Total - Households	\$3,646.2	\$7,248.3	\$13,770.5	\$20,200.7	26.3%	98.8%	90.0%	46.7%
Business								
Mortgages	\$1,223.2	\$1,838.4	\$3,740.3	\$7,008.5	9.1%	50.3%	103.5%	87.4%
Corporate Bonds	1,008.2	2,267.8	3,386.2	7,175.8	9.3%	124.9%	49.3%	111.9%
Other	<u>1,580.5</u>	<u>2,660.6</u>	<u>3,279.3</u>	<u>7,372.4</u>	9.6%	68.3%	23.3%	124.8%
Total - Business	\$3,811.9	\$6,766.8	\$10,405.9	\$21,556.7	28.0%	77.5%	53.8%	107.2%
Total - Private Sector	\$7,458.1	\$14,015.1	\$24,176.4	\$41,757.4	54.3%	87.9%	72.5%	72.7%
Public Sector								
Federal Government*	\$2,830.8	\$4,090.0	\$10,528.6	\$31,616.7	41.1%	44.5%	157.4%	200.3%
State & Local Gov't	<u>1,010.9</u>	<u>1,212.5</u>	<u>3,265.6</u>	<u>3,488.3</u>	4.5%	19.9%	169.3%	6.8%
Total - Public Sector	\$3,841.7	\$5,302.5	\$13,794.2	\$35,105.0	45.7%	38.0%	160.1%	154.5%
Total DNFD	\$11,299.8	\$19,317.6	\$37,970.6	\$76,862.5	100.0%	71.0%	96.6%	102.4%
GDP, 4th Quarter	\$6,004.7	\$10,435.7	\$15,309.5	\$30,996.8		73.8%	46.7%	102.5%
DNFD as a % of GDP	188.2%	185.1%	248.0%	248.0%				

*Excludes intra-governmental holdings of Treasury securities

Source: Board of Governors of the Federal Reserve System, S&P Global

The preceding table shows the 35-year history from 1990 to 2024 for total DNFD and each of its four components – households, businesses, federal government, and state and local governments. In 2024, the year-end total domestic nonfinancial debt outstanding was \$76,862.5 billion, over two times the GDP. Total non-financial debt between 2000 and 2024 has grown 297.9%, outpacing the growth in GDP of 197.0%.

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Of the total \$76.9 trillion nonfinancial debt outstanding in 2024, the federal government accounted for 41.1%, followed by nonfinancial business at 28.0%, households at 26.3%, and state and local governments at 4.5%. However, debt outstanding in the private sector accounted for 54.3% of the total in 2024, down from 72.5% 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 \$76.9 trillion in 2024 primarily because of additional federal deficit spending brought about by the Coronavirus Disease 2019 (COVID-19) pandemic.

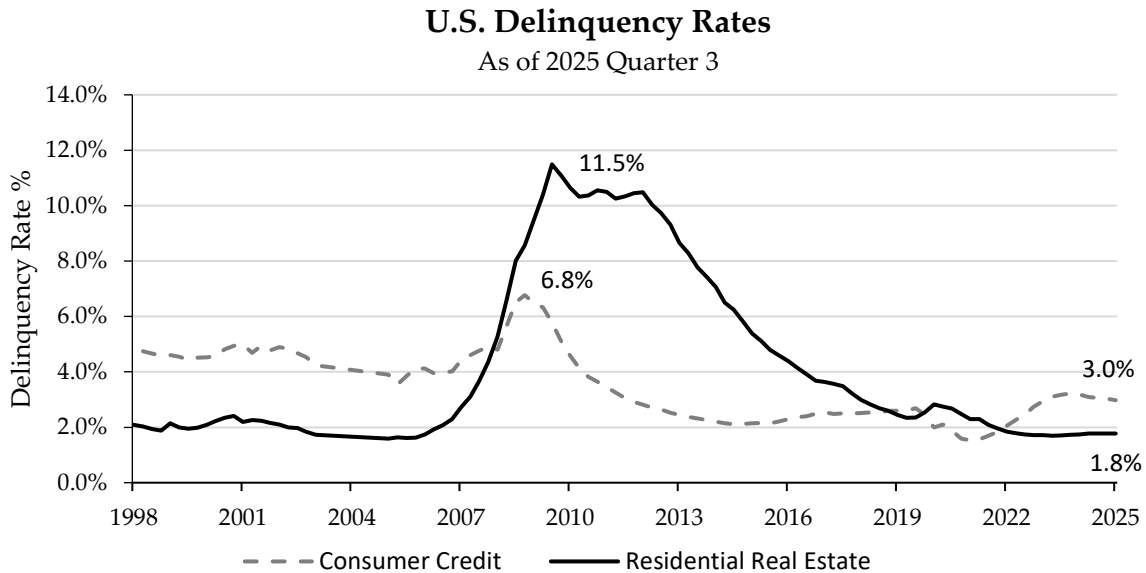
Household Borrowing

Household borrowing, which includes home mortgages, consumer credit, and other miscellaneous items, totaled \$20.2 trillion by the end of 2024. Of this sum, home mortgage loans accounted for \$13.4 trillion, or 66.2% of household borrowing, followed by consumer credit at \$5.0 trillion, or 24.5%, 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 1.8% as of the third quarter of 2025.

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%.

Economic Report of the Governor



Source: Federal Reserve Bank of St. Louis

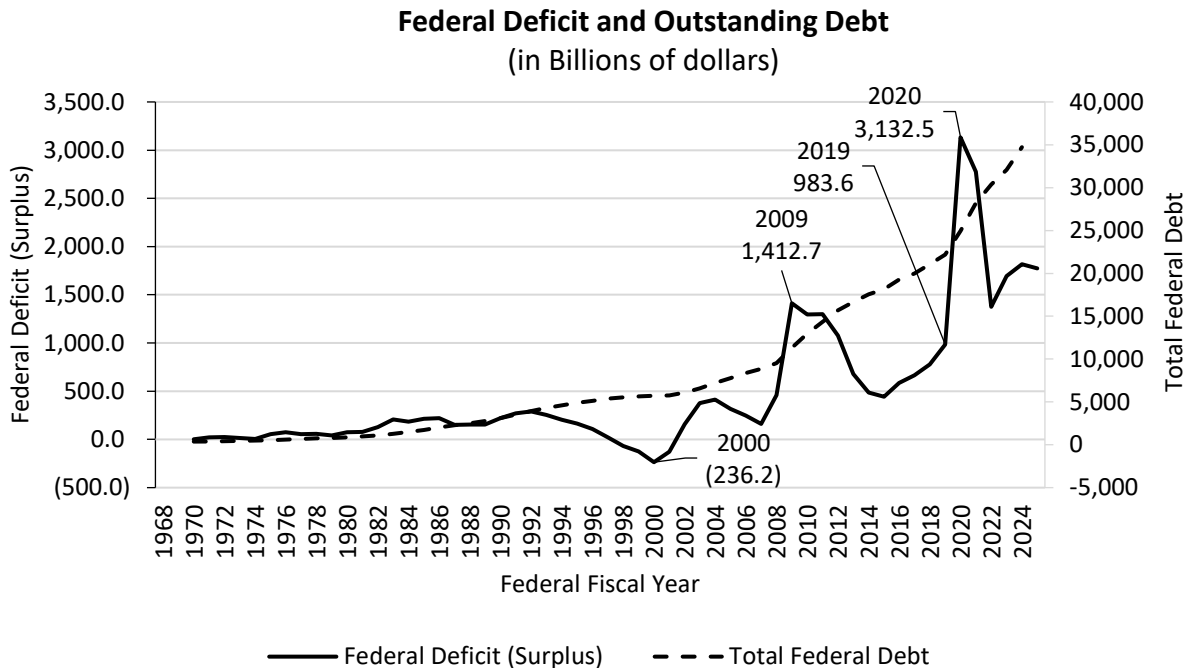
Business Borrowing

Business borrowings include debts owed by corporations, nonfarm corporations and farms. Total borrowings were \$21.6 trillion at the end of 2024. 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 92.9% since 2007. After the Great Recession, growth in business borrowings has been led by corporate bonds, which grew 150.0% between 2007 to 2024, 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.

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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 2024 spent an estimated \$1.40 for every dollar it took in, an increase of 1.5% from \$1.38 in FFY 2023, and an increase of 7.7% 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 \$1,775.4 billion as of the end of FFY 2025.

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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 2024 ended with gross debt outstanding at \$34.7 trillion, followed by \$36.2 trillion as of April of FFY 2025, increases of 8.2% and 4.3%, respectively. Similarly, the U.S.'s deficit as share of GDP reached 14.7% in FFY 2020 and 12.4% 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 6.5%.

According to the U.S. Census Bureau's "State Government Finances," state government debt outstanding in Connecticut at the end of FY 2023, the latest available year, was \$32.5 billion, compared to \$33.1 billion in 2022, \$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 \$11,529 in FY 2020 to \$8,982 in FY 2023. The fifty-state per capita average also decreased from \$3,816 in FY 2020 to \$3,256 in FY 2023.

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 2026. Since 2021, all four rating agencies have upgraded the state's rating two notches. The rating process provides information for investors about risk. Higher ratings generally result in lower borrowing costs.

<u>Agency</u>	<u>Rating</u>	<u>Outlook</u>
Moody's Investors Service	Aa2	Stable
Standard & Poor's Corporation	AA-	Stable
Fitch Investors Service	AA	Stable
Kroll Bond Ratings	AA+	Stable

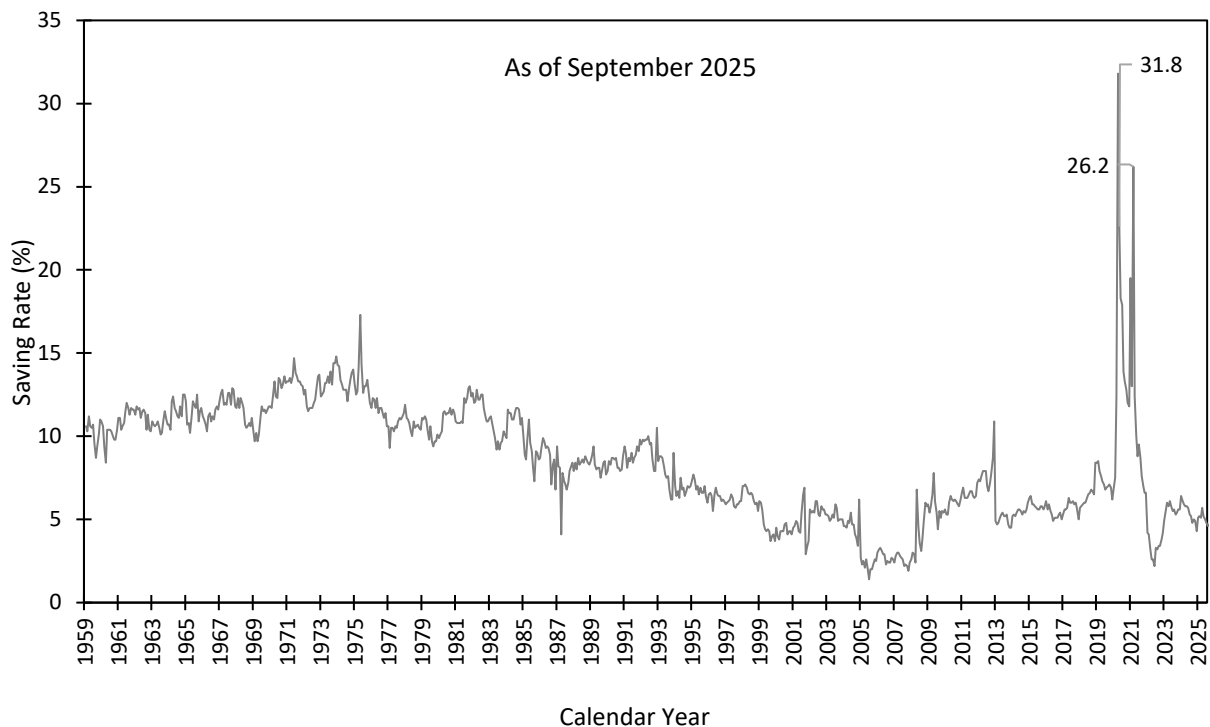
Note: Ratings as of January 2026

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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 2025. 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 31.8% in April 2020, the highest on record going back to 1959 as consumer spending was depressed combined with significant amounts of federal stimulus payments. The savings rate declined shortly thereafter, but peaked again at 26.2% in March of 2021 after two more rounds of stimulus checks were issued. The savings rate as of September 2025 is 4.7% which is lower than the pre-pandemic rate of 7.5% in February 2020. The average savings rate for the past five years is 6.4%.

SAVINGS BY U.S. HOUSEHOLDS



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 shows a comparison to 2007, just prior to the global financial crisis, and 2025 for the most recent data.

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TABLE 43
BALANCE SHEET OF HOUSEHOLDS AND NON-PROFIT ORGANIZATIONS
In Billions of Dollars

	1970	% of	2007	% of		% of	Average
Assets	<u>In Real \$*</u>	<u>Total</u>	<u>In Real \$*</u>	<u>Total</u>	<u>2025 Q2</u>	<u>Total</u>	<u>Growth**</u>
Real Estate	8,571.6	23.5%	40,361.1	30.6%	53,224.2	27.0%	3.4%
Stock Related	11,525.5	31.7%	48,460.6	36.7%	87,882.8	44.5%	3.8%
Other	16,308.7	44.8%	43,242.1	32.7%	56,172.5	28.5%	2.3%
Time & Saving Deposits	4,530.0	12.4%	12,692.9	9.6%	19,671.3	10.0%	2.8%
Corporate Bonds	249.2	0.7%	1,329.7	1.0%	243.7	0.1%	0.0%
Gov't Securities***	784.8	2.2%	2,863.3	2.2%	5,632.8	2.9%	3.7%
All Other	<u>10,744.8</u>	<u>29.5%</u>	<u>26,356.3</u>	<u>20.0%</u>	<u>30,624.6</u>	<u>15.5%</u>	<u>2.0%</u>
Total	36,405.8	100.0%	132,063.9	100.0%	197,279.5	100.0%	3.2%
Liabilities							
Home Mortgages	2,391.3	59.7%	16,552.0	72.9%	13,532.6	64.5%	3.3%
Consumer Credit	1,117.5	27.9%	4,083.5	18.0%	4,997.7	23.8%	2.8%
Other	<u>493.6</u>	<u>12.3%</u>	<u>2,061.9</u>	<u>9.1%</u>	<u>2,456.3</u>	<u>11.7%</u>	<u>3.0%</u>
Total	4,002.5	100.0%	22,697.4	100.0%	20,986.6	100.0%	3.1%
Net Worth							
Net Home Equity	6,180.2		23,809.1		39,691.6		3.5%
As a % of Net Worth	19.1%		21.8%		22.5%		
Per Capita Net Worth (\$)	157,025.8		360,552.1		514,819.1		2.2%
As a % of Total Assets							
Home Mortgages	6.6%		12.5%		6.9%		
Liabilities	11.0%		17.2%		10.6%		
Net worth	89.0%		82.8%		89.4%		

Note:

* Real dollar is calculated by using the estimated CPI-U for 2025

** Compound annual growth rate from 1970 through 2025 Q2

*** 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 second quarter of 2025, household assets totaled \$197.3 trillion with real estate comprising 27.0% of total assets, stocks 44.5%, and the remaining 28.5% 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 55 years relative to real estate and other assets.

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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 \$132.5 trillion just prior to the onset of the Great Recession. During that recession total real assets declined sharply falling to \$113.2 trillion before recovering to \$197.3 trillion by 2025 Q2.

Liabilities

Household liabilities totaled \$21.0 trillion in the second quarter of 2025. Home mortgages accounted for 64.5% of the total with consumer credit at 23.8% and other liabilities at 11.7%. 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 0.6% 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 2025 dollars, real net worth grew from \$32.4 trillion in 1970 to a pre-recession peak of \$109.4 trillion in 2007, before declining to \$88.6 trillion in 2009 and rebounding to \$176.3 trillion in 2025. Per capita real net worth increased from \$157,026 in 1970 to \$514,819 in 2025, with an annual growth rate of 2.2%.

Over time, the growth in household net worth has coincided with the additional burden of greater liabilities. In 1970 liabilities accounted for 11.0% of total assets, yet by 2007, just prior to the onset of the Great Recession, they had risen to 17.2% of assets. The primary driver of this change was an increase in home mortgage liability. As of the second quarter of 2025, however, liabilities account for 10.6% of total assets, a similar level to 1970. Indeed, the ratio of home mortgages to total assets grew from 6.6% in 1970, to 12.5% in 2007, before falling to 6.9% in 2025. 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 15.8% in the fourth quarter of 2007. Debt service has since declined to 11.2% as of second quarter 2025, 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.

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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 2025, the State of Connecticut produced an estimated \$365.2 billion in goods and services - \$288.9 billion in calendar year 2017 dollars. This was an estimated increase of 4.5% in current dollars and an approximate 1.5% increase in real (inflation-adjusted) dollars over FY 2024. 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. From FY 2016 through FY 2025, nominal gross product has increased by 39.2% in Connecticut, compared to 52.0% in New England and 61.8% in the nation. In real terms, Connecticut's GSP was 7.7% above its FY 2016 level in FY 2025. The following table provides data on the recent ten-year history of gross product.

Economic Report of the Governor

TABLE 44
GROSS PRODUCT

(in Millions of Current Dollars)						
Fiscal	United States*		New England		Connecticut	
<u>Year</u>	<u>Dollars</u>	<u>% Growth</u>	<u>Dollars</u>	<u>% Growth</u>	<u>Dollars</u>	<u>% Growth</u>
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	21,339,979	1.3	1,123,875	1.9	281,422	(0.4)
2021	22,474,550	5.3	1,178,029	4.8	287,661	2.2
2022	24,976,905	11.1	1,280,398	8.7	309,600	7.6
2023	26,963,330	8.0	1,368,102	6.8	332,633	7.4
2024	28,588,693	6.0	1,447,153	5.8	349,502	5.1
2025	29,966,172	4.8	1,513,445	4.6	365,182	4.5
% Increase ('16 to '25)		61.8		52.0		39.2

(in Millions of Constant Dollars**)						
Fiscal	United States		New England		Connecticut	
<u>Year</u>	<u>Dollars</u>	<u>% Growth</u>	<u>Dollars</u>	<u>% Growth</u>	<u>Dollars</u>	<u>% Growth</u>
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	20,403,994	0.0	1,069,644	(0.2)	267,357	(2.5)
2021	20,968,465	2.8	1,096,070	2.5	266,693	(0.2)
2022	21,876,580	4.3	1,140,703	4.1	275,714	3.4
2023	22,356,019	2.2	1,155,242	1.3	281,571	2.1
2024	23,060,849	3.2	1,177,495	1.9	284,602	1.1
2025	23,596,075	2.3	1,197,918	1.7	288,870	1.5
% Increase ('16 to '25)		24.5		17.7		7.7

* Gross Domestic Product

** Reported in calendar year 2017 chained dollars

Source: Bureau of Economic Analysis, S&P Global

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 2016 and FY 2025, the contributions to Connecticut's GSP from the construction; manufacturing; trade, transportation, and utilities; professional and business services; healthcare and education; leisure and hospitality; and the other services sectors increased, while other sectors decreased. While the percent of gross product attributable to manufacturing decreased nationally during the period of FY 2016 – FY 2025, the impact of manufacturing on Connecticut Gross State Product was relatively stable, increasing slightly from 10.9% in FY 2015 to 11.4% in FY 2025. Connecticut GSP as a portion of all state's GSP decreased slightly between FY 2016 and FY 2025, from 1.4% to 1.2%. It is worth noting that Connecticut's share of Gross product continues to exceed its share of the United States population at 1.1%.

Economic Report of the Governor

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

Industry	FY 2016				FY 2025			
	<u>U.S.</u>	<u>%</u>	<u>CT</u>	<u>%</u>	<u>U.S.</u>	<u>%</u>	<u>CT</u>	<u>%</u>
Agriculture, Forest & Fisheries	178.2	1.0	0.4	0.2	280.2	0.9	0.4	0.1
Construction & Mining	965.3	5.2	7.7	2.9	1,722.5	5.8	11.0	3.0
Manufacturing	2,055.2	11.2	28.5	10.9	2,864.9	9.6	41.6	11.4
Transportation, Trade & Utilities	3,150.9	17.1	39.8	15.2	5,119.4	17.2	56.9	15.6
Information	949.0	5.2	13.7	5.2	1,634.2	5.5	19.0	5.2
Finance, Insurance & Real Estate	3,781.5	20.5	72.9	27.8	6,471.3	21.7	95.8	26.2
Professional & Business Services	2,272.6	12.3	31.9	12.2	3,916.4	13.1	46.2	12.7
Health Care & Education	1,617.8	8.8	26.9	10.2	2,631.9	8.8	40.8	11.2
Leisure & Hospitality	771.3	4.2	8.5	3.3	1,307.2	4.4	13.4	3.7
Other Services	409.2	2.2	5.1	1.9	639.3	2.1	7.1	1.9
Government	<u>2,259.4</u>	<u>12.3</u>	<u>26.9</u>	<u>10.3</u>	<u>3,214.9</u>	<u>10.8</u>	<u>33.1</u>	<u>9.1</u>
Total	18,410.4	100.0	262.4	100.0	29,802.3	100.0	365.2	100.0
Broadly Defined Services		53.2		60.6		55.7		60.9
CT as a % of U.S. Total GSP			1.4				1.2	

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

Source: Bureau of Economic Analysis, S&P Global

Services in the private sector, which include information, professional and technical services, health care and education, FIRE, leisure and hospitality, and other services, increased slightly to 60.9% of Connecticut's total GSP in FY 2025, up from 60.6% in FY 2016. During this period, the contribution to all state's GSP from services increased to 55.7% in FY 2025 from 53.2% in FY 2016. 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.

Economic Report of the Governor

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 2025, Connecticut's productivity as measured by GSP per capita was 13.5% higher than the United States as a whole. This level has steadily declined almost every year since the 2008 recession, as the contribution to gross product has increased in all states but contracted slightly in Connecticut. At the same time, Connecticut has begun adding residents after a period of stagnant or declining population. Real Gross State Product now stands at almost \$80,000 per person in the state in 2017 dollars.

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

Fiscal Year	United States		New England		Connecticut		
	Real GSP	%	Real GSP	%	Real GSP	%	As a %
	Per Capita	Change	Per Capita	Change	Per Capita	Change	of the U.S.
2016	\$58,564.2	1.2	\$68,304.6	1.2	\$74,305.6	0.7	126.9
2017	\$59,360.0	1.4	\$68,776.5	0.7	\$74,922.2	0.8	126.2
2018	\$60,763.9	2.4	\$70,080.2	1.9	\$76,182.4	1.7	125.4
2019	\$61,860.2	1.8	\$71,080.6	1.4	\$75,980.3	-0.3	122.8
2020	\$61,571.8	-0.5	\$70,847.2	-0.3	\$74,255.0	-2.3	120.6
2021	\$63,143.5	2.6	\$72,675.3	2.6	\$74,257.7	0.0	117.6
2022	\$65,606.7	3.9	\$75,259.5	3.6	\$76,259.6	2.7	116.2
2023	\$66,546.9	1.4	\$75,870.2	0.8	\$77,524.4	1.7	116.5
2024	\$67,997.3	2.2	\$76,764.9	1.2	\$77,695.2	0.2	114.3
2025	\$69,039.1	1.5	\$77,601.8	1.1	\$78,368.2	0.9	113.5

Source: Bureau of Economic Analysis, S&P Global

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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 85.2% of Gross Domestic Product in FY 2025; 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.

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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).

Based on data recorded by the U.S. Bureau of Economic Analysis, personal income for Connecticut residents during FY 2025 was \$357.9 billion, a 5.5% increase over FY 2024. Total personal income in Connecticut increased 47.9% from FY 2016 to FY 2025. For the United States, total personal income increased 63.0%, and in the New England region, the increase for the same period was 56.3%. FY 2025 was the fourth 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 47
PERSONAL INCOME
(In Millions of Dollars)

Fiscal Year	United States		New England		Connecticut	
	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
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	18,993,392	5.60	1,053,856	4.61	270,585	2.02
2021	20,725,541	9.12	1,139,805	8.16	286,766	5.98
2022	21,550,161	3.98	1,180,760	3.59	299,680	4.50
2023	22,909,637	6.31	1,252,611	6.09	319,742	6.69
2024	24,262,359	5.90	1,323,097	5.63	339,297	6.12
2025	25,532,220	5.23	1,387,812	4.89	357,910	5.49

Source: Bureau of Economic Analysis, S&P Global

Connecticut's sources of personal income vary slightly from those of the United States, with wages and employee salaries accounting for approximately 51.1% of total personal income compared to 49.7% for the nation in FY 2025. 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.

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

	Fiscal Year 2016				Fiscal Year 2025			
	U.S.	%	CT	%	U.S.	%	CT	%
Manufacturing Salaries & Wages	809.9	5.2	13.9	5.7	1,121.4	4.4	18.6	5.2
Nonmanufacturing Salaries & Wages	7,163.4	45.7	111.4	46.0	11,562.0	45.3	164.3	45.9
Proprietors Income	1,341.2	8.6	25.6	10.6	2,076.2	8.1	33.5	9.4
Property Income	2,984.8	19.1	49.0	20.3	5,278.4	20.7	79.2	22.1
Other Labor Income	1,857.9	11.9	28.2	11.7	2,703.1	10.6	37.5	10.5
Transfer Payments (Less Social Insurance)	<u>1,510.6</u>	<u>9.6</u>	<u>13.9</u>	<u>5.7</u>	<u>2,771.3</u>	<u>10.9</u>	<u>24.9</u>	<u>6.9</u>
Total	15,667.7	100.0	242.0	100.0	25,512.3	100.0	357.9	100.0

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

Source: Bureau of Economic Analysis, S&P Global

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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 44.8% between FY 2016 and FY 2025, compared to a national increase of 54.3% and a New England region increase of 50.9%.

Per capita personal income in Connecticut for the most recent fiscal year was 8.0% higher than the New England region and 29.9% higher than the United States. This is due to the concentration of relatively high-paying manufacturing industries and the financial services sector.

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

TABLE 49
PER CAPITA PERSONAL INCOME

Fiscal Year	United States		New England		Connecticut	
	<u>Dollars</u>	<u>% Growth</u>	<u>Dollars</u>	<u>% Growth</u>	<u>Dollars</u>	<u>% Growth</u>
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	57,344	5.08	69,801	4.46	75,152	2.25
2021	62,460	8.92	75,575	8.27	79,847	6.25
2022	64,676	3.55	77,902	3.08	82,888	3.81
2023	68,239	5.51	82,265	5.60	88,034	6.21
2024	71,602	4.93	86,257	4.85	92,627	5.22
2025	74,745	4.39	89,903	4.23	97,098	4.83

Source: Bureau of Economic Analysis, U.S. Census Bureau, S&P Global

The following table shows per capita income for each of the fifty states with their corresponding ranking for FY 2025. In FY 2025, Connecticut ranked first in the nation based on per capita personal income, surpassing Massachusetts. Connecticut's figure of \$97,098 for per capita personal income is approximately 29.9% higher than the national average.

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TABLE 50
PER CAPITA PERSONAL INCOME BY STATE
(Fiscal Year 2025)

Per Capita			Per Capita		
<u>State</u>	<u>Income</u>	<u>Rank</u>	<u>State</u>	<u>Income</u>	<u>Rank</u>
<u>Connecticut</u>	<u>\$97,098</u>	<u>1</u>	Montana	\$70,979	26
Massachusetts	95,299	2	Maine	70,493	27
California	88,414	3	Delaware	69,642	28
Wyoming	88,201	4	Wisconsin	69,127	29
New York	87,340	5	Utah	68,429	30
Washington	87,065	6	Tennessee	67,620	31
New Jersey	86,436	7	Kansas	67,535	32
New Hampshire	85,079	8	North Carolina	67,207	33
Colorado	84,746	9	Iowa	66,847	34
Maryland	80,543	10	Arizona	66,784	35
Virginia	78,894	11	Missouri	66,166	36
Alaska	78,310	12	Ohio	65,902	37
South Dakota	77,486	13	Oklahoma	65,314	38
Minnesota	77,118	14	Indiana	65,247	39
Illinois	76,006	15	Michigan	64,883	40
Florida	74,435	16	Georgia	64,375	41
Nebraska	74,140	17	Idaho	63,616	42
North Dakota	73,422	18	Louisiana	63,092	43
Hawaii	73,107	19	South Carolina	62,088	44
Vermont	72,899	20	Arkansas	60,947	45
Pennsylvania	72,348	21	New Mexico	59,738	46
Oregon	72,083	22	Kentucky	59,340	47
Rhode Island	71,950	23	Alabama	58,622	48
Texas	71,057	24	West Virginia	56,509	49
Nevada	71,042	25	Mississippi	53,511	50
U.S. Average	\$74,745				

Source: Bureau of Economic Analysis, U.S. Census Bureau, S&P Global

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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 and beverages (14.5%), energy (6.2%), housing (44.2%), transportation (16.6%), medical care (8.3%), education and communication (5.7%), apparel (2.5%), and the other goods that people buy for day-to-day living (2.0%). 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 51
THE U.S. CONSUMER PRICE INDEX
(1982-84=100)

<u>Fiscal Year</u>	<u>CPI</u>	<u>% Growth</u>
2016	238.2	0.66
2017	242.7	1.86
2018	248.1	2.25
2019	253.3	2.07
2020	257.3	1.59
2021	263.1	2.28
2022	282.0	7.17
2023	299.7	6.25
2024	309.6	3.31
2025	317.8	2.64

Source: U.S. Bureau of Labor Statistics, S&P Global

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Real Personal Income

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

TABLE 52
REAL PERSONAL INCOME
(In Millions)

Fiscal Year	United States		New England		Connecticut	
	Dollars	% Growth	Dollars	% Growth	Dollars	% Growth
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	7,382,618	3.95	409,627	2.98	105,175	0.43
2021	7,876,096	6.68	433,148	5.74	108,976	3.61
2022	7,641,214	(2.98)	418,672	(3.34)	106,260	(2.49)
2023	7,645,325	0.05	418,017	(0.16)	106,703	0.42
2024	7,837,498	2.51	427,402	2.25	109,604	2.72
2025	8,035,231	2.52	436,758	2.19	112,638	2.77

Source: Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, S&P Global

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.

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Real Per Capita Personal Income

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

TABLE 53
REAL PER CAPITA PERSONAL INCOME

Fiscal Year	United States		New England		Connecticut	
	<u>Dollars</u>	<u>% Growth</u>	<u>Dollars</u>	<u>% Growth</u>	<u>Dollars</u>	<u>% Growth</u>
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	22,289	3.44	27,131	2.83	29,211	0.65
2021	23,736	6.49	28,720	5.86	30,343	3.88
2022	22,933	(3.38)	27,622	(3.82)	29,390	(3.14)
2023	22,772	(0.70)	27,453	(0.61)	29,378	(0.04)
2024	23,130	1.57	27,864	1.50	29,921	1.85
2025	23,523	1.70	28,293	1.54	30,558	2.13

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

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

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

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

Fiscal Year	% Growth		% Cumulative Growth	
	<u>United States</u>	<u>Connecticut</u>	<u>United States</u>	<u>Connecticut</u>
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%	5.0%	272.2%	298.6%
2020-2025	5.6%	4.6%	293.0%	317.0%

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Census Bureau, S&P Global

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The prior table highlights the cumulative growth in real per capita personal income over the past 75 years. During this period, Connecticut's cumulative growth in real per capita personal income exceeded that of the United States by 24.0 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 5.0%. 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.

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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 245 cities and 247 Metropolitan Statistical Areas (MSAs), Metropolitan Statistical Divisions, and Micropolitan Statistical Areas as defined by the U.S. Office of Management and Budget. In Connecticut, the C2ER survey includes three urban areas from the following MSAs: Stamford in the Bridgeport-Stamford-Norwalk MSA, Hartford in the Hartford-West Hartford-East Hartford MSA, and New Haven in the New Haven-Milford MSA.

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

TABLE 55
COMPARISON OF COST OF LIVING

2025							
Qtr. 2 Data	Composite	Grocery			Trans-	Health	
<u>MTA / MTD</u>	<u>Index</u>	<u>Items</u>	<u>Housing</u>	<u>Utilities</u>	<u>portation</u>	<u>Care</u>	<u>Misc.*</u>
Hartford, CT	102.1	100.7	90.6	130.0	102.8	103.6	104.9
Boston, MA	144.8	103.7	214.3	152.2	105.8	134.4	115.4
New York**, NY	232.0	118.7	501.2	119.1	120.9	149.9	127.7
Index Weights	100.00%	15.29%	28.36%	8.38%	8.80%	4.70%	34.47%

Note: * Denotes miscellaneous goods and services

** Manhattan

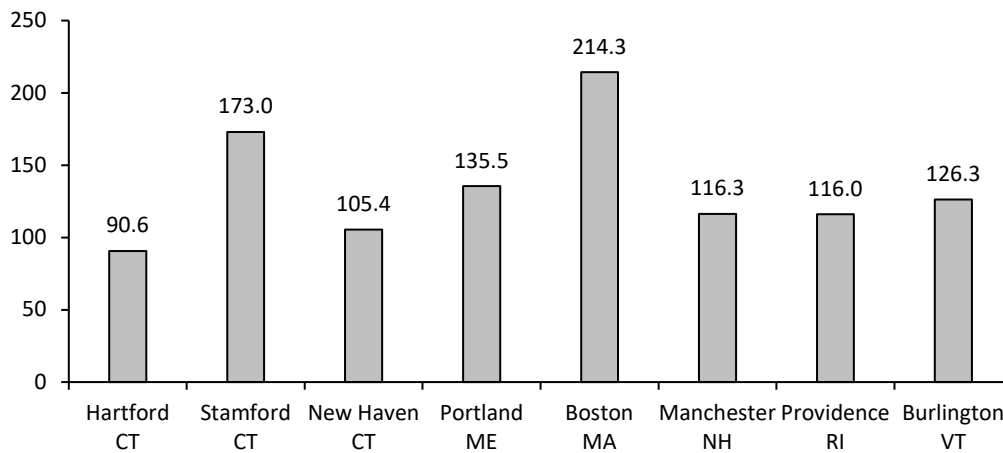
Source: The Council for Community and Economic Research (C2ER), "*ACCRA Cost of Living Index*," Data for Quarter 2, 2025

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 102.1 for the second quarter of 2025. 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 2.1%. Data

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for the second quarter of 2025 showed that the cost of utilities in the Hartford area was the most expensive item at 30% higher than the national average, followed by miscellaneous items at 4.9%, healthcare at 3.6%, transportation at 2.8%, and grocery items at 0.7%. Only housing was less expensive than the national average, registering at 9.4% below the national average. 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 second quarter of 2025 report.

Cost of Living - Housing Component
New England Metropolitan Areas (National Average = 100.0)
Quarter 2, 2025 Data



Source: The Council for Community and Economic Research (C2ER), “ACCRA Cost of Living Index,” Data for Quarter 2, 2025

The index, updated quarterly with an annual report published in January of the succeeding year, does not account for differences in state and local government taxes.

Based on second quarter data for 2025, many cities had a relatively higher cost of living than the Hartford area. These include, for example, New York City (Manhattan) at 232.0; San Francisco, California at 160.1; and Washington, D.C. at 138.1. Living costs in most cities in the southern and mountain west states are relatively low; for example, Pueblo, Colorado at 92.4; Jackson, Mississippi at 91.1; and San Antonio, Texas at 91.6. The cost of living in the Hartford area was comparable to other cities in the northeast such as Albany, New York; Allentown, Pennsylvania; and Rochester, New York, which registered at 105.6, 100.5, and 102.0, 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 127.2% 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 56.0% reduction in after-tax income and still maintain their current standard of living.

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The cost of living also varies within Connecticut. According to second quarter data for 2025, the ACCRA cost of living index was 130.2 in the Stamford area, 102.1 in the Hartford area, and 107.8 in the New Haven area. These three statistical areas accounted for about 84% of the state's total population. The following table demonstrates the relative index of the components for these three Connecticut regions.

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

2025 Qtr.2 Data <u>MSA</u>	Composite <u>Index</u>	Grocery <u>Items</u>	<u>Housing</u>	<u>Utilities</u>	Trans- <u>portation</u>	Health <u>Care</u>	<u>Misc.</u>
Hartford	102.1	100.7	90.6	130.0	102.8	103.6	104.9
New Haven	107.8	101.1	105.4	137.9	103.4	113.1	105.7
Stamford	130.2	103.7	173.0	135.7	105.6	119.4	113.1
Index Weights	100.00%	15.29%	28.36%	8.38%	8.80%	4.70%	34.47%

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THE MAJOR REVENUE RAISING TAXES IN THE STATE OF CONNECTICUT

In FY 2024, Connecticut's General Fund derived 85% of its revenue from the collection of taxes before the application of the volatility cap transfer. To provide an analysis of the overall tax burden on the individuals of each state, the following table was prepared for FY 2024. The table shows overall state tax collections as a percentage of personal income. In the table, note that Connecticut ranks 16th, signifying that in fifteen other states, a greater percentage of an individual's income is collected in state taxes than in Connecticut.

TABLE 57
STATE TAX COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME
FY 2024

<u>State</u>	<u>Percentage</u>	<u>Rank</u>	<u>State</u>	<u>Percentage</u>	<u>Rank</u>
New Mexico	11.35%	1	Pennsylvania	6.10%	26
Hawaii	10.59%	2	Indiana	6.02%	27
North Dakota	10.30%	3	Michigan	5.94%	28
Vermont	10.28%	4	Alabama	5.88%	29
Delaware	9.46%	5	Oregon	5.85%	30
Minnesota	8.33%	6	Utah	5.85%	31
California	8.08%	7	Louisiana	5.73%	32
West Virginia	7.27%	8	Washington	5.68%	33
New York	7.21%	9	Virginia	5.67%	34
Illinois	7.21%	10	Nebraska	5.63%	35
Arkansas	7.14%	11	South Carolina	5.59%	36
Mississippi	7.09%	12	North Carolina	5.59%	37
Idaho	6.92%	13	Wyoming	5.31%	38
Maine	6.91%	14	Tennessee	5.16%	39
Rhode Island	6.87%	15	Oklahoma	5.13%	40
<u>Connecticut</u>	<u>6.84%</u>	<u>16</u>	Ohio	5.00%	41
Kansas	6.82%	17	Georgia	4.91%	42
Nevada	6.78%	18	Arizona	4.87%	43
Kentucky	6.60%	19	Missouri	4.48%	44
Massachusetts	6.59%	20	Texas	4.10%	45
New Jersey	6.58%	21	South Dakota	3.88%	46
Wisconsin	6.46%	22	Colorado	3.82%	47
Maryland	6.39%	23	Florida	3.81%	48
Iowa	6.18%	24	Alaska	3.61%	49
Montana	6.15%	25	New Hampshire	3.14%	50
U.S. Average	6.12%				

Source: S&P Global; U.S. Census Bureau, "Annual Survey of State Government Tax Collections, 2024"; IHS Markit

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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 imposed a 6.7% tax on incomes in excess of \$250,000 for single filers and \$500,000 for joint filers. Beginning with tax years commencing January 1, 2015, the 6.7% rate was increased to 6.9% and a new seventh tax bracket was added at a 6.99% rate for incomes in excess of \$500,000 for single filers and \$1,000,000 for joint filers. Beginning with tax years commencing January 1, 2024, the 3% rate was reduced to 2% and the 5% rate was reduced to 4.5%. The amount of taxable income subject to the lower tax rate has been expanded as set forth in the table below. Depending on federal income tax filing status and Connecticut adjusted gross income, personal exemptions ranging from \$15,000 to \$24,000 are available to taxpayers, with such exemptions phased out at certain higher income levels. Legislation enacted in 1999 increased the exemption amount for single filers over a certain number of years from \$12,000 to \$15,000. In addition, tax credits ranging from 75% to 1% of a taxpayer's Connecticut tax liability are also available, again dependent upon federal income tax filing status and Connecticut adjusted gross income (see Table 60 for more details). Neither the personal exemption nor the tax credit is available to a trust or an estate. Also commencing in income year 1996, personal income taxpayers have been eligible for credit for property taxes paid on their primary residence or on their motor vehicle. The personal income tax generated \$11,803.0 million in FY 2024, and \$12.963.9 million in FY 2025. In FY 2024, this tax accounted for 54.3 % of total General Fund revenue.

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

<u>Income Year</u>	<u>Low Rate</u>	<u>High Rate</u>	<u>Amount At Low Rate By Filing Status</u>		
			<u>Single</u>	<u>Joint</u>	<u>Head of Household</u>
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

Economic Report of the Governor

The following table compares personal income tax collections as a percentage of personal income for the fifty states for FY 2024.

TABLE 59
STATE INCOME TAX COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME
FY 2024

<u>State</u>	<u>Percentage</u>	<u>Rank</u>	<u>State</u>	<u>Percentage</u>	<u>Rank</u>
California	3.75%	1	New Mexico	2.19%	23
Delaware	3.67%	2	Rhode Island	2.09%	24
Massachusetts	3.39%	3	Missouri	1.95%	25
Hawaii	3.29%	4	Kentucky	1.92%	26
New York	3.24%	5	South Carolina	1.91%	27
Oregon	3.24%	6	Pennsylvania	1.89%	28
Minnesota	3.10%	7	Indiana	1.87%	29
<u>Connecticut</u>	<u>2.96%</u>	<u>8</u>	Alabama	1.84%	30
Montana	2.93%	9	Iowa	1.82%	31
Vermont	2.75%	10	Michigan	1.80%	32
Virginia	2.65%	11	Oklahoma	1.78%	33
Maine	2.55%	12	Louisiana	1.75%	34
Wisconsin	2.50%	13	Nebraska	1.73%	35
Utah	2.49%	14	Mississippi	1.56%	36
Illinois	2.44%	15	Arkansas	1.56%	37
Idaho	2.40%	16	Colorado	1.40%	38
North Carolina	2.38%	17	Ohio	1.34%	39
New Jersey	2.36%	18	Arizona	0.99%	40
West Virginia	2.36%	19	North Dakota	0.63%	41
Kansas	2.35%	20	New Hampshire	0.16%	42
Georgia	2.34%	21	Washington	0.05%	43
Maryland	2.20%	22			
United states	2.42%				

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, "2024 Annual Survey of State Government Tax Collections;" IHS Markit

Economic Report of the Governor

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

TABLE 60
CONNECTICUT PERSONAL INCOME TAX EXEMPTIONS & CREDITS
Income Year 2025

<u>Single</u>			<u>Married Filing jointly</u>			<u>Head of Household</u>		
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

Economic Report of the Governor

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

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

<u>State</u>	<u>Own</u> <u>Securities</u>	<u>Other</u> <u>State's</u> <u>Securities</u>	<u>State</u>	<u>Own</u> <u>Securities</u>	<u>Other</u> <u>State's</u> <u>Securities</u>
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 \$278,000. For net long-term capital gains exceeding \$1 million, the rate increases to 9.9% as of January 1, 2025. Some municipal bonds may be subject to this rate.

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

Economic Report of the Governor

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

TABLE 62
PERSONAL INCOME TAX BY STATE
Rates as of January 1, 2025

State	<u>Low Bracket</u>		<u>High Bracket</u>		State	<u>Low Bracket</u>		<u>High Bracket</u>	
	% Rate	To Net Income \$	% Rate	From Net Income \$		% Rate	To Net Income \$	% Rate	From Net Income \$
Alabama (3)	2.00	1,000	5.00	6,001	Missouri (1,b)	2.00	1,313	4.70	9,192
Arizona (1, b)	2.50	All			Montana (2,b)	4.70	42,200	5.90	42,201
Arkansas (3,b)	2.00	4,500	3.90	4,501	Nebraska (1,b)	2.46	8,040	5.20	77,731
California (1,b)	1.00	21,512	13.3	1,442,629	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)	1.50	8,000	5.90	315,001
Delaware (1)	2.20	2,000	6.60	60,001	New York (1)	4.00	17,150	10.90	25,000,001
Georgia (1)	5.39	All			N. Carolina (1)	4.25	All		
Hawaii (1)	1.40	19,200	11.0	650,001	N. Dakota (2,b)	0.00	80,975	2.50	298,076
Idaho (2, b, d)	0.00	5,000	5.3	5,001	Ohio (1,b)	0.00	26,050	3.50	100,001
Illinois (1)	4.95	All			Oklahoma (1)	0.25	2,000	4.75	14,401
Indiana (1)	3.00	All			Oregon (2,b)	4.75	8,800	9.90	250,001
Iowa (2,b)	3.80	All			Pennsylvania (3)	3.07	All		
Kansas (1)	5.20	46,000	5.58	46,001	Rhode Island(1,b)	3.75	79,900	5.99	181,651
Kentucky (1)	4.00	All			S. Carolina (2,b)	0.00	3,560	6.20	17,831
Louisiana (1)	3.00	All			Utah (1, b)	4.55	All		
Maine (1,b)	5.80	53,600	7.15	126,901	Vermont (1,b)	3.35	79,950	8.75	294,601
Maryland (1)	2.00	1,000	5.75	300,001	Virginia (1, b)	2.00	3,000	5.75	17,001
Massachusetts (1)	5.00	1,803,150	9.00	1,803,151	Washington (c)				
Michigan (1)	4.25	All			W. Virginia (1)	2.22	10,000	4.82	60,001
Minnesota (1,b)	5.35	47,620	9.85	330,411	Wisconsin (1,b)	3.50	19,580	7.65	431,061
Mississippi (3)	0.00	10,000	4.40	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, New Hampshire, South Dakota, Tennessee, Texas, & 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 were limited to interest and dividends but were repealed effective January 1, 2025. (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 \$278,000. For net long-term capital gains exceeding \$1 million, the rate increases to 9.9% as of January 1, 2025.

(d) In March 2025, the Idaho State Legislature reduced the flat tax rate to 5.3% for income over \$5,000 this was retroactive to January 1, 2025.

Source: Tax Foundation

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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 \$6,483.2 million in FY 2025, compared to \$6,314.6 million in FY 2024, \$6,246.6 million in FY 2023, and \$5,962.4 million in FY 2022. In FY 2025, sales and use taxes accounted for 21.4% of the total revenue in the General Fund, compared to 22.0% of the total in FY 2024, 21.7% in FY 2023, and 21.9% in FY 2022.

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 29 other states. The comparison is based on FY 2024 data. From FY 1991 to FY 2024, Connecticut's sales tax collections as a percentage of personal income dropped from 3.15% to 1.8%, declining from 9th in the nation to 30th, and compared to the national average of 2.0%. 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 of major sales tax exemptions.

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TABLE 63
SALES TAX COLLECTIONS AS A PERCENTAGE OF PERSONAL INCOME
FY 2024

<u>State</u>	<u>Tax Rate</u>			<u>State</u>	<u>Tax Rate</u>		
	<u>(%)</u>	<u>Percentage</u>	<u>Rank</u>		<u>(%)</u>	<u>Percentage</u>	<u>Rank</u>
Hawaii	4.000%	4.8%	1	Michigan	6.000%	2.0%	24
Nevada	6.850%	3.8%	2	South Carolina	6.000%	2.0%	25
New Mexico	4.875%	3.6%	3	Minnesota	6.875%	2.0%	26
Washington	6.500%	3.5%	4	Wisconsin	5.000%	2.0%	27
Mississippi	7.000%	3.4%	5	New Jersey	6.625%	1.9%	28
Tennessee	7.000%	3.0%	6	West Virginia	6.000%	1.9%	29
Arkansas	6.500%	2.9%	7	<u>Connecticut</u>	<u>6.350%</u>	<u>1.8%</u>	<u>30</u>
Arizona	5.600%	2.7%	8	Louisiana	5.000%	1.7%	31
Idaho	6.000%	2.6%	9	North Carolina	4.750%	1.7%	32
Texas	6.250%	2.6%	10	Illinois	6.250%	1.7%	33
Indiana	7.000%	2.5%	11	Pennsylvania	6.000%	1.7%	34
Maine	5.500%	2.5%	12	California	7.250%	1.6%	35
South Dakota	4.200%	2.4%	13	Alabama	4.000%	1.6%	36
Florida	6.000%	2.4%	14	Oklahoma	4.500%	1.5%	37
North Dakota	5.000%	2.3%	15	Massachusetts	6.250%	1.4%	38
Kansas	6.500%	2.3%	16	Maryland	6.000%	1.4%	39
Iowa	6.000%	2.2%	17	Missouri	4.225%	1.3%	40
Kentucky	6.000%	2.2%	18	Vermont	6.000%	1.3%	41
Ohio	5.750%	2.2%	19	Georgia	4.000%	1.3%	42
Rhode Island	7.000%	2.1%	20	New York	4.000%	1.2%	43
Nebraska	5.500%	2.1%	21	Virginia	5.300%	1.1%	44
Wyoming	4.000%	2.0%	22	Colorado	2.900%	1.0%	45
Utah	6.100%	2.0%	23				
U.S. Average		2.0%					

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, 2025

Source: Bureau of Economic Analysis, U.S. Census Bureau, "Annual Survey of State Government Tax Collections, 2025"; S&P Global, IHS Markit, and Tax Foundation

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TABLE 64
MAJOR SALES TAX EXEMPTIONS BY STATE

<u>State</u>	<u>Food</u>	<u>Prescription Drugs</u>	<u>Motor Fuels</u>	<u>Clothes</u>
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
<u>Connecticut</u>	<u>E</u>	<u>E</u>	<u>E</u>	<u>T</u>
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	<u>E</u>	<u>E</u>	<u>E</u>	<u>T</u>
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, 2025

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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 \$1,402.6 million in FY 2025, \$1,555.6 million in FY 2024, \$1,516.6 million in FY 2023, and \$1,401.2 million in FY 2022. In FY 2025, this tax accounted for 5.9% of the General Fund revenue, compared to 6.8% in FY 2024.

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%. Connecticut also imposes a 10% surtax which has been extended for three additional years through income year 2028, inclusive in Public Act 25-168. 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 2025, the capital base was taxed at a rate of 2.1 mils (\$0.0021) per dollar. This rate is lower than the 2.6 mil rate for income year 2024 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.

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TABLE 65
CORPORATION TAX BY STATE
FOR TAX YEAR 2025

State	Low Bracket		High Bracket		State	Low Bracket		High Bracket	
	%	To Net	%	From Net		%	To Net	%	From Net
	Rate (a)	Income \$	Rate (a)	Income \$		Rate (a)	Income \$	Rate (a)	Income \$
Alabama	6.50	All			Nebraska	5.20	All		
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	5.30	\$11,001	New Jersey (j)	6.50	\$100,000	11.50	\$10,000,001
California	8.84	All			New Mexico	5.90	All		
Colorado	4.40	All			New York (k)	6.50	\$5,000,000	7.25	\$5,000,001
Connecticut (b)	7.50	All			North Carolina	2.25	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)	None			
Georgia	5.39	All			Oklahoma	4.00	All		
Hawaii	4.40	25,000	6.40	\$100,001	Oregon (n)	6.60	1,000,000	7.60	\$1,000,001
Idaho	5.70	All			Pennsylvania	7.99	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)	None			
Louisiana	3.50	50,000	7.50	\$150,001	Utah	4.55	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	4.00	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, OH, SD, TX, 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 \$250; 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) Connecticut charges a 10% surtax on a business's tax liability if it has gross proceeds of \$100 million or more, or if it files as part of a combined unitary group. This surtax was recently extended into income year 2028.
- (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 0.55% on the enterprise base (total compensation, interest and dividends paid) for businesses with gross receipts over \$298,000 or enterprise base over \$298,000, adjusted every biennium for CPI.
- (j) New Jersey reimposed a 2.5 percent additional surtax on corporations with taxable income in excess of \$10 million. Small businesses with annual entire net income under \$100,000 pay a tax rate of 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 extended a Corporate Stocks Tax of 0.1875% through tax year 2026. A top bracket of 7.25% is imposed on income over \$5 million has also been extended through tax year 2026. 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 used between \$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 2025.

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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, 2024, the Special Fuels and Motor Carrier Taxes increased by 3.2 cents per gallon from 49.2 cents per gallon in FY 2024 to 52.4 cents per gallon in FY 2025. The rate has since dropped to 48.9 cents in FY 2026. 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 next page shows the comparative rates for motor fuel taxes for the 50 states.

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TABLE 66
GASOLINE MOTOR FUEL TAXES BY STATE

<u>State</u>	<u>Excise Tax</u>	<u>Other Taxes/ Fees (a)</u>	<u>Total Tax (b)</u>	<u>State</u>	<u>Excise Tax</u>	<u>Other Taxes/ Fees (a)</u>	<u>Total Tax (b)</u>
Alabama (f)	30.00 ¢	1.00 ¢	31.0 ¢	Montana	33.00 ¢	0.75 ¢	33.75 ¢
Alaska	8.00	0.95	8.95	Nebraska (d)	31.80	0.90	32.70
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)	61.20	9.72	70.92	New Jersey	10.50	34.45	44.95
Colorado	22.00	7.18	29.18	New Mexico	17.00	1.88	18.88
Connecticut	25.00	17.15	42.15	New York (h)	8.00	16.87	24.87
Delaware	23.00	0.00	23.00	North Carolina	40.30	0.25	40.55
Florida (g)	21.50	17.90	39.40	North Dakota	23.00	0.03	23.03
Georgia (h)	33.10	0.75	33.85	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)	48.30	18.10	66.40	Pennsylvania (e)	57.60	1.10	58.70
Indiana (h)	36.00	18.50	54.50	Rhode Island	40.00	1.12	41.12
Iowa	30.00	0.00	30.00	South Carolina	28.00	0.75	28.75
Kansas	24.00	1.04	25.04	South Dakota (f)	28.00	2.00	30.00
Kentucky	25.00	1.40	26.40	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	38.50	0.65	39.15
Maryland (c)	33.00	13.19	46.19	Vermont	12.10	19.29	31.39
Massachusetts	24.00	3.35	27.35	Virginia (f)	31.70	9.90	41.60
Michigan (h)	31.00	17.20	48.20	Washington	55.40	3.64	59.04
Minnesota	31.80	0.10	31.90	West Virginia (g)	20.50	15.20	35.70
Mississippi	21.00	0.40	21.40	Wisconsin	30.90	2.00	32.90
Missouri	29.50	0.49	29.99	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 1/1/2025

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Other Sources

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

**TABLE 67
CIGARETTE TAXES BY STATE**

<u>State</u>	<u>Rate</u>	<u>State</u>	<u>Rate</u>
Alabama (a)	\$0.68	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	\$2.24	New Mexico	\$2.00
<u>Connecticut</u>	<u>\$4.35</u>	New York (a)	\$5.35
Delaware	\$2.10	North Carolina	\$0.45
Florida (b)	\$1.34	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	\$3.00	Rhode Island	\$4.50
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	\$3.03
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 78.6¢ through December 31, 2025.

Source: Kaiser Family Foundation, rates as of July 1, 2025.

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TABLE 68
INSURANCE COMPANIES TAX BY STATE

	Domestic Tax	Foreign Tax		Domestic Tax	Foreign Tax
<u>State</u>	<u>Rate % (1)</u>	<u>Rate % (1)</u>	<u>State</u>	<u>Rate % (1)</u>	<u>Rate % (1)</u>
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	.95-6.50	.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 and alien insurers are no longer subject to gross premium tax but are subject to the 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 2025

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

	Distilled	Wine 14%	Wine 14%			Distilled	Wine 14%	Wine 14%	
<u>State</u>	<u>Spirits</u>	<u>or Less</u>	<u>and Up</u>	<u>Beer</u>	<u>State</u>	<u>Spirits</u>	<u>or Less</u>	<u>And Up</u>	<u>Beer</u>
Alabama (2) (5)	(1)	1.70	9.16	0.53	Montana	(1)	1.06	(1a)	0.14
Alaska	12.80	2.50	2.50	1.07	Nebraska	3.75	0.95	0.95	0.31
Arizona (5)	3.00	0.84	0.84	0.16	Nevada (6)	3.60	0.70	1.30	0.16
Arkansas	2.50	0.75	0.75	0.38	New Hampshire	(1)	(1)	(1a)	0.30
California	3.30	0.20	0.20	0.20	New Jersey	5.50	0.88	0.88	0.12
Colorado	2.28	0.32	0.32	0.08	New Mexico	6.06	1.70	1.70	0.41
Connecticut (5)	5.94	0.79	1.98	0.19	New York (2)	6.44	0.30	0.30	0.14
Delaware	4.50	1.63	1.63	0.26	North Carolina (5)	(1)	1.00	1.11	0.62
Florida	6.50	2.25	3.00	0.48	North Dakota (5)	4.68	0.50	0.60	0.43
Georgia (2) (5)	3.79	1.51	2.54	0.48	Ohio	(1)	0.32	1.50	0.18
Hawaii	5.98	1.38	1.38	0.93	Oklahoma	5.56	0.72	0.72	0.40
Idaho	(1)	0.45	0.45	0.15	Oregon (5)	(1)	0.67	0.77	0.08
Illinois (2) (5)	8.55	1.39	8.55	0.23	Pennsylvania	(1)	(1)	(1a)	0.08
Indiana (5)	2.68	0.47	2.68	0.12	Rhode Island	5.40	1.40	1.40	0.12
Iowa	(1)	1.75	1.75	0.19	South Carolina (3)	5.42	0.90	0.90	0.77
Kansas (5)	2.50	0.30	0.75	0.18	South Dakota (6)	3.93	0.93	1.45	0.27
Kentucky	1.92	0.50	0.50	0.89	Tennessee	4.40	1.21	1.21	1.29
Louisiana (2) (6)	3.03	0.76	1.33	0.40	Texas	2.40	0.20	0.41	0.19
Maine	(1)	0.60	1.24	0.35	Utah	(1)	(1)	(1a)	0.43
Maryland	1.50	0.40	0.40	0.60	Vermont	(1)	0.55	(1a)	0.27
Massachusetts	4.05	0.55	0.55	0.11	Virginia	(1)	1.51	(1a)	0.26
Michigan (5)	(1)	0.51	0.76	0.20	Washington	14.29	0.87	0.87	0.26
Minnesota (6)	5.03	0.30	0.95	0.48	West Virginia	(1)	1.00	1.00	0.18
Mississippi	(1)	0.35	0.35	0.43	Wisconsin (4)	3.25	0.25	0.45	0.07
Missouri	2.00	0.42	0.42	0.06	Wyoming	(1)	(1)	(1a)	0.02

Notes:

- (1) In 17 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees, price mark-ups, and net liquor profits.
- (1a) In 7 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) 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%
- (5) 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, 2025.

Economic Report of the Governor

TABLE 70
GENERAL FUND REVENUES

<u>TAXES (\$K)</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Personal Income	\$ 10,340,437	\$ 12,131,800	\$ 11,223,390	\$ 11,803,047	\$ 12,963,930
Sales and Use	4,792,675	4,818,083	4,944,772	5,003,036	5,120,521
Corporation	1,153,079	1,401,153	1,516,588	1,555,553	1,402,569
Pass-through Entity Tax	1,549,716	2,307,594	2,048,068	1,964,652	2,367,029
Public Service Corporation	243,671	295,681	278,205	343,767	336,689
Inheritance & Estate	303,339	220,223	218,352	129,550	146,119
Insurance Companies	229,761	240,969	295,687	300,167	324,109
Cigarettes	351,077	326,709	290,789	251,816	233,750
Real Estate Conveyance	385,028	384,454	287,187	284,563	296,967
Alcoholic Beverages	79,111	78,916	80,242	78,860	75,798
Admissions & Dues	36,022	41,011	40,677	38,870	42,888
Miscellaneous	1,052,109	1,051,776	851,995	908,490	933,904
Total - Taxes	\$ 20,516,024	\$ 23,298,368	\$ 22,075,952	\$ 22,662,371	\$ 24,244,273
Less Refunds of Taxes	(1,857,512)	(1,811,202)	(1,990,104)	(2,156,713)	(2,099,984)
Less Refunds of R&D Credit	(7,093)	(5,756)	(6,061)	(9,028)	(6,449)
Total - Taxes Less Refunds	\$ 18,651,419	\$ 21,481,411	\$ 20,079,787	\$ 20,496,631	\$ 22,137,841
<u>OTHER REVENUE</u>					
Transfer-Special Revenue	\$ 410,301	\$ 395,023	\$ 395,602	\$ 382,557	\$ 354,018
Indian Gaming Payments	228,883	248,686	278,974	305,655	332,729
Licenses, Permits & Fees	329,568	368,612	331,212	368,570	332,013
Sales of Commodities & Services	22,872	22,816	17,880	18,651	17,586
Rents, Fines & Escheats	183,115	220,749	230,698	275,757	262,064
Investment Income	2,945	20,607	206,218	293,314	338,294
Miscellaneous	257,766	272,825	260,885	180,034	208,943
Less Refunds of Payments	(37,661)	(74,708)	(75,821)	(85,660)	(124,546)
Total - Other Revenue	\$ 1,397,789	\$ 1,474,610	\$ 1,645,647	\$ 1,738,878	\$ 1,721,101
<u>OTHER SOURCES</u>					
Federal Grants	\$ 1,496,315	\$ 1,934,869	\$ 1,997,837	\$ 2,060,692	\$ 1,935,142
Transfer from Tobacco Fund	114,500	126,200	112,500	99,190	105,477
Transfer From/(To) Other Funds	112,856	21,221	308,915	-357,911	90,395
Transfers to BRF – Volatility Adj.	(1,241,460)	(3,047,454)	(1,321,793)	(1,321,350)	(2,098,709)
Total - Other Sources	\$ 482,211	\$ (965,164)	\$ 1,097,459	\$ 480,621	\$ 32,305
GRAND TOTAL	\$ 20,531,418	\$ 21,990,857	\$ 22,822,894	\$ 22,716,130	\$ 23,891,247

<u>TAXES</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>
Personal Income	50.36	55.17	49.18	51.96	54.26
Sales and Use	23.34	21.91	21.67	22.02	21.43
Corporation	5.62	6.37	6.65	6.85	5.87
Pass-through Entity Tax	7.55	10.49	8.97	8.65	9.91
Public Service Corporation	1.19	1.34	1.22	1.51	1.41
Inheritance & Estate	1.48	1.00	0.96	0.57	0.61
Insurance Companies	1.12	1.10	1.30	1.32	1.36
Cigarettes	1.71	1.49	1.27	1.11	0.98
Real Estate Conveyance	1.88	1.75	1.26	1.25	1.24
Alcoholic Beverages	0.39	0.36	0.35	0.35	0.32
Admissions & Dues	0.18	0.19	0.18	0.17	0.18
Miscellaneous	5.12	4.78	3.73	4.00	3.91
Total - Taxes	99.93	105.95	96.73	99.76	101.48
Less Refunds of Taxes	-9.05	-8.24	-8.72	-9.49	-8.79
Less Refunds of R&D Credit	-0.03	-0.03	-0.03	-0.04	-0.03
Total – Taxes Less Refunds	90.84	97.68	87.98	90.23	92.66
<u>OTHER REVENUE</u>					
Transfer-Special Revenue	2.00	1.80	1.73	1.68	1.48
Indian Gaming Payments	1.11	1.13	1.22	1.35	1.39
Licenses, Permits & Fees	1.61	1.68	1.45	1.62	1.39
Sales of Commodities & Services	0.11	0.10	0.08	0.08	0.07
Rents, Fines & Escheats	0.89	1.00	1.01	1.21	1.10
Investment Income	0.01	0.09	0.90	1.29	1.42
Miscellaneous	1.26	1.24	1.14	0.79	0.87
Less Refunds of Payments	-0.18	-0.34	-0.33	-0.38	-0.52
Total - Other Revenue	6.81	6.71	7.21	7.65	7.20
<u>OTHER SOURCES</u>					
Federal Grants	7.29	8.80	8.75	9.07	8.10
Transfer from Tobacco Fund	0.56	0.57	0.49	0.44	0.44
Transfer From/(To) Other Funds	0.55	0.10	1.35	-1.58	0.38
Transfers to BRF – Volatility Adj.	-6.05	-13.86	-5.79	-5.82	-8.78
Total - Other Sources	2.35	-4.39	4.81	2.12	0.14
GRAND TOTAL	100.00	100.00	100.00	100.00	100.00

Economic Report of the Governor

TABLE 71
SPECIAL TRANSPORTATION FUND REVENUES

<u>TAXES (\$K)</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Motor Fuels	\$ 475,157	\$ 389,806	\$ 261,973	\$ 504,469	\$ 513,808
Oil Companies	229,061	387,063	383,491	358,582	298,010
Sales and Use Tax	482,892	703,391	837,630	844,374	877,807
DMV Sales	117,215	122,074	117,111	115,323	114,087
Highway Use	-	-	29,276	60,286	59,929
Less Refunds of Taxes	(11,796)	(16,177)	(8,911)	(10,501)	(7,753)
Total – Taxes Less Refunds	\$ 1,292,530	\$ 1,586,157	\$ 1,620,569	\$ 1,872,533	\$ 1,855,886
<u>OTHER REVENUE</u>					
Motor Vehicle Receipts	\$ 321,420	\$ 281,667	\$ 254,575	\$ 278,802	\$ 275,073
Licenses, Permits & Fees	130,747	125,991	126,358	142,213	139,707
Interest Income	1,922	5,029	71,870	87,216	71,156
Federal Grants	11,957	10,913	10,259	9,321	5,187
Transfer to Other Funds	24,500	(2,825)	(5,500)	32,166	(113,109)
Less Refunds of Payments	(5,359)	(6,078)	(8,727)	(11,681)	(12,881)
Total – Other Revenue	\$ 485,187	\$ 414,697	\$ 448,836	\$ 538,037	\$ 365,133
GRAND TOTAL	\$ 1,777,717	\$ 2,000,854	\$2,069,405	\$ 2,410,571	\$ 2,221,019
<u>TAXES</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>	<u>% of Total</u>
Motor Fuels	26.73	19.48	12.66	20.93	23.13
Oil Companies	12.89	19.34	18.53	14.88	13.42
Sales and Use Tax	27.16	35.15	40.48	35.03	39.52
DMV Sales	6.59	6.10	5.66	4.78	5.14
Highway Use	0.00	0.00	1.41	2.50	2.70
Less Refunds of Taxes	-0.66	-0.81	-0.43	-0.44	-0.35
Total – Taxes Less Refunds	72.71	79.27	78.31	77.68	83.56
<u>OTHER REVENUE</u>					
Motor Vehicle Receipts	18.08	14.08	12.30	11.57	12.38
Licenses, Permits & Fees	7.35	6.30	6.11	5.90	6.29
Interest Income	0.11	0.25	3.47	3.62	3.20
Federal Grants	0.67	0.55	0.50	0.39	0.23
Transfer to Other Funds	1.38	-0.14	-0.27	1.33	-5.09
Less Refunds of Payments	-0.30	-0.30	-0.42	-0.48	-0.58
Total - Other Revenue	27.29	20.73	21.69	22.32	16.44
GRAND TOTAL	100.00	100.00	100.00	100.00	100.00

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A P P E N D I X

Economic Report of the Governor

Connecticut Resident Population Census Counts

	Population		Population		2010-2020	%	2024
	<u>2010</u>	<u>Rank</u>	<u>2020</u>	<u>Rank</u>	<u>Change</u>	<u>Change</u>	<u>DPH* Est.</u>
Total	3,574,097		3,605,944		31,847	0.9	3,675,069
Andover	3,303	147	3,151	147	-152	-4.6	3,177
Ansonia	19,249	60	18,918	60	-331	-1.7	19,195
Ashford	4,317	136	4,191	139	-126	-2.9	4,263
Avon	18,098	65	18,932	59	834	4.6	19,106
Barkhamsted	3,799	141	3,647	141	-152	-4.0	3,717
Beacon Falls	6,049	123	6,000	123	-49	-0.8	6,271
Berlin	19,866	54	20,175	56	309	1.6	20,646
Bethany	5,563	126	5,297	126	-266	-4.8	5,324
Bethel	18,584	62	20,358	55	1,774	9.5	21,490
Bethlehem	3,607	143	3,385	145	-222	-6.2	3,449
Bloomfield	20,486	52	21,535	51	1,049	5.1	22,198
Bolton	4,980	131	4,858	131	-122	-2.4	4,895
Bozrah	2,627	152	2,429	153	-198	-7.5	2,426
Branford	28,026	37	28,273	35	247	0.9	28,448
Bridgeport	144,229	1	148,654	1	4,425	3.1	151,599
Bridgewater	1,727	162	1,662	161	-65	-3.8	1,671
Bristol	60,477	13	60,833	14	356	0.6	62,195
Brookfield	16,452	71	17,528	68	1,076	6.5	18,186
Brooklyn	8,210	110	8,450	109	240	2.9	8,708
Burlington	9,301	104	9,519	99	218	2.3	9,804
Canaan	1,234	168	1,080	168	-154	-12.5	1,088
Canterbury	5,132	130	5,045	130	-87	-1.7	5,222
Canton	10,292	95	10,124	97	-168	-1.6	10,273
Chaplin	2,305	156	2,151	157	-154	-6.7	2,179
Cheshire	29,261	32	28,733	34	-528	-1.8	30,610
Chester	3,994	139	3,749	140	-245	-6.1	3,748
Clinton	13,260	82	13,185	82	-75	-0.6	13,467
Colchester	16,068	72	15,555	74	-513	-3.2	15,752
Colebrook	1,485	165	1,361	166	-124	-8.4	1,370
Columbia	5,485	127	5,272	127	-213	-3.9	5,359
Cornwall	1,420	167	1,567	165	147	10.4	1,585
Coventry	12,435	87	12,235	87	-200	-1.6	12,445
Cromwell	14,005	79	14,225	79	220	1.6	14,388
Danbury	80,893	7	86,518	7	5,625	7.0	88,692
Darien	20,732	51	21,499	52	767	3.7	22,528
Deep River	4,629	133	4,415	133	-214	-4.6	4,483
Derby	12,902	84	12,325	86	-577	-4.5	12,915
Durham	7,388	116	7,152	116	-236	-3.2	7,230
East Granby	5,148	129	5,214	128	66	1.3	5,278
East Haddam	9,126	106	8,875	106	-251	-2.8	9,061
East Hampton	12,959	83	12,717	83	-242	-1.9	13,109
East Hartford	51,252	19	51,045	19	-207	-0.4	51,127

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Connecticut Resident Population Census Counts

	Population		Population		2010-2020	%	2024
	<u>2010</u>	<u>Rank</u>	<u>2020</u>	<u>Rank</u>	<u>Change</u>	<u>Change</u>	<u>DPH* Est.</u>
East Haven	29,257	33	27,923	37	-1,334	-4.6	27,953
East Lyme	19,159	61	18,693	62	-466	-2.4	19,004
East Windsor	11,162	94	11,190	91	28	0.3	11,301
Eastford	1,749	161	1,649	162	-100	-5.7	1,706
Easton	7,490	115	7,605	113	115	1.5	7,815
Ellington	15,602	74	16,426	71	824	5.3	16,585
Enfield	44,654	22	42,141	23	-2,513	-5.6	41,140
Essex	6,683	120	6,733	119	50	0.7	6,847
Fairfield	59,404	14	61,512	11	2,108	3.5	65,300
Farmington	25,340	44	26,712	43	1,372	5.4	28,189
Franklin	1,922	159	1,863	159	-59	-3.1	1,900
Glastonbury	34,427	29	35,159	29	732	2.1	35,553
Goshen	2,976	150	3,150	148	174	5.8	3,265
Granby	11,282	92	10,903	92	-379	-3.4	11,751
Greenwich	61,171	10	63,518	10	2,347	3.8	64,594
Griswold	11,951	90	11,402	90	-549	-4.6	11,683
Groton	40,115	25	38,411	26	-1,704	-4.2	38,762
Guilford	22,375	50	22,073	50	-302	-1.3	22,264
Haddam	8,346	109	8,452	108	106	1.3	8,806
Hamden	60,960	11	61,169	12	209	0.3	61,510
Hampton	1,863	160	1,728	160	-135	-7.2	1,759
Hartford	124,775	3	121,054	4	-3,721	-3.0	122,129
Hartland	2,114	158	1,901	158	-213	-10.1	1,921
Harwinton	5,642	125	5,484	125	-158	-2.8	5,688
Hebron	9,686	99	9,098	104	-588	-6.1	9,254
Kent	2,979	149	3,019	149	40	1.3	3,084
Killingly	17,370	68	17,752	66	382	2.2	18,093
Killingworth	6,525	121	6,174	121	-351	-5.4	6,284
Lebanon	7,308	117	7,142	117	-166	-2.3	7,141
Ledyard	15,051	77	15,413	75	362	2.4	15,575
Lisbon	4,338	135	4,195	137	-143	-3.3	4,249
Litchfield	8,466	108	8,192	111	-274	-3.2	8,333
Lyme	2,406	154	2,352	154	-54	-2.2	2,421
Madison	18,269	64	17,691	67	-578	-3.2	17,688
Manchester	58,241	15	59,713	15	1,472	2.5	59,948
Mansfield	26,543	41	25,892	44	-651	-2.5	27,996
Marlborough	6,404	122	6,133	122	-271	-4.2	6,192
Meriden	60,868	12	60,850	13	-18	0.0	60,849
Middlebury	7,575	114	7,574	114	-1	0.0	8,025
Middlefield	4,425	134	4,217	135	-208	-4.7	4,274
Middletown	47,648	20	47,717	20	69	0.1	48,616
Milford	52,759	17	52,044	18	-715	-1.4	53,396
Monroe	19,479	59	18,825	61	-654	-3.4	19,269
Montville	19,571	57	18,387	64	-1,184	-6.0	17,913

Economic Report of the Governor

Connecticut Resident Population Census Counts

	Population		Population		2010-2020	%	2024
	<u>2010</u>	<u>Rank</u>	<u>2020</u>	<u>Rank</u>	<u>Change</u>	<u>Change</u>	<u>DPH* Est.</u>
Morris	2,388	155	2,256	156	-132	-5.5	2,290
Naugatuck	31,862	30	31,519	30	-343	-1.1	32,116
New Britain	73,206	8	74,135	8	929	1.3	75,871
New Canaan	19,738	55	20,622	54	884	4.5	21,160
New Fairfield	13,881	81	13,579	80	-302	-2.2	13,651
New Hartford	6,970	118	6,658	120	-312	-4.5	6,710
New Haven	129,779	2	134,023	3	4,244	3.3	137,562
New London	27,620	38	27,367	38	-253	-0.9	28,081
New Milford	28,142	36	28,115	36	-27	-0.1	28,745
Newington	30,562	31	30,536	31	-26	-0.1	31,692
Newtown	27,560	39	27,173	40	-387	-1.4	28,029
Norfolk	1,709	164	1,588	163	-121	-7.1	1,601
North Branford	14,407	78	13,544	81	-863	-6.0	13,551
North Canaan	3,315	146	3,211	146	-104	-3.1	3,220
North Haven	24,093	47	24,253	48	160	0.7	24,844
North Stonington	5,297	128	5,149	129	-148	-2.8	5,197
Norwalk	85,603	6	91,184	6	5,581	6.5	93,661
Norwich	40,493	24	40,125	25	-368	-0.9	39,993
Old Lyme	7,603	113	7,628	112	25	0.3	7,721
Old Saybrook	10,242	96	10,481	93	239	2.3	10,689
Orange	13,956	80	14,280	78	324	2.3	14,431
Oxford	12,683	85	12,706	84	23	0.2	13,264
Plainfield	15,405	75	14,973	76	-432	-2.8	15,315
Plainville	17,716	67	17,525	69	-191	-1.1	17,757
Plymouth	12,243	88	11,671	88	-572	-4.7	11,879
Pomfret	4,247	137	4,266	134	19	0.4	4,355
Portland	9,508	101	9,384	101	-124	-1.3	9,478
Preston	4,726	132	4,788	132	62	1.3	4,855
Prospect	9,405	103	9,401	100	-4	0.0	9,573
Putnam	9,584	100	9,224	102	-360	-3.8	9,407
Redding	9,158	105	8,765	107	-393	-4.3	8,830
Ridgefield	24,638	46	25,033	45	395	1.6	25,300
Rocky Hill	19,709	56	20,845	53	1,136	5.8	21,373
Roxbury	2,262	157	2,260	155	-2	-0.1	2,310
Salem	4,151	138	4,213	136	62	1.5	4,326
Salisbury	3,741	142	4,194	138	453	12.1	4,279
Scotland	1,726	163	1,576	164	-150	-8.7	1,598
Seymour	16,540	70	16,748	70	208	1.3	17,139
Sharon	2,782	151	2,680	151	-102	-3.7	2,755
Shelton	39,559	26	40,869	24	1,310	3.3	42,805
Sherman	3,581	144	3,527	144	-54	-1.5	3,601
Simsbury	23,511	48	24,517	46	1,006	4.3	25,353
Somers	11,444	91	10,255	95	-1,189	-10.4	10,905
South Windsor	25,709	43	26,918	42	1,209	4.7	27,062

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Connecticut Resident Population Census Counts

	Population		Population		2010-2020	%	2024
	<u>2010</u>	<u>Rank</u>	<u>2020</u>	<u>Rank</u>	<u>Change</u>	<u>Change</u>	<u>DPH* Est.</u>
Southbury	19,904	53	19,879	57	-25	-0.1	20,342
Southington	43,069	23	43,501	22	432	1.0	44,197
Sprague	2,984	148	2,967	150	-17	-0.6	2,948
Stafford	12,087	89	11,472	89	-615	-5.1	11,692
Stamford	122,643	4	135,470	2	12,827	10.5	139,134
Sterling	3,830	140	3,578	143	-252	-6.6	3,694
Stonington	18,545	63	18,335	65	-210	-1.1	18,782
Stratford	51,384	18	52,355	17	971	1.9	53,610
Suffield	15,735	73	15,752	73	17	0.1	15,964
Thomaston	7,887	112	7,442	115	-445	-5.6	7,566
Thompson	9,458	102	9,189	103	-269	-2.8	9,513
Tolland	15,052	76	14,563	77	-489	-3.2	14,739
Torrington	36,383	27	35,515	28	-868	-2.4	35,673
Trumbull	36,018	28	36,827	27	809	2.2	38,073
Union	854	169	785	169	-69	-8.1	805
Vernon	29,179	34	30,215	32	1,036	3.6	30,895
Voluntown	2,603	153	2,570	152	-33	-1.3	2,650
Wallingford	45,135	21	44,396	21	-739	-1.6	44,389
Warren	1,461	166	1,351	167	-110	-7.5	1,378
Washington	3,578	145	3,646	142	68	1.9	3,721
Waterbury	110,366	5	114,403	5	4,037	3.7	115,908
Waterford	19,517	58	19,571	58	54	0.3	19,910
Watertown	22,514	49	22,105	49	-409	-1.8	22,497
West Hartford	63,268	9	64,083	9	815	1.3	64,184
West Haven	55,564	16	55,584	16	20	0.0	55,379
Westbrook	6,938	119	6,769	118	-169	-2.4	6,918
Weston	10,179	97	10,354	94	175	1.7	10,490
Westport	26,391	42	27,141	41	750	2.8	27,996
Wethersfield	26,668	40	27,298	39	630	2.4	27,372
Willington	6,041	124	5,566	124	-475	-7.9	5,609
Wilton	18,062	66	18,503	63	441	2.4	19,255
Winchester	11,242	93	10,224	96	-1,018	-9.1	10,309
Windham	25,268	45	24,425	47	-843	-3.3	24,105
Windsor	29,044	35	29,492	33	448	1.5	29,658
Windsor Locks	12,498	86	12,613	85	115	0.9	12,643
Wolcott	16,680	69	16,142	72	-538	-3.2	16,511
Woodbridge	8,990	107	9,087	105	97	1.1	9,130
Woodbury	9,975	98	9,723	98	-252	-2.5	9,960
Woodstock	7,964	111	8,221	110	257	3.2	8,434

* 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, 2024"

Economic Report of the Governor

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

TABLE 1
U.S. ECONOMIC VARIABLES

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Gross Domestic Product (\$B)	18,518.6	19,175.2	20,159.8	21,056.5	21,340.0	22,474.6	24,976.9	26,963.3	28,588.7	29,966.2
Percent Change	2.8%	3.5%	5.1%	4.4%	1.3%	5.3%	11.1%	8.0%	6.0%	4.8%
Real GDP (2017=100)	18,953.5	19,351.9	19,934.4	20,403.7	20,404.0	20,968.5	21,876.6	22,356.0	23,060.8	23,596.1
Percent Change	2.0%	2.1%	3.0%	2.4%	0.0%	2.8%	4.3%	2.2%	3.2%	2.3%
GDP Deflator (2017=100)	97.7	99.1	101.1	103.2	104.6	107.2	114.2	120.6	124.0	127.0
Percent Change	0.8%	1.4%	2.1%	2.0%	1.3%	2.5%	6.5%	5.6%	2.8%	2.4%
Housing Starts (K)	1,151.5	1,198.8	1,247.7	1,215.8	1,315.8	1,546.6	1,652.1	1,421.9	1,402.0	1,369.9
Percent Change	9.3%	4.1%	4.1%	-2.6%	8.2%	17.5%	6.8%	-13.9%	-1.4%	-2.3%
Unemployment Rate	5.0%	4.6%	4.1%	3.8%	6.0%	6.9%	4.2%	3.5%	3.8%	4.2%
New Vehicle Sales (M)	17.5	17.3	17.3	17.1	15.1	16.3	13.4	14.6	15.6	16.2
Percent Change	3.9%	-1.5%	-0.1%	-0.8%	-12.0%	8.2%	-17.7%	8.8%	6.8%	3.9%
Consumer Price Index ('82-'84=100)	238.2	242.7	248.1	253.3	257.3	263.1	282.0	299.7	309.6	317.8
Percent Change	0.7%	1.9%	2.2%	2.1%	1.6%	2.3%	7.2%	6.3%	3.3%	2.6%
Industrial Production Index (2017=100)	99.6	99.1	101.5	103.3	97.8	97.5	100.6	100.8	100.6	100.4
Percent Change	-2.8%	-0.4%	2.4%	1.8%	-5.3%	-0.3%	3.2%	0.3%	-0.3%	-0.1%
Personal Income (\$B)	15,667.7	16,241.4	17,088.6	17,986.6	18,993.4	20,725.5	21,550.2	22,909.6	24,262.4	25,532.2
Percent Change	3.2%	3.7%	5.2%	5.3%	5.6%	9.1%	4.0%	6.3%	5.9%	5.2%
Real Personal Income (\$B in 2017=100)	16,038.5	16,376.1	16,916.7	17,497.2	18,253.2	19,503.8	19,142.7	19,304.6	19,862.3	20,391.3
Percent Change	2.7%	2.1%	3.3%	3.4%	4.3%	6.9%	-1.9%	0.8%	2.9%	2.7%
Disposable Personal Income (\$B)	13,721.8	14,245.8	15,011.5	15,851.6	16,797.0	18,265.3	18,516.0	19,896.6	21,370.3	22,418.6
Percent Change	3.1%	3.8%	5.4%	5.6%	6.0%	8.7%	1.4%	7.5%	7.4%	4.9%
Disposable Personal Income (\$B in 2017=100)	14,046.9	14,364.5	14,860.7	15,420.7	16,143.7	17,193.9	16,454.5	16,764.3	17,495.8	17,905.9
Percent Change	2.6%	2.3%	3.5%	3.8%	4.7%	6.5%	-4.3%	1.9%	4.4%	2.3%

Economic Report of the Governor

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Personal Income	15,667.7	16,241.4	17,088.7	17,986.6	18,993.4	20,725.6	21,550.2	22,909.7	24,262.4	25,512.3
Percent Change	3.2%	3.7%	5.2%	5.3%	5.6%	9.1%	4.0%	6.3%	5.9%	5.2%
Wages & Salaries	7,973.2	8,261.5	8,697.6	9,122.2	9,357.8	9,821.3	10,774.4	11,431.3	12,068.9	12,683.4
Percent Change	3.8%	3.6%	5.3%	4.9%	2.6%	5.0%	9.7%	6.1%	5.6%	5.1%
Manufacturing Income	809.9	827.1	866.1	900.3	904.8	928.8	991.0	1,047.5	1,091.2	1,121.4
Percent Change	1.7%	2.1%	4.7%	3.9%	0.5%	2.7%	6.7%	5.7%	4.2%	2.8%
Nonmanufacturing Inc.	7,163.4	7,434.5	7,831.5	8,221.8	8,453.0	8,892.5	9,783.4	10,383.8	10,977.7	11,562.0
Percent Change	4.1%	3.8%	5.3%	5.0%	2.8%	5.2%	10.0%	6.1%	5.7%	5.3%
Other Labor Income	1,857.9	1,905.4	2,005.2	2,096.2	2,117.3	2,192.3	2,278.8	2,389.1	2,564.1	2,703.1
Percent Change	2.8%	2.6%	5.2%	4.5%	1.0%	3.5%	3.9%	4.8%	7.3%	5.4%
Proprietor's Income	1,341.2	1,389.0	1,459.3	1,524.8	1,541.6	1,733.5	1,852.9	1,913.9	1,974.6	2,076.2
Percent Change	-1.6%	3.6%	5.1%	4.5%	1.1%	12.4%	6.9%	3.3%	3.2%	5.1%
Farm Income	48.0	38.9	34.0	29.1	39.7	68.5	84.4	93.0	53.9	72.4
Percent Change	-18.5%	-19.0%	-12.6%	-14.5%	36.6%	72.6%	23.3%	10.2%	-42.1%	34.4%
Nonfarm Income	1,293.2	1,350.2	1,425.3	1,495.7	1,501.9	1,665.0	1,768.5	1,820.9	1,920.8	2,003.7
Percent Change	-0.8%	4.4%	5.6%	4.9%	0.4%	10.9%	6.2%	3.0%	5.5%	4.3%
Rental Income	611.2	628.0	658.1	677.7	715.5	758.2	815.4	942.3	1,046.3	1,102.2
Percent Change	2.2%	2.8%	4.8%	3.0%	5.6%	6.0%	7.5%	15.6%	11.0%	5.3%
Personal Dividend Inc.	1,001.5	1,080.9	1,184.0	1,300.0	1,364.5	1,557.1	1,893.1	2,060.9	2,198.2	2,229.4
Percent Change	2.4%	7.9%	9.5%	9.8%	5.0%	14.1%	21.6%	8.9%	6.7%	1.4%
Personal Interest Income	1,372.1	1,426.8	1,501.3	1,598.6	1,560.9	1,479.8	1,490.7	1,706.1	1,898.7	1,946.8
Percent Change	4.9%	4.0%	5.2%	6.5%	-2.4%	-5.2%	0.7%	14.4%	11.3%	2.5%
Transfer Payments	2,732.1	2,816.2	2,914.7	3,062.1	3,769.5	4,676.7	4,081.2	4,219.4	4,375.2	4,745.2
Percent Change	4.2%	3.1%	3.5%	5.1%	23.1%	24.1%	-12.7%	3.4%	3.7%	8.5%

Economic Report of the Governor

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Less:										
Contributions to Social Insurance	1,221.5	1,266.4	1,331.6	1,394.9	1,433.7	1,493.1	1,636.3	1,753.3	1,863.7	1,974.0
Percent Change	3.5%	3.7%	5.2%	4.8%	2.8%	4.1%	9.6%	7.2%	6.3%	5.9%
Equals:										
Personal Income	15,667.7	16,241.4	17,088.7	17,986.6	18,993.4	20,725.6	21,550.2	22,909.7	24,262.4	25,512.3
Percent Change	3.2%	3.7%	5.2%	5.3%	5.6%	9.1%	4.0%	6.3%	5.9%	5.2%
Less:										
Personal Taxes	1,945.9	1,995.6	2,077.1	2,135.0	2,196.4	2,460.2	3,034.2	3,013.1	2,892.1	3,111.7
Percent Change	4.0%	2.6%	4.1%	2.8%	2.9%	12.0%	23.3%	-0.7%	-4.0%	7.6%
Equals:										
Disposable Income (\$B)	13,721.8	14,245.8	15,011.5	15,851.6	16,797.0	18,265.3	18,516.0	19,896.6	21,370.3	22,400.6
Percent Change	3.1%	3.8%	5.4%	5.6%	6.0%	8.7%	1.4%	7.5%	7.4%	4.8%
Less:										
Personal Outlays	12,950.0	13,468.0	14,130.1	14,686.3	14,772.2	15,608.1	17,514.8	18,971.7	20,144.5	21,279.8
Percent Change	3.3%	4.0%	4.9%	3.9%	0.6%	5.7%	12.2%	8.3%	6.2%	5.6%
Equals:										
Personal Savings	771.8	777.8	881.4	1,165.3	2,024.8	2,657.2	1,001.2	924.9	1,225.8	1,120.8
Percent Change	0.4%	0.8%	13.3%	32.2%	73.8%	31.2%	-62.3%	-7.6%	32.5%	-8.6%
Personal Savings Rate	5.6%	5.5%	5.9%	7.4%	12.1%	14.5%	5.4%	4.6%	5.7%	5.0%

Economic Report of the Governor

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Establishment Employ.	143.1	145.5	147.7	149.9	147.1	143.0	149.8	154.5	157.0	158.8
Percent Change	1.9%	1.7%	1.5%	1.5%	-1.9%	-2.8%	4.8%	3.2%	1.6%	1.2%
Manufacturing	12.3	12.3	12.5	12.8	12.5	12.1	12.6	12.9	12.9	12.8
Percent Change	0.6%	0.1%	1.4%	1.9%	-2.1%	-2.8%	3.4%	2.6%	-0.1%	-0.6%
Nonmanufacturing	130.8	133.2	135.2	137.2	134.6	130.8	137.2	141.6	144.1	146.1
Percent Change	2.0%	1.9%	1.5%	1.4%	-1.9%	-2.8%	4.9%	3.2%	1.8%	1.3%
Construction & Mining	7.3	7.5	7.8	8.1	8.1	7.9	8.2	8.5	8.7	8.9
Percent Change	2.1%	2.2%	4.3%	4.2%	-1.0%	-2.3%	3.8%	4.2%	2.6%	1.8%
Information	2.8	2.8	2.8	2.8	2.8	2.7	3.0	3.1	3.0	2.9
Percent Change	1.1%	1.6%	0.4%	1.0%	-1.0%	-3.1%	8.9%	3.2%	-3.5%	-0.9%
Public Utility, Trade & Transportation	26.9	27.3	27.4	27.6	27.1	27.1	28.2	28.8	28.8	29.0
Percent Change	1.5%	1.2%	0.6%	0.6%	-1.9%	0.1%	4.2%	1.9%	0.3%	0.6%
Finance, Insurance & Real Estate	8.2	8.4	8.5	8.7	8.8	8.7	8.9	9.1	9.2	9.2
Percent Change	1.9%	2.1%	1.6%	1.9%	1.1%	-0.6%	2.6%	2.2%	0.4%	0.4%
Services	63.4	64.9	66.2	67.4	65.4	62.6	66.8	69.7	71.3	72.5
Percent Change	2.7%	2.4%	2.0%	1.7%	-2.9%	-4.4%	6.8%	4.2%	2.3%	1.7%
Professional & Business	20.0	20.4	20.8	21.2	21.0	20.7	22.1	22.8	22.7	22.6
Percent Change	2.6%	1.9%	2.1%	1.9%	-1.2%	-1.1%	6.6%	3.1%	-0.5%	-0.4%
Education & Health	22.3	22.9	23.4	23.9	23.8	23.4	23.9	24.8	26.0	26.9
Percent Change	2.8%	2.7%	2.1%	1.9%	-0.2%	-2.0%	2.4%	3.8%	4.6%	3.7%
Leisure & Hospitality	15.4	15.9	16.2	16.4	15.0	13.2	15.2	16.3	16.7	16.9
Percent Change	3.4%	3.0%	2.0%	1.4%	-8.5%	-12.4%	15.5%	7.0%	2.7%	1.3%
Other Services	5.7	5.7	5.8	5.9	5.6	5.3	5.6	5.8	5.9	6.0
Percent Change	1.0%	1.4%	1.3%	0.9%	-4.0%	-5.1%	5.0%	3.0%	2.5%	1.5%
Government	22.1	22.3	22.4	22.5	22.4	21.8	22.1	22.5	23.1	23.5
Percent Change	0.8%	0.9%	0.4%	0.6%	-0.4%	-2.7%	1.1%	1.8%	2.9%	1.8%
Civilian Labor Force	158.0	159.8	161.2	162.7	162.6	160.6	162.9	165.6	167.7	169.5
Percent Change	0.9%	1.1%	0.9%	0.9%	-0.1%	-1.2%	1.5%	1.6%	1.3%	1.1%
Unemployment Rate	5.0%	4.6%	4.1%	3.8%	6.0%	6.9%	4.2%	3.5%	3.8%	4.2%

Economic Report of the Governor

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
All Items	238.2	242.7	248.1	253.3	257.3	263.1	282.0	299.7	309.6	317.8
Percent Change	0.7%	1.9%	2.2%	2.1%	1.6%	2.3%	7.2%	6.3%	3.3%	2.6%
Food & Beverages	247.7	248.3	251.6	255.7	261.7	270.5	288.5	314.9	324.1	332.1
Percent Change	1.1%	0.2%	1.3%	1.7%	2.3%	3.4%	6.7%	9.1%	2.9%	2.5%
Housing	240.7	247.8	254.8	262.2	269.1	275.0	289.7	311.8	327.4	340.6
Percent Change	2.1%	3.0%	2.9%	2.9%	2.6%	2.2%	5.3%	7.6%	5.0%	4.0%
Energy	192.5	197.8	213.2	217.5	207.1	211.0	274.4	290.5	283.9	277.2
Percent Change	-12.9%	2.7%	7.8%	2.0%	-4.8%	1.9%	30.0%	5.9%	-2.3%	-2.4%
Commodities	180.2	180.3	183.0	184.9	184.7	189.7	212.0	222.9	223.7	223.3
Percent Change	-2.4%	0.0%	1.5%	1.0%	-0.1%	2.7%	11.8%	5.1%	0.4%	-0.2%
Apparel	125.9	126.1	125.8	124.6	121.5	118.4	124.4	129.1	130.9	131.4
Percent Change	-0.7%	0.2%	-0.2%	-1.0%	-2.5%	-2.6%	5.1%	3.8%	1.4%	0.4%
Transportation	196.0	198.4	206.3	210.5	205.5	211.3	253.3	265.8	270.5	270.9
Percent Change	-4.9%	1.2%	4.0%	2.0%	-2.4%	2.8%	19.9%	4.9%	1.8%	0.2%
Services	295.6	304.2	312.3	320.7	328.9	335.7	350.4	374.8	394.2	411.0
Percent Change	2.5%	2.9%	2.7%	2.7%	2.6%	2.0%	4.4%	7.0%	5.2%	4.3%
Medical Care	454.0	471.0	480.4	489.3	510.2	522.5	533.7	550.5	555.3	571.4
Percent Change	2.9%	3.8%	2.0%	1.9%	4.3%	2.4%	2.1%	3.1%	0.9%	2.9%
Other Goods & Services	418.9	427.7	437.8	446.1	457.4	468.0	490.4	522.2	549.3	568.7
Percent Change	1.9%	2.1%	2.3%	1.9%	2.5%	2.3%	4.8%	6.5%	5.2%	3.5%

Economic Report of the Governor

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 6
PERSONAL INCOME
(BILLIONS OF DOLLARS)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Personal Income	242.0	245.6	254.8	265.2	270.6	286.8	299.7	319.7	339.3	357.9
Percent Change	2.2%	1.5%	3.8%	4.1%	2.0%	6.0%	4.5%	6.7%	6.1%	5.5%
Disposable										
Personal Income	203.1	207.1	215.0	225.2	230.2	242.4	246.2	266.5	288.1	302.9
Percent Change	2.6%	2.0%	3.8%	4.7%	2.2%	5.3%	1.6%	8.2%	8.1%	5.1%
Total Wages	125.3	126.3	130.8	136.2	138.2	143.2	154.9	162.6	172.0	182.9
Percent Change	1.8%	0.8%	3.5%	4.2%	1.4%	3.6%	8.2%	5.0%	5.8%	6.3%
Manufacturing Wages	13.9	14.1	14.9	15.5	15.9	15.7	16.3	17.1	17.9	18.6
Percent Change	-3.2%	1.4%	5.8%	4.2%	2.3%	-1.2%	4.2%	4.8%	4.4%	3.9%
Nonmanufacturing										
Wages	111.4	112.2	115.9	120.7	122.3	127.5	138.5	145.5	154.1	164.3
Percent Change	2.5%	0.8%	3.3%	4.2%	1.3%	4.2%	8.7%	5.0%	5.9%	6.6%
Other Labor Income	28.2	28.3	29.4	30.2	30.0	31.0	32.1	33.2	35.3	37.5
Percent Change	3.4%	0.5%	3.9%	2.7%	-0.6%	3.0%	3.8%	3.5%	6.4%	6.2%
Proprietor's Income	25.6	26.7	27.3	26.7	26.1	28.2	29.5	30.5	32.2	33.5
Percent Change	0.1%	4.3%	2.3%	-2.4%	-2.0%	8.0%	4.5%	3.3%	5.7%	4.1%
Property Income	49.0	50.2	52.8	56.6	54.5	54.4	61.1	70.9	77.2	79.2
Percent Change	3.0%	2.3%	5.2%	7.3%	-3.8%	-0.1%	12.3%	16.0%	8.9%	2.6%
Transfer Payments										
Less Social Insurance	13.9	14.1	14.5	15.5	21.7	30.0	22.1	22.5	22.5	24.9
Percent Change	3.7%	1.3%	3.1%	6.8%	40.5%	38.0%	-26.5%	2.1%	0.1%	10.2%
Transfer Payments	32.2	32.8	34.1	36.0	42.6	51.5	45.2	46.9	48.6	52.8
Percent Change	3.0%	1.8%	4.0%	5.5%	18.5%	20.8%	-12.2%	3.8%	3.5%	8.6%
Social Insurance	18.4	18.8	19.6	20.5	20.9	21.5	23.2	24.4	26.0	27.9
Percent Change	2.5%	2.1%	4.6%	4.5%	1.9%	2.9%	7.7%	5.5%	6.6%	7.2%
Residence Adjustment	13.0	13.7	16.1	18.6	20.0	21.3	22.8	22.2	24.9	28.1
Percent Change	-0.9%	5.7%	16.9%	15.5%	7.7%	6.5%	7.2%	-2.8%	12.4%	12.7%

Economic Report of the Governor

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 7
DEFLATED PERSONAL INCOME
(BILLIONS OF DOLLARS)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Personal Income	247.7	247.6	252.2	258.0	260.0	269.9	266.2	269.4	277.8	285.9
Percent Change	1.7%	0.0%	1.9%	2.3%	0.8%	3.8%	-1.4%	1.2%	3.1%	2.9%
Disposable										
Personal Income	207.9	208.8	212.9	219.1	221.2	228.2	218.7	224.6	235.9	241.9
Percent Change	2.1%	0.4%	2.0%	2.9%	1.0%	3.1%	-4.2%	2.7%	5.0%	2.6%
Total Wages	128.2	127.4	129.5	132.5	132.8	134.8	137.6	137.0	140.8	146.0
Percent Change	1.3%	-0.7%	1.7%	2.4%	0.2%	1.5%	2.1%	-0.4%	2.8%	3.7%
Manufacturing Wages	14.2	14.2	14.8	15.1	15.3	14.8	14.5	14.4	14.6	14.9
Percent Change	-3.7%	-0.2%	3.9%	2.4%	1.1%	-3.2%	-1.7%	-0.6%	1.4%	1.4%
Nonmanufacturing										
Wages	114.0	113.2	114.7	117.4	117.6	120.0	123.1	122.6	126.2	131.2
Percent Change	2.0%	-0.7%	1.4%	2.4%	0.1%	2.1%	2.6%	-0.4%	2.9%	4.0%
Other Labor Income	28.9	28.6	29.1	29.4	28.9	29.1	28.5	28.0	28.9	30.0
Percent Change	2.9%	-1.0%	2.0%	0.9%	-1.8%	0.9%	-2.1%	-1.8%	3.3%	3.6%
Proprietor's Income	26.2	27.0	27.1	26.0	25.1	26.6	26.2	25.7	26.4	26.8
Percent Change	-0.4%	2.7%	0.4%	-4.1%	-3.2%	5.8%	-1.4%	-1.9%	2.7%	1.5%
Property Income	50.2	50.6	52.2	55.1	52.3	51.2	54.3	59.8	63.2	63.2
Percent Change	2.5%	0.8%	3.3%	5.5%	-5.0%	-2.1%	6.0%	10.1%	5.8%	0.1%
Transfer Payments										
Less Social Insurance	14.2	14.2	14.3	15.1	20.9	28.2	19.6	19.0	18.5	19.9
Percent Change	3.2%	-0.2%	1.2%	5.0%	38.8%	35.2%	-30.6%	-3.1%	-2.7%	7.5%
Transfer Payments	33.0	33.1	33.8	35.0	41.0	48.5	40.2	39.6	39.8	42.1
Percent Change	2.5%	0.3%	2.1%	3.6%	17.1%	18.3%	-17.2%	-1.5%	0.5%	6.0%
Social Insurance	18.8	18.9	19.4	20.0	20.1	20.2	20.6	20.6	21.3	22.3
Percent Change	2.0%	0.6%	2.7%	2.6%	0.7%	0.8%	1.6%	0.1%	3.6%	4.6%
Residence Adjustment	13.3	13.9	15.9	18.0	19.2	20.0	20.3	18.7	20.4	22.4
Percent Change	-1.4%	4.1%	14.7%	13.5%	6.4%	4.3%	1.1%	-7.8%	9.2%	9.9%

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

Economic Report of the Governor

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 8
MANUFACTURING EMPLOYMENT
(THOUSANDS -Seasonally Adjusted)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Manufacturing	156.6	157.5	159.7	161.7	158.7	152.2	154.9	158.2	156.9	154.6
Percent Change	-0.2%	0.6%	1.4%	1.2%	-1.8%	-4.1%	1.7%	2.2%	-0.9%	-1.4%
Transportation Equip.	41.1	42.8	45.0	46.4	46.8	45.1	44.7	45.9	47.4	47.2
Percent Change	2.4%	4.0%	5.3%	3.0%	0.9%	-3.6%	-0.9%	2.7%	3.4%	-0.6%
Fabricated Metals	29.2	29.3	29.5	29.9	29.0	27.3	27.9	27.8	27.1	26.7
Percent Change	-0.8%	0.6%	0.5%	1.4%	-2.9%	-5.9%	2.3%	-0.4%	-2.6%	-1.5%
Electrical Equip. & Appl.	8.4	8.1	8.1	8.0	7.5	7.1	7.1	7.1	6.7	6.6
Percent Change	-4.4%	-4.0%	0.5%	-1.5%	-6.6%	-5.2%	0.9%	-1.2%	-4.4%	-1.7%
Chemicals	7.7	7.7	7.9	7.9	7.7	7.7	8.0	8.1	7.9	7.5
Percent Change	-2.1%	0.1%	2.7%	0.2%	-1.8%	-0.9%	3.8%	1.9%	-2.8%	-4.5%
Printing & Support	5.2	5.4	5.3	5.2	4.9	4.2	4.4	4.6	4.4	4.3
Percent Change	1.9%	3.3%	-1.4%	-3.0%	-4.6%	-13.7%	4.6%	2.9%	-3.4%	-3.2%
Industrial Machinery	13.8	13.5	13.1	13.1	13.1	12.7	13.2	13.8	13.4	13.0
Percent Change	-2.1%	-2.8%	-2.5%	0.2%	-0.1%	-2.9%	3.2%	4.8%	-2.4%	-3.4%
All Other	51.1	50.8	50.8	51.3	49.7	48.0	49.5	51.0	49.8	49.3
Percent Change	-0.6%	-0.7%	0.1%	0.8%	-3.1%	-3.2%	3.1%	3.0%	-2.3%	-1.0%

Economic Report of the Governor

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

TABLE 9
NONMANUFACTURING EMPLOYMENT
(THOUSANDS -Seasonally Adjusted)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Nonmanufacturing	1,533.3	1,537.7	1,536.9	1,536.9	1,474.7	1,431.7	1,493.7	1,524.7	1,546.0	1,558.5
Percent Change	0.6%	0.3%	-0.1%	0.0%	-4.0%	-2.9%	4.3%	2.1%	1.4%	0.8%
Construction & Mining	59.5	59.2	58.7	60.3	58.4	58.8	61.0	62.1	63.0	63.4
Percent Change	3.5%	-0.6%	-0.7%	2.6%	-3.2%	0.8%	3.8%	1.7%	1.4%	0.7%
Information	32.5	32.1	31.6	31.5	30.8	29.1	30.9	31.6	30.9	30.6
Percent Change	0.5%	-1.1%	-1.6%	-0.3%	-2.4%	-5.6%	6.4%	2.1%	-2.1%	-0.9%
Utilities	5.6	5.5	5.2	5.2	5.1	5.0	5.0	4.9	5.2	5.3
Percent Change	-1.3%	-2.4%	-4.6%	-1.4%	-0.8%	-2.3%	-0.7%	-0.6%	4.4%	2.2%
Transportation	45.2	45.7	48.1	50.2	53.7	59.2	63.7	64.0	67.0	67.8
Percent Change	3.8%	1.3%	5.1%	4.4%	7.0%	10.3%	7.7%	0.4%	4.6%	1.3%
Wholesale Trade	61.4	61.6	61.5	60.5	57.9	56.0	58.8	60.8	61.0	61.4
Percent Change	-0.6%	0.3%	-0.2%	-1.6%	-4.4%	-3.1%	5.0%	3.2%	0.3%	0.7%
Retail Trade	185.0	184.3	182.1	178.1	166.2	165.4	167.9	167.8	166.5	164.9
Percent Change	0.3%	-0.4%	-1.2%	-2.2%	-6.7%	-0.5%	1.5%	-0.1%	-0.8%	-0.9%
Finance & Insurance	110.1	108.8	106.8	104.4	102.6	100.3	99.2	98.8	98.5	98.9
Percent Change	0.2%	-1.2%	-1.9%	-2.2%	-1.7%	-2.3%	-1.1%	-0.4%	-0.4%	0.4%
Real Estate	20.0	19.8	19.8	20.0	19.7	18.5	19.0	19.6	19.6	19.8
Percent Change	2.1%	-0.6%	0.0%	0.8%	-1.8%	-6.1%	3.1%	2.9%	-0.2%	1.4%
Professional & Business	219.1	219.1	220.2	220.3	213.3	208.5	219.2	222.2	220.9	221.4
Percent Change	0.7%	0.0%	0.5%	0.0%	-3.2%	-2.2%	5.1%	1.4%	-0.6%	0.2%
Education & Health	335.7	341.7	343.3	346.3	339.0	329.0	337.9	349.1	361.4	370.6
Percent Change	0.6%	1.8%	0.5%	0.9%	-2.1%	-2.9%	2.7%	3.3%	3.5%	2.6%
Leisure & Hospitality	152.2	155.5	157.1	158.3	136.9	122.1	145.0	152.0	154.6	155.4
Percent Change	1.0%	2.2%	1.0%	0.7%	-13.5%	-10.8%	18.7%	4.8%	1.7%	0.5%
Other Services	64.3	64.9	65.3	65.6	60.6	56.4	60.1	62.0	63.3	64.0
Percent Change	1.3%	0.9%	0.7%	0.4%	-7.6%	-6.9%	6.6%	3.1%	2.2%	1.0%
Federal Government	17.7	18.0	18.0	18.1	18.4	19.1	18.2	18.4	18.6	18.3
Percent Change	0.4%	1.5%	0.3%	0.3%	1.9%	3.7%	-4.7%	1.3%	0.9%	-1.7%
State & Local Gov't.	225.0	221.6	219.1	218.2	212.2	204.3	207.7	211.5	215.8	216.8
Percent Change	-0.7%	-1.5%	-1.2%	-0.4%	-2.7%	-3.7%	1.7%	1.8%	2.0%	0.5%

Economic Report of the Governor

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Labor Force	1,899.5	1,918.4	1,912.6	1,927.3	1,922.3	1,831.0	1,915.3	1,908.6	1,927.1	1,955.2
Percent Change	-0.5%	1.0%	-0.3%	0.8%	-0.3%	-4.7%	4.6%	-0.4%	1.0%	1.5%
Nonfarm Employment	1,689.9	1,695.2	1,696.7	1,698.6	1,633.4	1,583.9	1,648.5	1,682.9	1,702.8	1,713.2
Percent Change	0.5%	0.3%	0.1%	0.1%	-3.8%	-3.0%	4.1%	2.1%	1.2%	0.6%
Residential Employment	1,799.6	1,830.4	1,832.5	1,857.1	1,819.0	1,684.5	1,818.1	1,842.7	1,865.4	1,889.3
Percent Change	0.4%	1.7%	0.1%	1.3%	-2.1%	-7.4%	7.9%	1.4%	1.2%	1.3%
Unemployed	99.9	88.0	80.1	70.2	103.3	146.4	97.2	65.8	61.6	66.0
Percent Change	-13.7%	-11.9%	-8.9%	-12.3%	47.0%	41.8%	-33.6%	-32.3%	-6.4%	7.1%
Unemployment Rate	5.3%	4.6%	4.2%	3.6%	5.4%	8.0%	5.1%	3.4%	3.2%	3.4%
Households	1,386.5	1,395.3	1,412.6	1,424.1	1,423.9	1,429.9	1,438.8	1,452.3	1,462.8	1,470.6
Percent Change	0.6%	0.6%	1.2%	0.8%	0.0%	0.4%	0.6%	0.9%	0.7%	0.5%
Housing Starts	5,963.0	4,734.0	4,677.2	4,557.3	5,291.6	4,920.3	3,751.5	5,873.9	4,216.6	6,575.6
Percent Change	22.1%	-20.6%	-1.2%	-2.6%	16.1%	-7.0%	-23.8%	56.6%	-28.2%	55.9%
Single Family Percent Change	2,725.6	2,742.7	2,901.3	3,007.9	2,372.1	3,154.4	2,490.0	2,617.7	2,374.9	2,443.0
	14.7%	0.6%	5.8%	3.7%	-21.1%	33.0%	-21.1%	5.1%	-9.3%	2.9%
Multi Family Percent Change	3,237.4	1,991.3	1,775.9	1,549.4	2,919.5	1,765.9	1,261.5	3,256.2	1,841.8	4,132.7
	29.2%	-38.5%	-10.8%	-12.8%	88.4%	-39.5%	-28.6%	158.1%	-43.4%	124.4%
New Car Registrations	182.3	179.0	173.0	168.4	147.4	169.6	137.2	137.8	150.9	157.1
Percent Change	3.4%	-1.8%	-3.4%	-2.6%	-12.5%	15.1%	-19.1%	0.5%	9.5%	4.1%

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

Economic Report of the Governor

MAJOR CONNECTICUT ECONOMIC INDICATORS - STATE FISCAL YEAR BASIS

**TABLE 11
ANALYTICS**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Wages/Total Income	51.8%	51.4%	51.3%	51.4%	51.1%	49.9%	51.7%	50.9%	50.7%	51.1%
Other Labor Income /Total Income	11.7%	11.5%	11.5%	11.4%	11.1%	10.8%	10.7%	10.4%	10.4%	10.5%
Social Insurance /Total Income	7.6%	7.6%	7.7%	7.7%	7.7%	7.5%	7.7%	7.6%	7.7%	7.8%
Transfer Payments /Total Income	13.3%	13.4%	13.4%	13.6%	15.8%	18.0%	15.1%	14.7%	14.3%	14.7%
Proprietor's Income /Total Income	10.6%	10.9%	10.7%	10.1%	9.7%	9.8%	9.8%	9.5%	9.5%	9.4%
Property Income /Total Income	20.3%	20.4%	20.7%	21.3%	20.1%	19.0%	20.4%	22.2%	22.8%	22.1%
Average Wages (Thousands of Dollars)	73.66	74.00	76.62	79.77	84.41	89.86	93.42	96.11	100.46	106.14
Average Mfg. Wages (Thousands of Dollars)	88.8	89.4	93.3	96.0	100.1	103.1	105.6	108.3	114.1	120.3
Manufacturing Share of Nonfarm Employment	9.3%	9.3%	9.4%	9.5%	9.7%	9.6%	9.4%	9.4%	9.2%	9.0%
Residential Employment /Total Nonfarm Employment	1.065	1.080	1.080	1.093	1.114	1.063	1.103	1.095	1.095	1.103

Economic Report of the Governor

MAJOR CONNECTICUT REGIONAL ECONOMIC INDICATORS - CALENDAR YEAR BASIS

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

BRIDGEPORT-STAMFORD-DANBURY

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Personal Income	96,433.6	98,894.4	102,060.2	108,016.9	108,794.2	108,307.9	117,856.6	126,204.5	135,291.8	146,461.6
Percent Change	1.8%	2.6%	3.2%	5.8%	0.7%	-0.4%	8.8%	7.1%	7.2%	8.3%
Total Wages	38,602.1	38,735.8	38,318.6	38,728.0	39,653.5	39,365.8	42,626.6	46,227.3	48,376.0	50,786.0
Percent Change	3.2%	0.3%	-1.1%	1.1%	2.4%	-0.7%	8.3%	8.4%	4.6%	5.0%

HARTFORD-WEST HARTFORD-EAST HARTFORD

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Personal Income	69,870.5	70,865.8	72,131.1	74,672.3	76,900.8	80,290.3	84,740.0	87,471.3	92,317.3	96,804.0
Percent Change	3.2%	1.4%	1.8%	3.5%	3.0%	4.4%	5.5%	3.2%	5.5%	4.9%
Total Wages	41,121.1	41,308.1	42,329.2	43,484.1	44,898.4	44,708.1	46,320.2	49,719.9	52,181.5	54,826.3
Percent Change	3.3%	0.5%	2.5%	2.7%	3.3%	-0.4%	3.6%	7.3%	5.0%	5.1%

NEW HAVEN

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Personal Income	43,406.2	43,906.5	44,623.2	46,563.7	48,808.7	51,450.5	55,769.9	56,613.5	59,973.8	62,822.4
Percent Change	3.0%	1.2%	1.6%	4.3%	4.8%	5.4%	8.4%	1.5%	5.9%	4.7%
Total Wages	21,049.6	21,422.8	21,924.8	22,330.9	23,065.7	23,512.9	25,339.6	27,308.9	28,705.8	30,341.6
Percent Change	3.1%	1.8%	2.3%	1.9%	3.3%	1.9%	7.8%	7.8%	5.1%	5.7%

NEW LONDON-NORWICH-WILLIMANTIC, CT-RI

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Personal Income	14,146.5	14,449.8	14,771.4	15,016.8	15,578.3	16,290.8	17,349.5	17,931.4	19,001.4	20,039.9
Percent Change	4.4%	2.1%	2.2%	1.7%	3.7%	4.6%	6.5%	3.4%	6.0%	5.5%
Total Wages	6,968.8	7,232.3	7,481.3	7,529.9	7,624.4	7,474.9	8,049.0	8,641.6	9,145.4	9,783.6
Percent Change	1.3%	3.8%	3.4%	0.7%	1.3%	-2.0%	7.7%	7.4%	5.8%	7.0%



John Trumbull's Declaration of Independence

During this biennium, our nation will mark the 250th anniversary of the Declaration of Independence. Four Nutmeggers — Samuel Huntington, Roger Sherman, William Williams, and Oliver Wolcott — signed that document, 40,000 served in the Revolutionary War, tens of thousands more helped Connecticut earn the nickname of “The Provisions State,” and generations since have committed themselves to making real the Declaration’s promise that “all men are created equal.” Governor Lamont dedicates this budget proposal to the memory of all those who risked their lives so that future generations might enjoy “Life, Liberty and the pursuit of Happiness.”

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