Connecticut's Questionable Tax Expenditures

($ Millions)	FY 2009	Notes	Rationale	Comments
Sales and Use Tax				
Smoking Cessation Products	$ 0.2		Incentive	Inefficient
Clothing under $75 (under $50 in FY 2009)	130.0		Equity	Inefficient
Cloth for Non-Commercial Sewing	0.5		Equity	Unnecessary
Sales Tax "Free Week"	3.0		Equity and incentive	Inefficient
Newspapers and Magazines	60.0		Efficiency	Not understood
Vegetable Seeds	0.1		Equity	Unnecessary
Firearm Safety Devices	0.1		Incentive	Inefficient
Bicycle Helmets	0.2		Incentive	Inefficient
Weatherization Products	7.5	Expanded 07	Equity	Inefficient
Child Car Seats	0.5		Expediency	Not understood
Appliances Meeting Energy Star Standards	7.0		Equity	Inefficient
High Fuel Economy Automobiles	2.0		Expediency	Not understood
Replacement Parts in Enterprise Zones	0.7		Incentive	Inefficient and inequitable
Aircraft Repair Parts and Services	6.0		Incentive and reduce cascadi	Inequitable
Aviation Consulting	0.2		Incentive and reduce cascadi	Inequitable
Printed Material Sent Out-of-State	2.0		Incentive and competitiveness	Inefficient and inequitable
Motion Picture & Broadcast Equipment	2.0		Incentive and reduce cascadi	Inequitable
Motion Picture Leasing	0.5		Incentive and reduce cascadi	Inequitable
Biotechnology Equipment	1.9		Incentive	Inefficient and inequitable
Connecticut Resource Recovery Authority	3.0		Incentive	Not understood
Waste-to-Energy Equipment	0.2		Incentive	Ineffective
Computer and Data Processing	64.0		Incentive and reduce cascadi	Inequitable
Certain Sales of Computer and Data Processing	0.3		Incentive	Inefficient
Vessel Maintenance	3.8		Incentive and competitiveness	Inefficient and inequitable
Residential Real Property Repair	21.0		Expediency	Narrows tax base
Tangible property purchased by for-profit hospitals	0.5		Expediency	Unnecessary
Motor Vehicle Parking	2.5		Equity, incentive, expediency	Unnecessary
Car Washes	1.0		Expediency	Unnecessary
Amusement & Recreation Services	0.2		Expediency	Unnecessary
Massage and Electrology	0.3		Equity	Unnecessary
Sales Agent Services	2.0		Incentive/clarification/expedie	Not understood
Advertising	20.0		Incentive and reduce cascadi	Narrows tax base
Winter Boat Storage	0.3		Incentive and competitiveness	Unnecessary
Off-Duty Police and Firefighter Services	1.0		Incentive	Unnecessary
Training Services	0.3		Expediency	Narrows tax base

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($ Millions)	FY 2009	Notes	Rationale	Comments
Non-Cable Communications Services	0.1		Expediency	Narrows tax base
Marine Vessel Brokerage Services	0.2	Enacted 05	None given	Unnecessary
E-Commerce Donations to Higher Education Pilot Tax Credit	4.0		Incentive	Inefficient
Vehicles/Vessels Purchased by Non-Residents for Use Out-of-State	43.0		Incentive and competitiveness	Inefficient and inequitable
Vessels Brought into State for Storage or Repair	0.5		Incentive and competitiveness	Inefficient and inequitable
Sales of Vehicles to Non-Residents (CT rate or their state's rate)	0.5		Incentive and competitiveness	Inefficient and inequitable
Construction Equipment Reduced Sales Price for Trade-In	0.5		Incentive and competitiveness	Inefficient and inequitable
Motor Vehicles and Vessels Reduced Sales Price for Trade-In	40.0		Incentive and competitiveness	Inefficient and inequitable
Trade-In Reduction for Motor Vehicle Dealers	0.5		Incentive and competitiveness	Inefficient and inequitable
Corporate Business Tax				
Alternative Energy System Companies	0.3		Incentive	Inefficient
Aero-Derived Gas Turbine Systems	0.1		Incentive	Inefficient
Domestic Insurance Companies	20.0		Equity	Not understood
Passive Investment Companies	20.0		Incentive	Not understood
Net Operating Loss Carryforward (20 years)	50.0		Conformity	20 years is unnecessary
Net Capital Loss Carryover (5 years)	65.0		Conformity	5 years is unnecessary
Apprenticeship Training	0.3		Incentive	Inefficient
Digital Animation Production	15.0	Enacted 07	Incentive and expediency	Ineffective and inequitable
Displaced Worker Credit	5.0	Enacted 06	Incentive	Ineffective and inequitable
Donation of Land for Educational Use	0.5	Enacted 04	Incentive	Inefficient
Employment Expansion Project	1.0	Enacted 06	Incentive and expediency	Ineffective and inequitable
Film and Digital Media Production	90.0	Enacted 06	Incentive and expediency	Ineffective and inequitable
Fixed Capital Credit	60.0		Clarification and expediency	Inefficient and inequitable
Historic Home Rehabilitation Credit	0.5		Incentive and expediency	Lower priority and inequitable
Historic Structure Rehabilitation	0.5	Enacted 06	Incentive and expediency	Lower priority and inequitable
Housing Program Contribution Credit	5.0	Expanded 06	Incentive and equity	Inefficient
Human Capital Investment Credit	2.5		Incentive and expediency	Inefficient and inequitable
Job Creation Credit (Payroll Tax Diversion)	10.0	Enacted 06	Incentive	Ineffective and inequitable
Machinery and Equipment	2.5		Incentive and equity	Inefficient
Manufacturing and Service Facilities/Enterprise Zones	1.5		Incentive	Ineffective and inequitable
Mixed Use Historic Structure Credit (3 Years)	50.0	Enacted 07	Incentive and expediency	Lower priority and inequitable
Motion Picture Infrastructure	10.0	Enacted 07	Incentive and expediency	Inefficient and inequitable
Neighborhood Assistance Program	1.5		Incentive and equity	Inefficient
Research and Development Credit	5.0		Incentive	Inefficient
Research and Experimentation Expenditures	10.0		Incentive	Inefficient
Sale of Research & Development Credits	7.5	Reinstated 04	Incentive	Inefficient

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Traffic Reduction Programs	0.3		Incentive and conformity	Inefficient
Urban and Industrial Reinvestment Credit	1.0		Incentive and expediency	Inefficient
Public Service Companies Tax				
Railroad Property Tax (Land Not Used for the Business)	2.0		Incentive	Unnecessary and inequitable
Historic Home Rehabilitation Credit	0.5		Expediency and incentive	Lower priority and inequitable
Historic Structure Rehabilitation	1.0	Enacted 06	Expediency and incentive	Lower priority and inequitable
Job Creation Credit (Payroll Tax Diversion)	1.0	Enacted 06	Expediency and incentive	Ineffective and inequitable
Displaced Worker Credit	1.0	Enacted 06	Expediency and incentive	Ineffective and inequitable
Housing Program Contribution Credit	1.0	Expanded 06	Expediency and incentive	Inefficient
Insurance Premiums Tax				
Housing Program Contribution Credit	0.5	Expanded 06	Incentive and equity	Inefficient
Neighborhood Assistance Program	1.0		Incentive and equity	Inefficient
Historic Home Rehabilitation Credit	0.2		Incentive and expediency	Lower priority and inequitable
Historic Structure Rehabilitation	0.5	Enacted 06	Incentive and expediency	Lower priority and inequitable
Insurance Reinvestment Credit	5.0		Expediency and incentive	Ineffective and inequitable
Job Creation Credit (Payroll Tax Diversion)	1.0	Enacted 06	Incentive	Ineffective and inequitable
Displaced Worker Credit	0.5	Enacted 06	Incentive	Ineffective and inequitable
Film and Digital Media Production	0.5		Incentive and expediency	Inefficient and inequitable
Digital Animation Production	0.5		Incentive and expediency	Inefficient and inequitable
Admissions and Dues Taxes				
Exemption for Stadiums, Speedways and Civic Centers	8.0		Expediency	Not understood
Establishments Subject to Cabaret Tax Before July 1, 1999	1.3		Clarification	Not understood
Motor Vehicle Fuels & Motor Carrier Road Taxes				
Aviation Fuel	45.0		Incentive and competitiveness	Inefficient
Motor Bus and Livery Service Refund	1.0		Expediency	Not understood
TOTAL	**$ 940.6**			
91	Job Creation and Capital Investment			
119	Film & Media			
31	Neighborhoods & Homes			
23	Research & Development			
198	Other incentives			
175	Recent			
235	Inefficient			
127	Services			
61	Unnecessary			