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1960-1987

A HISTORY OF CONNECTICUT TAXES, BUDGET AND ECONOMIC DATA

FISCAL YEARS
1960 -1987

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A HISTORY OF CONNECTICUT TAXES, BUDGET AND ECONOMIC DATA FISCAL YEARS 1960-1987

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January, 1988

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PREFACE

This document is designed to be a reference tool for legislators interested in putting the state's revenue and budget picture in historical perspective. Over twenty years of historical data on major state taxes and some of the basic expenditure items most often asked for by state legislators is provided. Similar information is also provided for municipal finances. Additionally, a section pertaining to major issues covering a wide range of state and municipal programs or funds of interest to legislators is included as a source for quick reference.

The dominant feature of this report is the fiscal year presentation of two or more decades of revenue and expenditure data organized to enable the user to quickly locate key facts and statistics related to state and municipal revenues and expenditures. For each tax, revenues are shown by fiscal year along with their percentage changes, tax rates, and major legislative tax base changes through the years. Budget data have a similar format.

Other socioeconomic measures provide additional information for evaluating state economic performance. They include selected measures of employment, personal income and population. Comparisons between revenues, expenditures and selected inflation measures are also made.

The information and data are compiled from numerous authoritative sources as referenced. In some cases the entire set of data is taken directly from the source while in some instances adjustments are made to provide consistency among data elements. Where data adjustments are made descriptive footnotes are included.

Any comments or suggestions as to the data contained herein or to the method of presentation would be appreciated.

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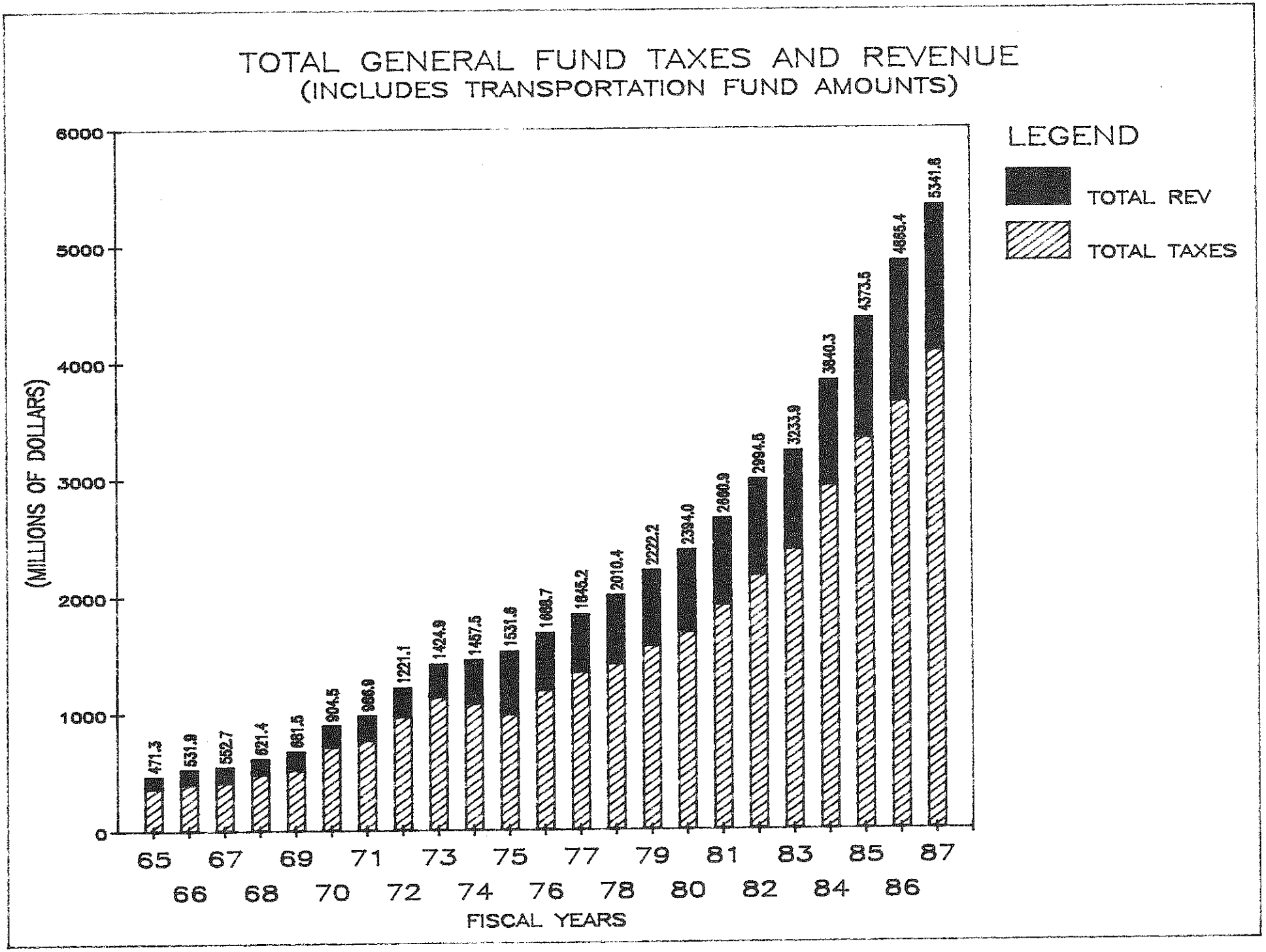
State Taxes: An Overview


TOTAL GENERAL FUND TAXES AND REVENUE
(INCLUDES TRANSPORTATION FUND AMOUNTS)
LEGEND
TOTAL REV
TOTAL TAXES
(MILLIONS OF DOLLARS)
0
1000
2000
3000
4000
5000
6000
471.3
531.9
552.7
621.4
681.5
904.5
966.9
1221.1
1424.9
1457.5
1531.8
1668.7
1846.2
2010.4
2222.2
2394.0
2860.9
2994.5
3233.9
3840.3
4373.5
4865.4
5341.8
65 67 69 71 73 75 77 79 81 83 85 87
66 68 70 72 74 76 78 80 82 84 86
FISCAL YEARS

TOTAL GENERAL FUND TAXES AND REVENUE

Fiscal Year	Total[1,3,4] Taxes (000)	Yearly % Change	Total General[2,3,4] Fund Revenues (000)	Yearly % Change
1960	$ 215,446	-	$ 282,605	-
1961	219,076	1.7	291,295	3.1
1962	283,500	29.4	358,855	23.2
1963	306,413	8.1	400,490	11.6
1964	326,860	6.7	424,256	5.9
1965	371,522	13.7	471,293	11.8
1966	402,865	8.4	531,889	12.9
1967	417,367	3.6	552,641	3.9
1968	488,117	17.0	621,442	12.5
1969	521,604	6.9	681,553	9.7
1970	720,587	38.2	904,518	32.7
1971	771,592	7.1	986,893	9.1
1972	974,109	26.3	1,221,118	23.7
1973	1,136,449	16.7	1,424,814	16.7
1974	1,082,626	(4.7)	1,457,580	2.3
1975	989,972	(8.6)	1,531,700	5.1
1976	1,190,859	20.3	1,688,660	10.3
1977	1,347,095	13.1	1,845,148	9.3
1978	1,416,999	5.2	2,010,454	9.0
1979	1,571,678	10.9	2,222,152	10.5
1980	1,691,442	7.6	2,394,072	7.7
1981	1,924,827	13.8	2,660,889	11.2
1982	2,177,215	13.2	2,994,491	12.5
1983	2,395,150	10.0	3,233,889	8.0
1984	2,937,758	22.7	3,840,243	18.8
1985	3,341,273	13.7	4,373,453	13.9
1986[5]	3,651,220	9.3	4,865,398	11.3
1987	4,085,303	11.9	5,341,792	9.8

Source: Based on figures contained in the Annual Report of the Comptroller, various years.

[1] Figures prior to 1975 include motor fuel taxes to make them comparable with later years when the Transportation Fund was merged with the General Fund.

[2] For comparability with fiscal years beginning with 1975, when the Transportation Fund became part of the General Fund, figures prior to 1975 include revenues from the Highway Fund less certain non-own source revenues (i.e., federal aid agreements, federal highway safety grant agreements, miscellaneous agreements with towns, etc.) For Fiscal Years 1978 to 1983 betting taxes are included with transfers-Special Revenue in the "Other Revenues" portion of the Comptroller's Statement.

[3] Figures from 1966 to 1974 include Public Service Taxes to make them comparable with other years. From 1966 to 1974 Public Service Taxes went into the Public Service Tax Sinking Fund and not to the General Fund.

[4] Beginning with Fiscal Year 1984 a separate Transportation Fund was established. For comparability with prior fiscal years motor fuel taxes are included in total taxes and total general fund revenues.

[5] Commencing in Fiscal Year 1986 refunds of taxes is changed from a budgeted account to a revenue adjustment. For consistency with prior years refunds of taxes are not netted out of the totals.

STATE REVENUES BY SOURCE
AS A PERCENT OF TOTAL GENERAL FUND REVENUES [1]

	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985[3]	FY 1986	FY 1987 Amount (000)	%
Taxes											
Sales & Use	32.5%	33.4%	33.8%	35.1%	33.9%	34.7%	35.5%	35.3%	34.0%	1,840,572	34.7%
Corp.	9.9	10.4	10.3	9.4	11.0	10.7	10.8	11.9	13.5	681,909	12.8
Public Service	5.4	5.5	6.1	6.6	7.3	7.2	6.8	6.7	5.5	253,221	4.8
Motor Fuels	8.2	7.6	6.6	5.8	5.2	5.2	4.9	5.2	5.0	266,771	5.0
Cap. Gains Div. & Interest	3.8	3.8	4.2	4.4	4.6	5.7	7.5	6.9	6.5	467,800	8.8
Cigarette	3.8	3.4	3.2	2.8	2.5	2.3	2.3	2.0	1.8	88,738	1.7
Insurance	2.6	2.5	2.6	2.5	2.4	2.4	2.1	2.1	2.4	140,334	2.6
Inher. & Estate	2.4	2.4	2.3	2.5	2.7	2.4	2.9	2.9	3.2	177,280	3.3
Oil Cos.	NA	NA	NA	1.9	1.3	1.5	1.3	1.2	0.8	25,067	0.5
Unincorporated	NA	NA	NA	NA	0.6	0.7	0.1	NA	NA	NA	NA
Real Estate Conveyance Tax	NA	NA	NA	NA	NA	NA	1.0	1.1	1.5	93,746	1.8
Alcoholic Bev. Tax	1.3	1.1	1.1	1.0	0.9	0.8	0.8	0.8	0.7	33,450	0.6
Admissions, Dues & Cabaret	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	14,948	0.3
Misc.	0.1	0.1	0.04	0.04	0.04	0.04	0.03	0.07	0.04	1,466	0.03
Total-Taxes	70.5	70.7	70.7	72.3	72.7	74.0	76.3	76.4	75.1	4,085,303	76.9
Refunds of Taxes										(88,688)	

	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985[3]	FY 1986	FY 1987 Amount (000)	%
Other Revenue											
Motor Vehicle Receipts	3.8	3.5	3.0	3.1	2.6	2.4	2.1	2.4	2.4	142,018	2.7
License, Permits & Fees	3.0	2.9	2.8	3.1	2.5	2.6	2.8	2.4	2.6	132,563	2.5
Sales of Commodities & Services	1.8	1.7	1.8	1.7	1.6	1.6	1.4	1.2	1.0	55,399	1.0
Interest & Div.	0.4	0.5	0.5	0.6	0.7	0.2	0.2	0.3	0.3	14,802	0.3
Rents, Fines & Escheats	0.27	0.17	0.2	0.2	0.8	0.5	0.3	0.2	0.2	11,480	0.2
Transfer-Special Revenue	3.6	3.3	3.7	3.4	3.8	3.8	3.9	4.4	4.8	257,653	4.9
Transfer-Other Funds	0.6	0.7	0.6	0.6	1.0	1.0	0.8	0.8	0.6	17,460	0.3
Misc.	1.9	2.0	2.3	2.2	2.5	2.2	1.7	1.9	2.6	83,462	1.6
Total-Other Revenue	15.3	14.7	15.0	14.7	15.5	14.3	13.2	13.6	14.6	714,839	13.5
Other Sources											
Federal Grants	12.1	13.2	13.2	12.5	11.8	11.6	10.6	10.0	9.9	509,997	9.6
Revenue Sharing	1.1	1.3	1.3	0.3	NA	NA	NA	NA	NA	NA	NA
Unappropriated Surplus	1.0	NA	NA	0.1	NA	NA	NA	NA	0.4	NA	NA
Total-Other Sources	14.2	14.6	14.4	12.9	11.8	11.6	10.6	10.0	10.3	509,997	9.6
GRAND TOTAL [2]	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**5,310,139**	**100.0**

[1] Refer to Footnotes on page 2.
[2] Total may not add due to rounding.
[3] For comparability, Transportation Fund amounts have been allocated back to the appropriate General Fund accounts for fiscal years commencing 1985. Motor vehicle receipts, license, permits and fees, interest and dividends and federal grants appear in the 'Other Revenue' portion while motor fuels appears in the 'Taxes' section.
[4] Commencing in Fiscal Year 1986, refunds of taxes is changed from a budgeted account to a revenue adjustment. For consistency with prior years refunds of taxes are shown but are not in the totals.

STATE TAX REVENUES
AS A PERCENT OF TOTAL GENERAL AND TRANSPORTATION FUND TAXES

Fiscal Year	Sales & Use	Corp.	Unincorp.	Public Service Corp.	Capital Gains Dividends & Interest	Motor Fuels	Insurance	Cigarettes	Oil	Alcoholic Beverage	Real Estate Conveyance
1960	36.6	14.3	1.2	4.1	NA	21.9	6.4	4.2	NA	3.4	NA
1961	36.3	14.0	1.2	3.6	NA	22.1	6.8	4.6	NA	3.4	NA
1962	34.5	13.6	1.2	6.9	NA	17.9	5.9	6.6	NA	5.2	NA
1963	33.6	15.4	1.1	6.9	NA	17.6	5.7	6.3	NA	4.8	NA
1964	34.2	15.7	1.0	6.8	NA	17.2	5.7	6.8	NA	4.7	NA
1965	33.1	15.9	0.9	6.3	NA	17.4	5.1	6.9	NA	4.7	NA
1966	33.8	16.9	0.9	6.2	NA	15.6	5.0	7.9	NA	4.2	NA
1967	35.1	18.8	0.9	6.4	NA	14.4	5.1	7.3	NA	3.8	NA
1968	34.3	17.7	0.8	5.8	NA	17.2	4.8	7.1	NA	4.0	NA
1969	34.8	17.3	0.8	5.7	NA	17.2	4.8	7.0	NA	3.9	NA
1970	38.2	17.4	0.03	4.6	0.7	14.8	5.8	8.1	NA	3.5	NA
1971	36.1	17.2	NA	4.5	1.4	14.5	8.2	7.7	NA	3.2	NA
1972	38.9	13.3	NA	5.0	6.6	14.3	5.6	7.4	NA	2.6	NA
1973	43.3	12.9	NA	4.8	4.7	13.4	5.3	6.5	NA	2.3	NA
1974	44.5	13.8	NA	5.7	1.8	13.9	4.4	7.1	NA	2.4	NA
1975	43.0	14.2	NA	8.4	1.4	14.5	3.4	7.1	NA	2.5	NA
1976	45.6	12.0	NA	7.8	4.2	13.2	3.7	6.5	NA	2.2	NA
1977	43.3	15.0	NA	9.7	4.4	12.1	3.7	5.6	NA	1.8	NA
1978	46.2	14.1	NA	7.6	5.3	11.6	3.7	5.4	NA	1.8	NA
1979	47.3	14.7	NA	7.8	5.3	10.7	3.6	4.9	NA	1.6	NA
1980	47.8	14.6	NA	8.7	6.0	9.4	3.7	4.5	NA	1.5	NA
1981	48.5	12.9	NA	9.1	6.1	8.0	3.5	3.9	2.6	1.3	NA
1982	46.6	15.2	0.9	10.0	6.3	7.1	3.3	3.4	1.7	1.2	NA
1983	46.9	14.4	1.0	9.8	7.7	7.0	3.2	3.1	2.1	1.1	NA
1984	46.4	14.2	0.2	8.8	9.9	6.4	2.8	3.1	1.7	1.1	1.3
1985	46.1	15.6	NA	8.7	9.1	6.8	2.8	2.7	1.5	1.0	1.5
1986	45.3	17.9	NA	7.4	8.7	6.7	3.2	2.4	1.0	0.9	2.0
1987	45.1	16.7	NA	6.2	11.5	6.5	3.4	2.2	0.6	0.8	2.3

Fiscal Year	Admissions, Dues Cabaret	Inheritance	Misc. [1]	Total Tax Receipts
1960	0.05	7.8	0.05	100.0
1961	0.05	7.9	0.05	100.0
1962	0.04	8.1	0.06	100.0
1963	0.03	8.5	0.07	100.0
1964	0.03	7.8	0.07	100.0
1965	0.03	9.6	0.07	100.0
1966	0.02	9.4	0.06	100.0
1967	0.02	8.2	0.06	100.0
1968	0.02	8.3	0.06	100.0
1969	0.02	8.5	0.06	100.0
1970	0.6	6.2	0.07	100.0
1971	0.8	6.3	0.1	100.0
1972	0.8	5.4	0.1	100.0
1973	0.7	6.0	0.1	100.0
1974	0.8	5.3	0.1	100.0
1975	1.0	4.7	0.1	100.0
1976	0.8	3.8	0.1	100.0
1977	0.8	3.6	0.1	100.0
1978	0.8	3.5	0.1	100.0
1979	0.7	3.4	0.07	100.0
1980	0.6	3.2	0.06	100.0
1981	0.6	3.5	0.06	100.0
1982	0.6	3.6	0.05	100.0
1983	0.5	3.2	0.05	100.0
1984	0.4	3.7	0.04	100.0
1985	0.4	3.8	0.1	100.0
1986	0.4	4.2	0.05	100.0
1987	0.4	4.3	0.04	100.0

[1] Miscellaneous taxes include items such as the Oyster Grounds Tax, the Occupational Tax on Attorneys and Generators of Hazardous Waste.

[2] May not add due to rounding.

Source: The Annual Report of the State Comptroller, various years.

Penalty and Interest Revenues From All State Taxes (Millions)

Fiscal Year	Total All Taxes Penalty & Interest	Total Interest	Total Penalty
1984	$ 62.9	$44.2	$18.7
1985	100.1	71.0	29.1
1986	122.6	91.5	31.1
1987	117.1	83.4	33.7

Note: Except for the corporation tax, public utilities tax and the petroleum products tax which pay 20% interest on unpaid taxes, interest on unpaid taxes for all other tax sources is levied at a 15% annual rate. Penalties are imposed on the greater of ten percent of the unpaid tax (from due date until date of payment) or $50.

Source: Department of Revenue Sources

Penalty and Interest Revenue
By Major Tax Source
(Millions)

Fiscal Year	Corporation		Sales Tax		Capital Gains Dividends & Interest		All Other Taxes	
	Interest	Penalty	Interest	Penalty	Interest	Penalty	Interest	Penalty
1984	$11.2	$1.2	$ 6.3	$3.8	$0.8	$6.5	$25.9	$ 7.2
1985	21.4	1.7	9.4	5.0	2.5	7.2	37.7	15.2
1986	22.2	2.1	17.6	5.1	3.1	7.8	48.6	16.1
1987	21.2	2.4	15.7	5.9	3.2	7.9	43.3	17.5

Note: The data for corporations, sales and capital gains, dividends and interest represents actual payments. The "all other" category represents DRS estimates of penalty and interest revenue.

Source: The Department of Revenue Services

DATES OF ADOPTION OF MAJOR STATE TAXES BY STATE

State	Individual Income	Corporate Income	General Sales	Gasoline	Cigarettes	Distilled Spirits [a]
Alabama	1933	1933	1936	1923	1935	–
Alaska	1949 [b]	1949	–	1946	1949	1945
Arizona	1933	1933	1933	1921	1933	
Arkansas	1929	1929	1935	1921	1929	1935
California	1935	1929	1933	1923	1959	1935
Colorado	1937	1937	1935	1919	1964	1933
Connecticut	1969 [b]	1915	1947	1921	1935	1937
Delaware	1917	1957	–	1923	1943	1933
Florida	–	1971	1949	1921	1943	1935
Georgia	1929	1929	1951	1921	1937	1937
Hawaii	1901	1901	1935	1932	1939	1939
Idaho	1931	1931	1965	1923	1945	–
Illinois	1969	1969	1933	1927	1941	1934
Indiana	1963	1963	1933	1923	1947	1933
Iowa	1934	1934	1933	1925	1921	–
Kansas	1933	1933	1937	1925	1927	1948
Kentucky	1936	1936	1960	1920	1936	1934
Louisiana	1934	1934	1938	1921	1932	1934
Maine	1969	1969	1951	1923	1941	–
Maryland	1937	1937	1947	1922	1958	1933
Massachusetts	1916	1919	1966	1929	1939	1933
Michigan	1967	1967	1933	1925	1947	–
Minnesota	1933	1933	1967	1925	1947	1934
Mississippi	1912	1921	1932	1922	1932	1966
Missouri	1917	1917	1934	1925	1955	1934
Montana	1933	1917	–	1921	1947	–
Nebraska	1967	1967	1967	1925	1947	1935
Nevada	–	–	1955	1923	1947	1935
New Hampshire	1923 [b]	1970	–	1923	1939	–
New Jersey	1976	1958	1966	1927	1948	1933
New Mexico	1933	1933	1933	1919	1943	1934
New York	1919	1917	1965	1929	1939	1933
North Carolina	1921	1921	1933	1921	1969	–
North Dakota	1919	1919	1935	1919	1927	1936
Ohio	1971	1971	1934	1925	1931	–
Oklahoma	1915	1931	1933	1923	1933	1959
Oregon	1930	1929	–	1919	1965	–
Pennsylvania	1971	1935	1953	1921	1937	–

Rhode Island	1971	1947	1947	1925	1939	1933
South Carolina	1922	1922	1951	1922	1923	1935
South Dakota	–	–	1933	1922	1923	1935
Tennessee	1931 [b]	1923	1947	1923	1925	1939
Texas	–	–	1961	1923	1931	1935
Utah	1931	1931	1933	1923	1923	–
Vermont	1931	1931	1969	1923	1937	–
Virginia	1916	1915	1966	1923	1960	–
Washington	–	–	1933	1921	1935	–
West Virginia	1961	1967	1933	1923	1947	–
Wisconsin	1911	1911	1961	1925	1939	1934
Wyoming	–	–	1935	1923	1951	–

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[a] Excludes excises by the states that own and operate liquor stores, and by North Carolina where county stores operate under state supervision.

[b] Taxes are limited: Connecticut (capital gains only and dividends in FY 1972; New Hampshire and Tenessee (interest and dividends). Alaska abolished its individual income tax in 1980.

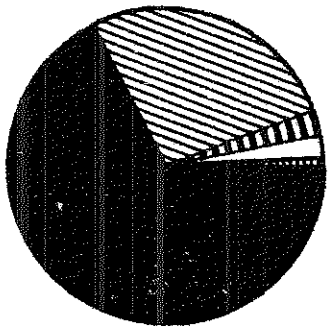
Source: Advisory Commission on Intergovernmental Relations, and Commerce Clearing House.

A. Personal Income Taxes

TAXES ON PERSONAL INCOME

LEGEND

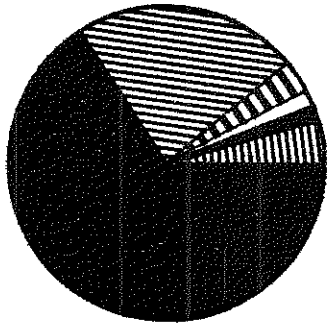
- CAPITAL GAINS .9%
- INTEREST 0%
- DIVIDENDS 2.3%
- INHERITANCE 2.6%
- OTHER REV 26.9%
- OTHER TAXES 67.3%



FY 1976–77

LEGEND

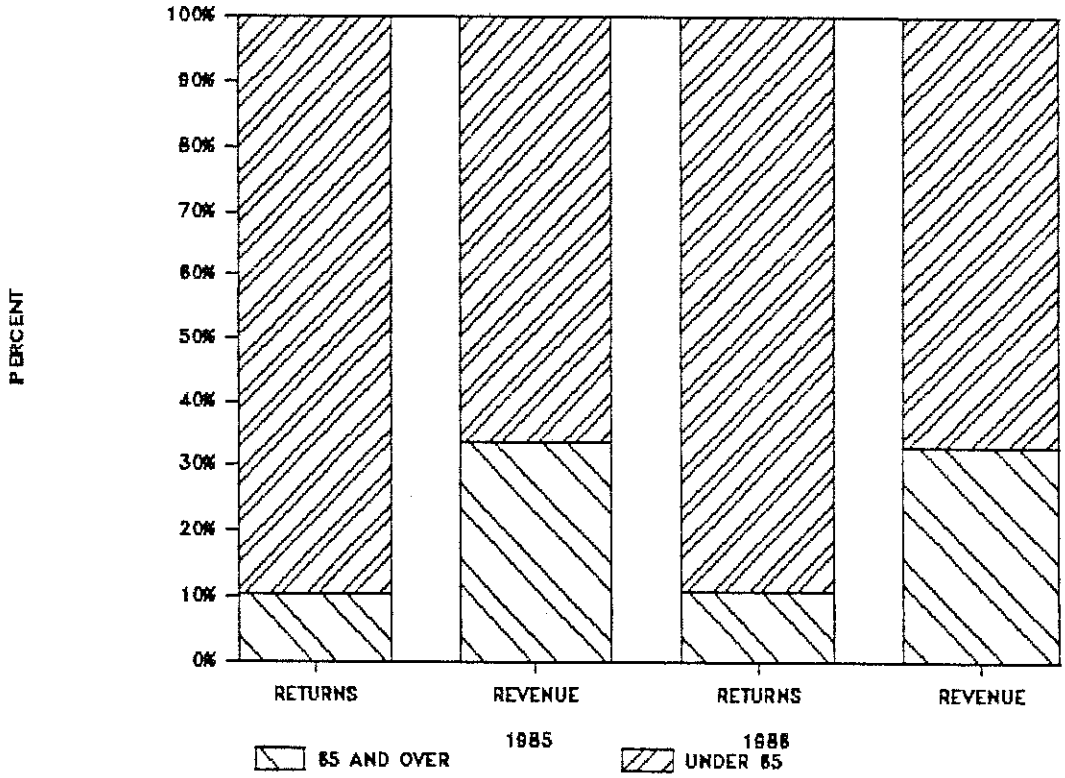
- CAPITAL GAINS 4.5%
- INTEREST 1.6%
- DIVIDENDS 1.8%
- INHERITANCE 3.3%
- OTHER REV 23.1%
- OTHER TAXES 65.7%



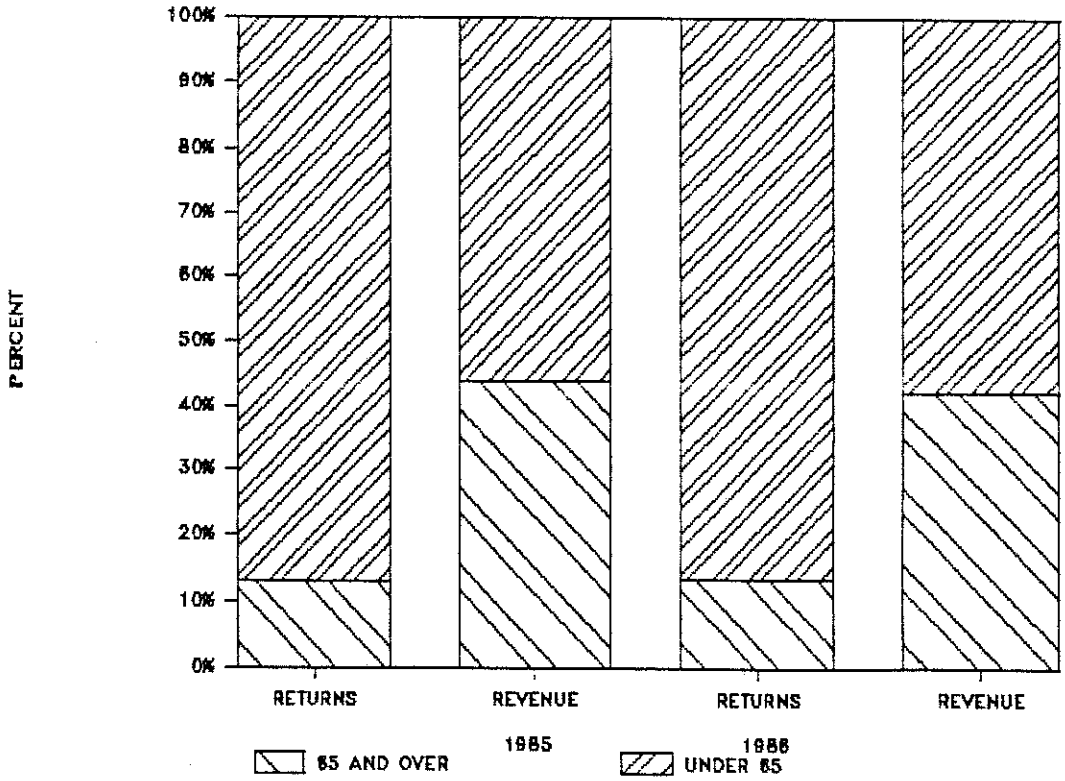
FY 1986–87

PROPORTION OF TOTAL INTEREST AND DIVIDENDS TAX RETURNS AND REVENUES FROM INDIVIDUALS OVER 65 YEARS OF AGE

INTEREST TAX



DIVIDENDS TAX



CAPITAL GAINS, DIVIDENDS AND INTEREST

Fiscal Year	Revenues (000)	Yearly % Change	Rate Div/Int.	CG	Base Changes
1970	$ 4,916	-	NA	6%	Capital gains only
1971	10,377	111.1	NA	6%	
1972	60,922	487.1	6%	6%	Dividends included (PA 8. Aug. Special Session)
1973	50,808	(16.6)	6%	6%	Eliminated $5.00 minimum tax. DISC dividends excluded 1/1/73
1974	18,671	(63.3)	NA	6%	Dividends tax repealed
1975	13,574	(27.3)	6%	6%	
1976	50,428	271.5	7%	7%	Dividends taxed at 7% if AGI greater than $20,000 (1/1/75)
1977	59,345	17.7			
1978	75,593	27.4	1-9%	7%	1-9% on dividends if AGI greater than $20,000
1979	83,487	10.4			
1980	100,953	20.9			
1981	117,786	16.7			Liability for CG&D Tax eliminated when amount owed is less than $10.00
1982 [1]	137,726	16.9			1) Capital gains taxes paid to another state may be claimed as a credit (the credit may be claimed only if the out-of-state property was a principal place of residence for 6 of the 12 months immediately preceding the date of sale) Effective 1/1/81.
1983	183,658	33.4			Beginning 1/1/83 individuals with estimated tax liability in excess of $200 must make an estimated payment in the 6 month of their income year equal to 50% of their estimated tax liability.
1984	289,534	57.7	6%-13%	7%	1) 6%-13% on dividends & interest if AGI is at least $50,000 (1/1/83)

Fiscal Year	Revenues (000)	Yearly % Change	Rate Div/Int.	CG	Base Changes
					2) Beginning 1/1/84 individuals whose estimated dividends & interest tax liability is in excess of $200 must make an estimated payment in the sixth month of their income year equal to 50% of their estimated tax liability.
1985	302,432	4.5			1) Shareholders in an electing small business corporation) can deduct from interest income tax, the amount of interest income which was also included in the firm's net income (1/1/85).
1986	317,304	4.9	1%-13%	7%	PA 159: 1) Social security and railroad retirement income is excluded from AGI (1/1/85) 2) Tax rates on interest and dividends revised to 1%-13% (1/1/85) 3) Taxpayers 65 or over and having AGI less than $10,000 (exclusive of capital gains) are exempt from capital gains tax (1/1/85) PA 469: A deduction for interest forfeited because of early withdrawal is allowed from interest income subject to tax (1/1/85) PA 455: Exempts individuals from the Capital Gains Tax if AGI is below the level necessary for filing a federal return.
1987	467,780	47.4	1%-12%	7%	PA 397: Tax Rate of 1%-12% on interest & dividends if AGI is at least $54,000 (1/1/86).
1988	NA	NA			PA 84: $50 minimum penalty for late payment is eliminated (1/1/87) PA 559: 60% of long-term gains are excluded from the tax to offset its inclusion as a result of federal tax reform (1/1/87)

Note: There was no Connecticut Capital Gains & Dividends Tax prior to 1970.

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[1] Income subject to Estate Income tax is exempt from the Capital Gains & Dividends Tax.

Source: The Annual Report of the State Comptroller, various years.

DIVIDENDS TAX REVENUES
BREAKDOWN BY LEVEL OF ADJUSTED GROSS INCOME
($000)

Dividends Tax Revenue and Returns for Income Years:

Adjusted Gross Income	Rate	1978 Returns	1978 Amount	1979 Returns	1979 Amount	1980 Returns	1980 Amount	1981 Returns	1981 Amount	1982 Returns	1982 Amount
under $20,000	[1]	337	$ 9	399	$ 9	399	$ 61	466	$ 42	652	$ 42
$ 20,000 under 22,000	1%	6,776	185	6,523	178	3,751	190	3,956	201	4,481	225
22,000 under 24,000	2	7,065	375	6,927	373	4,397	359	5,074	432	5,950	512
24,000 under 28,000	3	13,428	1,026	14,015	1,097	9,636	1,132	10,933	1,341	12,602	1,519
28,000 under 30,000	4	6,154	654	6,676	715	5,099	742	5,649	894	6,558	1,021
30,000 under 35,000	6	12,934	2,201	14,856	2,417	12,985	2,669	14,366	3,242	16,499	3,617
35,000 under 40,000	7	9,516	2,337	11,445	2,468	11,523	2,801	13,691	3,513	15,452	3,937
40,000 under 50,000	7.5	12,329	4,282	15,451	4,640	16,993	5,353	21,390	6,828	23,607	7,262
50,000 under 100,000	8	19,846	13,134	24,157	14,566	28,373	17,081	36,235	21,570	39,323	21,932
100,000 & Over	9	8,791	28,816	10,831	33,178	13,024	38,774	15,212	43,396	16,969	46,664
Totals		97,176	$ 53,019	111,280	$59,639	106,180	$ 69,161	126,972	$81,459	142,093	$86,770

Adjusted Gross Income	Rate	1983 Returns	1983 Amount	1984 Returns	1984 Amount
under $50,000		1,878	$ 5,460	1,821	$ 3,186
$ 50,000 under 60,000	6%	20,293	4,485	20,551	4,757
60,000 under 70,000	8	12,930	4,993	14,172	5,466
70,000 under 80,000	10	8,477	5,148	9,332	5,475
80,000 under 90,000	12	6,005	5,111	6,489	5,335
90,000 under 100,000	12	3,996	3,985	4,766	4,401
100,000 under 150,000	13	9,613	14,996	11,338	16,228
150,000 under 200,000	13	3,356	8,315	4,072	9,892
200,000 under 300,000	13	2,680	10,292	3,232	11,464
300,000 & Over	13	2,449	32,927	3,011	37,483
Totals		71,677	$95,711	78,784	$ 103,685

1985				1986				
Adjusted Gross Income	Rate	Returns	Amount	Adjusted Gross Income	Rate	Returns	Amount	Percent Total
under $ 50,000		1,389	$ 686	under $ 54,000		1,273	$ 865	0.9%
$ 50,000 under 54,000	1%	8,320	356	$ 54,000 under 58,000	1	8,556	347	0.4
54,000 under 58,000	2	8,803	656	58,000 under 62,000	2	8,567	643	0.7
58,000 under 62,000	3	7,721	930	62,000 under 66,000	3	7,721	908	1.0
62,000 under 66,000	4	6,619	1,122	66,000 under 70,000	4	6,851	1,152	1.2
66,000 under 70,000	5	5,727	1,307	70,000 under 74,000	5	5,869	1,221	1.3
70,000 under 74,000	6	4,876	1,465	74,000 under 78,000	6	5,099	1,430	1.5
74,000 under 78,000	7	4,163	1,487	78,000 under 82,000	7	4,477	1,458	1.6
78,000 under 82,000	8	3,640	1,492	82,000 under 86,000	8	3,800	1,517	1.6
82,000 under 86,000	9	3,160	1,774	86,000 under 90,000	9	3,457	1,740	1.9
86,000 under 90,000	10	2,751	1,783	90,000 under 100,000	11	6,886	4,233	4.5
90,000 under 100,000	12	5,571	4,410	100,000 under 150,000	12	17,319	16,309	17.4
100,000 under 150,000	13	13,818	17,289	150,000 under 200,000	12	6,322	9,555	10.2
150,000 under 200,000	13	4,863	9,351	200,000 & Over	12	10,526	52,262	55.8
200,000 & Over	13	7,577	50,867					
Totals		88,798	$94,974			96,723	$ 93,638	100.0

[1] Prior to 1982 taxpayers with AGI below $20,000 were not subject to the dividends tax. Beginning in income year 1983 the threshold amount was increased to $50,000 from $20,000. The new rates range between 6%-13%.

Source: Department of Revenue Services

DIVIDENDS TAX REVENUES
BY LEVEL OF ADJUSTED GROSS INCOME
OVER 65 YEARS OF AGE
($000)

Dividends Tax Revenue & Returns
for Income Years:

Adjusted Gross Income	Rate	1977 Returns	1977 Amount	1978 Returns	1978 Amount	1982 Returns	1982 Amount
under $ 20,000 [1]		1[illegible]	$ –	99	$ 2	143	$ 21
$20,000 under 22,000	1%	1,2[illegible]	75	1,263	80	1,458	89
22,000 under 24,000	2	1,071	143	1,196	157	1,685	204
24,000 under 28,000	3	1,671	379	1,952	415	3,132	628
28,000 under 30,000	4	753	249	841	279	1,428	392
30,000 under 35,000	6	1,454	837	1,541	846	3,119	1,418
35,000 under 40,000	7	1,064	828	1,281	917	2,435	1,549
40,000 under 50,000	7.5	1,492	1,627	1,680	1,646	3,279	2,754
50,000 under 100,000	8	2,464	4,799	2,808	5,161	5,793	8,833
100,000 & over	9	1,472	11,570	1,506	12,593	2,948	21,851
TOTAL		12,684	$20,507	14,167	$22,096	25,420	$37,739

Adjusted Gross Income [2]	Rate	1984 Returns	1984 Amount
No AGI		149	$ 931
$ 50,000 under 60,000	6%	2,802	2,079
60,000 under 70,000	8	1,855	2,383
70,000 under 80,000	10	1,219	2,302
80,000 under 90,000	12	839	2,305
90,000 under 100,000	12	640	1,920
100,000 under 150,000	13	1,671	7,314
150,000 under 200,000	13	709	4,614
200,000 under 300,000	13	556	5,449
300,000 & over	13	603	18,556
TOTAL		11,043	$47,853

Dividends Tax Revenue & Returns for Income Years:

1985

Adjusted Gross Income	Rate	Returns	Amount	Percent Total
under $ 50,000		69	$ 241	0.6%
$ 50,000 under 54,000	1%	1,341	165	0.4
54,000 under 58,000	2	1,088	279	0.7
58,000 under 62,000	3	916	414	1.0
62,000 under 66,000	4	758	468	1.1
66,000 under 70,000	5	672	562	1.4
70,000 under 74,000	6	577	655	1.6
74,000 under 78,000	7	479	617	1.5
78,000 under 82,000	8	406	572	1.4
82,000 under 86,000	9	399	777	1.9
86,000 under 90,000	10	314	718	1.7
90,000 under 100,000	12	672	1,827	4.4
100,000 under 150,000	13	1,792	7,387	17.7
150,000 under 200,000	13	732	4,194	10.1
200,000 & over	13	1,299	22,875	54.8
TOTAL		**11,514**	**$41,751**	**100.3%**

1986

Adjusted Gross Income	Rate	Returns	Amount	Percent Total
under $ 54,000		150	$ 347	0.9%
$ 54,000 under 58,000	1%	1,328	166	0.4
58,000 under 62,000	2	1,094	280	0.7
62,000 under 66,000	3	977	405	1.0
66,000 under 70,000	4	820	525	1.3
70,000 under 74,000	5	681	516	1.3
74,000 under 78,000	6	618	632	1.6
78,000 under 82,000	7	513	604	1.5
82,000 under 86,000	8	451	643	1.6
86,000 under 90,000	9	443	780	2.0
90,000 under 100,000	11	828	1,705	4.3
100,000 under 150,000	12	2,245	6,774	17.1
150,000 under 200,000	12	990	4,372	11.0
200,000 & over	12	1,756	21,881	55.2
TOTAL		**12,894**	**$39,630**	**99.9%**

Source: Department of Revenue services.

INTEREST TAX REVENUES
BREAKDOWN BY LEVEL OF ADJUSTED GROSS INCOME
($000)

Interest Tax Revenue and Returns for Income Years:

Adjusted Gross Income	Rate	1983 Returns	1983 Amount	Percent Total	1984 Returns	1984 Amount	Percent Total
under $50,000		2,181	$ 3,630	4.6%	2,441	$ 2,311	2.4%
$50,000 under 60,000	6%	29,556	7,432	9.5	30,620	11,903	12.4
60,000 under 70,000	8	17,473	6,913	8.8	19,656	8,270	8.6
70,000 under 80,000	10	10,900	5,955	7.6	12,294	7,187	7.5
80,000 under 90,000	12	7,412	5,709	7.2	8,241	6,357	6.6
90,000 under 100,000	12	4,938	3,971	5.1	5,878	5,009	5.2
100,000 under 150,000	13	11,302	12,625	16.1	13,602	15,602	16.3
150,000 under 200,000	13	3,773	6,404	8.2	4,629	7,841	8.2
200,000 under 300,000	13	2,915	6,926	8.7	3,557	8,703	9.2
300,000 & Over	13	2,560	18,977	24.2	3,164	22,610	23.6
TOTALS		93,010	$ 78,515	100.0%	104,082	$95,793	100.0%

Adjusted Gross Income	Rate	1985 Returns	1985 Amount	Percent Total
under $ 50,000		2,177	$ 1,060	1.3%
$50,000 under 54,000	1	11,637	671	0.8
54,000 under 58,000	2	12,660	1,170	1.4
58,000 under 62,000	3	11,381	1,477	1.8
62,000 under 66,000	4	9,741	1,716	2.1
66,000 under 70,000	5	8,218	1,828	2.2
70,000 under 74,000	6	6,917	1,967	2.4
74,000 under 78,000	7	5,749	1,959	2.4
78,000 under 82,000	8	4,995	2,038	2.5
82,000 under 86,000	9	4,211	2,016	2.4
86,000 under 90,000	10	3,654	2,076	2.5
90,000 under 100,000	12	7,207	5,074	6.1
100,000 under 150,000	13	17,175	16,993	20.5
150,000 under 200,000	13	5,730	8,014	9.7
200,000 & Over	13	8,291	34,798	42.0
TOTALS		119,743	$ 82,857	100.0%

	Rate	1986 Returns	Amount	Total
Under $ 54,000		$ 1,870	$ 1,039	1.2%
$54,000 under 58,000	1%	11,623	591	0.7
58,000 under 62,000	2	12,439	1,008	1.2
62,000 under 66,000	3	11,345	1,350	1.6
66,000 under 70,000	4	9,972	1,572	1.9
70,000 under 74,000	5	8,552	1,714	2.0
74,000 under 78,000	6	7,273	1,806	2.1
78,000 under 82,000	7	6,207	1,875	2.2
82,000 under 86,000	8	5,286	1,903	2.2
86,000 under 90,000	9	4,596	2,104	2.5
90,000 under 100,000	11	9,123	4,905	5.8
100,000 under 150,000	12	22,057	16,902	19.9
150,000 under 199,999	12	7,533	8,863	10.5
200,000 & over	12	11,708	39,193	46.2
TOTALS		$ 129,584	84,824	100.0%

Source: Department of Revenue Services

INTEREST TAX REVENUES
BY LEVEL OF ADJUSTED GROSS INCOME
OVER 65 YEARS OF AGE
($000)

Interest Tax Revenue and Returns
for Income Years:

1984

Adjusted Gross Income [1]	Rate	Returns	Amount
No AGI		154	$ 582,300
$ 50,000 under 60,000	6%	2,997	2,815,593
60,000 under 70,000	8	1,950	2,742,592
70,000 under 80,000	10	1,281	2,401,166
80,000 under 90,000	12	880	2,239,635
90,000 under 100,000	12	670	1,764,546
100,000 under 150,000	13	1,730	5,617,632
150,000 under 200,000	13	733	2,870,642
200,000 under 300,000	13	565	3,307,824
300,000 and over	13	611	8,551,617
TOTAL		11,571	$32,893,547

1985

Adjusted Gross Income	Rate	Returns	Amount	Percent Total
under 50,000		68	$ 172	0.6
$ 50,000 under 54,000	1%	1,447	218	0.8
54,000 under 58,000	2	1,152	354	1.3
58,000 under 62,000	3	979	430	1.5
62,000 under 66,000	4	823	523	1.9
66,000 under 70,000	5	731	586	2.1
70,000 under 74,000	6	625	626	2.2
74,000 under 78,000	7	504	569	2.0
78,000 under 82,000	8	431	622	2.2
82,000 under 86,000	9	427	690	2.5
86,000 under 90,000	10	336	706	2.5
90,000 under 100,000	12	721	1,641	5.9
100,000 under 150,000	13	1,857	5,514	19.7
150,000 under 200,000	13	767	2,760	9.9
200,000 & Over	13	1,327	12,553	44.9
TOTAL		12,195	$27,964	100.0%

Adjusted Gross Income	Rate	1986 Returns	1986 Amount	1986 Percent Total
under 54,000		148	$ 354	1.3
$ 54,000 under 58,000	1%	1,436	190	0.7
58,000 under 62,000	2	1,174	319	1.1
62,000 under 66,000	3	1,059	441	1.6
66,000 under 70,000	4	881	514	1.8
70,000 under 74,000	5	745	530	1.9
74,000 under 78,000	6	666	589	2.1
78,000 under 82,000	7	547	563	2.0
82,000 under 86,000	8	478	598	2.1
86,000 under 90,000	9	477	734	2.6
90,000 under 100,000	11	888	1,701	6.1
100,000 under 150,000	12	2,382	5,512	19.7
150,000 under 200,000	12	1,035	3,219	11.5
200,000 & Over	12	1,820	12,675	45.5
TOTAL		**13,736**	**$27,939**	**100.0**

[1] Beginning with income year 1/1/83 interest is taxed in accordance with this schedule.

Source: Department of Revenue Services.

INHERITANCE TAX

Fiscal Year	Revenues (000)	Yearly % Change	Rate and Base Changes
1959	$ 14,116	-	Rates range from 2-14% of fair market value
1960	16,878	19.6	"
1961	17,400	3.1	"
1962	23,069	32.6	30% surtax goes into effect for estates created on or after 6/8/61. (Thus rates range from 2.6-18.2% of fair market value
1963	26,168	13.4	
1964	25,373	(3.0)	
1965	35,778	41.0	
1966	37,997	6.2	
1967	34,284	(9.8)	
1968	38,158	11.3	
1969	42,305	10.9	
1970	42,338	0.1	
1971	46,299	9.4	
1972	49,746	7.5	Inheritance - The time limit for filing succession tax returns goes to 9 months from 1 year after death. Estate - To 9 months from 18 months.
1973	64,206	29.1	
1974	53,942	(16.0)	
1975	45,997	(14.7)	
1976	45,245	(1.6)	
1977	48,705	7.7	
1978	48,851	0.3	
1979	52,997	8.5	Exemption levels double; Farm land valued at current use & not fair market; value of annuity exempt for servicemen
1980	54,764	3.3	
1981	67,351	23.0	
1982	79,250	17.7	An Estate Tax is established: 1) A tax of 10% is levied on net income of Estates (an exemption of $20,000 plus all federal exemptions are allowed) 2) If estimated tax liability is in excess of $200 an estimated payment of 50% is due in the sixth month of the Estate's income year. Final payment is due in fourth month following end of income year (1/1/82)

Fiscal Year	Revenues (000)	Yearly % Change	Rate and Base Changes
1983	77,464	(2.3)	
1984	111,180	43.5	1) A surtax of 10% is added to the tax on estates established on or after 7/1/83. Transfers of farmland are exempt.
1985	125,300	12.7	1) The transfer of land certified to be held as open space in perpetuity is exempt from Succession Tax. 2) Estate income tax: a) Eliminates requirement that a fiduciary file an estimated tax return b) The definition of fiduciary is expanded to include fiduciaries of non-resident estates
1986	153,327	22.4	1) The exemption for surviving husband or wife (Class AA) is increased to $300,000 from $100,000 and the exempt for parents, grandparents and descendents (Class A) i increased to $50,000 from $20,000 (7/1/85). 2) The money which a surviving spouse initially receives f an estate when there is no will is raised to $100,000 from $50,000 (7/1/85). 3) Estates in which more than 35% of the value of the gros estate is comprised of interest for a closely held business may take up to ten years to pay the Succession Tax (7/1/85).
1987	177,280	15.6	1) PA 397 - The Inheritance Tax on Class AA (Surviving Spouse) is phased out over 3 years (7/1/86). 2) PA 10 - No tax is due if liability is less than @$10 (7/1/86).
1988	NA	NA	1) PA 459 - Payments from pension plans of self-employed individuals are excluded from gross taxable estate (7/1/87) 2) PA 491 - Up to $200,000 in artworks from a deceased Connecticut artist may be accepted annually as a tax credit (1/1/87)

Source: The Annual Report of the State Comptroller, various years.

Connecticut Succession and Transfer Tax

Connecticut's death tax, called a succession and transfer tax, is progressive, starting at 4.3 percent and increasing to 20 percent. The succession tax rates, by class, appear on a subsequent page.

The succession tax is based upon the "privilege" of an heir or beneficiary to receive property. Tax rates and exemption amounts are based on the relationship of the beneficiary to the decedent and are classified as follows:

Class	Description	Exemption For Class
AA	surviving husband or wife (The tax on surviving spouse is eliminated by 7/1/88)	$300,000
A	parents, grandparents, adoptive parents and any natural or adoptive descendants	50,000
B	husband or wife or widower or widow who has not remarried or any natural or adopted child, stepchild, brother or sister or any natural or adopted descendant of such brother or sister	6,000
C	all others	1,000

In general, the closer the relationship (estate passes from parent to child) the larger the exemption and the lower the tax rate, the further the relationship (estate passes from decedent to a friend) the smaller the exemption and the greater the tax rate.

Connecticut, as part of its death tax, also has an estate tax (Sec. 12-391 C.G.S.) sometimes known as the federal pick-up. (This should not be confused with the estate income tax which is described elsewhere.) The purpose of this tax is to insure that state death taxes are large enough to absorb the maximum credit amount available under the federal estate tax. Therefore the estate tax applies in only those circumstances when the state succession tax is not large enough to absorb the full credit available under federal law against federal estate taxes.

The estate tax applies to only a small percentage of large estates in Connecticut because items that are taxed by the federal government are not taxed in Connecticut.

The starting point in determining estate tax liability begins with a definition of what property is subject to estate taxation. The state and federal governments include

basically the same items in determining gross taxable estate with two major exceptions. First Connecticut law does not consider life insurance a taxable transfer (C.G.S. 12-342). Therefore life insurance is not subject to state succession taxes. The federal government taxes life insurance in its entirety. Second, individual retirement accounts (IRAs) and Keogh plans are subject to state succession taxes (C.G.S. 12-349). The Federal government exempts IRAs and Keogh plans from estate taxation. It is essentially these differences that trigger the Connecticut estate tax. It should be emphasized that the estate tax never results in a taxpayer having to pay additional state estate taxes. Its function is simply to divert revenue to the state that otherwise would have gone to the federal government.

Rates of Inheritance Tax
(Including Surtax)

Value of Property Passing to Class			Class AA [1]		Class A		Class B		Class C	
Col. 1		Col. 2	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess
0	-	1,000	0	0.0	0	0.0	0	0.0	0	0.0
1,000	-	6,000	0	0.0	0	0.0	0	0.0	0	11.4
6,000	-	20,000	0	0.0	0	0.0	0	5.7	572	11.4
20,000	-	25,000	0	0.0	0	0.0	801	5.7	2,174	11.4
25,000	-	50,000	0	0.0	0	0.0	1,087	7.2	2,746	12.9
50,000	-	100,000	0	0.0	0	4.3	2,874	7.2	5,963	12.9
100,000	-	150,000	0	0.0	2,145	4.3	6,449	7.2	12,398	12.9
150,000	-	250,000	0	0.0	4,290	5.7	10,024	8.6	18,833	14.3
250,000	-	300,000	0	0.0	10,010	7.2	18,604	10.0	33,133	15.7
300,000	-	400,000	0	2.1	13,585	7.2	23,609	10.0	40,998	15.7
400,000	-	600,000	2,145	2.9	20,735	8.6	33,619	11.4	56,728	17.2
600,000	-	1,000,000	7,865	3.6	37,895	10.0	56,499	12.9	91,048	18.6
1,000,000			22,165	4.3	77,935	11.4	107,979	14.3	165,408	20.0

[1] The inheritance tax on Class AA is phased out over three years as follows:

Value of Property	Tax Rate Reduction Effective: 7/1/86	7/1/87	7/1/88
$ 300,000 - $ 400,000	4.3%	2.1%	0%
400,000 - 600,000	5.7	2.9	0
600,000 - 1,000,000	7.2	3.6	0
1,000,000 & Over	8.6	4.3	0

(Rates reflect the 43% surtax.)

Estate Income Tax

Connecticut's estate income tax (C.G.S. 12-405a) is applied to resident and non-resident estates with taxable incomes in excess of $20,000. A tax rate is levied at the rate of 10 percent.

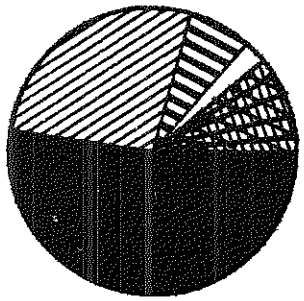
Estate taxable income for Connecticut is the same as it is for the federal government (as reported on line 25 of IRS form 1041). Under federal law, interest on bonds, Treasury notes and other obligations of the United States are exempt. Connecticut law also exempts capital gains and losses and interest on sales or redemption of notes, bonds or other obligations of the State of Connecticut or its political subdivisions.

B. Business Taxes

BUSINESS TAXES

LEGEND

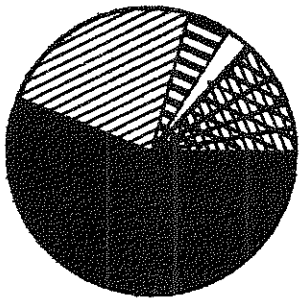
- CORP TAX 10.9%
- OIL COMPANIES 0%
- INSURANCE 2.7%
- PUBLIC SERVICE 7.1%
- OTHER REVENUE 26.9%
- OTHER TAX 52.4%



FY 1976–77

LEGEND

- CORP TAX 12.9%
- OIL COMPANIES .5%
- INSURANCE 2.6%
- PUBLIC SERVICE 4.8%
- OTHER REVENUE 23.1%
- OTHER TAX 56.1%



FY 1986–87

ANALYSIS OF CONNECTICUT BUSINESS TAXES

Analysis of Total State Taxes Vs. Total State General Funds Revenue and Total State Business Taxes Vs. Total State Taxes — 11 Year Period From 1977-87

Year	General Fund Revenue (000)	Yrly % Change	Total Taxes (000)	Yrly % Change	Total Taxes as % of G.F. Revenues	Total Business Taxes (000)	Yrly % Changes	Total Business Taxes As % of Total Taxes
1977	$1,845,148	9.3	$1,347,095	13.1	73.0	$ 381,617	36.4	28.3
1978	2,010,454	9.0	1,416,999	5.2	70.5	359,566	(5.8)	25.4
1979	2,222,152	10.5	1,571,678	10.9	70.7	410,038	14.0	26.1
1980	2,394,072	7.7	1,691,442	7.6	70.7	454,004	10.7	26.8
1981	2,660,889	11.2	1,924,827	13.8	72.3	490,994	8.1	25.5
1982	2,994,491	12.5	2,177,215	13.2	72.7	677,537	38.0	31.1
1983	3,233,889	8.0	2,395,150	10.0	74.1	729,861	7.7	30.5
1984	3,840,243	18.8	2,937,758	22.7	76.5	813,263	11.4	27.7
1985	4,373,453	13.9	3,341,273	13.7	76.4	955,270	17.5	28.6
1986	4,865,398	11.3	3,651,220	9.3	75.0	1,078,129	12.9	29.5
1987	5,341,792	9.8	4,085,303	11.9	76.5	1,100,531	2.1	26.9
Avg.	$3,252,907	19.7*	$2,412,724	22.1*	76.5	$ 677,347	26.7*	28.1

ANALYSIS OF BUSINESS TAXES — 11 YEAR PERIOD FROM 1977-87

Year	Corp. Tax Revenue (000)	Yrly. % Change	Pub. Srvc. Corp. Taxes (000)	Yrly % Change	Ins. Tax (000)	Yrly % Change	Petrol. Co.'s Tax (000)	Yrly % Change	Unin-Corp Business Tax	Yrly % Change
1977	$ 201,742	40.9	$130,922	41.6	$ 48,953	10.7	$ —	N/A	$ —	N/A
1978	199,569	(1.1)	108,263	(17.3)	51,734	5.7	—	N/A	—	N/A
1979	231,140	15.8	122,569	12.9	56,329	8.9	—	N/A	—	N/A
1980	246,139	6.5	146,271	19.3	61,954	10.0	—	N/A	—	N/A
1981	248,720	1.1	175,270	19.8	67,004	8.2	49,740	N/A	—	N/A
1982	330,673	33.0	218,203	24.5	72,388	8.0	37,663	(24.4)	18,610	N/A
1983	345,508	4.5	233,906	7.2	77,762	7.4	49,687	32.1	22,998	N/A
1984	416,067	20.4	259,823	11.1	82,320	5.9	50,070	0.8	4,983	N/A
1985	521,067	25.3	290,672	11.9	92,835	12.8	50,696	1.3	—	N/A
1986	654,772	25.6	269,429	(7.3)	115,424	24.3	38,504	(24.1)	—	N/A
1987	681,909	4.1	253,221	(6.0)	140,334	21.6	25,067	(34.9)	—	N/A
Avg.	$ 370,665	34.2	$200,777	15.8	$ 78,821	19.8	$ 43,061 (7 Yrs)	(8.3)*	N/A	N/A

*((1987 divided 1981 subtract one divided 6)

Averages for %'s computed in the same manner as in the notes on page 1.

ANALYSIS OF BUSINESS TAXES — 11 YEAR PERIOD FROM 1977-87

Year	Total Business Tax (000)	Yrly % Change	% of Total Business Taxes Paid By: Corp. Tax	Pub. Srvc Tax	Ins Tax	Ptrlm Tax	Unin-Corp. Tax
1977	$ 381,617	36.4	52.9	34.3	12.8	N/A	N/A
1978	359,566	(5.8)	55.5	30.1	14.4	N/A	N/A
1979	410,038	14.0	56.4	29.9	13.7	N/A	N/A
1980	454,004	10.7	54.2	32.2	13.6	N/A	N/A
1981	490,994	8.1	50.7	35.7	13.6	10.1	N/A
1982	677,537	38.0	48.8	32.2	10.7	5.6	2.7
1983	729,861	7.7	47.3	32.0	10.7	6.8	3.2
1984	813,263	11.4	51.2	31.9	10.1	6.2	N/A
1985	955,270	17.5	54.5	30.4	9.7	5.3	N/A
1986	1,078,129	12.9	60.7	25.0	10.7	3.6	N/A
1987	1,100,531	2.1	62.0	23.0	12.8	2.3	N/A
Avg.	$ 677,347	26.7	54.7	29.6	11.6	N/A	N/A

CORPORATION TAX

Fiscal Year	Revenues (000)	Yearly % Change	Rate	Base Changes
1959	$ 27,301	–	3.75	
1960	30,732	12.6	3.75	
1961	30,766	0.1	3.75	
1962	38,515	25.2	5.00	
1963	47,039	22.1	5.00	
1964	51,284	9.0	5.00	
1965	59,201	15.4	5.00	
1966	67,983	14.8	5.25	
1967	78,383	15.3	5.25	
1968	81,438	3.9	5.25	
1969	84,879	4.2	5.25	
1970	119,713	41.0	8.00	Income of utilities & telephone companies subject to tax
1971	126,320	5.5	8.00	
1972	122,660	(2.9)	8.00	
1973	138,648	13.0	8.00	
1974	140,197	1.1	8.00	
1975	140,048	(0.1)	8.00	
1976	143,207	2.3	10.00	
1977	201,742	40.9	10.00	Accelerated payments
1978	199,569	(1.1)	10.00	
1979	231,140	15.8	10.00	A credit against the state corporation business tax is allowed equal to 25% of the portion of tax which is allocable to a new, expanded, or substantially renovated manufacturing facility in an economically distressed municipality.
1980	246,139	6.5	10.00	Tax credit allowed for: 1) an approved cooperative work education occupations program. The credit is equal to 10% of wages paid by an employer to a qualified high school student. The maximum credit is $300 per income year.

Fiscal Year	Revenues (000)	Yearly % Change	Rate	Base Changes
				2) Apprenticeship training in the machine tool & metal trades. The credit equals $2.50 per hour of training and may not exceed the lesser of $3,000 or 50% of wages paid in any income year.
1981	248,720	1.1	10.00	A. (1) effective tax rate goes to 10% from 9.1%;
				(2) tax on capital base is increased to 3.1 mills from .31 mills;
				(3) the minimum tax is increased to $250 from $50.
				B. A tax credit (up to 25% of cost) is provided for establishing a day care facility.
				C. An exemption is provided for the earnings of International Banking Facilities.
				D. A new fourth base is established for calculating tax liability (corporations whose gross receipts exceed $50,000 must calculate their tax liability on the base of a 5% tax on 50% of their net income and compensation paid to officers and owners of more than 1% of the common stock.)
				E. (1) The corporation business tax on dividends is eliminated;
				(2) The allocation formula is eliminated and all business income is distributed to Connecticut on the basis of the apportionment factor;
				(3) The sales factor is to be double weighted in arriving at the apportionment factor
				F. The urban jobs tax credit is increased to 50% from 25% for that portion of tax allocable to a manufacturing facility

Fiscal Year	Revenues (000)	Yearly % Change	Rate	Base Changes
				located in an enterprise zone.
1982	330,673	33.0	10.00	A. Effective with income years beginning on or before 1/1/82, corporate taxpayers must make an estimated payment of 60% of their tax liability or $250 whichever is greater, during the sixth month of their income year. An additional payment, bringing the total estimated payment to 80%, is required during the twelfth month. B. Accelerated Cost Recovery System (ACRS) is disallowed (Effective 1/1/81) (A description of ACRS is included under Business Taxes.) C. Exemption for gains resulting from the sale or exchange on cattle rasied from birth on a farm in Connecticut. (To quality for the exclusion at least 75% of a taxpayers gross income must be derived from farming).
1983	345,508	4.5	10.0	A. Calculation of tax liability on bases of net income plus compensation to owners & officers is repealed with income years beginning 1/1/83. B. Various tax credits are provided to business firms choosing to engage in various community service activities as follows (1/1/82): Project — Credit 1) Energy conservation & Emp. training — 70% 2) Eligible programs as determined by municipality — 50% 3) Child Day Care Centers — 50% C. Businesses located in enterprise zones are ineligible to receive the 50% urban jobs tax credit if a firm has relocated to a designated enterprise zone from a

Fiscal Year	Revenues (000)	Yearly % Change	Rate	Base Changes
				distressed municipality or an area eligible for enterprise zone designation.
1984	416,067	20.4	11.5	1) Rate increases effective with income years beginning 1/1/83. 2) Tax credit for expenditures for day care is increased to $20,000 from $10,000.
1985	521,315	25.3	11.5	1) Corporate tax credits are increased under the Neighborhood Assistance Program.
1986	654,772	25.6	11.5	1) Corporations may only deduct 88% of there federal depreciation expense for income year 1985. The full deduction is allowed for income year 1986 and thereafter. (A description of ACRS is included under Business Taxes.) 2) The minimum tax is reduced to $100 from $250 (1/1/85). 3) Neighborhood assistance: Annual tax credit is increased to $2 million from $1.5 million (7/1/85). 4) The tax exemption for companies providing alternative energy systems is extended for three years, until FY 1987.
1987	681,909	4.1	11.5	1) PA 132 - Regulated investment companies and real estate investment trusts will no longer be allowed a deduction for dividends paid when determining the tax on their capital base (10/1/86). 2) PA 124 - Max tax on capital base is increased from $100,00 to $500,000 (1/1/86). 3) PA 269 - Neighborhood Assistance tax credits increased to a maximum @$3 million per year from $ 2 million (1/1/86).

Fiscal Year	Revenues (000)	Yearly % Change	Rate	Base Changes
				4) PA 417 - A tax credit of $250,000 per year for all firms is available to businesses providing subsidies to employees for child care. Tax credit is 50% of cost of subsidy (7/1/86).
				5) PA 395 - A tax credit for 50% of donations to the Rental Housing Assistance Trust Fund is allowed up to a limit of $25,000 in credits per firm annually ; the annual limit for all firms is $500,000 (1/1/86 but not after 1/1/88).
1988	NA	NA	11.5	1) PA 89 - Taxpayers with estimated tax liability less than $1,000 are not required to file estimated tax payments (1/1/87).
				July Special Session:
				1) A residential property tax relief fund is established and for FY 1989 through FY 1992 a portion of the corporation tax is earmarked as follows: FY 1989-1991: 1/23 of Corp. Tax FY 1992: 1/46 of Corp. Tax

Source: The Annual Report of the State Comptroller, various years.

Subchapter "S" Corporations

Federal law allows certain companies with 25 or fewer shareholders to incorporate as "small business corporations" and thus gain legal protections and tax advantages afforded larger corporations. Small business (Subchapter 'S') stockholders report their proportionate share of income or loss in relation to the firms.

It should be noted that PA 84-521 allows a shareholder in an electing small business corporation to deduct from interest income subject to the state's interest income tax, the amount of any interest income which was also included in the firms net income and therefore, subject to the state's corporation business tax.

Corporation Business Tax
Subchapter "S" Corporations

1984 Returns

Connecticut Net Income	Total Net Income	Operating Loss-Carryover	Income Subject to Tax	Total Tax-Due	Number of Returns
Less Than Zero	($ 7,512,429)	$3,562,257	$ 6,019,747	$ 16,820	52
Equal to Zero	20,271,666	24,002	8,769,266	1,053,641	167
000.01-4999	13,812,174	118,512	1,780,131	216,143	556
5,000-49,999	118,990,855	1,895,266	31,729,702	3,667,110	1,871
50,000-99,999	76,481,148	894,364	17,754,285	2,542,311	266
100,000-499,999	166,015,865	524,887	42,965,990	5,053,158	215
500,000-999,999	59,575,420	0	18,822,554	2,164,591	27
1,000,000-4,999,999	124,375,487	0	44,406,560	5,106,755	20
5,000,000-9,999,999	54,391,966	0	7,765,785	893,065	1
10,000,000-24,999,999	0	0	0	0	
25,000,000-49,999,999	0	0	0	0	
50,000,000-99,999,999	0	0	0	0	
100,000,000 AND OVER	0	0	0	0	
TOTALS	**$626,402,154**	**$7,019,311**	**$167,974,529**	**$20,713,597**	**3,175**

1985 Returns

Connecticut Net Income	Total Net Income	Operating Loss-Carryover	Income Subject to Tax	Total Tax-Due	Number of Returns
Less Than Zero	($197,464,335)	$51,887,779	($122,889,227)	$36,297	2,031
Equal to Zero	(61,326,660)	2,914,150	2,975,981	865,568	786
000.01-4999	37,658,873	6,063,982	1,959,952	275,954	1,233
5,000-49,999	171,479,613	11,825,011	30,729,056	4,251,793	2,268
50,000-99,999	69,900,156	2,413,845	19,008,831	2,286,796	307
100,000-499,999	408,518,693	7,352,535	56,311,258	6,720,003	304
500,000-999,999	159,030,023	609,477	24,017,283	2,761,984	36
1,000,000-4,999,999	123,032,353	50,338	43,637,441	5,018,308	
5,000,000-9,999,999	0	0	0	0	
10,000,000-24,999,999	121,643,950	0	27,498,908	3,162,374	
25,000,000-49,999,999	0	0	0	0	
50,000,000-99,999,999	0	0	0	0	
100,000,000 AND OVER	0	0	0	0	
TOTALS	**$832,472,668**	**$83,037,120**	**$79,329,581**	**$25,379,082**	**6,991**

1986 Returns
(Estimates)

Connecticut Net Income	Total Net Income	Operating Loss-Carryover	Income Subject to Tax	Total Tax-Due	Number of Returns
Less Than Zero	($1,042,930)	$2,118,183	($3,213,545)	$18,890	18
Equal to Zero	12,098,153	73,382	8,721,001	1,045,423	178
000.01-4999	21,835,299	127,213	2,460,350	285,855	920
5,000-49,999	83,313,578	2,561,585	34,549,195	3,983,250	2,011
50,000-99,999	55,129,245	1,241,405	22,128,533	2,545,164	330
100,000-499,999	158,316,105	2,994,398	57,287,160	6,619,253	280
500,000-999,999	34,751,719	697,180	20,900,790	2,403,589	31
1,000,000-4,999,999	73,701,338	50,338	44,279,328	5,092,124	20
5,000,000-9,999,999	18,971,863	0	8,676,990	997,854	1
10,000,000-24,999,999	0	0	0	0	
25,000,000-49,999,999	0	0	0	0	
50,000,000-99,999,999	0	0	0	0	
100,000,000 AND OVER	0	0	0	0	
TOTALS	**$457,074,373**	**$9,863,686**	**$195,789,805**	**$22,991,405**	**3,789**

Source: Department of Revenue Services

CORPORATION TAX CREDITS

Connecticut offers eight different tax credits to taxpayers liable for the Corporation Business Tax.

The table below indicates the number of returns which claimed a particular tax credit and the total dollar amount claimed.

	Income Year 1984		Income Year 1985		Income Year 1986	
Type of Credit	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed	Number of Returns	Amount Claimed
Neighorhood Assistance	90	$ 461,078	119	$ 716,610	129	$1,052,033
New Facilities	71	391,704	79	465,659	96	591,164
Industrial Waste	24	158,981	21	177,997	23	163,708
Apprenticeship	48	148,864	36	127,702	26	85,939
Enterprise Zones	6	143,822	12	32,043	14	84,682
Air Pollution Abatement	14	109,030	10	86,409	13	252,587
Work Education	27	23,837	25	28,220	15	73,589
Day Care Center	1	500	6	2,385	4	9,150
TOTALS	281	$1,437,816	308	$1,637,026	320	$2,312,852

Source: Department of Revenue Services, Annual Report, Various Years

ACCELERATED COST RECOVERY SYSTEM AND THE CONNECTICUT CORPORATION

The legislature, during the 1985 session, modified the decoupling provision by limiting a firms depreciation deduction to 88% of their federal depreciation for their 1985 income year. The full deduction was delayed one year until income year 1986 and thereafter (PA 85-159). The portion of federal depreciation that a firm may take is as follows:

Corporate Income Year	Federal Depreciation Allowed
1981	96%
1982	91
1983	84
1984	77
1985	88
1986 and thereafter	100

In 1981, Congress adopted the Accelerated Cost Recovery System (ACRS) for firms to use in calculating depreciation. Connecticut corporation tax statutes at that time followed the federal practice. Since the effect of ACRS was to reduce the net income of firms, corporation tax receipts to the State would drop. In order to postpone this expected decrease in State corporate tax revenues, the legislature passed PA 81-7 during the November Special Session to decouple from ACRS. Decoupling was the term used to denote that Connecticut corporation tax law was changed to eliminate the statutory references which tied Connecticut law to federal law with regard to depreciation.

The act had two major provisions, decoupling and recapture. The first provision, decoupling, limited the amount of depreciation that a firm could take by providing them with two alternative options as shown below:

1. The first option limited the amount of depreciation that a firm could take to a percentage of federal depreciation as follows:

Corporate Income Year	Federal Depreciation Allowed
1981	96%
1982	91
1983	84
1984	77
1985	100

The percentages of federal depreciation allowed were selected based on data which indicated that the revenue loss associated with ACRS would be eliminated.

2. Under the second option firms could elect to take deductions based upon the federal depreciation schedule available prior to January 1, 1981 (that is, prior to ACRS).

Recapture, the second major provision, recognized that decoupling prevented corporations from fully depreciating their assets for state tax purposes. In order to allow full depreciation to occur, a section was included to allow for recapture. Beginning with the 1984 income year, firms would recapture 20% of their depreciation which had been disallowed in the 1981 income year. In the 1985 income year, firms would recapture 20% of their depreciation which had been disallowed in the 1981 and 1982 income years. Recapture would continue until the 1991 income year when firms would recapture the last 20% of their depreciation which had been disallowed during the 1984 income year.

PUBLIC SERVICE CORPORATIONS

Fiscal Year	Revenue (000)	Yearly % Change	
1959	8,411	-	
1960	8,765	4.2	
1961	7,821	(10.8)	
1962 [1]	19,473	149.0	
1963	21,179	8.8	
1964	22,355	5.6	
1965	23,566	5.4	
1966	24,880	5.6	
1967	26,772	7.6	
1968	28,436	6.2	
1969	30,651	7.8	
1970 [2]	34,252	11.7	
1971	37,616	9.8	
1972	52,915	40.7	
1973	61,718	16.6	
1974	68,739	11.4	
1975 [3]	82,768	20.4	
1976	92,431	11.7	
1977	130,922	41.6	(accelerated payments)
1978	108,263	(17.3)	
1979 [4]	122,569	12.9	
1980	146,271	19.3	
1981	175,270	19.8	
1982	218,203	24.5	
1983	233,906	7.2	1) Electric & gas companies may deduct revenues derived from energy conservation loan programs from gross earnings. 2) Various tax credits are provided to firms engaging in community service activities (see corporation tax).
1984	259,823	11.1	
1985	290,672	11.9	1) The sales of gas or electricity to residential consumers is reduced to 4% from 5% (10/1/85). 2) The 3% gross earnings tax on Railroad Car companies is repealed (1/1/85).

Fiscal Year	Revenue (000)	Yearly % Change	
			3) The 9% tax on the gross receipts from sales of interstate telecommunications services is extended to 12/31/85 (1/1/85).
			4) Railroad Companies are allowed an alternative method for determining gross receipts in Connecticut. Investments in additional areas are eligible as offsetting tax credits (10/1/85).
1986	269,429	(7.3)	
1987	253,221	(6.0)	1) PA 410 - (a) Telecommunication services which are not rate regulated by the DPUC are subject to a 6.5% gross receipts tax. The tax is applied to revenues from services: (1) Rendered entirely within Connecticut; (2) Which originate or terminate in Connecticut and are billed to Connecticut (7/1/86). (b) Companies providing rate regulated service will pay two-ninths of their annual tax as a grant to towns. The payments is in proportion to the number of access lines in each town to the total number of access lines statewide (4/1/87).
1988	NA	NA	1) PA 415 - (a) Telecommunications companies subject to both the 6.5% tax and the 9% tax (i.e., companies providing competitive and regulated services) may pay their entire annual tax by April 1 (1/1/87) (b) Competition in the provision of certain telecommunications services - resale, private lines and coin operated telephones is allowed (7/1/87) (c) One-third of the tax from regulated non-competitive telecommunications services will be paid to a special fund for payment of a grant to towns (the grant is increased from two-ninths to one-third).

[1] Two years' receipts are shown in FY 1962 figures because of a statutory change in payment dates from July to April.

[2] Earnings of utilities & telephone companies subject to Corporation Tax.

[3] Beginning with FY 1965 20% of all Public Service tax receipts went to the Public Service Tax Sinking Fund. The Fund was abolished in FY 1975 and all revenues went to the General Fund.

[4] An exemption is provided for Railroads whose net operating income is less than 12% of their gross earnings.

Source: The Annual Report of the State Comptroller, various years.

PUBLIC SERVICE CORPORATION TAXES ($000)

FISCAL YEAR	COMMUNITY TV & ANT.	TELE-PHONE	TELE-COMM	ELECTRIC & POWER COS.	GAS	GAS, ELEC & STEAM	WATER & WATER PW.	TELEGRAPH & CABLE	RAILROAD CAR COS.	RAILROAD COMPANIES	EXPRESS COMPANIES
1958	NA	3,217		832	367	1,479	210	57.7	48	1,374	9.0
1959	NA	3,488		888	384	1,576	234	59.9	37	1,318	8.6
1960	NA	3,805		559	422	2,032	243	49.8	33	743	9.0
1961	NA	3,974		601	446	2,180	262	48.5	33	1,134	10.1
1962 [1]	NA	13,220		2,451	1,807	8,489	1,082	122.3	58	NA	16.5
1963	NA	9,771		2,336	1,431	6,673	836	68.9	28	NA	10.5
1964	NA	10,363		2,419	1,453	7,100	871	67.2	31	26	8.3
1965	0	11,160		2,469	1,523	7,369	916	66.1	27	27	8.4
1966	0	11,760		2,624	1,620	7,690	967	66.6	25	25	7.5
1967	0	12,836		2,798	1,717	8,294	1,015	65.6	26	25	7.7
1968	0	13,750		2,826	1,875	8,844	1,103	71.2	25	26	5.6
1969	0	14,934		3,004	1,933	9,516	1,131	80.2	21	27	4.3
1970	0	17,293		3,243	2,124	10,265	1,251	25.4	20	27	3.7
1971	0	19,057		3,502	2,502	11,097	1,388	26.9	13	27	3.1
1972	0	26,645		4,553	3,451	16,222	1,965	28.8	12	37	2.1
1973	9	30,810		5,838	3,838	18,997	2,135	30.5	14	45	2.0
1974 [2]	91	34,903		6,466	3,858	20,679	2,227	472.0	15	26	2.0
1975	119	37,119		9,603	4,804	28,403	2,378	249.8	10	61	0
1976	553	40,996		10,535	5,556	32,268	2,592	154.4	6	47	0
1977 [3]	971	45,131		17,547	10,981	52,049	4,323	155.3	8	71	0
1978	1,468	46,734		12,526	8,667	35,363	3,217	157.5	11	122	0
1979 [4]	2,028	57,185		13,877	6,989	38,873	3,347	174.5	11	92	0
1980	2,748	62,395		18,699	10,186	48,228	3,755	204.0	12	31	0
1981	3,490	70,962		23,692	12,574	61,640	2,675	216.9	11	9	0
1982	5,634	95,620		25,716	16,619	70,828	3,542	232.9	10	.1	0
1983	6,947	104,467		24,632	17,624	76,037	3,969	223.4	.8	.08	0
1984 [5]	13,502	114,141	[6]	28,476	17,362	82,554	3,605	178.2	6	.14	0
1985	14,409	135,318		30,118	17,450	87,345	5,857	171.8	5	.15	0
1986	16,743	124,701		27,604	15,964	79,076	5,184	157.2	1	.12	0
1987 [7]	16,613	97,845	19,818	25,725	13,926	73,684	5,483	126.9	0	.18	0

NA = Not Applicable or Not Available.

[1] Two years' receipts are shown in FY 1962 figures because of a statutory change in payment dates from July to April

[2] Beginning with FY 1965 20% of all Public Service Tax receipts went to the Public Service Tax Sinking Fund. The Fund was abolished in FY 1975 and all revenues went to the General Fund.

[3] Accelerated payments.

[4] An exemption is provided for railroads whose net oeprating income is less than 12% of their gross earnings.

[5] Prior to FY 1984 cable companies were paying the tax based on their gross receipts from basic subscription services only & not from their premium subscription services. The Department of Revenue Services has ruled that the gross receipts from both basic & premium subscription services be included in the taxable base.

[6] The American Telephone and Telegraph Corporation (AT&T) was broken up by the federal government.

[7] The tax rate on interstate (competitive) firms is reduced to 6.5%.

Source: Comparative Statement of State Tax Revenue in Connecticut, Department of Revenue Services, various years.

PUBLIC SERVICE CORPORATION
TAX RATES

FISCAL YEAR	COMMUNITY TV & ANT.	TELE-PHONE	TELE-COMM	ELECTRIC & POWER COS.	GAS	GAS, ELEC & STEAM	WATER & WATER PW.	TELEGRAPH & CABLE	RAILROAD CAR COS.	RAILROAD COMPANIES	EXPRESS COMPANIES
1958	NA	4.0%		1.5%	1.5%	1.5%	1.5%	3.0%	3.0%	2%-3.5%	2.0%
1959	NA	4.0%		1.5%	1.5%	1.5%	1.5%	3.0%	3.0%	2%-3.5%	2.0%
1960	NA	4.0%		1.5%	1.5%	1.5%	1.5%	3.0%	3.0%	2%-3.5%	2.0%
1961	NA	4.0%		1.5%	1.5%	1.5%	1.5%	3.0%	3.0%	2%-3.5%	2.0%
1962	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1963	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1964	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1965	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1966	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1967	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1968	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1969	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1970	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1971	NA	6.0%		4.0%	4.0%	4.0%	4.0%	4.5%	3.0%	2%-3.5%	2.0%
1972	NA	8.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1973	8.0%	8.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1974	8.0%	8.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1975	8.0%	8.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1976	8.0%	8.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1977	8.0%	8.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1978	8.0%	8.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1979	8.0%	8.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1980	8.0%	8.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1981	9.0%	9.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1982	9.0%	9.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1983	9.0%	9.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1984 [1]	9.0%	9.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1985	9.0%	9.0%		5.0%	5.0%	5.0%	5.0%	4.5%	3.0%	2%-3.5%	2.0%
1986 [2]	9.0%	9.0%		5.0%	5.0%	5.0%	5.0%	4.5%	Repealed	2%-3.5%	2.0%
1987 [3]	9.0%	9.0%	6.5	5.0%	5.0%	5.0%	5.0%	4.5%		2%-3.5%	2.0%
1988	9.0%	9.0%	6.5								

NA = Not Applicable

[1] The 5% tax on water companies may only be levied on water companies as defined under regulations issued by the DPUC (7/1/84).

[2] The tax on sales of gas or electricity to residential customers is reduced from 5% to 4%.

[3] The tax rate on interstate firms is reduced to 6.5% and applies to revenues from services: (1) rendered entirely in Connecticut and; (2) which originated or terminate in Connecticut and are billed to Connecticut. Intrastate firms must pay one-third of their annual tax as a grant to towns. The grant amount is based upon the number of access lines in each town to the total number statewide.

RATE INCREASES GRANTED TO MAJOR PUBLIC UTILITIES BY THE DEPARTMENT OF PUBLIC UTILITY CONTROL

Decision Dates			
Year	Month	Utility	Amount [1] (Millions)
1974	October	CL&P	$25.3
		HELCO	22.4
1975	June	SNET	48.8
1976	December [2]	CL&P	(12.0)
		HELCO	(9.6)
1977	October	CL&P	22.6
		HELCO	12.4
	December	SNET	33.8
1979	January [3]	CL&P	6.6
		HELCO	3.6
	June	CL&P	53.7
		HELCO	32.3
1980	October	SNET	85.3
		CL&P	81.6
		HELCO	43.0
	November	SNET	16.3
1981	November	CL&P	123.5
		HELCO	62.5
1982	November	SNET	89.2
	December [4]	CL&P	101.7
1983	December	CL&P	99.4
1984	December	UI	23.0
1985	October [5]	CL&P	(1.6) (10/85-6/86)
		UI	(0.5) (10/85-6/86)
1986	July	CL&P	Rates would
		UI [7]	remain unchanged until 1/1/88 [6]
1987	August	SNET [8]	

SNET - Southern New England Telephone
CL&P - Connecticut Light and Power
HELCO - Hartford Electric Light Company
UI - United Illuminating

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[1] The amount of revenue increase to the utility resulting from the rate decision.

[2] The decline in revenues is overstated because the revenue figure assumes that the new rate structure would be in effect for a full year. However, the implementation of the rate structure was delayed because of court appeals and was only in effect from May 1, 1977 through November 28, 1977. The estimated revenue amounts are $7.0 million for CL&P and $5.6 million for HELCO.

[3] The rate increases granted to CL&P and HELCO are surcharges resulting from a court case.

[4] HELCO merged with CL&P.

[5] CL&P and UI requested that the DPUC decrease its rates to reflect the decrease in the gross earnings tax authorized under PA 85-159. This act reduced the tax on sales of gas or electricity to residential customers from 5 percent to 4 percent (effective 10/1/85).

[6] Electric: Fuel adjustment revenues of $103.8 million are folded into base rates and $30 million from ratepayer fund to be refunded to customers during 7/1/87-12/3/87.
Gas: Reduction of gas revenues of $1.8 million.

[7] a) No general rate proceeding since 12/84.
b) In 1986 a fuel adjustment totaling $66.4 million is reflected as a credit on customer's bills. The credit reflects declining fossil fuel costs since the base period.

[8] Rate credits to consumers over the period 7/87-12/88: $23 million; reduced toll rates over the period 7/87-12/88: $31.5 million.

Source: The Department of Public Utility Control.

STATE TAX CONSEQUENCES OF THE DEREGULATION OF THE TELECOMMUNICATIONS INDUSTRY AND THE DIVESTITURE OF AT&T

Background: Telecommunications

Until the late 1970's, American Telephone & Telegraph (AT&T) provided virtually all of the business and residential phone service across the United States. AT&T provided this service through its network of 23 Bell Operating Companies and its equipment and long distance subsidiaries. AT&T provided local exchange service, intrastate and interstate long distance service. In Connecticut, Southern New England Telephone Company (SNET), New York Telephone and Woodbury Telephone Company provided local exchange service and intrastate long distance service. SNET was the primary supplier. SNET and Woodbury were not Bell Operating Companies but New York Telephone was.

The nature of the telecommunications industry changed substantially as a result of the deregulation of the industry, the divestiture of AT&T and because of rapid technological change. Deregulation made the industry increasingly more competitive by allowing telecommunications equipment manufacturers and long distance telephone carriers to compete with AT&T. The divestiture of AT&T in 1984 of its Bell Operating Companies ended AT&T's virtual monopoly of the telecommunications industry and allowed competition in almost all phases of the telephone portion of the market. To prevent the Bell Operating Companies from using their monopolies over local exchange telephone service to stiffle competition their services were (1) limited to regions called Local Access Transport Areas (LATAs) (LATAs essentially correspond to area codes) and (2) they were required to provide equal access to all long distance carriers.

Because SNET was not a Bell Operating Company it was not subject to the above restrictions. As a result SNET: (1) may continue to provide intrastate long distance service and (2) may offer interstate in the future.

The major companies which provide long distance service include MCI, Sprint, Western Union and AT&T. These companies currently provide interstate long distance service to and from Connecticut but do not actually provide intrastate long distance service in direct competition with SNET (PA 84-392 prohibits intrastate competition).

Connecticut's taxation of telecommunications companies prior to PA 84-392 was based upon conditions which existed prior to deregulation and divestiture. Additionally the imposition of the tax was becoming more inequitable because rapid technological changes occuring within the industry made it increasingly difficult to identify all of the firms engaged in the various phases of telecommunications. As a result telecommunications companies were taxed based upon whether or not they were a public service company and subject to regulation by the DPUC. Thus some telecommunications firms were taxed while others were not simply because they were not regulated by Connecticut.

Public Service Companies:

Firms: SNET, Woodbury, N.Y. Tele and AT&T

State Taxes: 9% Gross Earnings Tax
11.5% Corporation Business Tax
Sales Tax - Sales Exempt for Phone Service;
Equipment Leasing Taxable

Local Taxes: Real Property Tax
Personal Property Tax - Exempt

Not considered Public Service Companies:
Firms: MCI and Sprint

State Tax: 11.5% Corporation Business Tax

Local Taxes: Real & Personal Property

This obsolete distinction of classifying companies as to public service or not was eliminated in PA 84-392 by defining telecommunications to include other than a regulated, public service company. Other statutory changes are discussed in the following section.

Chronology of Legislation

The legislature has recognized that the telecommunications industry has changed dramatically since the late 1970's and has responded by trying to reflect these changes in state law. Since 1984, four public acts have been passed and three separate studies have been authorized. A summary of the major provisions of each act is provided below.

1. PA 84-392

a. Intrastate Competition

The act continued SNET's, Woodbury's and New York Tele's market dominance on intrastate long distance and local telephone service (i.e., excluded Sprint, MCI and AT&T). The act imposed a moratorium on intrastate long distance telecommunications services for public use by companies which were not promoting them in Connecticut before January 1, 1984.

The moratorium: Begins 7/1/84
Ends 2/15/85

(The moratorium was subsequently extended by PA 85-1 and PA 85-187, see below)

b. Interstate Competition

By defining telecommunications to include other than a regulated monopoly the act also made telecommunications service companies providing interstate services in Connecticut between July 1, 1984 and December 31, 1984 (Sprint and MCI) temporarily subject to the 9% gross earnings tax and were allowed a credit equal to their personal property tax. Access charges, which are payments from interstate service providers to local service providers for access to the local exchange network, were deducted from gross receipts.

c. Study

The act established an industry - funded task force to study telecommunications regulation and tax policy. The task force was to report to the General Assembly by January 1, 1985 on the following issues including:

(1) The effect of competition for intrastate long distance business on local telephone rates

(2) Steps which should be taken to assure universal service

(3) The extent to which competitors of SNET should be regulated

(4) How the costs of customer access to the intrastate long distance network should be allocated

(5) The impact of bypass on local telephone rates

(6) The method of taxing telecommunications service companies

The study made a number of policy recommendations. The major ones are listed below.

(1) Revise the definition of 'Telecommunications Service' to acknowledge technological changes and the changing federal regulator environment

(2) Revise the state's system of taxation to insure:

(a) That all firms providing telecommunications services are taxed equally and

(b) That state revenues are maintained

(3) Expand the Siting Council jurisdiction to include towers used to provide telecommunications services regardless of who owns them. Currently, the Council has jurisdiction for siting of cable television towers and telecommunications towers owned or operated by the State or a public service company

(4) Preserve universal service

(5) Require the DPUC to study, and report the finds to the General Assembly on the following topics:

(a) Establish standards in order for firms to provide interexchange, intrastate, long distance service

(b) Specify the type of regulation to be used to regulate telecommunications service providers

(c) The General Assembly should specify that the DPUC is to permit competition to exist and should not unduly restrict it or the flexibility of different pricing approaches

(6) Require the DPUC to establish regulations requiring universal service for firms wishing to provide intrastate long distance service.

2. PA 85-1

This act extended the moratorium on competing intrastate long distance telecommunications services from February 15, 1985 to July 1, 1985. (This act was superseded by PA 85-187)

3. PA 85-187

1. Intrastate Competition Prohibited

This act prohibited most intrastate competition until the Spring of 1987 when the DPUC completes its study.

2. Study

The act requires the DPUC to conduct a study on the merits of intrastate competition. The DPUC must file a report to the General Assembly by January 1, 1987. If competition is recommended the DPUC must submit an implementation plan. The General Assembly has until the last day of the regular session to approve or modify the plan. Should no action be taken by the General Assembly, the plan would be disapproved and the moratorium on competition would continue. The DPUC would then resubmit a plan to the General Assembly every two years until competition was approved by the General Assembly.

4. PA 85-508

1. The act extends the temporary 9% gross earnings tax on interstate telecommunications companies one more year from December 31, 1984 to December 31, 1985.

2. Study

A task force established to study taxation of telephone service companies must report to the General Assembly by December 1, 1985.

3. Corporation Business Tax

a. All firms are subject to this tax

Taxation of Telecommunication Companies (as of January 1, 1985)

State Taxes:

1. 9% Gross Earnings Tax:

a. access charges paid by interstate firms are not subject to the tax

b. firms paying personal property taxes receive a 100% credit.

2. Sales and Use Tax:

   a. sales or lease of telecommunications equipment are subject to the tax

3. Corporation Business Tax:

   a. all firms subject to this tax.

Local Taxes:

1. Personal Property Tax:

   a. firms engaged in providing intrastate services are exempt

   b. interstate long-distance carriers, not previously regulated by the DPUC are subject to the tax. (i.e., ATT is exempt)

2. Real Property Tax:

   All real property is subject to the tax

5. PA 86-410

   1. This act imposes a 6.5% gross receipts tax on competitive, interstate telecommunications services and subjects the equipment used to provide competitive services to local personal property taxation. These provisions are to apply through December 31, 1989.

   2. For rate-regulated, intrastate firms the act continues the current method of taxation (i.e., the 9% gross earnings tax and the personal property tax exemption.

   3. Intrastate, rate-regulated firms are required to pay two-ninths of their annual 9% gross receipts tax liability directly to towns where they operate. Payments are apportioned according to the number of access lines in each town to the statewide total.

   4. The act establishes a procedure for apportioning taxable personal property among towns for companies which provide both competitive and monopoly telecommunications services.

Taxation of telecommunications companies.
(as of July 1, 1986)

STATE TAXES:

A. Intrastate - Rate-Regulated Monopoly Service

1. State Taxes:

   (a) Gross Receipts Tax

      . Tax Rate: 9%
      . Tax base includes

(1) Rate-regulated services

(2) Revenue from subscriber line charges required by FCC:

. $2/line/mo. - residential and single-line businesses

. $5.65/line/mo - multi-line customers

(3) All access charges received from interstate companies

(b) Corporation Business Tax

. 11.5% on income earned in Connecticut

(c) Sales Tax

. Phone service exempt

. Equipment leasing taxable

2. Local Taxes:

. Real Property Tax
. Personal Property Tax-Exempt
(one-third of the tax is for payment of a grant to towns-
eff: 7/1/87)

3. Major firms

. SNET, Woodbury, N.Y. Telephone

B. Interstate - Competitive Service

1. State Taxes:

(a) Gross Receipts Tax

. Tax rate: 6.5%
. Tax base includes all earnings from transmissions:

(1) Rendered entirely in Connecticut
(2) Which originate in Connecticut and are billed to Connecticut
(3) Which terminate in Connecticut and are billed to Connecticut

(b) Corporation Business Tax

. 11.5% on income apportioned to Connecticut

(c) Sales Tax

. Phone service exempt
. Equipment leasing taxable

2. Local Taxes:

. Real Property Tax
. Personal Property Tax

6. PA 87-415

1. Telecommunications companies subject to both the 6.5% tax and the 9% tax (i.e., competitive and regulated services) may pay their entire annual tax by April 1 (1/1/87)

2. Competition in the provision of certain telecommunications services - resale, private line and coin operated telephones is allowed (7/1/87)

3. The grant to towns paid by intrastate, rate regulated firms, is increased to one-third of the tax up from two-ninths of the tax.

Source: 1. The Report for the Connecticut Telecommunications Task Force. State of Connecticut. January 8, 1985.

2. Various documents submitted to the Telecommunications Taxation Task Force by the telecommunications industry.

INSURANCE TAX

Fiscal Year	Total Insurance Revenues (000)	Premiums Tax: Domestic Companies: Life Premiums (000)	Premiums Tax: Domestic Companies: Other Premiums (000)	Premiums Tax: Foreign Premiums (000)	Interest & Dividends (000)	Unauthorized Insurers (000)	Hospitals & Medical Services (000)
1959	$11,518	3,245		6,352	1,921		NA
1960	13,879	3,462		6,867	3,550		NA
1961	14,946	3,663		7,313	3,970		NA
1962	16,845	5,152		7,530	4,163		NA
1963	17,592	5,304		7,848	4,440		NA
1964	18,685	1,373	4,305	8,651	4,356		NA
1965	18,894	1,454	4,461	8,768	4,211		NA
1966	19,956	1,498	4,978	9,433	4,047		NA
1967	21,081	1,676	5,505	10,127	3,773		NA
1968	21,984	1,854	6,065	10,673	3,392		NA
1969	23,418	2,005	6,736	11,685	2,992		NA
1970	40,337	2,090	7,466	12,787	15,604		2,390
1971	60,168	9,026		14,133	15,499[1] 16,663	18	4,829
1972	51,756	2,371	9,280	17,392	18,903 1,770[1]	1	3,810
1973	56,660	2,584	11,483	16,833	21,578		4,182
1974	44,124	2,256	8,670	17,844	10,444		4,910
1975	33,953	10,112		18,308	Repealed		5,533
1976[2]	44,228	11,925		26,003	NA		6,300
1977[2], [3]	48,953	13,725		27,908	NA		7,320
1978[2]	51,734	15,810		27,565	NA	N.C.[4]	8,359
1979	56,329	17,433		30,308	NA	N.C.[4]	8,588
1980	61,954	19,067		33,633	NA	92	9,162
1981	67,004	19,279		36,853	NA	271	10,601
1982	72,388	19,627		40,168	NA	304	12,289
1983	77,762	20,200		44,540	NA	331	12,691
1984	82,320	19,662		48,527	NA	321	13,811
1985 [5]	92,835	29,138		57,759	NA	321	5,618

Fiscal Year	Total Insurance Revenues (000)	Premiums Tax: Domestic Companies: Life Premiums (000)	Premiums Tax: Domestic Companies: Other Premiums (000)	Premiums Tax: Foreign Premiums (000)	Interest & Dividends (000)	Unauthorized Insurers (000)	Hospitals & Medical Services (000)
1986	115,424	43,260		71,303	NA	843	18
1987	140,334	47,212		91,094	NA	2,028	NA

[1] Estimated payment for interest and dividends.
[2] Accelerated payments of $6.0 million in 1976 and 1977 and $4.0 million in 1978.
[3] In FY 1977 the Comptroller included $705,000 of self-insurance employee funds in insurance. During prior years and in subsequent years self-insurance employee funds were included in miscellaneous funds. It has been subtracted from total.
[4] No collections.
[5] Foreign insurance companies are prevented from deducting their assessments to Worker's Compensation Funds from their tax liability.

Source: The Annual Report of the State Comptroller, various years, and the Department of Revenue Services.

INSURANCE COMPANY TAX RATES

Fiscal Year	Domestic Life Premiums	Domestic Other Premiums	Foreign Premiums	Interest & Dividends	Unauthorized Insurers	Hospital & Medical Services [1]
1959	1.75%	2.0%	1.75%	1.5%		NA
1960	1.75%	2.0%	1.75%	2.5%		NA
1961	1.75%	2.0%	1.75%	2.5%		NA
1962	2.5%	2.75%	1.75%	2.375%		NA
1963	2.5%	2.75%	1.75%	2.25%		NA
1964	2.5%	2.75%	1.75%	2.0%		NA
1965	2.5%	2.75%	1.75%	2.0%	1.75%	NA
1966	2.5%	2.75%	1.75%	2.0%	1.5%	NA
1967	2.5%	2.75%	1.75%	2.0%	1.25%	NA
1968	2.5%	2.75%	1.75%	2.0%	1.0%	NA
1969	2.5%	2.75%	1.75%	3.5%	.75%	NA
1970	2.5%	2.75%	1.75%	3.5%	3.5%	2.0%
1971	2.5%	2.75%	1.75%	3.5%	3.5%	2.0%
1972	2.5%	2.75%	1.75%	3.5%	3.5%	2.0%
1973	2.5%	2.75%	1.75%	3.5%	3.5%	2.0%
1974	2.0%	2.0%	2.0%	2.625 (Terminate 12/31/73)	3.5%	2.0%
1975	2.0%	2.0%	2.0%		3.5%	2.0%
1976	2.0%	2.0%	2.0%		3.5%	2.0%
1977	2.0%	2.0%	2.0%		3.5%	2.0%
1978	2.0%	2.0%	2.0%		3.5%	2.0%
1979	2.0%	2.0%	2.0%		3.5%	2.0%
1980	2.0%	2.0%	2.0%		4.0%	2.0%
1981	2.0%	2.0%	2.0%		4.0%	2.0%
1982	2.0%	2.0%	2.0%		4.0%	2.0%
1983	2.0%	2.0%	2.0%		4.0%	2.0%
1984	2.0%	2.0%	2.0%		4.0%	2.0%
1985	2.0%	2.0%	2.0%		4.0%	2.0%
1986	2.0%	2.0%	2.0%		4.0%	2.0%
1987	2.0%	2.0%	2.0%		4.0%	2.0%
1988	2.0%	2.0%	2.0%		4.0%	2.0%

[1] Tax on Hospitals & Medical Service Corporations is 2% (on the total net direct subscribers charges during previous year) on CMS & Blue Cross. Domestic insurance companies may credit corporation taxes against net premiums tax.

PETROLEUM COMPANIES TAX

Fiscal Year	Revenues (000)	Yearly % Change	Rate	Base Changes
1981	49,740	–	2%	Levied on gross earnings of petroleum companies engaged in refining & distributing petroleum products to wholesale & retail dealers for distribution in state.
1982	37,663	(24.4)	2%	Firm is subject to tax when product is first sold in state (tax credit provided if & when product is subsequently sold out of state). Effective 5/1/82.
1983	49,687	32.1	2%	
1984	50,070	0.8	2%	
1985	50,696	1.3	2%	
1986	38,504	(27.0)	2%	1) Gross receipts from sales of home heating fuel are exempt from the tax (7/1/85). 2) The Emergency Spill Response Fund received $1.5 million from FY 1986 tax receipts.
1987	25,067	(34.9)	2%	
1988	NA	NA	2%	1) PA 312 - Sales of propane gas used for residential heating purposes is exempt.

Source: The Annual Report of the State Comptroller, various years.

UNINCORPORATED BUSINESS TAX

Fiscal Year	Revenue (000)	Yearly % Change	Rate	
1960	2,745	3.8%		Tax on gross income: a) Wholesale: To $60,000–25 cents/$1,000 Over $60,000–50 cents/$1,000 b) Retail and Manufacturing: To $60,000–$1/$1,000 Over $60,000–$2/$1,000
1961	2,713	(1.2)		
1962	3,286	21.1		Tax on gross income: a) Wholesale: To $60,000–35 cents/$1,000 Over $60,000–65 cents/$1,000 b) Retail and Manufacturing: To $60,000–$1.30/$1,000 Over $60,000–$2.60/$1,000
1963	3,333	1.4		
1964	3,330	(0.001)		
1965	3,464	4.0		
1966	3,538	2.1		
1967	3,593	1.6		
1968	3,637	1.2		
1969	3,770	3.7		
1970	NA	NA		
1982	18,610	–	5%	1) PA 81–255 a) implemented a tax of 5% of net income provided the following two conditions were met: 1) gross receipts must exceed $50,000 2) taxable net income must exceed $15,000

Fiscal Year	Revenue (000)	Yearly % Change	Rate

b) Minimum tax - $250

c) Exemptions:

1) Contributions to retirement plans which qualify for federal deferment up to $1,750 annually for each partner

2) November special session:

a) Business (not entirely conducted in Conn.) can only deduct 50% of the net income attributable to Conn. or $15,000, whichever is greater (eff. with income years 1/1/81) (PA 81-12)

UNINCORPORATED BUSINESS TAX
(REPEALED 1/1/83)

	FY 1982	FY 1983	FY 1984
JULY	$ 3,402,853	$ 3,876,924	$ 426,170
AUG	591,792	654,207	505,606
SEPT	306,138	413,878	336,393
OCT	156,579	817,213	721,678
NOV	78,176	348,073	312,982
DEC	472,354	799,931	362,498
JAN	792,232	2,112,122	887,238
FEB	183,116	625,466	154,131
MAR	668,755	1,240,824	
APR	10,177,923	10,133,610	
MAY	563,816	1,511,515	
JUNE	1,216,057	464,564	
	$ 18,609,792	$ 22,998,325	

Effective: With income years commencing 1/1/81
Rate: 5% on taxable net income
Base: Gross receipts in excess of $50,000 and whose net income is greater than $15,000. A deduction for each proprietor or partner is allowed for contributions to retirement plans which qualify for federal income tax deferment of up to $1,750 annually. The minimum tax is $250.

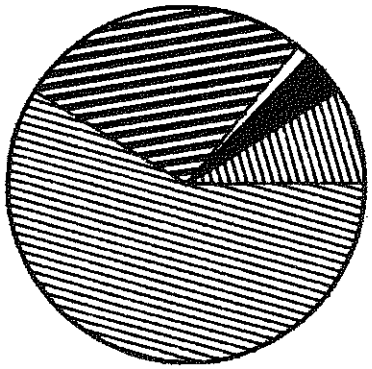
Repealed: With income years commencing 1/1/83

C. Excise Taxes

EXCISE TAXES

LEGEND

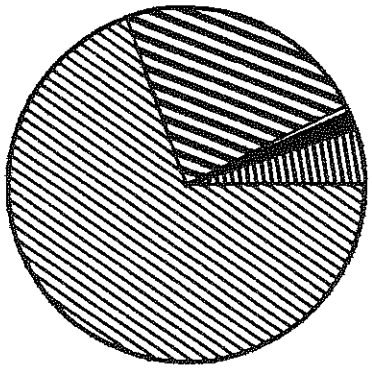
- MOTOR FUELS 8.8%
- CIGARETTE 4.1%
- ALCOHOL 1.3%
- OTHER REV 26.9%
- OTHER TAX 58.9%



FY 1976–77

LEGEND

- MOTOR FUELS 5%
- CIGARETTE 1.7%
- ALCOHOL .6%
- OTHER REV 23.1%
- OTHER TAX 69.6%



FY 1986–87

MOTOR FUELS

Fiscal Year	Revenue (000)	Yearly % Change	Rate (cents per gallon of gasoline)	Base Changes
1959	45,476	5.9	6	
1960	47,121	3.6	6	
1961	48,407	2.7	6	
1962	50,773	4.9	6	
1963	53,857	6.1	6	
1964	56,348	4.6	6	
1965	64,665	14.8	6	
1966	63,054	(2.5)	6	
1967	59,893	(5.0)	6	
1968	79,303	33.7	7	
1969	84,811	7.0	7	
1970	101,205	19.3	8	
1971	106,891	5.6	8	
1972	132,121	23.6	10 (effective September) [1]	
1973	143,749	8.8	10	
1974	141,223	(1.8)	10	
1975	143,097	1.3	10 [2]	
1976	157,633	10.2	11 (effective June 1)	
1977	162,795	3.3	11	
1978	164,483	1.0	11	Refund of 50% of taxes paid by Connecticut taxi companies
1979	168,758	2.6	11	Various gasoline tax refunds are provided (vans, buses & taxi-cabs and livery services and motor buses)
1980	158,256	(6.2)	11	Gasohol added to tax base (Tax rate 10 cents/ gallon)
1981	153,716	(2.9)	11	
1982	154,689	0.6	11	
1983	166,544	7.7	14 (effective	Tax rate on gasoline increases

Fiscal Year	Revenue (000)	Yearly % Change	Rate (cents per gallon of gasoline)	Base Changes
			April 1) [3]	to 14 cents from 11 cents (gasohol to 13 cents from 10 cents) One cent of the 14 cent tax was transferred to the Transportation Fund.
1984	201,999	12.8	14	
1985	226,995	20.9	15 (effective July 1) [4]	1) All revenue from the motor fuels tax is transferred to the Transportation Fund from the General Fund. 2) Tax refund on fuel used in motor buses operated by Connecticut Motor Bus Companies is increased to 100% from 50% 3) Fuel purchased exclusively for use in farming is exempt (the law had required application for a refund)
1986	244,332	7.6	16	
1987	266,771	9.2	17	PA 352 - Motor carriers may register with and pay a $15 permit fee to the DRS to purchase motor fuel at certain designated stations without paying the motor fuel tax at the pump. The tax will be paid at the end of the quarter. Motor carrier facilities, upon payment of a $50 annual fee to DRS, may sell diesel fuel without immediate payment of the tax provided the facility: (1) is located on I-84 or I-91 and (2) is a full service facility. These provisions expire 6/30/89 (eff. 10/1/87).
1988	NA	NA	19	

[1] Beginning in September revenue from the 2 cent increase went to the General Fund, 8 cents will continue to go to the Highway Fund.

[2] One cent went to the General Fund, nine cents went to the Highway Fund. In FY 1976 the Highway Fund was merged with the General Fund.

[3] One cent of the three cent increase will go to the Transportation Fund.

[4] Motor fuel tax rates are increased according to the following schedule:

Effective Date	Gasoline, Special Motor Fuel, Motor Carrier Road Tax	Gasohol
7/1/84	15	14
7/1/85	16	15
7/1/86	17	16
7/7/87	19	18
7/1/88	20	19
7/1/90	22	21
7/1/91	23	22

Note: Motor fuels taxes are not adjusted for refunds.

Source: The Annual Report of the State Comptroller, various years.

MOTOR FUELS TAX
BREAKDOWN BY TYPE OF TAX
($000,000)

Fiscal Year	Total Revenue	Motor Fuels Tax		
		Gasoline	Special Fuels	Motor Carrier Road Tax
1976	157.6	144.7	9.5	3.4
1977	162.8	150.2	9.0	3.6
1978	164.5	150.0	10.7	3.8
1979	168.8	153.3	11.6	3.9
1980	158.3	142.5	11.6	4.2
1981	153.7	138.0	11.5	4.2
1982	154.7	137.8	12.8	4.1
1983	166.5	146.9	15.4	4.2
1984	202.0	176.6	19.6	5.8
1985	227.0	198.0	22.1	6.9
1986	244.3	210.7	26.1	7.5
1987	266.8	227.6	29.5	9.7

Source: The Annual Report of the State Comptroller, various years and the Department of Revenue Services, comparative statement of tax revenues.

CIGARETTE TAX

Fiscal Year	Revenue (000)	Yearly % Change	Tax Rate (cents per package of twenty)	Base Changes
1959	8,531	–	3 cents	Approximately $1.746 million went to the Soldiers, Sailors and Marines' Fund and is not included in the total revenue figure
1960	9,118	6.9	3	Approximately $1.817 million went to the Soldiers, Sailors and Marines' Fund and is not included in the revenue total
1961	10,019	9.9	3	Approximately $1.872 million went to the Soldiers, Sailors, and Marines' Fund and is not included in the total
1962	18,751	87.2	5	PA 61-578 allocated one-tenth instead of one-sixth of the proceeds to the Soldiers, Sailors and Marines' Fund (when the market value of property in the Fund equals $30 million the allocation ends)
1963	19,426	3.6	5	
1964	22,136	14.0	6	PA 63-651 deleted provisions as to allocation of proceeds to the Soldiers, Sailors, and Marines' Fund
1965	25,440	14.9	6	
1966	31,984	25.7	8	
1967	30,754	(3.9)	8	
1968	32,534	5.8	8	
1969	34,302	5.4	8	
1970	55,850	62.8	16	
1971	56,185	0.6	16	
1972	68,223	21.4	21	
1973	69,939	2.5	21	
1974	72,400	3.5	21	
1975	70,219	(3.0)	21	
1976	77,364	10.2	21	
1977	74,820	(3.3)	21	
1978	76,176	1.8	21	
1979	76,347	0.2	21	

Fiscal Year	Revenue (000)	Yearly % Change	Tax Rate (cents per package of twenty)	Base Changes
1980	75,793	(0.7)	21	
1981	74,319	(0.03)	21	Cigarettes subject to sales tax (tobacco products had been subject to sales tax)
1982	74,295	(0.03)	21	
1983	73,753	(0.7)	21	
1984	89,831	21.8	26	Effective 8/1/83
1985	89,334	(0.6)	26	
1986	87,715	(1.8)	26	If the federal excise tax on cigarettes is ever reduced, the state excise tax will increase by the amount of the federal excise tax reduction.
1987	88,738	1.2	26	
1988	NA	NA	26	

Note: Two new classes of cigarette dealers are established. The annual fee is based upon the number of stores owned by a distributor as follows (The old fee was $1,000 per distributor):

Number of Stores	Annual Fee
Less Than 15	$ 250
15 to 25	500
26 or More	1,000

Source: The Annual Report of the State Comptroller, various years.

ALCOHOLIC BEVERAGE TAX

Fiscal Year	Revenues (000)	Yearly % Change	Rate	Base Changes
1959	6,868		Beer-$1/bbl Distilled liquor-$1/gal. Wine-10 cents/gal Sparkling wine-25 cents/ gal.	
1960	7,207	4.9		
1961	7,407	2.8		
1962	14,830	100.2	All rates doubled	
1963	14,787	(0.3)		
1964	15,326	3.7		
1965	17,501	14.2		
1966	16,958	(3.1)		
1967	15,843	(6.6)		
1968	18,290	15.5		
1969	18,964	3.7		
1970	23,728	25.1	All rates increase by 25% Beer-$2.50/bbl Distilled liquor-$2.50/ gal. Wine-25 cents/gal. Sparkling wine-62 1/2 cents/gal.	
1971	23,697	(0.1)		
1972	24,109	1.7		
1973	24,212	0.4		
1974	24,703	2.0		
1975	24,248	(1.8)		
1976	26,475	9.2		
1977	24,335	(8.1)		
1978	25,216	3.6		
1979	25,309	0.4		
1980	25,634	1.3		The amount of alcoholic beverages that an individual may bring into the state without owing a tax is changed

Fiscal Year	Revenues (000)	Yearly % Change	Rate	Base Changes
				to 4 gallons from 1 gallon.
1981	25,397	(0.9)		A 5 year moratorium on issuance of new package store permits (Eff. 6/8/81)
1982	25,969	2.3		The minimum mark-up on beer and alcohol is eliminated 1/1/82.
1983	27,076	4.3		1) The minimun mark-up on wine is eliminated 1/1/83. 2) Sunday liquor sales authorized for cafes. 3) Package, drug & grocery stores may sell liquor on Election Day & Independence Day if also a Saturday (10/1/82). 4) Legal drinking age is raised from 18 to 19 (7/1/82).
1984	31,501	16.3	All rates increase by 20% (8/1/83) Beer - $3.00/bbl. Distilled liquor - $3.00/gal. Wine - 30 cents/gal. Sparkling wine - 75 cents/gal.	1) The legal drinking age is raised 19 to 20 (10/1/83) 2) PA 83-508 eliminated the revolving fund established to pay for the alcohol education and treatment program. All fund monies, along with future revenue collections will be deposited in the General Fund. 3) Two classes of liquor permits are established at Bradley International airport. The permit cost for the night club permit is: restaurant - $3,000; bar - $1,200.

Fiscal Year	Revenues (000)	Yearly % Change	Rate	Base Changes
1985	32,997	4.8		
1986	31,785	(3.7)		1) The 5 year moratorium on issuance of new package store permits end in June, 1986. 2) The legal drinking age is raised from 20 to 21 (9/1/85) 3) Night club liquor permits are eliminated.
1987	33,450	5.2		
1988	NA	NA		1) PA 574 - Reduction in tax rate to $1.35 per wine gallon from $3.00 per wine gallon (7/1/87)

Source: The Annual Report of the State Comptroller, various years.

ALCOHOLIC BEVERAGE TAX
BREAKDOWN BY TYPE OF BEVERAGE

Fiscal Year	Total Alcoholic Beverage Revenues	Malt Beverages		Wines		Distilled Liquor (000)	Alcohol (000)
		$2 bbl. (000)	Cents Per Gal. (000)	Under 21% Alcohol (000)	Over 21% Alcohol & Sparkling Wines (000)		
1959	$6,929	349	958	315	20	5,280	7
1960	7,256	340	1,009	313	23	5,564	8
1961	7,552	316	988	327	24	5,888	8
1962	14,220	600	2,053	643	48	10,863	13
1963	14,827	578	2,060	671	55	11,448	15
1964	15,462	581	2,254	667	60	11,882	18
1965	16,083	551	2,320	687	70	12,439	17
1966	16,960	538	2,465	693	82	13,166	16
1967	17,558	519	2,623	712	95	13,593	17
1968	18,150	485	2,630	734	115	14,168	17
1969	19,838[1]	472	2,794	775	140	15,640	18
1970	22,941	559	3,526	999	225	17,612	19
1971	23,911	556	3,584	1,170	280	18,300	22
1972	24,042	553	3,591	1,227	261	18,389	20
1973	24,186	614	3,657	1,288	238	18,371	19
1974	24,681	652	3,817	1,305	216	18,670	20
1975	24,189	676	3,942	1,348	200	18,001	21
1976	24,539	690	3,977	1,421	196	18,234	22
1977	24,339	699	3,962	1,550	206	17,899	23
1978	25,175	690	4,161	1,693	224	18,381	26
1979	25,368	708	4,364	1,785	227	18,254	30
1980	25,697	784	4,280	1,929	235	18,429	40
1981	25,607	913	4,039	2,020	254	18,335	47
1982	26,000	880	4,058	2,099	283	18,643	37
1983	27,076	875	4,238	2,251	349	19,053	33
1984	32,274	975	5,287	2,716	500	22,759	37
1985	32,335	939	5,484	2,790	545	22,541	36
1986	32,634	920	5,712	2,835	575	22,522	70
1987	32,255	900	5,740	2,969	578	21,926	142

[1] Includes 7/1/69 inventory floor tax $184,949.
Source: Comparative Statement of Alcoholic Beverage Sales, Department of Revenue Services, various years.

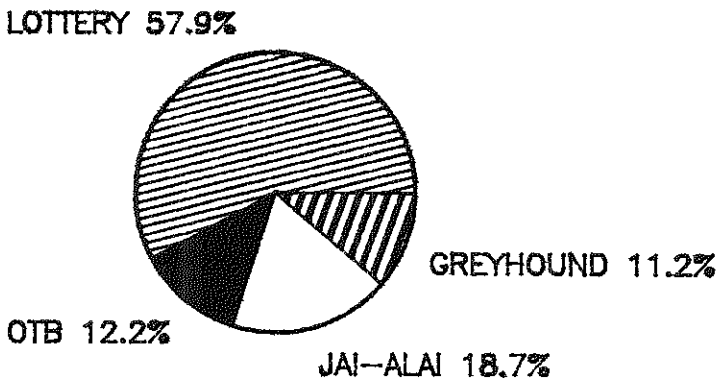
ALCOHOLIC BEVERAGE TAX RATES

Fiscal Year	Malt Beverages (bbl)	Malt Beverages (cents/gal)	Wines: Under 21% Alcohol (cents/gal)	Wines: Over 21% Alcohol & Sparkling Wines (cents/gal)	Distilled Liquor ($/gal)	Alcohol ($/gal)
1959	$1.00	.0333	.10	.25	$1.00	$1.00
1960	1.00	.0333	.10	.25	1.00	1.00
1961	1.00	.0333	.10	.25	1.00	1.00
1962	2.00	.0667	.20	.50	2.00	2.00
1963	2.00	.0667	.20	.50	2.00	2.00
1964	2.00	.0667	.20	.50	2.00	2.00
1965	2.00	.0667	.20	.50	2.00	2.00
1966	2.00	.0667	.20	.50	2.00	2.00
1967	2.00	.0667	.20	.50	2.00	2.00
1968	2.00	.0667	.20	.50	2.00	2.00
1969	2.00	.0667	.20	.50	2.00	2.00
1970	2.50	.0833	.25	.625	2.50	2.50
1971	2.50	.0833	.25	.625	2.50	2.50
1972	2.50	.0833	.25	.625	2.50	2.50
1973	2.50	.0833	.25	.625	2.50	2.50
1974	2.50	.0833	.25	.625	2.50	2.50
1975	2.50	.0833	.25	.625	2.50	2.50
1976	2.50	.0833	.25	.625	2.50	2.50
1977	2.50	.0833	.25	.625	2.50	2.50
1978	2.50	.0833	.25	.625	2.50	2.50
1979	2.50	.0833	.25	.625	2.50	2.50
1980	2.50	.0833	.25	.625	2.50	2.50
1981	2.50	.0833	.25	.625	2.50	2.50
1982	2.50	.0833	.25	.625	2.50	2.50
1983	2.50	.0835	.25	.625	2.50	2.50
1984	3.00	.1000	.30	.750	3.00	3.00
1985	3.00	.1000	.30	.750	3.00	3.00
1986	3.00	.1000	.30	.750	3.00	3.00
1987	3.00	.1000	.30	.750	3.00	3.00
1988	3.00	.1000	.30	.750	3.00 [1]	3.00

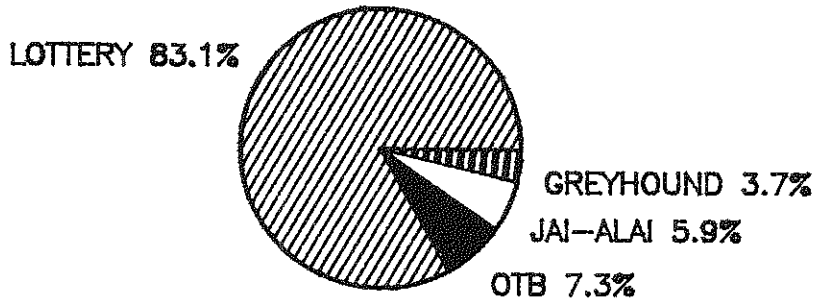
[1] PA 574 reduced the tax rate on liquor based coolers to $1.35 per wine gallon.

D. Legalized Gambling

REVENUE FROM LEGALIZED GAMBLING



FY 1977-78



FY 1986-87

GENERAL FUND REVENUES
SINCE INCEPTION
($000)

Fiscal Year	Total Gaming	Lottery: Weekly	Lottery: Daily	Lottery: Instant	Lottery: Lotto	Betting: Off-Track Betting	Betting: Plainfield (Dog Racing)	Betting: All Jai-Alai
1972	8,150	8,150	NA	NA		NA	NA	NA
1973	16,500	16,500	NA	NA		NA	NA	NA
1974	16,000	16,000	NA	NA		NA	NA	NA
1975	15,000	15,000	NA	NA		NA	NA	NA
1976	30,034	13,500	NA	11,000 [1]		NA	4,924	610
1977	46,530	9,393	4,200[2]	1,749 [1]		8,000	9,897	13,291
1978	72,243	8,190	15,400	18,200		8,800	8,119	13,534
1979	72,831	3,917	21,000	18,200		7,800	7,880	14,034
1980	88,260	3,500	33,300	17,735		13,100	7,202	13,423
1981	91,177	1,503	34,650	21,500		13,500	7,455	12,570
1982	112,849	2,400	46,800	21,800		20,200	8,146	13,504
1983	122,492	4,100	53,575	22,825		19,000	9,254	13,738
1984	147,966	2,975	59,000	24,700	18,750	18,800	9,792	13,949
1985	191,823	0 [3]	64,500	31,300	53,000	18,700	9,876	14,448
1986	234,058	0	67,700	30,500	92,650	18,900	9,629	14,678
1987	257,653	0	73,100	33,600	107,400	18,700	9,545	15,309

[1] Funds derived from the sale of Instant Lottery tickets for FY 1976 and 1977 were distributed to towns for the Educational Equalization Grant (PA 75-344 as amended by PA 76-367). Therefore of the $18.4 million received in FY 1976 from the Instant Lottery $7.4 million was paid out to towns and did not go into the General Fund. Approximately $10.0 million of the total $11.8 million received in FY 1977 was paid out to towns and did not go into the General Fund. Beginning with FY 1978 proceeds from the Instant Lottery are deposited in the General Fund (PA 540).

[2] $1.0 million of Daily Lottery proceeds was to go to the Department of Social Services for an emergency food relief program for persons eligible to receive benefits under the Aid for Dependent Children Program (PA 76-387). However PA 77-3 and PA 77-517 repealed this provision.

[3] The Weekly lottery game is eliminated effective 7/1/85.

Notes: Audits

1. The Division of Special Revenue audits "non" state-owned facilities only

(i.e., Plainfield dog track and Jai-Alai Frontons).

2. The State's auditors audit OTB and the Division itself each 2 years (Including lotteries). However certain segments of OTB are audited on an ongoing basis to facilitate the more detailed audit every 2 years.

Source: The Annual Report of the State Comptroller, various years.

STATE GENERAL FUND GAMING REVENUES

Fiscal Year	Amount ($000)	Yearly % Change	Base/Rate Changes
1972	8,150	–	Established weekly lottery.
1973	16,500	102.5	
1974	16,000	(3.0)	
1975	15,000	(6 25)	
1976	30,034	100.2	Instant lottery added to fund education equalization grants
1977	46,530	54.9	1) Daily lottery game established and mandated that @$1 million be allocated to the Department of Social Services for an Emergency Food Relief Program for persons eligible under AFDC (The $1 million allocation was repealed by PA 77-3 and PA 77-517). 2) Jai Alai and dog racing added.
1978	72,243	55.3	1) Off-track betting added: tax of 17% on feature bets, 25% on exotics. 2) Rates on Jai Alai and dog racing handles increased: a) Tax rate on Jai Alai increases to 6.75% from 5.25%. b) Tax rate on dog racing is changed from a graduated schedule (ranging from 5.75% to 8.25%) to a flat rate of 8%. c) The percentage that hosting towns receive increases to: 1) 1% from .25% for towns with population of 50,000 and over and 2) .5% from .25% for towns with population under 50,000. d) Take-out percentage (amount not returned to bettors) increases to 18% from 17%. 3) Instant lottery proceeds are directed into the General Fund. (The irect tie-in of instant lottery proceeds with the educational equalization grant is removed and proceeds from the instant

Fiscal Year	Amount ($000)	Yearly % Change	Base/Rate Changes
			lottery go into the general fund (As due all other gaming revenues). A general fund appropriation of a like amount is made for the equalization grant.
1979	72,831	0.8	The Commission on Special Revenue is given statutory power to collect delinquent accounts of lottery agents. A 10% penalty on the delinquent amount is provided as well as an interest rate charge of 1% per month on the delinquent amount until paid.
1980	88,260	21.8	
1981	91,177	3.3	
1982	112,849	23.8	1) Sundays are included in the meeting dates for racing and Jai Alai (with approval of legislative body of towns). Facilities can open no more than six days per week.
			2) An accounting change results in direct operating expenses within the Personal Services, Other Expenses, and Equipment accounts within the Daily and Instant Lottery funds being paid with General Funds appropriations. Direct operating expenses from the OTB fund will also be paid with General Fund appropriations (effective 1/1/81).
1983	122,492	8.6	1) The takeout on feature bets at OTB is increased to 19% from 17%.
			2) The tax on dog racing increased to 8.25% from 8%, with the .25% going to the dog owners.
			3) Interest from late payments from lottery agents and other gaming licenses is increased to 1.5% per month from 1.25% per month. A minimum fee of $10 is also established.
			4) Licensing and registration fees administered by the Division are increased.
1984	147,966	20.8	1) Increase the takeout from 18.5% to 19%.
			2) Increase the amount of gross wagering receipts paid to state from 8.25% to 8.5%.
			3) Increase the amount of gross wagering receipts allocated to purses from .25% to .5%.

Fiscal Year	Amount ($000)	Yearly % Change	Base/Rate Changes
			4) Treatment program for chronic gamblers ends 12/31/84 (funding mechanism 6/30/84). Funding mechanism is through fees: a) @$135 on each licensee for each performance of jai alai or dog racing - max $45,000 per year per licensee. b) $25 on each supplier of pari-mutuel equipment to teletrack facilities. 5) Municipal share of revenues from OTB increases to .4% from .25%. 6) Sunday OTB is permitted on harness or thoroughbred racing events. 7) The Saturday evening performances of Jai Alai or racing events may conclude by 1 a.m. Sunday without municipal approval. 8) A statement indicating the chances of winning when advertising state lottery tickets is limited to advertisements in newspapers, magazines, brochures and posters, and television and radio ads at least 30 seconds. 9) The moratorium on new gambling facilities and pari-mutuel licenses is extended from July 1, 1983 to June 30, 1985. Pari-mutuel license renewals and new betting facilities contracted prior to 5/23/79 are <u>not</u> affected. 10) The game of Lotto is added as a state lottery beginning 4/84.
1985	191,823	29.6	
1986	234,058	22.0	1) The moratorium on new gambling facilities and pari-mutuel licenses is extended from July 1, 1985 to June 30, 1987 (7/1/85). 2) Wagering on make-up performances at off-track betting facilities, including tele-track, is allowed when requested by the facility and authorized by the Executive Director (7/1/85). 3) A special fund is established to pay for the testing of greyhound urine by UCONN's lab. The Fund will receive 1/4 of 1% of all money wagered at dog racing events (previously these costs were paid by the Plainfield Track). Any revenue exceeding actual costs (as determined by an audit every two years) will be returned to the General Fund (7/1/85).

Fiscal Year	Amount ($000)	Yearly % Change	Base/Rate Changes
			4) The Weekly lottery game is eliminated effective 7/1/85.
1987	257,653	10.1	1) PA 419 - The authority to regulate bingo, bazaars, raffles and games of chance is transferred from the Commissioner of Public Safety to the Division of Special Revenue. The following is also provided for: a) A 5% tax on gross receipts from bingo is established and payable annually by organizations having annual gross receipts in excess of $25,000 (10/1/87) b) The municipal share of gross receipts from bingo is 0.25%. Bingo permit fees are decreased (10/1/87). c) The sale of sealed tickets by bingo permittees is legalized. Nonprofit organizations with liquor permits may also sell sealed tickets for a one year trial period (10/1/87). d) Volunteer fire companies conducting bazaars are allowed to award cash prizes not exceeding @$25 for money-wheel games (10/1/86) e) A legalized gambling investigative unit is created within the Division of State Police.
			2) PA 318 - The municipal share of revenue from OTB is increased to 1% from four-tenths of one percent of the gross amount wagered. (1/1/87)
			3) PA 312 - (1) eliminates the separate daily and instant lottery funds and creates one lottery fund. (2) changes the transfer of funds from the lottery fund to "from time to time" rather than December and June. (3) Authorities may permit games of chance in the same location twice, rather than once, every three weeks. (4) The Chronic Gamblers' Program and the funding mechanism is made permanent (see 1984 (4) above for fees).
1988	NA	NA	1) PA 528 - Extended the moratorium on new gambling facilities until 6/30/89. The Division is authorized to substantially upgrade one OTB branch facility. The total number of OTB branch facilities is reduced to 18 from 20 facilities.

Fiscal Year	Amount ($000)	Yearly % Change	Base/Rate Changes
			2) PA 542 - A number of changes regarding the use and payment of proceeds from dog racing are made as follows: a) Tax rate reduced to 7.25% from 8.5%. b) Increases the amount that licenses must allocate to purses by one-half of one percent of total money wagered to 3.5% from 3.0%. c) Requires licencees to allocate one-quarter of one percent of the handle to capital expenditures and one-quarter of one percent of the handle to promotional marketing. (Quarterly financial statements to division are required) (7/1/87)
			3) PA 121 - The state's OTB vendor is authorized to accept wagering on any type of racing event and not just thoroughbred and harness horse racing. Different types of racing may be offered in the same program.

Source: The Annual Report of the State Comptroller, various years.

STATE GAMING
TAX RATES/RATE OF RETURN

	Betting [1]				Lottery [4]			
	Dog	Jai Alai	Horse [2]	Off-Track Betting [3]	Weekly	Daily	Instant	Lotto [7]
1972	NA	NA	NA	NA	45%	NA	NA	NA
1973	NA	NA	NA	NA	45%	NA	NA	NA
1974	NA	NA	NA	NA	45%	NA	NA	NA
1975	NA	NA	NA	NA	45%	NA	NA	NA
1976	NA	NA	NA	NA	45%	NA	45%	NA
1977	5.75% - 8.25%	5.25%	3.25% - 8.75%	NA	45%	45%	45%	NA
1978	8.0%	6.75%	3.25% - 8.75%	17%	45%	45%	45%	NA
1979	8.0%	6.75%	3.25% - 8.75%	17%	45%	45%	45%	NA
1980	8.0%	6.75%	3.25% - 8.75%	17%	45%	45%	45%	NA
1981	8.0%	6.75%	3.25% - 8.75%	17%	45%	45%	45%	NA
1982	8.0%	6.75%	3.25% - 8.75%	17%	45%	45%	45%	NA
1983	8.25% [5]	6.75%	3.25% - 8.75%	19%	45%	45%	45%	NA
1984	8.5% [6]	6.75%	3.25% - 8.75%	19%	45%	45%	45%	45%
1985	8.5%	6.75%	3.25% - 8.75%	19%	45%	45%	45%	45%
1986	8.5%	6.75%	3.25% - 8.75%	19%	Eliminated	45%	45%	45%
1987	8.5%	6.75%	3.25% - 8.75%	19%		45%	45%	45%
1988	7.25%	6.75%	3.25% - 8.75%	19%		45%	45%	45%

NA = Not Applicable.

[1] a) Tax rates apply to gross amounts wagered or "handle".
b) A tax equal to one-half of the breakage to the dime is imposed on each facility. Breakage results from rounding the payoffs to the lower dime. The state, from the tax revenue it collects, makes payments to the hosting towns of each facility. Towns with populations in excess of 50,000 receive an amount equal to 1% and towns with populations under 50,000 receive 1/2%. The remaining tax revenue is transferred to the General Fund (C.G.S. Sec. 12-573a to 575a).

[2] Not operational.

[3] The state retains 19% (25% on the more "exotic" forms of wagering - wagering on two or more horses in the same race or in two or more races) from which all expenses are paid. Balance goes to the General Fund. Towns get 1/4 of 1% of total wager. Beginning in FY 1984 towns share increases to .4%. Commencing 1/1/87 towns share increases to 1%.

[4] The daily numbers game is operated year round, while the instant game is normally conducted twice yearly, in the spring and fall. Approximately 50% of the gross sales of each game is paid as prize money. The remainders for both the instant and daily numbers game are placed in the Lottery Fund from which all expenses are paid. The balance in the fund is transferred to the General Fund quarterly.

[5] The .25% increase goes to the dog owners and not the state.

[6] The amount of gross wagering receipts allocated to purses increases to 1/2% from 1/4%. Since taxes & purses come out of the takeout, the net effect is that the 1/2% increase in takeout is split evenly between purses & the state.

[7] The 45% rate of return has one exception: if the annuity covering the first prize is insufficient the additional amount will come out of the state's share.

STATE GAMING TAKEOUT AND RATE OF RETURN

Fiscal Year	Take Out Rates: Betting: Dog	Jai Alai	Horse	Off-Track Betting: Pari-Mutuel	Feature	Three or More Animals	Rate: Weekly	Daily	Instant	Lotto
1972	NA	NA	NA	NA	NA	NA	45%	NA	NA	NA
1973	NA	NA	NA	NA	NA	NA	45%	NA	NA	NA
1974	NA	NA	NA	NA	NA	NA	45%	NA	NA	NA
1975	NA	NA	NA	NA	NA	NA	45%	NA	45%	NA
1976	NA	NA	NA	NA	NA	NA	45%	45%	45%	NA
1977	18.0%	18.0%	NA	NA	NA	NA	45%	45%	45%	NA
1978	18.0%	18.0%	NA	17%	17%	25%	45%	45%	45%	NA
1979	18.0%	18.0%	NA	17%	17%	25%	45%	45%	45%	NA
1980	18.0%	18.0%	NA	17%	17%	25%	45%	45%	45%	NA
1981	18.0%	18.0%	NA	17%	17%	25%	45%	45%	45%	NA
1982	18.0%	18.0%	NA	17%	17%	25%	45%	45%	45%	NA
1983	18.5% [1]	18.0%	NA	17%	19%	25%	45%	45%	45%	NA
1984	19.0% [2,3]	18% [2,3]	NA	17%	19%	25%	45%	45%	45%	45%
1985	19.0%	18.0%	NA	17%	19%	25%	45%	45%	45%	45%
1986	19.0%	18.0%	NA	17%	19%	25%	Eliminated	45%	45%	45%
1987	19.0%	18.0%	NA	17%	19%	25%		45%	45%	45%
1988	19.0%	18.0%	NA	17%	19%	25%		45%	45%	45%

NA = Not Applicable

[1] The additional .5% is distributed as follows: (1) .25% reverts to State through increasing the state tax from 8% to 8.25%; and (2) .25% is retained by licensee to be used strictly to increase purses in addition to amount contractually allocated for purses.

[2] For dog racing & jai alai twin trifecta, pick four or pick six betting is allowed. Licensees may carry over to another pool all or part of the monies not won on twin trifecta, pick four or pick six.

Twin trifecta - Bettor picks the top 3 positions for a specific event. Those who pick correctly are eligible to select the top 3 positions in another specified event.
Pick Four - Bettor picks the winner of 4 consecutive races.
Pick Six - " " " " " 6 " "

[3] The takeout rate for OTB on in-state racing events will equal the rate applied to wagers at the Plainfield track.

TAKEOUT REQUIRED

OTB		Takeout	Approximate Amount Returned to Bettor
A.	Pari-Mutuel Pool	17% + Breakage	83%
B.	Pari-Mutuel Pool (includes multiple forms of wagering known as Daily Double, Exacta & Quinella)	19% + Breakage	81%
C.	Pari-Mutuel Pool (includes multiple forms of wagering on three or more animals)	Up to 25% (but not less than 17%)	75%
Betting			
A.	Horse Racing	17% + Breakage	83%
B.	Jai Alai	18% + Breakage	82%
C.	Dog Racing	19.0% + Breakage	81%

Note: a.) Takeout - That portion of the amount wagered or "Handle" which is not returned to the bettors.

b.) Breakage - A tax equal to one-half of the breakage to the dime is imposed on each facility. Breakage results from rounding the payoffs to the lower dime.

LOTTERY REVENUES
COMPARISON OF GROSS SALES
WITH AMOUNTS TRANSFERRED TO THE
GENERAL FUND

Fiscal Year		Gross Sales	Transfers to General Fund[1]	Percent of Gross Sales Transferred to General Fund
1971-1972 [2]	Weekly	$ 17,288,925.50	$ 8,150,000.00	47.1
1972-1973	Weekly	34,711,849.00	16,500,000.00	47.5
1973-1974	Weekly	30,752,727.50	16,000,000.00	52.0
1974-1975	Weekly	30,894,815.50	15,000,000.00	48.6
1975-1976	Weekly	29,493,098.50	13,500,000.00	45.8
	Instant	41,927,201.00	18,400,000.00	43.9
		$ 71,420,299.50	**$ 31,900,000.00**	**44.7**
1976-1977	Weekly	$ 25,824,711.50	$ 9,392,885.50	36.4
	Instant	23,826,954.00	11,748,936.00	49.3
	Daily	13,082,292.00	4,200,000.00	32.1
		$ 62,733,957.50	**$ 25,341,821.50**	**40.4**
1977-1978	Weekly	$ 19,201,917.50	$ 8,190,050.00	42.7
	Instant	41,863,247.00	18,200,000.00	43.5
	Daily	46,391,128.50	15,400,000.00	33.2
		$ 107,456,293.00	**$ 41,790,050.00**	**38.9**
1978-1979	Weekly	$ 12,871,166.00	$ 3,917,000.00	30.4
	Instant	49,725,859.00	18,200,000.00	36.6
	Daily	58,327,191.00	21,000,000.00	36.0
		$ 120,924,216.00	**$43,117,000.00**	**35.7**
1979-1980	Weekly	$ 11,525,566.00	$ 3,500,000.00	30.4
	Instant	45,505,590.00	17,735,048.00	39.0
	Daily	73,167,966.50	33,300,000.00	45.5
		$ 130,199,122.50	$ 54,535,048.00	41.9

Fiscal Year		Gross Sales	Transfers to General Fund[1]	Percent of Gross Sales Transferred to General Fund
1980–1981	Weekly	$ 10,103,356.00	$ 1,503,000.00	14.9
	Instant	56,162,297.00	21,500,000.00	38.3
	Daily	84,695,066.00	34,650,000.00	40.9
		$ 150,960,719.00	**$ 57,653,000.00**	**38.2**
1981–1982	Weekly	$ 10,374,509.00	$ 2,400,000.00	23.1
	Instant	53,811,277.00	21,800,000.00	40.5
	Daily	105,858,579.50	46,800,000.00	44.2
		$ 170,044,365.50	**$ 1,000,000.00**	**41.8**
1982–1983	Week	$ 14,169,658.00	$ 4,100,000.00	28.9
	Instant	56,039,768.00	22,825,000.00	40.7
	Daily	118,462,919.00	53,575,000.00	45.2
		$ 188,672,345.00	**$ 80,500,000.00**	**42.7**
1983–84	Weekly	$ 11,824,652.00	$ 2,975,000.00	25.2
	Instant	67,029,466.00	24,700,000.00	36.9
	Daily	131,497,615.00	59,000,000.00	44.9
	Lotto	44,062,100.00	18,750,000.00	42.6
		$ 254,413,833.00	**$105,425,000.00**	**41.7**
1984–85	Weekly[3]	$ 7,334,605.00	$ 0	0
	Instant	74,473,823.00	31,300,000.00	42.0
	Daily	144,166,658.00	64,500,000.00	44.7
	Lotto	118,481,848.00	53,000,000.00	44.7
		$ 344,456,934.00	**$148,800,000.00**	**43.2**
1985–86	Instant	$ 75,370,000.00	$ 30,500,000.00	40.5
	Daily	152,562,000.00	67,700,000.00	44.4
	Lotto	201,180,000.00	92,650,000.00	46.1
		$ 429,112,000.00	**$190,850,000.00**	**44.5**
1986–87	Instant	$ 80,744,000.00	$ 33,600,000.00	41.6
	Daily	162,070,000.00	73,100,000.00	45.1
	Lotto	246,470,000.00	109,400,000.00	44.4
		$ 489,284,000.00	**$216,100,000.00**	**44.2**
TOTAL FISCAL 1972–1986		**$2,633,326,401.00**	**$1,122,661,920.00**	**42.6**

[1] Transfers to the General Fund occur in December and June for the Instant and Daily games and occur quarterly for the Lotto game.

[2] Fiscal year 1971-1972 covers period from 2-15-72 through 6-30-72.

[3] The Weekly game was eliminated on 7/1/85.

Note: Unclaimed lottery prize money, by law, is held by the Division for one year after the drawing or purchase date. If no claim is made within one year, the money reverts to the prize structure of the lottery and is used periodically as the Division sees fit (unclaimed prize money usually represents about 2 percent of the total prize money).

Source: The Division of Special Revenue.

WEEKLY LOTTERY SUBSCRIPTIONS AND ADVANCE ACTION

Fiscal Year	Subscription Revenue	Lotto Advance Action [3]
1975 [1]	$ 450,679	
1976	1,032,964	
1977	1,107,099	
1978	1,020,803	
1979	935,914	
1980	645,716	
1981	575,522	
1982	513,893	
1983	738,722	
1984	1,101,134	
1985	654,936	
1986 [2]	0	$297,994
1987	0	308,045

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[1] Beginning September 1974, the Lottery introduced a subscription program called Player's Choice, which is designed to allow weekly lottery players the convenience to select their own numbers for periods of time ranging from 12 weeks to one year.

[2] The weekly lottery game was eliminated beginning in FY 1986.

[3] Advance action allows players to bet 5, 10, 26, or 52 lotto drawings in advance (the cost if $5, $10, $25, and $50).

Note: Advance action differs from a subscription plan in that the lottery does not monitor advance action tickets for automatic payments to winners. Advance action winning tickets must be presented to a lottery claims agent in order to collect prizes.

Source: The Division of Special Revenue.

CONNECTICUT STATE LOTTERY

ADVERTISING EXPENDITURES

Fiscal Year			Actual Sales (mil. $)	% Gross Sales
1978	Weekly	$ 766,211		3.99
	Instant	343,111		.82
	Daily	676,119		1.46
		$1,785,450	107.5	1.66
1979	Weekly	$ 604,006		4.69
	Instant	360,224		.74
	Daily	517,515		.89
		$1,481,746	120.9	1.23
1980	Weekly	$ 522,355		4.53
	Instant	381,865		.84
	Daily	566,014		.77
		$1,470,235	130.2	1.13
1981	Weekly	$ 217,984		2.16
	Instant	365,627		.65
	Daily	346,020		.41
		$ 929,631	150.96	.62
1982		NA	170.0	NA
1983		$1,766,678	188.7	.94
1984		$2,392,127	254.4	.94
1985		$2,471,192	344.5	.72
1986		$2,844,891	429.1	.66
1987		$4,579,834	489.3	.94

The Legislature tends to budget annual advertising expenditures at one percent of total annual sales from the lottery.

Source: The Division of Special Revenue.

Lottery Advertising
By Type of Media

Fiscal Year 1986-87

	Advertising General	Radio	TV	Newspaper	Bill-Boards	Productions	Total	% Total
Lotto	$1,119	$ 997,903	$ 572,229	$601,771	$ 46,532	$ 77,822	$2,297,376	50.2%
Instant	1,675	495,329	442,368	169,531	328,815	135,780	1,573,498	34.4
Daily	593	213,845	348,330	84,202	907	61,131	709,008	15.5
Totals	$3,387	$1,707,077	$1,362,927	$855,504	$376,254	$274,733	$4,579,882	
% Total	0.07%	37.3%	29.8%	18.7%	8.2%	6.0		

JAI ALAI AND DOG TRACK REVENUES
COMPARISON OF HANDLE WITH AMOUNTS TRANSFERRED TO THE GENERAL FUND

Fiscal Year		Handle	Transfers To General Fund[1]	Percent of Handle Transferred To General Fund
1975–1976	Bridgeport	$ 8,817,984	$ 225,332.94	2.6
	Hartford	11,828,615	384,240.95	3.3
	Plainfield	64,877,042	4,924,535.73	7.6
		$ 85,523,641	$ 5,534,109.62	6.5
1976–1977	Bridgeport	$ 143,282,563	$ 7,539,664.27	5.3
	Hartford	81,955,826	4,215,515.48	5.1
	Milford	22,924,682	949,904.10	4.1
	Plainfield	125,554,151	9,897,028.63	7.9
		$ 373,717,222	$ 22,602,112.48	6.1
1977–1978	Bridgeport	$ 80,355,797	$ 4,850,207.76	6.0
	Hartford	74,909,044	4,708,104.86	6.3
	Milford	74,834,590	4,556,745.57	6.1
	Plainfield	97,983,478	8,119,338.74	8.3
		$ 328,082,909	$ 22,234,396.93	6.8
1978–1979	Bridgeport	$ 85,290,424	$ 5,092,827.24	6.0
	Hartford	72,942,500	4,199,321.28	5.8
	Milford	78,605,961	4,416,804.60	5.6
	Plainfield	100,421,789	7,806,376.87	7.8
		$ 337,260,664	$ 21,515,329.99	6.4
1979–1980	Bridgeport	$ 79,237,640	$ 4,739,780.99	6.0
	Hartford	66,250,611	4,188,854.46	6.3
	Milford	74,280,918	4,738,019.40	6.4
	Plainfield	90,672,151	7,176,367.57	7.9
		$ 310,441,320	$ 20,843,022.42	6.7
1980–1981	Bridgeport	$ 77,774,090	$ 4,659,929.44	6.0
	Hartford	64,345,696	3,930,326.76	6.1
	Milford	67,491,423	4,096,218.34	6.1
	Plainfield	95,088,262	7,517,523.99	7.9

Fiscal Year		Handle	Transfers To General Fund[1]	Percent of Handle Transferred To General Fund
		$ 304,699,471	$ 20,203,998.53	6.6
1981–1982	Bridgeport	$ 74,928,969	$ 4,479,312.93	6.0
	Hartford	82,564,493	4,934,239.35	6.0
	Milford	68,414,263	4,090,059.28	6.0
	Plainfield	104,240,017	8,145,684.51	7.8
		$ 330,147,742	$ 21,649,296.07	6.6
1982–1983	Bridgeport	$ 73,761,454	$ 4,412,450.00	6.0
	Hartford	80,742,255	4,845,766.00	6.0
	Milford	73,840,305	4,479,478.00	6.1
	Plainfield	114,441,553	9,253,891.00	8.1
		$ 342,785,567	$ 22,991,585.00	6.7
1983–84	Bridgeport	$ 76,023,172	$ 4,545,535.00	6.0
	Hartford	80,161,353	4,883,719.00	6.1
	Milford	74,934,748	4,519,901.00	6.0
	Plainfield	117,337,700	9,791,910.00	8.4
		$ 348,456,973	$ 23,741,065.00	6.8
1984–85	Bridgeport	$ 73,251,677	$ 4,385,626.00	6.0
	Hartford	86,417,900	5,218,887.00	6.0
	Milford	80,131,514	4,843,054.00	6.0
	Plainfield	118,501,313	9,875,591.00	8.3
		$ 358,302,404	$ 24,323,158.00	6.8
1985–86	Bridgeport	$ 90,631,000	$ 5,276,000.00	5.8
	Hartford	86,064,000	5,006,000.00	5.8
	Milford	64,879,000	3,779,000.00	5.8
	Plainfield	118,981,000	9,657,000.00	8.1
		$ 360,555,000	$ 23,718,000.00	6.5
1986–87	Bridgeport	$ 83,847,000	$ 4,876,000.00	5.8
	Hartford	90,011,000	5,239,000.00	5.8
	Milford	81,254,000	4,728,000.00	5.8
	Plainfield	117,036,000	9,209,000.00	7.9
		$ 372,148,000	$ 24,052,000.00	6.5

Fiscal Year	Handle	Transfers To General Fund[1]	Percent of Handle Transferred To General Fund
TOTAL FISCAL 1976-1987	$3,852,120,913	$253,408,074.00	6.6

[1] Transfer of money to the state occurs monthly

Source: The Division of Special Revenue.

HARTFORD JAI ALAI

Fiscal Year	Operation Dates	Number of Performances			Wagers		
		Total	Matinees	Evenings	Attendance	Amount (000)	Winnings (000)
1977	7/1/76-12/31/76 5/26/77-6/30/77	221			1,345,922	$81,956	$67,833
1978	7/1/77-12/31/77 5/5/78-6/30/78	244	40	204	1,134,416	74,909	61,264
1979	7/1/78-12/14/78 4/18/79-6/30/79	241	38	203	1,048,437	72,943	59,676
1980	7/1/79-11/26/79 4/2/80-6/30/80	225	37	188	845,099	66,224	54,209
1981 [1] [2]	7/1/80-11/28/80 4/3/81-6/29/81	227	42	185	757,659	64,346	52,655
1982	7/1/81-11/29/81 2/17/82-6/30/82	253	84	169	860,145	82,564	67,565
1983 [3]	7/1/82-11/6/82 1/8/83-5/27/83	246	75	171	787,982	80,742	66,073
1984	7/1/83-10/9/83 1/14/84-6/30/84	223	64	159	741,478	80,161	65,487
1985	7/1/84-12/11/84 1/12/85-6/30/85	229	51	178	730,991	86,424	70,841
1986	7/1/85-12/14/85 1/9/86-6/29/86	223	48	175	670,788	86,064	70,459

Fiscal Year	Operation Dates	Number of Performances			Wagers		
		Total	Matinees	Evenings	Attendance	Amount (000)	Winnings (000)
1987	7/3/86-12/21/86 1/1/87-6/30/87	251	52	199	649,496	90,011	73,682

[1] Hartford Jai Alai was operated under WJA Realty up until 11/28/80. Berenson Pari-mutuel, Inc. began operations on 4/3/81.

[2] Sunday wagering became effective on 5/31/81.

[3] A labor dispute involving employees of Berensons' Hartford Jai Alai and Hotel and Restaurant Union Local 217 resulted in a strike action closing the Hartford fronton from 5/28/83-6/30/83. A total of 34 performances were lost due to this action.

Source: Connecticut Digest of Administrative Reports to the Governor, Department of Administrative Services, Various Issues.

BRIDGEPORT JAI ALAI

Fiscal Year	Operation Dates	Number of Performances			Wagers		
		Total	Matinees	Evenings	Attendance	Amount (000)	Winnings (000)
1977	7/1/76–12/31/76 1/1/77–5/3/77	372			1,803,375	$ 143,283	$118,627
1978	11/9/77–12/31/77 1/2/78–4/29/78	219	74	145	898,491	80,356	65,739
1979	11/6/78–12/30/78 1/1/79–5/2/79	223	75	148	872,710	85,290	69,792
1980	11/5/79–12/31/79 1/1/80–5/1/80	223	75	148	755,259	79,238	64,842
1981 [1]	11/10/80–12/31/80 1/1/81–5/7/81	231	79	152	708,978	77,774	63,653
1982	11/2/81–12/31/81 1/1/82–5/6/82	230	89	141	642,839	74,929	61,327
1983	10/31/82–12/31/82 1/1/83–5/3/83	222	99	123	611,416	73,761	60,371
1984	10/30/83–12/31/83 1/1/84–5/7/84	238	106	132	623,745	76,023	62,230
1985	11/4/84–12/31/84 1/1/85–4/30/85	216	98	118	532,733	73,252	59,824
1986	10/27/85–12/31/85 11/1/86–6/30/86	286	136	150	600,677	90,631	73,962
1987	11/29/86–12/31/86 1/1/87–3/31/87	229	102	127	501,936	83,847	68,645

(000) (000)

[1] Sunday wagering became effective on 5/31/81.

Note: Bridgeport & Milford run on staggered schedules - Bridgeport during the winter & Milford during the summer - to avoid saturation problems.

Source: Connecticut Digest of Administrative Reports to the Governor, Department of Administrative Services, Various Issues.

MILFORD JAI ALAI

Fiscal Year	Operation Dates	Number of Performances			Wagers		
		Total	Matinees	Evenings	Attendance	Amount (000)	Winnings (000)
1977	5/5/77–6/30/77	69			295,628	$22,925	$18,994
1978	7/1/77–11/5/77 5/4/78–6/30/78	221	61	160	1,001,227	74,835	61,212
1979	7/1/78–11/4/78 5/3/79–6/30/79	225	65	160	687,954	78,606	64,311
1980	7/1/79–11/3/79 5/5/80–6/30/80	228	71	157	837,414	74,281	60,783
1981 [1]	7/1/80–10/30/80 5/8/81–6/29/81	223	73	150	722,628	67,491	55,236
1982	7/1/81–10/31/81 5/7/82–6/30/82	230	95	135	698,534	68,414	55,996
1983 [2]	7/1/82–10/30/82 5/4/83–6/30/83	231	80	151	701,720	73,840	60,442
1984	7/1/83–10/29/83 5/8/84–6/20/84	223	75	148	670,134	74,935	61,218
1985	7/2/84–11/3/84 5/1/85–6/30/85	236	80	156	678,948	80,132	65,700
1986	7/1/85–10/26/85 5/1/86–6/29/86	203	66	137	529,009	64,879	53,104
1987	7/2/86–11/28/86 6/1/87–6/29/87	230	101	129	560,925	81,254	66,516

[1] Sunday wagering became effective on 6/28/81.

[2] Milford jai alai was operated under Milford Jai Alai, Inc. up until 10/30/82. Connecticut Jai Alai, Inc. began operations on 5/4/83.

Note: Milford and Bridgeport run on stagered schedules - Bridgeport during the winter and Milford during the summer - to avoid saturation problems.

Source: Connecticut Digest of Administrative Reports to the Governor, Department of Administrative Services, Various Issues.

PLAINFIELD DOG TRACK

Fiscal Year	Operation Dates	Number of Performances			Wagers		
		Total	Matinees	Evenings	Attendance	Amount (000)	Winnings (000)
1977	7/1/76–12/30/76 1/3/77–6/30/77	445			1,479,706	$125,554	$103,696
1978	7/1/77–9/5/77 9/30/77–12/30/77 1/3/78–6/30/78	416	148	268	1,098,461	97,984	80,068
1979	7/1/78–12/31/78 1/2/79–6/30/79	446	162	284	1,011,690	100,422	81,963
1980	7/1/79–12/30/79 1/2/80–6/30/80	426	148	278	866,916	90,672	74,040
1981 [1]	7/1/80–12/31/80 1/1/81–6/30/81	424	163	261	850,026	95,088	77,680
1982	7/1/81–12/30/81 1/1/82–6/30/82	450	206	244	909,276	104,200	85,180
1983	7/1/82–12/20/82 1/1/83–6/30/83	451	225	226	897,748	114,442	92,948
1984	7/1/83–12/31/83 1/1/84–6/30/84	444	217	227	901,976	117,338	94,795
1985	7/1/84–12/30/84 1/1/85–6/30/85	449	219	230	903,153	118,501	95,857
1986	7/1/85–12/31/85 1/1/86–6/29/86	444	217	227	806,429	118,981	96,251
1987	7/1/86–12/31/86 1/1/87–6/30/87	443	230	213	779,882	117,036	94,523

[1] Sunday wagering became effective on 5/3/81.

Source: Connecticut Digest of Administrative Reports to the Governor, Department of Administrative Services, Various Issues.

DOGS TESTED FOR DRUGS
PLAINFIELD DOG TRACK

Fiscal Year	Dogs Tested	
	Positive	Tested
1976	21	4,424
1977		9,853
1978		8,634
1979		8,411
1980		10,031
1981		
1982		29,464
1983		32,422
1984		33,760
1985		36,594
1986		37,638
1987		38,208

Note: Currently urine specimens are taken before each race and 80 percent of all dogs are tested.

Source: Connecticut Digest of Administrative Reports to the Governor, Department of Administrative Services, Various Issues.

OTB REVENUES
COMPARISON OF GROSS SALES
WITH AMOUNTS TRANSFERRED TO
THE GENERAL FUND

Fiscal Year		Gross Sales	Transfers To General Fund [1]	Percent of Gross Sales Transferred to General Fund
1975-76[2]		$ 11,298,654	-	
1976-1977		93,966,692	$ 8,000,000	8.5
1977-1978		108,028,104	8,800,000	8.2
1978-1979		118,518,835	7,800,000	6.6
1979-1980	Parlors & Telephone	112,701,932		
		$ 166,294,918	$ 13,100,000	7.9
1980-1981	Parlors & Telephone	$ 106,550,169		
	Teletrack	73,629,034		
		$ 180,179,203	$ 13,500,000	7.5
1981-1982	Parlors & Telephone	$ 107,529,651		
	Teletrack	82,873,917		
		$ 190,403,568	$ 20,200,000	10.6
1982-1983	Parlors & Telephone	$ 101,755,729		
	Teletrack	81,792,562		
		$ 183,548,291	$ 19,000,000	10.4
1983-1984	Parlors & Telephone	$ 100,811,001		
	Teletrack	86,253,642		
		$ 187,064,643	$ 18,800,000	10.1
1984-1985	Parlors & Telephone	$ 98,054,407		
	Teletrack	87,535,235		
		$ 185,589,642	$ 18,700,000	10.1

Fiscal Year		Gross Sales	Transfers To General Fund [1]	Percent of Gross Sales Transferred to General Fund
1985-1986	Parlors & Telephone	$ 101,654,000		
	Teletrack	87,128,000		
		$ 188,782,000	$ 18,900,000	10.0
1986-87	Parlors & Telephone	$ 107,625,000	$ 18,700,000	
	Teletrack	85,635,000		
TOTAL through June 30, 1985				

[1] Transfer of funds to state occurs monthly.

[2] Fiscal year 1975-1976 covers the period from April 29, 1976 through June 30, 1976.

[3] Teletrack first year operations cover the period from October 24, 1979 through June 30, 1980.

Source: OTB Revenues, Comparison of Gross Sales with Amounts Transferred to the General Fund, The Division of Special Revenue.

TELETRACK

Fiscal Year	Performances			Attendance	Total Wagered ($000)
	Total	Thoroughbred	Harness		
19801				426,348	$52,910
1981	559	259	300	547,118	72,615
1982	570	262	308	591,499	81,655
1983	579	271	308	593,338	81,793
1984	619	311	308	605,380	86,254
1985	619	309	310	575,239	87,535
1986	624	313	311	547,000	87,128
1987	622	314	308	495,565	85,624

Note: Patrons are afforded the opportunity to wager on thoroughbred races of the New York Racing Association tracks at Aqueduct, Belmont and Saratoga; Florida tracks at Calder, Gulfstream, Hialeah and Tropical park; and on races at Arlington Park in Illinois, Delaware Park in Delaware and Churchhill Downs in Kentucky.

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[1] The world's first Teletrack began operation in New Haven on October 24, 1979.

Source: Connecticut Digest of Administrative Reports to the Governor, Department of Administrative Services, various issues and the Division of Special Revenue.

TELEPHONE BETTING
TELETRACK [1]

Fiscal Year	Number of Subscribers	Amount Wagered
1977	3500	$4,911,387
1978	4200	5,027,579
1979	*	5,607,240
1980	*	5,092,035
1981	*	5,027,954
1982	*	4,990,916
1983	*	4,918,958
1984	*	4,882,131
1985	*	4,869,179
1986	*	5,383,724
1987	*	5,467,914

[1] Telephone betting was added to the OTB system on May 17, 1976.

Note: The Division estimates that approximately 4,000 account holders were on file in each fiscal year.

Source: The Division of Special Revenue

SUMMARY OF PAYMENTS TO MUNICIPALITIES
OFF-TRACK BETTING AND PARIMUTUELS

	Off Track Betting[1]			Parimutuel[2]			Grand Total
		Revenues From:					
Fiscal Year	Total OTB	OTB	Teletrack	Total Parimutuel	Jai Alai	Dog Track	OTB & Parimutuels
1979	$292,645	$292,645	$ 0	$2,870,499	$2,368,389	$502,110	$3,163,144
1980	410,667	278,136	132,531	2,651,053	2,197,691	453,362	3,061,720
1981	445,094	263,131	181,963	2,571,554	2,096,112	475,442	3,016,648
1982	470,236	265,657	204,579	2,780,300	2,259,099	521,201	3,250,536
1983[3,4]	474,547	264,539	210,008	2,855,650	2,283,441	572,209	3,330,197
1984	756,795	410,703	346,092	2,897,883	2,311,193	586,690	3,654,678
1985	750,577	399,622	350,955	2,990,578	2,398,071	592,507	3,741,155
1986	763,615	414,065	349,550	3,011,431	2,415,729	595,702	3,775,046
1987[5]	2,026,622	1,420,722	605,900	3,135,501	2,551,119	584,381	5,162,123

[1] Municipal share of revenue from OTB is 1.0% (effective 1/1/87).

[2] The tax rates for the Parimutuel facilities are as follows:

Jai Alai - 1% of daily handle
Greyhound - 1/2% of daily handle

[3] Municipal share of revenue from OTB increased to .4% from .25%, effective June, 1983. Effective January, 1987 the Municipal share increases to 1% from .4%.

[4] The Off-Track Betting Parlors in New Haven and Meriden were closed on March 31, 1983 and November 30, 1984, respectively.

[5] Effective January, 1987 the Municipal share increases to 1% from .4%.

Note: The municipal share is paid from the amount retained by the state but is levied on total wagers. The transfer of funds to municipalities occurs monthly.

Source: The Division of Special Revenue.

PAYMENTS TO MUNICIPALITIES
BY TOWN
OFF-TRACK BETTING
(FISCAL YEARS)

Town	1981	1982	1983[1][2]	1984	1985	1986	1987
Meriden (closed 11/84/ Reopen 6/87)	$ 20,408	$ 18,840	$17,856	$28,373	$11,598		
Bridgeport #2	10,866	10,801	11,032	15,709	14,548	12,603	22,693
Bridgeport #3	18,205	18,069	18,346	27,647	30,545	36,395	69,586
Torrington	11,341	12,012	11,627	17,731	16,893	19,030	34,439
New London	12,220	12,356	13,295	20,006	20,126	22,219	43,480
Waterbury #6	20,515	20,586	19,770	30,448	31,672	37,598	71,792
Waterbury #12	16,370	16,780	16,831	26,243	25,310	20,026	31,481
Norwich	5,850	6,194	5,682	8,263	8,401	8,166	17,000
West Haven	14,350	14,522	15,186	24,412	24,082	22,826	48,054
Derby	15,147	14,640	14,474	21,597	21,798	21,438	40,663
Bristol	14,218	15,162	15,325	25,605	25,912	30,419	57,612
Killingly	7,608	8,122	8,938	15,421	16,883	21,028	44,697
Norwalk	24,464	25,710	25,932	44,208	45,741	49,675	86,724
East Haven	20,645	20,937	20,174	36,744	34,827	35,708	66,189
New Haven (closed 3/83)	9,632	9,365	6,357	–	–	–	–
New Britain	28,722	29,084	31,091	48,768	51,809	55,399	99,618

Town	1981	1982	1983[1][2]	1984	1985	1986	1987
Telephone Betting—(New Haven)	12,570	12,477	12,623	19,528	19,477	21,535	38,511
Subtotal	263,131	265,657	264,539	410,703	399,622	414,065	776,311
Teletrack-(New Haven)	181,963	204,579	210,008	346,092	350,955	349,550	605,900
Total	**$445,094**	**$470,236**	**$474,547**	**$756,795**	**$750,577**	**$763,615**	**1,382,211**

[1] The Off-Track Betting parlors in New Haven and Meriden were closed on March 31, 1983 and November 30, 1984, respectively.
[2] The municipal share was changed to four tenths of one percent effective June 16, 1983, pursuant to PA 83-356 (OTB). PA 86-318 increased the municipal share to 1% from .4% effective January, 1987 for those towns which house an OTB parlor or teletrack.

Source: The Division of Special Revenue.

MUNICIPAL SHARE OF REVENUES FROM STATE GAMING

Fiscal Year	BETTING Dog And Jai Alai Population Under 50,000	Dog And Jai Alai Population Over 50,000	Horse Population Under 50,000	Horse Population Over 50,000	OTB
1977	.25%	.25%	.25%	1.0%	.25%
1978	.5 %	1.0 %	.25%	1.0%	.25%
1979	.5 %	1.0%	.25%	1.0%	.25%
1980	.5 %	1.0%	.25%	1.0%	.25%
1981	.5 %	1.0%	.25%	1.0%	.25%
1982	.5 %	1.0%	.25%	1.0%	.25%
1983	.5 %	1.0%	.25%	1.0%	.25%
1984	.5 %	1.0%	.25%	1.0%	.40%
1985	.5 %	1.0%	.25%	1.0%	.40%
1986	.5 %	1.0%	.25%	1.0%	.40%
1987	.5 %	1.0%	.25%	1.0%	1.0% (Eff. 1/1/87)
1988	.5 %	1.0%	.25%	1.0%	1.0%

Note: 1) Municipal share is based on total money wagered.

2) Municipalities receive no monies from the operation of the state lottery.

DISTRIBUTION OF EACH $100 BET
BY MAJOR GAME

				OTB	
Takeout Amount	Jai Alai	Dog Racing	Win, Place, Show	Daily Double Exacta, Quinella	Three or More Animals
Amount Bet (Handle)	$ 100	$ 100	$ 100	$ 100	$ 100
Less: Takeout Percentage	- 18%	-19%	-17%	-19%	-25%
Equals: Takeout (Amount Not Returned to Bettors)	$ 18.00	$ 19.00	$ 17.00	$ 19.00	$ 25.00
State Tax					
Amount Bet (Handle)	$ 100	$ 100			
Times: Tax Rate	x 6.75%	x 7.25%			
Equals: Tax Due State	6.75	7.25			
Municipal Share [1]					
Amount Bet (Handle)	$ 100	$ 100	$ 100	$ 100	$ 100
Times: Municipal Portion (Assumes Population Exceeds 50,000)	x1%	x.5%	.4%	.4%	.4%
Equals: Amount to Municipality	$ 1.00	$ 0.50	$ 0.40	$ 0.40	$ 0.40
Facilities Share [2]					
1. Jai Alai & Dogs					
Takeout	$ 18.00	$ 19.00			
Less: State Tax	- 5.75	- 7.25			
Municipal Share	- 1.00	- .50			
UCONN Lab [3]	NA	- .25			
Equals: Facilities Portion	$ 11.25	$ 11.00			

2. OTB	OTB		
	Win, Place, Show	Daily Double Exacta, Quinella	Three or More Animals
Amount Bet (Handle)	$ 100.00	$ 100.00	$ 100.00
Times: Tracks Share (Average Rate Times Handle)	5.24%	5.24%	5.24%
Amtote's Share (Average Rate Times Handle)	3.89%	3.89%	3.89%
Equals: Amount to Tracks	$ 5.24	$ 5.24	$ 5.24
Amount to Amtote	$ 3.89	$ 3.89	$ 3.89
States Share from OTB			
Takeout	$ 17.00	$ 19.00	$ 25.00
Less: Track's Share	5.24	5.24	5.24
Amtote's Share	3.89	3.89	3.89
Municipal Share	1.00	1.00	1.00
Equals: States Share	$ 6.87	$ 8.87	$ 14.87

[1] The municipal portion of revenues comes out of the state's share.

[2] For OTB facilities the 'share' includes that portion payable to the tracks and to AMTOTE. The tracks receive 5 percent of Win, Place and Show and 7 percent on the more exotic bets (if the dollar volume of bets exceeds $100 million for daytime tracks and/or $50 million for night time tracks the rates increase to 6 percent and 8 percent instead of 5 percent and 7 percent). AMTOTE receives a sliding percentage based on the dollar volume of bets. The percentage ranges to 7.5 percent to 3.9 percent. The current averages for the tracks and AMTOTE is 5.24 percent and 3.89 percent respectively.

[3] A special fund to pay for the testing of greyhound urine testing receives 1/4 of 1% of all money wagered at dog racing events.

CHARITABLE GAMING

(BINGO, BAZAARS, RAFFLES, GAMES OF CHANCE AND SEALED TICKETS)

PA 86-419 made a number of significant changes in the way charitable gaming is conducted and regulated in Connecticut. The highlights of this act are outlined below:

- creates a legalized gambling investigative unit in the Division of State Police effective October 1, 1986.
- transfers authority to regulate bingo, bazaars, raffles and games of chance to the Division of Special Revenue from the Commissioner of Public Safety beginning October 1, 1987
- transfers the authority to license bingo to the Division of Special Revenue from municipalities commencing October 1, 1987
- imposes a 5 percent tax on the gross receipts from bingo for organizations having annual gross receipts in excess of $25,000 beginning October 1, 1987
- requires that municipalities that allow bingo receive one-quarter of one percent of gross bingo receipts in lieu of receiving bingo permit fees
- raises individual bingo prize limits to $500 from $125
- eliminates one of three types of bingo permits and reduces permit fees
- legalizes the sale of sealed tickets by bingo permittees and nonprofit organizations that have liquor permits (one year trial period for nonprofits) effective October 1, 1987.

I. Bingo

Municipal Approval of Bingo

Bingo is authorized by vote of individual municipalities (C.G.S. 7-969(b). If, prior to September 1 of any year, a petition containing 5 percent of the electors is submitted, a vote will be taken. If the vote is affirmative, bingo is legalized for a period of one year, at which time a new vote is taken. If affirmative, bingo is then permanently accepted in the town until a petition of 5 percent of the electors is submitted for a repeal of the law.

Operation of Bingo Games

Bingo games must be sponsered by charitable, fraternal, educational, civic, veterans', or religious organizatins, volunteer fire departments or granges. These organizations must have been in existence for at least two years before applying for a bingo permit.

Bingo Permits

Application for a bingo permit must be filed with the Division of Special Revenue (prior to October 1, 1987 application was made to the State Police and local police departments, or first selection if no such local department existed).

Permits are of two classes, A and B

Class A - an annual permit which allows organizations to conduct at least 15 but not more than 40 bingo games one-day-per-week.

Class B - annual permits which allow organizations to conduct at least 15 but not more than 40 bingo games per day for a maximum of ten successive days. Only one class B permit will be issued to any organization in any twelve month period.

Under the old law there were three classes of permits allowed, called class A, B and C. PA 86-419 eliminated the class A permit which was valid for one day. The act retains the permits previously called B and C and renames them as a new class A and B.

Bingo Permit Fees

Bingo permit fees under PA 86-419:

Class A	$75
Class B	$50

All revenue from bingo permit fees goes to the states General Fund.

Bingo permit fees prior to PA 86-419:

Permit fees determined by seating capacity as follows:

Fee:

SEATING CAPACITY	CLASS A		CLASS B		CLASS C	
	Muni	State	Muni	State	Muni	State
1 - 50	$ 2	$ 3	$ 25	$ 15	$ 5	$ 5
51 - 100	3	3	50	25	10	10
101 - 200	5	5	100	100	25	25
201 - 500	15	15	150	150	75	75
501 - 750	25	25	200	200	125	125
751 and over	50	50	250	250	250	250

Bingo Prizes

PA 86-419 raises the limits on individually-awarded bingo prizes and eliminates the limit on the daily total for all prizes.

Prize structures under PA 86-419:

- An organization has the option of having its first and last games in a day winner-take-all games. A winner-take-all game could have a maximum prize of $500 per game. A winner-take-all game could be one game or a series of games until all of the money wagered has been won in prizes. The example below will help to illustrate a winner-take-all-game.

  WINNER-TAKE-ALL-GAME

Gross Wager	$2,000
Less: 5% State Tax	-100
Equals Total Amount Available for Winner-Take-All-Games	$1,900

  The organization could offer a series of three $500 prize games and one $400 prize game.

- individual prizes for all other games are limited as follows:

  two $200 prizes - $200 prize each game
  four $100 prizes - $100 prize each game
  All other prizes - not to exceed $50

- a door prize valued at up to $200

Prizes may be paid in cash, merchandise, lottery tickets or personal property.

Prize structure prior to PA 86-419:

- the total for all prizes was limited to $500 per day
- individual prizes were limited as follows:

  Two $125 prizes - $125 prize each game
  Six $25 prizes - $25 prize each game
  All other prizes - not to exceed $10

II. Sealed Tickets

The sale of "sealed tickets" is legalized by P.A. 86-419. A sealed ticket is a card with pull tabs that expose various symbols. The ticket entitles the holder to a prize if the symbols match a winning combination. The act allows bingo permittees and organizations which hold a club permit or nonprofit club liquor permit, but which are not authorized to conduct bingo, to sell tickets for a one-year trial period beginning on October 1, 1987 through September 30, 1988.

Sealed Ticket Permits

The act allows the Division to license organizations and to regulate the sale of sealed tickets. The permit fee is as follows:

Holders of bingo permits	$50
Holders of liquor permits	$75

Permittees must purchase tickets from the Division for 10 percent of their resale value.

Prize Structure

Organizations must keep at least 30 percent of gross sales as profit and return at least 45 percent as prizes.

Chronic Gamblers' Treatment and Rehabilitation Fund

Fiscal Year 1983

	Jai Alai					
	Greyhound	Hartford	Bridgeport	Milford	Teletrack	Total
Number of Performances	328	271	221	263	573	1,656
Fee Per Performance	$ 135	$ 135	$ 135	$ 135	$ 25	
Amount	$44,325 [1]	$36,585	$29,835	$35,505	$14,325	$160,575

Fiscal Year 1984

Number of Performances	334	201	236	223	617	1,611
Fee Per Performance	$ 135	$ 135	$ 135	$ 135	$ 25	
Amount	$45,135 [1]	$27,135	$31,860	$30,105	$15,425	$149,660

Fiscal Year 1985

Number of Performances	334	229	216	237	619	1,635
Fee Per Performance	$ 135	$ 135	$ 135	$ 135	$ 25	
Amount	$45,000	$30,915	$29,160	$31,995	$15,475	$152,545

Fiscal Year 1986

Number of Performances	336	224	260	214	627	1,661
Fee Per Performance	$ 135	$ 135	$ 135	$ 135	$ 25	
Amount	$45,405	$30,240	$35,100	$28,890	$15,675	$155,310

Fiscal Year 1987

Number of Performances	287	247	251	218	622	1,625
Fee per Performance	$ 135	$ 135	$ 135	$ 135	$ 25	
Amount	$38,790	$33,345	$33,885	$29,430	$15,550	$151,000

[1] Per Special Act 81-68, no licensee shall contribute more than $45,000 in any calendar year.

Note: The treatment program for chronic gamblers was to end on 12/31/83 (funding mechanism 6/30/83). Special Act 83-17 extended the program until December 31, 1984 and funding of such to June 30, 1984. Special Act 84-68 extended the program until December 31, 1986 and funding of such to June 30, 1986. PA 86-312 made the fees and the Chronic Gambler's Program permanent.

Compulsive Gamblers in Connecticut
Descriptive Characteristics

	1982	1983	1984	1985	1986 New	1986 Readmission	Cumulative Total
Sex:							
Male	43	52	60	50	47	14	252
Female	6	6	5	1	1	0	19
Total	49	58	65	51	48	14	271
Age:							
Range	21-61	20-61	18-70	20-59	19-54	21-54	18-70
Mean	NA	35.5	31.5	35	37.5	37.4	34.0
Race:							
Black	1	4	7	2	3	1	17
Hispanic	1	0	2	2	2	0	7
White	47	51	55	43	43	13	239
Other	0	3	1	4	0	0	8
Religion:							
Catholic	32	40	31	40	31	6	174
Protestant	6	13	21	6	12	5	58
Jewish	7	0	11	1	5	3	24
Other	4	5	2	4	0	0	15
Marital Status:							
Married	29	25	33	25	22	8	134
Separated	11	1	5	9	5	2	31
Divorced	2	18	10	3	8	1	41
Widowed	0	0	0	1	0	0	1
Never Married	7	14	17	13	13	3	64
Geographic Location:							
Southwest	NA	NA	21	16	20	4	91
South Central	NA	NA	12	9	12	4	52
Northeast	NA	NA	4	4	1	0	18
North Central	NA	NA	17	10	8	3	62
Northwest	NA	NA	11	12	7	3	48

Note: The five geographic locations coincide with regions call planning areas as defined by the Department of Mental Health.

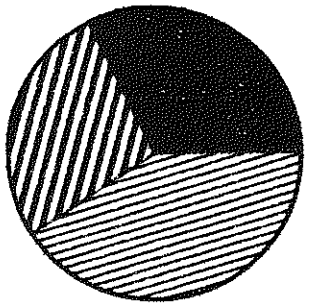
Source: Annual Report, Compulsive Gambling Treatment Program, Greater Bridgeport Community Mental Health Center, various years.

E. Sales Taxes

SALES TAXES

LEGEND

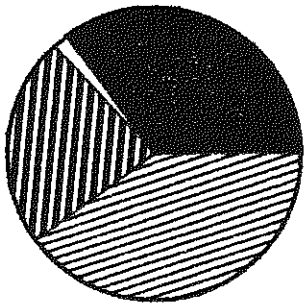
- ADMISSIONS .5%
- SALES TAX 31.6%
- REAL ESTATE 0%
- OTHER REV 26.9%
- OTHER TAX 40.9%



FY 1976–77

LEGEND

- ADMISSIONS .3%
- SALES TAX 34.7%
- REAL ESTATE 1.8%
- OTHER REV 23.1%
- OTHER TAX 40.1%



FY 1986–87

SALES AND USE TAX

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
1959	$ 71,917	—	3.0	
1960	78,869	9.7	3.0	Exemption for sale of draft horses.
1961	79,474	0.8	3.0	
1962	97,844	23.1	3.5	
1963	102,922	5.2	3.5	
1964	111,910	8.7	3.5	
1965	122,900	9.8	3.5	
1966	136,411	11.0	3.5	
1967	146,669	7.5	3.5	
1968	157,778	7.6	3.5	Exemption for water and air pollution equipment.
1969	170,626	8.1	3.5	
1970	262,421	53.8	5.0	1) Clarifies air and water pollution exemption. 2) Narrows the exemption for childrens clothing to child less than 10 (from 16) 3) Auto trade-ins - $500 limit
1971	264,846	0.9	5.0	
1972	358,369	35.3	6.5	Sales tax on utilities services (first $20 exempt) ($6.9 million revenue gain). Exempt: Needles and syringes and flyable aircraft manufactured in the state.
1973	465,882	30.0	7.0	Sales tax exemption on utility servies lowered to $10 ($20.6m)
1974	451,409	(3.1)	6.5	
1975	425,455	(5.8)	6.0	Repealed: Sales Tax on utility services
1976	542,942	27.6	7.0	Renting or leasing of business tangible personal property and servies added to base
1977	583,726	7.5	7.0	Tax rate on business services and manufacturing machinery reduced to 3.5% from 7.0%
1978	654,234	12.1	7.0	1) Tax rate on manufacturing machinery reduced to 2.5% from 3.5% 2) Tax rate on farm machinery reduced to 2.5% from 7.0%.

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
				3) Exempt: sales of solar collectors (until 9/30/82).
1979	742,807	13.5	7.0	1) The 2.5% tax on manufacturing or farm machinery is repealed.
				2) Qualifying municipalities may retain 4.5% of the 7% state sales tax collected on hotel or lodging house receipts. Under prior law, one-half of the amusement tax receitps collected on the sale of admission tickets was retained by municipalities. The addition of the sales tax provision allows the municipality the option of retaining amusement tax receipts or sales tax receipts.
				3) Exemption for newspapers circulated without charge.
1980	808,925	8.9	7.0	Exemptions:
				1) Sale of walkers for use by invalids or handicapped.
				2) Sales of tangible personal property and services to senior citizen centers.
				3) Motor vehicles driving service related to driving outside the state.
				4) Solar energy systems.
				5) Computer programming, sign construction, photofinishing, duplicating and photocopying (tax is applied to ultimate product of such services).
				6) Motor fuel for van pool vehicles and high-occupancy commuter vehicles.
1981	932,714	15.3	7.5	1) Cigarettes added to tax base.
				2) Exempt: special equipment used by deaf or blind in communicating by telephone.
1982	1,015,000	8.8	7.5	A. Municipalities may form a district of at least 85,000 in population, establish a convention and visitors comission, and receive a portion of sales tax collections on lodging (aproximately 4.5%) $50,000 (A description of these commisions is included in this section).
				Exemptions:

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
				1) Replacement parts for machinery for firms located in enterprise zones. 2) Sale of boats and ancillary equipment used for commerical fishing. 3) The sales of services used to determine the probable health consequences of the consumption of a product. 4) The purchase of aircraft held for resale and used for other than retention, demonstration or display. (Gross receipts from air taxi and flight instruction are subject to tax)
1983	1,123,141	10.7	7.5	1) A municipal district's share of sales tax receipts from hotels and lodging is reduced from 4.5% to 1.5% 2) Exemptions: a) An exemption is provided for materials and equipment sold to radio or television stations when used directly in the productions and transmission of programs to the public (10/1/82) b) Any vessel transferred to the owner of a business from that business is exempt from tax if last sale was subject to tax. Repealed: c) Exemption for seed and fertilizer not used in agricultural production (4/1/82) d) Definition for meals under $1.00 (4/1/83) 3) Definition of a retailer liable for collection and payment of tax is clarified. 4) Any Corp. officer responsible for filing and payment of taxes due is personally liable for willful nonpayment of taxes
1984	1,362,924	21.4	7.5	1) Tax rate on business services increased to 7.5 from 3.5 (8/1/83) 2) Retailers are entitled to a credit on items returned when a partial return is given

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
				3) Exemption: a) of gold or silver bullion or the legal tender of any nation are are exempt if total purchase exceeds $1,000 b) vessels brought into state between October 1 and April 30 exclusively for storage, maintenance or repair
1985	1,541,976	13.1	7.5	1) Exemption: a) Exemption for renewable energy systems is extended to FY 1986 (7/1/84) b) Companies which voluntarilly contract with a firm to clean up hazardous waste site are exempt from services tax (7/1/84) c) Home delivered meals to elderly, disabled and other homebound individuals (7/1/84) d) Clothing less than $50 enacted during the 1985 session but effective 4/1/85
1986	1,652,624	7.2	7.5	1) Exemptions: a) Clothing less than $50 (4/1/85) b) Clothing less than $75 (10/1/85) c) Sales of non-prescription drugs (7/1/85) d) Sales of seeds and fertilizer (4/1/86) e) The value of construction equipment or machinery used in trade-ins is allowed as a deduction for purposes of determining the price subject to tax (10/1/85) f) The leasing or rental of motion pictures for display at a theatre (7/1/85) g) Sales of renewable energy source systems is extended from 7/1/86 to 7/1/91.

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
				h) From 10/1/85 to 6/30/86 the resale of mobile manufactured homes will be subject to real estate conveyance tax instead of sales tax
				i) Increases the price of items exempt from the sales tax, to $5 from $2, when sold by schools or charitable organiaztions to support a school or activities for young people (7/1/85)
				2) Rate reduction:
				a) Tax rate on aviation fuel is reduced to 2% from 7.5% for sales occurring between 7/1/85 and 6/30/87
				3) Include:
				a) From 10/1/85 to 6/30/86 the sale of new mobile manufactured homes 12 feet wide or wider.
1987	1,840,572	11.4	7.5	1) Exemptions: (PA 86-397)
				a) Meals under $2 (7/1/86-$30.0m)
				b) Cloth and fabric for non-commerical sewing and used in making clothing (7/1/86-$0.5)
				c) Disposable pads (i.e. adult diapers) (7/1/86-$0.9m)
				d) Diabetic required testing equipment (test strips, lancets, and gluscose monitoring equipment) (7/1/86-$2.4m)
				e) First $2,500 of funeral expenses (7/1/86-$2.0m)
				f) Sales underr $15 by non-profit nursing or convalescent home gift shops (7/1/86-$0.02)
				g) Services provided by corporations participating in a joint venture, and related to the production or development of new or experimental products or systems. The joint venture is entitled to the exemption for up to 10 years. (7/1/86-$1.0m)
				h) Refund for repair and replacement parts which are used directly in a manufacturing or agricultural production process. The total refund per year per firm may not exceed $7,500 (1/1/86-$6.0m)

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES
				2) Rate Reduction: a) From 7.5% to 5% for any repair or replacement parts for use in machinery used directly in a manufacturing or agricultural production process. 3) Base Reductions: a) Items purchased with federal food stamps (10/1/86-$0.1m) To conform with federal law. b) Commerical and industrial marketing development, testing and research services (7/1/86-$1.6m) c) PA 393-50% of all sales taxes collected at Bradley from the sale of aviation fuel is transferred to the Bradley Airport Revenue Fund from the General Fund (7/1/86-$0.426) 4) Base Increases: PA 310 a) Sales of new mobile manufactured homes from a manufacturer to a purchaser is subject to tax. The tax is applied to 70% of manufacturer's sale price (7/1/86)
1988	NA	NA	7.5	1) Exemptions: a) PA 119- Aviation Fuel used in experimental testing of any product is exempt (7/1/87) b) PA 177- Non-alcoholic beverages are included within the definition of meals for purposes of the exemption for meals costing less than $2.00 (7/1/87) c) PA 315- Sales of eye medications are exempt (7/1/86) d) PA 311- The exemption for sales at non-profit nursing homes, convalescent homes or adult day care centers is increased from items costing less than $15 to items costing less than $100 (7/1/87) e) PA 422- Sales of ambulances operating under a certificate or license issued by the Office of Emergency Medical Services (4/1/87).

FISCAL YEAR	REVENUES (000)	YEARLY % CHANGE	RATE	BASE CHANGES

f) PA 1 (JSS)- Provided an exemption for business services to a company that is 100% owned or between companies that are both 100% owned by another company. The exemption covers transactions during the period 7/1/82 through 6/30/88. Companies having paid the tax will be allowed to file for a refund (Passage).

2) Base Reductions:

a) PA 310- The business services tax on services of collection agencies is eliminated (7/1/87).

SALES TAX EXPENDITURES
(In Millions)

Line No.	Exemption	Tax Expenditure FY 1985	FY 1986	FY 1987
11A	Resale-Labor/Services	$ 109.74	$ 158.15	$ 268.60
11B	Resale-Lease/Rent	31.54	25.52	22.90
11C	Resale-Sale of Goods	1,965.99	2,085.16	1,955.60
12	Subscription	12.14	17.13	10.80
13	Children's Clothing	19.15	21.23	21.30
14	Livestock, Fertilizer, Feed	7.53	8.12	8.30
15	Food for Human Consumption	229.01	229.74	209.10
15B	Meals Under $2			17.50
16A	Fuel for Heating	81.72	71.15	70.40
16B	Fuel for Motor Vehicles	127.53	128.36	109.00
17	Aviation Fuel		1.60	1.67
18	Machinery Used in Agric./Mfg. Production or Commercial Fishing	15.14	16.41	18.60
19A	Out-of-State Sales Labor/Services	89.78	93.94	99.20
19B	Out-of-State Sales Leases/Rentals	18.56	23.60	16.20
19C	Out-of-State Sales of Goods	1,183.40	1,084.42	1,144.10
20A	Prescription Medicines	22.50	32.69	26.30
20B	Non-prescription Medicines	(1.00)	18.56	4.70
21A	Charitable Labor/Services	46.54	60.64	60.40
21B	Charitable Leases/Rental	4.56	4.40	4.20
21C	Charitable Sale of Goods	352.03	371.48	374.70
22	Industrial/Agric. Mat., Tools, Fuel	75.31	97.07	88.30
23A	Cogeneration Tech.	-	0.33	0.50
23B	Pollution Abatement Leases/Rentals	0.07	0.84	0.07
23C	Pollution Abatement Sale of Goods	1.69	1.53	1.20
24	Non-taxable Labor/Services	137.03	175.44	198.70
25	Horses	0.71	0.59	0.60
26A	Trade-Ins	20.21	16.50	24.80
26B	Trade-In Const. Equip.	-	0.33	0.50
27	Taxed Goods Returned w/in 90 days	4.84	4.30	5.20
28	Lease/Rental Cancelled w/in 90 days	0.86	0.53	0.05
29	Connecticut Aircraft Sales	0.05	0.06	0.00
30	Oxygen, Plasma, etc. - Sale of Goods	2.04	2.73	3.00
31	Oxygen, Plasma, etc. - Lease/Rental	0.49	0.60	0.60
32	Print for Future Deliv. Out-of-State	1.32	1.61	1.70
33	Non-Profit Ambulance Sale/Lease/Rent	0.12	0.23	0.10

Line No.	Exemption	Tax Expenditure FY 1985	FY 1986	FY 1987
34A	Clothing/Footwear Under $50.00	16.94 [2]	17.15 [3]	-
34B	Clothing/Footwear Under $75.00	-	70.60 [4]	103.90
34C	Material/Cloth			1.00
35	Low-Moderate Housing-Sale of Goods	0.32	0.60	0.75
36	Low-Moderate Housnig-Lease/Rental	0.02	0.78	0.60
37	Funeral Expenses			3.10
38	Other Adjustments	298.77	286.81	383.80
	TOTAL TAX EXPENDITURE	**$4,900.14**	**$5,130.93**	**$5,261.65**

[1] Effective 7/1/85
[2] Effective 4/1/85
[3] Reflects 7/1/85-9/30/85
[4] Effective 10/1/85

Source: Department of Revenue Services

Convention and Visitors Commissions and Coliseum Authorities

Any municipality (C.G.S. 7-136b) that has established a:

1. convention and visitors commission,
2. coliseum authority or
3. municipal district

may elect to receive funding under either of the following alternatives:

1. 50% of the state tax receipts collected on admission tickets for events in a municipally-owned facility or
2a. 1.5% of the sales taxes paid on hotel and motel room rentals in any district or
b. 4.5% of the sales tax receipts paid on hotel and motel room rentals in any municipality.

It should be noted that alternative 2a and b above is only available to a municipality or a municipal district with a population of 85,000 or more. Additionally, in the case of municipal districts, member towns must have population of under 85,000.

LEGISLATIVE HISTORY:

PA 74-337 enabled municipalities of any size to establish a Visitor and Convention Commission. To support the activities, the municipalities would receive one-half of the amusement tax collected from events held at municipally-owned facilities.

PA 78-376 added an alternative source of funding for the Commissions in municipalities with a population of at least 85,000. These commissions could opt to receive 4.5% of the gross receipts from lodging within the municipality.

PA 81-417 allowed municipal districts to form Commissions. If the district had a population in excess of 85,000 then the Commission could opt to receive 4.5% of the gross receipts from lodging within the district.

PA 82-319 prohibited a municipality with a population of 85,000 or more from joining a municipal district for purposes of forming a Commission. In addition, the act reduced the percentage of lodging receipts that a district could receive from 4.5% to 1.5%, but continued to allow municipalities over 85,000 to receive 4.5%.

ROOM OCCUPANCY TAX RECEIPTS
RETURNED TO DISTRICTS
BY FISCAL YEAR

District	1983	1984	1985	1986	1987
Central CT Convention and Visitors District New Britain	$ 75,915	$ 90,870	$101,938	$ 106,521	$ 122,573
CT Valley Tidewater Commission Middletown	67,799	77,569	88,874	109,640	114,859
Hartford City Treasurer Hartford	754,616	826,826	964,740	1,024,728	1,211,282
Housatonic Valley Travel Commission Danbury	134,936	177,219	219,732	252,126	288,206
Litchfield Hills Visitors Municipal District New Preston	78,908	76,452	101,611	97,316	94,477
New Haven Coliseum Authority New Haven	339,298	394,944	421,126	393,411	440,141
Stamford Coliseum Authority Stamford	528,796	717,563	951,804	972,814	1,441,505
Southeastern CT Tourism District New London	213,532	252,053	279,975	293,528	389,450
Waterbury Convention and Visitors Commission Waterbury	162,056	188,653	206,037	266,714	355,498
Bridgeport Convention and Visitors Commission Bridgeport	established 5/1/83	109,086	160,158	89,807	92,754

District	1983	1984	1985	1986	1987
East of the River Convention and Visitors Commission Manchester	established 5/1/83	42,665	115,515	117,643	130,793
Farmington Valley/West Hartford Visitors Bureau	established 5/1/83	34,920	137,749	143,099	180,132
Tobaccco Valley Tourist District Enfield	established 5/1/83	157,409	186,833	224,468	292,786
Olde Towne Tourism District Wethersfield	established 5/1/84		70,692	86,886	100,797
Gateway Tourism District Milford	established 5/1/84		205,827	259,699	382,424
Northeast-Windham Area Travel Council Brooklyn	established 5/1/84		23,738	40,944	63,520
Norwalk/Wilton Convention & Visitors District Norwalk	established 5/1/85			92,511	94,112
Shoreline Visitor's Bureau Guilford					43,913
Wallingford Visitors Council & Meriden Tourism District Wallingford	established 1987				
Total Revenue to Districts	**$2,355,856**	**$3,146,227**	**$4,236,348**	**$4,571,854**	**$5,839,220**

Source: Department of Revenue Services.

REAL ESTATE CONVEYANCE TAX

Fiscal Year	Revenues (000)	Yearly % Change	Rate	
1984	$37,559	NA	.5%	The tax became effective on 7/1/83. The tax rate is one half of one percent (or @$5 per $1,000) and is levied on the selling price of real estate. The tax is payable by the seller. Exemptions: a) Real estate conveyances within Enterprise zones.
1985	49,326	31.3	.5%	
1986	71,906	45.8	.5%	Exemptions: a) Conveyances by recipients of elderly tax relief for homeowners (7/1/85) b) Conveyances which occur as a result of a superior court decree and transfers in which no consideration is offered. Include: a) Resale of mobile homes from 10/1/85 to 6/30/86.
1987	93,746	30.4	.45	a) PA 86-397 reduced the tax rate to .45% from .5%. b) PA 86-310 - The resale of mobile manufactured homes located in mobile home parks or single-family lots are subject to tax (7/1/86).

1988	NA	NA	.45	a) PA 87-281 - The tax is eliminated for any conveyance valued at less than $2,000 (7/1/87)

Note: The tax is collected by towns and remitted to the state monthly.

Source: Annual Report of the State Comptroller. Various years.

ADMISSIONS, DUES AND CABARET TAX

Fiscal Years	Revenues (000)	Yearly % Change	Rate	Changes Base
1959	120.7		Seating capacity; 25 cents to @$8 per day	
1960	120.0	(0.6)	"	
1961	112.1	(6.6)	"	
1962	104.5	(6.8)	"	
1963	101.6	(2.8)	"	
1964	103.3	1.7	"	
1965	106.2	2.8	"	
1966	94.2	(11.3)	"	
1967	86.9	(7.8)	"	
1968	102.6	18.1	"	
1969	95.0	(7.4)	"	
1970	4,151	4269.5	10%	On admission charges, club dues & cabarets
1971	6,155	48.3	10%	
1972	7,038	14.4	10%	
1973	7,302	3.8	10%	Cabaret tax - tax is not imposed on places providing the music of a single instrumental performer
1974	8,548	17.1	10%	Exemption: for charges paid by members of a senior citizens center as long as the charge to a single event is paid for groups of at least ten persons
1975	9,384	9.8	10%	
1976	9,538	1.6	10%	
1977	10,139	6.3	10%	
1978	11,028	8.8	10%	The exemption allowed single instrumental performers is extended to all single performers

Fiscal Years	Revenues (000)	Yearly % Change	Rate	Changes Base
1979	10,902	(1.1)	10%	Cabaret tax reduced to 5% from 10%
1980	11,605	6.5	10%	
1981	11,705	0.9	10%	
1982	11,935	2.0	10%	
1983	12,460	4.4	10%	
1984	12,941	3.9	10%	
1985	14,144	9.3	10%	
1986	13,829	(2.2)	10%	Annual dues or initiation fees which are less than $100 are exempt from the dues tax
1987	14,948	8.1	10%	
1988	NA	NA	10%	

Source: The Annual Report of the State Comptroller, various years.

III. State Budget: An Overview

A. Budgeted vs. Actual Expenditure
FY 1977-FY 1988

B. General Budget Expenditures
FY 1960-FY 1987

C. Comparison In Total General Fund
Taxes, Expenditures and Inflation
FY 1961-1987

D. Surplus or Deficit From Operations
FY 1963-FY 1987

A COMPARISON OF BUDGETED VS. ACTUAL EXPENDITURES (UNADJUSTED) [1]
FISCAL YEAR 1976–1987

Function of Government	1976 Budgeted	1976 Actual	Actual as a % of Total	1977 Budgeted	1977 Actual	Actual as a % of Total
Legislative	$ 6,126,394	$ 6,206,832	0.4	$ 6,589,710	$ 7,353,578	0.4
General Government	124,247,123	113,828,126	6.8	102,682,219	100,746,609	5.7
Regulation & Protection	50,027,538	46,560,545	2.8	48,806,497	49,023,874	2.8
Conservation & Development	14,325,620	13,636,289	0.8	14,470,423	14,357,827	0.8
Health & Hospitals	134,301,896	125,614,297	7.5	128,113,000	128,206,391	7.2
Transportation	116,202,667	110,907,304	6.6	121,302,266	118,235,948	6.7
Welfare	374,758,834	394,898,847	23.6	416,646,000	417,736,438	23.6
Education, Libraries & Museums	461,991,815	463,562,555	27.6	483,731,748	477,278,462	26.9
Corrections	32,122,190	35,558,512	2.1	40,552,700	43,099,796	2.4
Judicial	31,033,609	30,340,511	1.8	32,702,993	31,761,357	1.8
Non-Functional	337,547,344	336,028,941	20.0	398,270,043	383,605,570	21.7
Total General Fund	$1,682,685,030	$1,677,142,759		$1,793,867,599	$1,771,405,850	
Less: Estimated Lapses	(6,138,000)	–		–	–	
Net General Fund	**$1,676,547,030**	**$1,677,142,759**		**$1,793,867,599**	**$1,771,405,850**	**100.0**

Function of Government	1978 Budgeted	1978 Actual	Actual as a % of Total	1979 Budgeted	1979 Actual	Actual as a % of Total
Legislative	$ 6,870,515	$ 6,969,105	0.4	$ 8,780,857	$ 8,927,408	0.4
General Government	113,254,085	115,976,184	6.0	127,497,300	115,865,888	5.4
Regulation	57,908,613	58,293,284	3.0	66,081,850	62,866,369	2.9
Conservation & Development	16,530,802	16,881,789	0.9	20,139,300	28,185,933	1.2
Health & Hospitals	141,151,216	148,285,600	7.7	169,296,700	167,989,238	7.8
Transportation	119,259,065	131,587,169	6.8	145,148,600	141,568,631	6.6
Welfare	472,973,489	475,580,762	24.7	508,716,730	537,023,912	24.9
Education, Libraries & Museums	526,926,301	527,415,119	27.4	576,626,390	583,642,034	27.1
Corrections	47,492,665	51,617,717	2.7	87,365,000	83,237,093	3.9
Judicial	34,467,232	35,196,425	1.8	38,841,652	45,361,686	2.1
Non-Functional	408,681,886	358,608,678	18.6	413,839,259	381,751,813	17.7
Total General Fund	$1,945,515,851	$1,926,411,832		$2,162,333,638	$2,156,420,005	
Less: Estimated Lapses	(20,000,000)	–		(27,000,000)	–	
Net General Fund	**$1,925,515,851**	**$1,926,411,832**	**100.0**	**$2,135,333,638**	**$2,156,420,005**	**100.0**

Function of Government	1980 Budgeted	1980 Actual	Actual as a % of Total	1981 Budgeted	1981 Actual	Actual as a % of Total
Legislative	$ 8,708,618	$ 9,229,605	0.4	11,424,185	$ 11,680,789	0.4
General Government	115,702,337	125,129,970	5.2	134,661,621	134,586,401	4.9
Regulation & Protection	63,399,866	66,153,227	2.8	73,031,116	69,735,878	2.6
Conservation & Development	30,852,053	22,379,298	0.9	22,760,143	23,021,413	0.8
Health & Hospitals	176,879,842	193,960,915	8.0	217,906,171	228,517,205	8.3
Transportation	150,389,207	157,496,214	6.6	157,626,354	163,661,050	6.0
Welfare	588,181,942	598,832,649	24.9	663,678,085	663,537,770	24.2
Education, Libraries & Museums	629,679,962	636,624,268	26.5	727,812,216	722,479,160	26.4
Corrections	88,808,000	93,595,998	3.9	99,934,446	103,669,989	3.8
Judicial	47,699,729	49,781,063	2.1	55,660,442	55,301,675	2.0
Non-Functional	486,091,255	448,128,618	18.7	578,480,223	562,826,185	20.6
Total General Fund	$2,386,392,811	$2,401,311,825		$2,742,975,002	$2,739,017,515	
Less: Estimated Lapses	(30,000,000)	–		(35,000,000)	–	
Net General Fund	**$2,356,392,811**	**$2,401,311,825**	**100.0**	**$2,707,975,002**	**$2,739,017,515**	**100.0**

Function of Government	1982 Budgeted	1982 Actual	Actual as a % of Total	1983 Budgeted	1983 Actual	Actual as a % of Total
Legislative	$ 12,451,489	$ 12,479,003	0.4	$ 14,994,282	$ 14,905,615	0.5
General Government	176,343,279	174,826,186	5.9	189,120,126	186,845,148	5.8
Regulation & Protection	77,390,421	75,223,808	2.5	82,275,987	82,501,635	2.6
Conservation & Development	24,380,228	24,366,801	0.8	27,944,024	28,750,069	0.9
Health & Hospitals	244,586,185	249,039,879	8.4	274,428,215	281,161,585	8.6
Transportation	164,152,703	175,911,090	5.9	171,488,086	172,209,516	5.3
Welfare	729,516,460	716,593,270	24.2	752,927,319	799,212,142	24.6
Education, Libraries & Museums	801,154,048	790,414,374	26.6	886,808,860	894,443,183	27.5
Corrections	119,346,545	112,931,066	3.8	127,563,498	132,515,571	4.1
Judicial	59,427,639	58,498,192	2.0	63,588,250	66,464,334	2.1
Non-Functional	611,327,875	577,614,130	19.5	640,362,039	583,138,457	18.0
Total General Fund	$3,020,076,872	$2,967,897,799		$3,231,500,686	$3,242,147,255	
Less: Estimated Lapses	(54,551,000)[2]	–		(36,250,000)	–	
Net General Fund	**$2,965,525,872**	**$2,967,897,799**	**100.0**	**$3,195,250,686**	**$3,242,147,255**	**100.0**

Function of Government	1984 Budgeted	1984 Actual	Actual as a % of Total	1985 Budgeted	1985 Actual	Total as a % of Total
Legislative	$ 16,068,812	$ 15,877,024	0.4	$ 19,265,450	$ 18,597,364	0.5
General Government	219,762,435	236,241,891	6.5	249,832,551	274,485,791	7.6
Regulation & Protection	93,901,782	93,578,529	2.6	103,305,589	103,252,644	2.9
Conservation & Development	31,881,489	31,607,545	0.9	34,122,983	34,404,796	0.9
Health & Hospitals	319,895,093	314,895,066	8.6	351,743,517	349,235,217	9.7
Transportation	186,924,973	186,773,116	5.2	0	8,458,209	0.2
Welfare	891,312,317	893,467,340	24.7	969,715,058	900,522,022	24.9
Education, Libraries, & Museums	1,011,965,689	997,758,173	27.5	1,096,270,185	1,095,610,037	30.3
Corrections	149,130,503	147,920,637	4.1	162,648,952	163,601,952	4.5
Judicial	78,094,822	77,382,535	2.1	85,052,375	85,719,819	2.4
Non-Functional	645,140,825	628,916,447	17.4	637,264,255	581,952,568	16.1
Total General Fund	$3,644,078,740	$3,624,418,303		$3,709,220,915	$3,615,840,419	
Less: Estimated Lapses	(54,000,000)	-		(49,000,000)	-	
Net General Fund	$3,589,578,740	$3,624,418,303	100.0	$3,660,220,915	3,615,840,419	100.0
Transportation Fund				241,114,750	235,236,479	67.5
Non-Functional				96,438,000	113,122,667	32.5
Total Transportation Fund				$337,552,750	$348,359,146	
Less: Estimated Lapses				(2,500,000)	-	
Net Transportation Fund				**$335,052,750**	**$348,359,146**	

Function of Government	1986 Budgeted	1986 Actual	Actual as a % of Total	1987 Budgeted	1987 Actual	Actual as a % of Total
Legislative	$ 22,537,402	$ 19,420,872	0.5	$ 22,537,402	$ 21,853,621	0.5
General Government	289,433,722	262,867,535	6.6	289,433,722	290,872,754	6.6
Regulation & Protection	127,302,707	119,464,965	3.0	127,302,707	135,253,515	3.1
Conservation & Development	43,664,209	39,388,126	1.0	43,664,209	43,817,993	1.0
Health & Hospitals	488,146,422	405,021,925	10.2	488,146,422	481,665,422	11.0
Transportation	0	5,463,628	0.1	0	101,205	-
Welfare	1,059,631,925	979,073,796	24.7	1,059,631,925	1,065,313,342	24.3
Education, Libraries & Museums	1,297,964,793	1,219,007,188	30.6	1,297,964,793	1,309,588,479	29.9
Corrections	209,531,694	187,129,971	4.7	209,531,694	208,352,252	4.7
Judicial	93,338,429	85,491,126	2.1	93,338,429	94,373,481	2.2
Non-Functional	734,919,722	655,129,999	16.5	734,919,722	734,646,804	16.7
Total General Fund	$4,366,471,025	$3,977,459,131		$4,366,471,025	$4,385,838,868	
Less: Estimated Lapses	(70,000,000)	-		(70,000,000)	-	
Net General Fund	$4,296,471,025	$3,977,459,131	100.0	$4,296,471,025	$4,385,838,868	100.0
Transportation Fund	302,732,000	307,700,485	68.1	272,732,000	291,135,560	65.8
Non-Functional	166,200,000	143,876,446	31.9	166,200,000	151,598,193	34.2
Total Transportation Fund	$ 468,932,000	$ 451,576,931		$ 438,932,000	$ 442,733,753	
Less: Estimated Lapses	(3,200,000)	-		(3,200,000)	-	
Net Transportation Fund	**$ 465,732,000**	**451,576,931**	**100.0**	**$ 435,732,000**	**$ 442,733,753**	**100.0**

[1] Budgeted figures are taken from the various appropriation acts. The actual expenditures are from the Annual Report of the State Comptroller, various years.

[2] The lapse amount shown includes $19,551,000 in Appropriated Funds not to be Expended.

GENERAL BUDGET EXPENDITURES
BY FISCAL YEAR

Fiscal Year	Total Expenditures (000)	Percent Change
1960	$ 309,796	
1961	318,937	3.0
1962	359,621	12.8
1963	377,834	5.1
1964	411,201	8.8
1965	433,324	5.4
1966	532,526	22.9
1967	553,074	3.9
1968	683,215	23.5
1969	787,611	15.3
1970	879,633	11.7
1971	1,047,147	19.0
1972	1,176,361	12.3
1973	1,339,589	13.9
1974	1,412,429	5.4
1975	1,613,786	14.3
1976	1,683,143	4.3
1977	1,777,464	5.6
1978	1,977,388	11.3
1979	2,286,885	15.7
1980	2,455,197	7.4
1981	2,726,600	11.1
1982	2,968,641	8.9
1983	3,241,804	9.2
1984	3,636,895	12.2
1985	3,964,200	9.0
1986	4,413,809	11.3
1987	4,900,830	11.0
1988 (Budgeted)	5,640,075	15.1

For purposes of comparability the expenditure figures include the General Fund, Highway Fund (through 1973-74), Transportation Fund (through 1975 and again beginning in FY '84), Highway Debt Service Fund (through 1974) Bond Retirement Fund (in various years), and Special Tax Obligation (highways) Bond debt service and the Education Excellence Trust Fund.

Source: 1960-1977 CPEC's Data Series, from 1978 on, OFA (based on Comptroller's reports), and any surplus used for debt service.

COMPARISON OF NOMINAL GROWTH RATES
IN TOTAL GENERAL FUND TAXES, EXPENDITURES AND VARIOUS
MEASURES OF INFLATION
FISCAL YEARS 1961-1987

			Inflation Measures [1]			
	Total Taxes (Percent Per Year)	Expenditures [2] (Percent Per Year)	State & Local Governments (Percent Per Year)	IPDPCE (Percent Per Year)	IPDGNP (Percent Per Year)	CPI-U (Percent Per Year)
1961	1.7	3.0	2.3	0.8	1.0	0.8
1962	29.4	12.8	4.0	1.7	1.8	1.2
1963	8.1	5.1	2.5	1.4	1.4	1.3
1964	6.7	8.8	2.3	1.5	1.6	1.3
1965	13.7	5.4	2.7	1.7	2.2	1.9
1966	8.4	22.9	4.8	2.7	3.3	2.5
1967	3.6	3.9	6.2	2.3	2.6	2.7
1968	17.0	23.5	5.6	4.1	4.6	4.3
1969	6.9	15.3	7.0	4.4	4.8	5.5
1970	38.2	11.7	8.3	4.7	5.8	6.0
1971	7.1	19.0	7.3	4.5	5.1	4.5
1972	26.3	12.3	5.1	3.5	3.9	2.9
1973	16.7	13.9	7.2	5.3	6.3	5.9
1974	(4.7)	5.4	9.7	9.7	8.2	11.0
1975	(8.6)	14.3	10.0	7.8	10.6	9.3
1976	20.3	4.3	7.3	5.3	6.7	5.9
1977	13.1	5.6	7.1	5.9	7.0	6.9
1978	5.2	11.3	7.1	6.8	7.0	7.4
1979	10.9	15.7	8.7	8.7	8.7	10.9
1980	7.6	7.4	10.7	10.2	8.7	14.3
1981	13.8	11.1	8.7	8.7	9.7	9.6
1982	13.2	8.9	7.2	5.9	7.1	7.1
1983	10.0	9.2	5.7	4.1	3.9	2.6
1984	22.7	12.2	5.4	3.8	3.9	4.3
1985	13.7	9.0	5.5	3.6	3.3	3.7
1986	9.3	11.3	3.9	2.1	2.6	1.7
1987	11.9	11.0	4.5	4.5	3.0	3.7

[1] Implicit price deflators [IPD] measure average price changes for specific components that go into making-up the Gross National Product of the U.S. Thus the IPDPCE is the implicit price deflator for personal consumption expenditures and the IPDGNP is an overall measure of price changes for all goods and services produced in the U.S. during each year. The IPDGNP is a broader measure of inflation than is the CPI.

[2] For purposes of comparability the expenditure figures include the General Fund, Highway Fund (through 1973-74), Transportation Fund (1974-75), Highway Debt Service Fund (through 1973-74) and Bond Retirement Fund (various years) and Special Tatx obligation (Highways) Bond debt service and the Education Excellence Trust Fund.

GENERAL FUND SURPLUS OR DEFICIT FROM OPERATIONS

Fiscal Year	Operating Budget ($millions)	Transfers to Budget Reserve	Surplus/ (Deficit) Carryover ($millions)
1963	$ 15.7		1.0
1964	17.9		24.1
1965	35.3		1.0
1966	36.5		51.8
1967	14.8		1.0
1968	(43.2)		(19.3)
1969	(112.1)		(150.2)
1970	(6.3)		(136.9)
1971	(62.3)		(244.1)
1972 [1]	28.7		28.7
1973	70.1		98.8
1974 [1]	49.2		119.3
1975 [1]	(70.9)		(70.9)
1976	34.7		1.0
1977	73.5		1.0
1978	93.7		1.0
1979	66.7		1.0
1980 [2]	3.1	.2	2.9
1981	(65.7)	.2	(65.7)
1982	25.8	.2	(39.8)
1983	(7.9)	0	(47.95)
1984 [3]	216.4	165.2	0
1985	395.5	27.3	0
1986	350.5	16.2	0
1987	387.9	104.8 [4]	0

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[1] Bonds were issued in 1972 and 1974 to fund the accumulation of $244 million in deficits over the period 1968 to 1971. These bonds were repaid as of June 1982. The deficit of $70 million which occurred in fiscal 1975 was funded with three year notes.

[2] The State Auditor shows a $3.5 million deficit.

[3] PA 83-1 of the October Special Session transferred $3.333 million from the General Fund to the Transportation Fund.

[4] The amount going to the Budget Reserve Fund in FY 1987-88 is increased to 6.5 percent from 5 percent of net G.F. appropriations. For FY 1988-89 and thereafter the amount going to the Budget Reserve Fund reverts back to 5 percent.

Source: Based upon information contained in the General Fund Statement of Unappropriated Surpluses, The Annual Report of the State Comptroller, various years.

USE OF STATE SURPLUS
OPERATING SURPLUS
FY 1984 - FY 1987

	Amount (Millions)	Percent
1983-84		
FY 1983 Carryover Deficit	$ 47.9	22.2%
Transportation Fund	3.3	1.5
Budget Reserve	165.2	76.3
Total Surplus	$216.4	100.0%
1984-85		
Local Infrastructure	$214.1	54.1%
Plant Purchase	8.0	2.0
Budget Reserve	27.3	6.9
Highway Project	25.0	6.3
Local Revenue Sharing	20.0	5.1
Miscellaneous (SA 85-53)	22.2	5.6
Education	78.9	20.0
Total Surplus	$395.5	100.0%
1985-86		
Budget Reserve	$ 16.2	4.6%
Municipal Infrastructure	70.0	20.0
Transportation Fund	10.0	2.9
Municipal Liability	15.0	4.3
Education Excellence	100.0	28.5
Town Improvement	33.0	9.4
Municipal Solid Waste	10.0	2.9
Tele Access Lines	18.0	5.1
Miscellaneous	27.4	7.8
Debt Service	50.9	14.5
Total Surplus	$350.5	100.0%
1986-87		
Municipal Tipping Fees	$ 15.0	3.9%
Local Emergency Relief	5.0	1.3
Merritt & Wilbur Cross Pkwy - Toll Removal	2.7	0.7
Education Excellence	193.0	49.8
Budget Reserve	104.8	27.0
Health Services (AIDS)	4.3	1.1
Legislative Mgmt. - Studies	.1	
Debt Retirement	63.0	16.2
Total Surplus	$387.9	100.0%

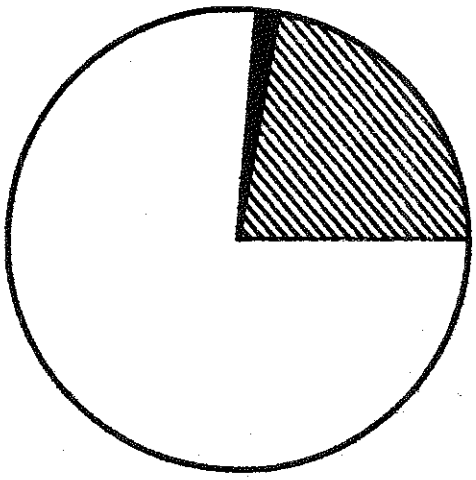
NOTE: For fiscal years 1985 and 1986 tax reductions estimated at $27 million and $37.9 million respectively were enacted subsequent to the passage of the original Appropriations Act for those years. These tax reduction estimates are also considered a use of surplus funds for those years.

SOURCE: Based upon information contained in the General Fund Statement of Unappropriated Surpluses, the Annual Report of the State Comptroller, various years.

GENERAL FUND SURPLUS FROM OPERATIONS
MILLIONS OF DOLLARS

LEGEND

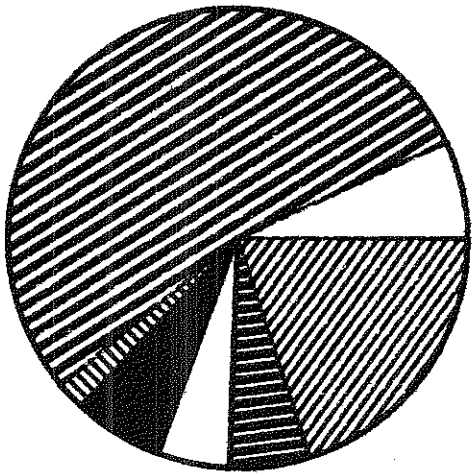
- FY 1983 SURPLUS 47.9
- TRANS FUND 3.3
- BUDGET RESERVE 165.2



FY 1983–84

LEGEND

- BUDGET RESERVE 27.3
- LOCAL INFRASTRUCTURE 214.1
- PLANT PURCHASE 8
- HIGHWAY PROJ 25
- LOCAL REV SHARING 20
- MISC. 22.2
- EDUCATION 78.9

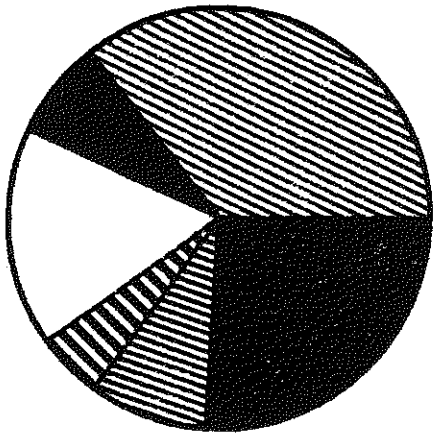


FY 1984–85

GENERAL FUND SURPLUS FROM OPERATIONS
MILLIONS OF DOLLARS

LEGEND

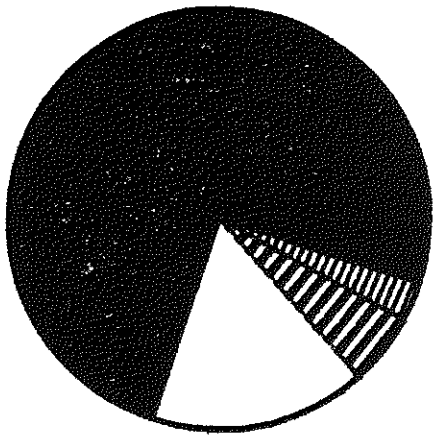
- MUNI INFRA 70
- MUNI LIABILITY 15
- TOWN IMPROVEMENT 33
- MUNI SOLID WASTE 10
- ACCESS LINES 18
- DEBT SERVICE 50.9



FY 1985–86

LEGEND

- DEBT SERVICE 63
- MUNI TIPPING FEES 15
- LOCAL EMER RELIEF 5
- TOLL REMOVAL 2.7
- HEALTH SERVICES 4.3
- LEGIS MGMT .1



FY 1986–87

IV. Socioeconomic Data

A. Comparison of Personal Income Growth in CT. and the U.S. FY 1978- FY 1987

B. Non-Agricultural Employment in Connecticut by Major Industry

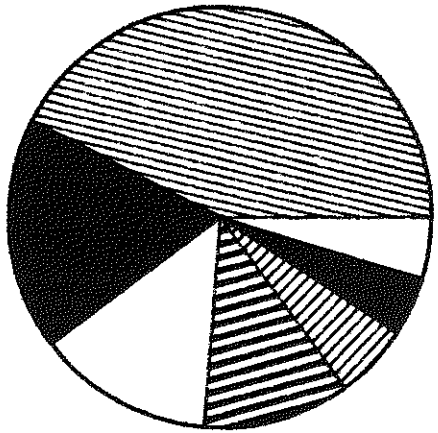
C. Defense Contract Awards

NONAGRICULTURAL EMPLOYMENT IN CONNECTICUT

BY MAJOR INDUSTRY

LEGEND

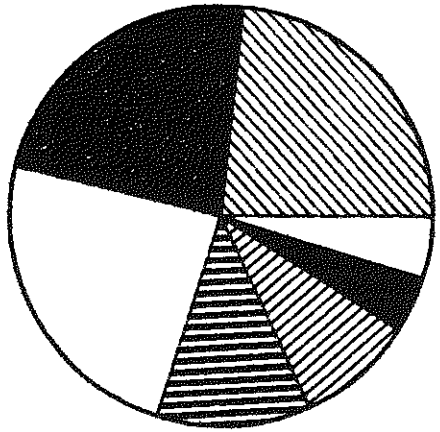
- MANUF 42.4%
- TRADE 17.9%
- SERVICE 13.5%
- GOVERN 11.2%
- FINANCE 5.7%
- UTILITY 4.5%
- CONSTRUCT 4.7%



1965

LEGEND

- MANUF 23.4%
- TRADE 22.8%
- SERVICE 23.9%
- GOVERN 11.8%
- FINANCE 9%
- UTILITY 4.3%
- CONSTRUCT 4.8%



1987

COMPARISON OF PERSONAL INCOME GROWTH
FOR CONNECTICUT AND THE U.S.
WITH INFLATION AND REAL GROWTH
CALENDAR YEARS 1978–86
(PERCENT PER YEAR)

CALENDAR YEAR	(1) NOMINAL PERSONAL INCOME GROWTH [1]		(2) PRICE INFLATION [2]	(3) INFLATION ADJUSTED PERSONAL INCOME GROWTH	
	CT	US		CT	US
1978	11.5	12.7	7.3	3.9	5.0
1979	12.7	12.3	9.2	3.2	2.8
1980	13.4	11.1	10.7	2.4	0.3
1981	11.5	11.5	9.2	2.1	2.1
1982	7.6	5.9	5.7	1.8	0.2
1983	7.3	6.4	4.1	3.0	2.2
1984	10.8	9.4	3.8	6.7	5.4
1985	7.6	7.1	3.5	4.0	3.4
1986	8.1	6.3	2.1	5.9	4.2

[1] Source: Survey of Current Business, Bureau of Economic Analysis, Various Issues, 1986.

[2] Implicit price deflator for personal consumption expenditures.

Note: Discrepancies between columns (1) and (2) + (3) are due to the magnitude of the second order effects. When either the percent change in real income (R) or inflation (I) is large, the compounding effect, R(I)/100, is significant and must be taken into account. Other small differences are due to rounding.

NONAGRICULTURAL EMPLOYMENT
IN CONNECTICUT
BY MAJOR INDUSTRIES

	Annual Average Employment: 1965		1970		1975		1980		1987	
	NONAG Emp	% Total	NONAG Emp	% Total	NONAG Emp	% Total	NONAG Emp	% Total	NONAG Emp	% Total
Manufacturing	438,000	42.4%	441,870	36.9	389,780	31.9	440,800	30.9	384,800	23.4
Trade [1]	185,000	17.9	225,150	18.8	251,020	20.5	299,000	21.0	375,400	22.8
Services [2]	139,000	13.5	184,390	15.4	219,910	18.0	285,700	20.0	394,000	23.9
Government	116,000	11.2	157,860	13.2	178,720	14.6	185,200	13.0	194,300	11.8
Finance [3]	59,000	5.7	73,870	6.2	85,960	7.0	105,100	7.4	148,600	9.0
Utilities [4]	47,000	4.6	54,670	4.6	53,130	4.3	60,800	4.3	71,000	4.3
Construction [5]	49,000	4.7	59,680	5.0	44,860	3.7	50,200	3.5	79,200	4.8
TOTAL	**1,033,000**	**100.0**	**1,197,490**	**100.0**	**1,223,380**	**100.0**	**1,426,800**	**100.0**	**1,647,300**	**100.0**

[1] Wholesale and retail trade
[2] Covers a variety of services including professional, business & personal services.
[3] Finance, insurance, real estate.
[4] Includes transportation, communication, electric, gas and sanitary services.
[5] Includes mining.

Source: U.S. Bureau of Labor Statistics except data for 1985 and 1987 which represents data as of June and is from the Connecticut Labor Department.

CONNECTICUT SOCIOECONOMIC DATA
YEARS 1959 - 1986

	Employment (Fiscal Year) [1]		Unemployment [2] (Fiscal Year)		Personal Income [3] (Calendar Year)		Population [4]
Year	Nonagricultural Annual Average (000)	Yearly % Change	Average Rate	Total (000,000)	Yearly % Change	Total (000)	Yearly % Change
1969	1,176	2.7	NA	14,385	9.0	3,000	1.2
1970	1,204	2.4	NA	15,306	6.4	3,032	1.1
1971	1,177	(2.2)	7.4	16,021	4.7	3,061	1.0
1972	1,171	(0.5)	9.0	17,271	7.8	3,070	0.3
1973	1,215	3.8	7.1	18,956	9.8	3,069	(0.03)
1974	1,256	3.4	6.0	20,615	8.8	3,076	0.2
1975	1,246	(0.8)	7.5	21,979	6.6	3,083	0.2
1976	1,226	(1.6)	9.8	23,987	9.1	3,086	0.03
1977	1,259	2.7	8.4	26,449	10.3	3,089	0.1
1978	1,312	4.2	6.0	29,498	11.5	3,095	0.2
1979	1,376	4.9	5.0	33,244	12.7	3,100	0.2
1980	1,418	3.1	5.4	37,685	13.4	3,108	0.3
1981	1,430	0.8	6.2	42,016	11.5	3,123	0.5
1982	1,435	0.4	6.5	45,221	7.6	3,126	0.1
1983	1,429	(0.4)	6.9	48,503	7.3	3,139	0.4
1984	1,484	2.5	5.1	53,720	10.8	3,154	0.5
1985	1,547	4.3	4.7	57,813	7.6	3,174	0.6
1986	1,579	2.1	4.3	62,502	8.1	3,189	0.5

[1] Total nonagricultural wage and salary employment, Connecticut Department of Labor, jobs-by-place-of-residence concept, original series, revised March, 1984.

[2] Connecticut Department of Labor, seasonally adjusted data.

[3] Survey of Current Business. U.S. Dept. of Commerce/Bureau of Economic Analysis. Aug. 1987.

[4] Population estimates, Current Population Reports, Series P-25, various issues, U.S. Department of Commerce, Bureau of Census. Intercensal years are July estimates. The 1960, 1970 and 1980 data are April Census figures.

NA = Not Available.

DEFENSE CONTRACT AWARDS

Federal Fiscal Year	Total Contract Awards ($000)	Conn. Rank Among States Total Awards	% Change from Prior Year CT
1973	1,004,462	9th	(21.0)
1974	2,641,470	3rd	162.9
1975	2,348,567	3rd	(11.1)
1976	1,913,089	6th	(18.5)
1977	1,974,323	7th	3.2
1978	3,489,199	4th	76.7
1979	3,777,393	4th	8.3
1980	3,867,188	4th	2.4
1981	4,494,258	5th	16.2
1982	5,905,036	4th	31.4
1983	5,132,348	-	(13.1)
1984	5,459,344	-	6.4
1985	5,543,448	-	1.5
1986	5,441,063	-	(1.9)

Source: United States Department of Defense, Prime Contract Awards by State, various years.

V. Bonding

GENERAL OBLIGATION BOND AUTHORIZATIONS
FISCAL YEAR 1972-1988
(millions)

Fiscal Year	Year General Assembly	Total Authorizations	Tax Supported	Self Liquidating	Reductions	Net (Total Auth. - Reductions)
1972	1971	137.0	$137.0	$0	$0	$137.0
1973	1972	256.8	256.8	0	0	256.8
1974	1973	106.1	106.1	0	0	106.1
1975	1974	328.31	328.31	0	0	328.31
1976	1975	34.4	34.4	0	0	34.4
1977	1976	117.4	117.4	0	0	117.4
1978	1977	145.1	145.1	0	41.8 [1]	103.3
1979	1978	169.75	166.55	3.2	31.96	137.8
1980	1979	98.00 [2]	82.25	3.6	47.86	50.14
1981	1980	108.35	105.25	3.1	19.83	88.52
1982	1981	172.365	160.695	11.67	46.2	126.165
1983	1982	223.038	221.138 [3]	1.9	37.5	185.538
1984	1983 [4]	384.205	382.33 [5]	1.875	64.995	319.21
1985	1984	307.776	296.901	10.875	100.466	207.31
1986	1985	265.76	262.225	3.535	39.127	226.633
1987	1986	379.0005	371.6005	7.4	15.858	363.1425
1988	1987	610.477	584.977	25.5	70.596	539.881

[1] $27.7 million tax supported, $14.4 million self-liquidating

[2] Includes $12.15 million from the calendar 1979, October Special Session.

[3] Includes $34 million for various programs related to the June 1982 flood disaster.

[4] Does not include $100 million in revenue bonding for Bradley International Airport.

[5] Includes $36.3 million from the Calendar 1983, October Special Session.

Special Tax Obligation Bond Authorizations

Fiscal Year	Year General Assembly	Total Authorizations	Reductions	Net (Total Auth.- Reductions)
1985	1984	193.11	0	$193.11
1986	1985	415.4	0	415.11
1987	1986	278.6	0	278.6
1988	1987	344.971	0	344.971

BOND COMMISSION ALLOCATIONS
FISCAL YEAR 1969-1988
(millions)

Fiscal Year	General Obligation Bonds	Transportation Revenue Bonds
1969	$275.6	
1970	390.5	
1971	367.4	
1972	213.9	
1973	117.3	
1974	319.8	
1975	188.2	
1976	97.0	
1977	94.1	
1978	116.3	
1979	212.4	
1980	150.6	
1981	151.4	
1982	196.1	
1983 [1]	195.5	
1984	298.5	
1985	187.8	193.1
1986	238.7	415.4
1987	291.1	278.6
1988	N/A	344.971

[1] Does not include $100 million in revenue bonding for Bradley International Airport.

STATE BOND SALES
WITH ASSOCIATED INTEREST RATES
FISCAL YEAR 1977-1988

Month of Issue	Amount (000,000)	Average Interest Rate [1]
October, 1977	$150	5.14%
February, 1979	125	5.9%
March, 1980	75	8.46%
October, 1980	100	7.61%
February, 1981	125	9.53%
April, 1981	100	10.1%
April, 1982	75	11.1%
August, 1982	100	10.53%
October, 1982	100	9.165%
March, 1983	100	8.353%
October, 1983	100	8.5253%
April, 1984	75	8.98%
November, 1984	100	8.82%
November, 1984 [2]	125	9.63%
May, 1985	50	8.03%
October, 1985 [2]	150	8.49%
July, 1986 [3]	159.455	6.96%
July, 1986	150	6.69%
August, 1986 [2]	100	6.89%
September, 1987 [2]	125	6.95%
December, 1987	200	6.96%

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[1] The interest rate born by the various bonds in each issue varies with maturity. The rate shown above is the average over the life of the issue.

[2] Special tax obligation bonds to finance transportation infrastructure renewal.

[3] These bonds were issued for the purpose of refunding $137,500,000 in general obligation bonds remaining from the April, 15, 1981, April 15, 1982 and August 1, 1982 issues.

GENERAL FUND DEBT SERVICE AS A PERCENT OF THE BUDGET
FISCAL YEARS 1977-1988

Fiscal Year		Debt Service Expenditures	Total General Fund Expenditure	% Debt Service is of Total Budget
1977		@$254,342,000	$1,771,684,000	14.4%
1978 [1]		259,303,040	1,975,654,238	13.1%
1979 [1]		280,162,988	2,286,419,908	12.2%
1980 [1]		272,101,314	2,458,299,414	11.1%
1981		296,273,003	2,726,581,000	10.9%
1982		318,277,391	2,968,641,000	10.7%
1983		292,604,684	3,241,804,000	9.0%
1984		312,925,062	3,624,609,000	8.6
1985[2]	GF	209,814,812	3,615,840,000	5.8%
	TF	113,065,293	348,359,000	32.5%
	Combined	322,880,105	3,964,200,000	8.1%
1986	GF	200,276,000	3,962,209,000	5.1%
	TF	145,300,000	451,600,000	32.2%
	Combined	345,576,000	4,413,809,000	7.8%
1987	GF	188,513,966	4,356,155,365	4.3%
	TF	146,620,753	448,154,309	32.7%
	Combined	335,134,719	4,804,309,674	6.9%
1988 (B)	GF	205,000,000	4,915,714,452	4.2%
(B)	TF	156,976,000	593,651,900	26.4%
	Combined	361,976,000	5,509,366,352	6.6%

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[1] The figures shown for these years have been adjusted to reflect the use of surplus funds from prior fiscal years.

[2] PA 84-254 established a Transportation Fund requiring all transportation related debt service to be paid out of this fund.

BOND RATINGS FOR STATE OF CONNECTICUT

	Standard & Poor		Moody's	
	G.O.	STO	G.O.	STO
1973 - 5/75	AAA		AAA	
5/75 - 10/75	AA		AAA	
10/75 - 4/76	AA		AA	
4/76 - 10/77	AA		A	
10/77 - 7/81	AA		AA	
7/81 - 10/84	AA -		AA	
11/84 - 10/85	AA		AA	
10/85 - 6/86	AA	AA -	AA [1]	A
6/86	AA +	AA	AA [1]	A [1]

Source: State Treasurers Office

Note: [1] Bond rating indicates general obligation bond rating.
AAA = Best quality, AA1 = Higher quality, AA = High quality,
A = Upper medium grade, BAA = Medium grade.

[2] G.O. indicates General Obligation Bonds
S.T.O. indicates Special Transportation Obligation Bonds

STATE DEBT LIMITATIONS

Fiscal Year	Statutory Debt Limitation[1]	Aggregate Indebtness [2] (Adjusted)	Aggregate Indebtedness as a % of Debt Limitation	Excess of Debt Limitation Over Agg. Net Indebtedness
1974	$5,248,477	$2,217,285	42.3%	$3,031,189
1975	5,223,044	2,259,056	43.3	2,963,988
1976	4,963,052	2,360,892	47.6	2,602,160
1977	6,146,886	2,350,579	38.2	3,796,307
1978	6,090,791	2,293,477	37.7	3,797,314
1979	6,395,749	2,203,002	34.5	4,192,747
1980	7,166,737	2,208,840	30.8	4,957,897
1981	7,670,663	2,205,213	28.8	5,465,450
1982	8,606,735	2,151,086	25.0	6,455,649
1983	9,798,643	2,151,083	22.0	7,647,560
1984	10,720,098	2,113,333	19.7	8,606,766
1985	13,118,713	2,018,563	15.4	11,100,150
1986	14,143,453	1,831,558	13.0	12,311,896

[1] Section 3-21 CGS stipulates that when issuing debt (principally bonds and notes) the state cannot exceed 4.5 times the total General Fund tax receipts during the previous fiscal year which ended not less than three or more than fifteen calendar months prior to such issuance.

[2] In computing adjusted aggregate indebtedness for comparison with the debt limitation Section 3-21 provides for the following additions and deductions to total debt outstanding:

Additions:

1. Bonds and notes guaranteed by state

Deductions:

1. Revenue (tax) anticipation notes
2. Refunding or replacing indebtedness
3. Bond anticipation notes
4. Obligations payable solely from revenues of a particular public improvement
5. Aggregate value of cash and securities in debt retirement funds of the state to be used to meet principal of debt outstanding
6. All amounts certified by Secretary of Office of Policy and Management as estimated payments on account of the costs of any public improvement to be reimbursed to the state by the Federal Government and to be used to pay principal.

Source: Report of the Auditors of Public Accounts. Various issues.

VI. Major State Programs or Funds:

A. Boating Fund
B. Budget Reserve (Rainy Day) Funds/ Spending Limitations
C. Education
D. Enterprize Zones
E. Income Tax
F. State Investment Policy
G. Transportation
H. Yankee Mac

Boating

THE BOATING FUND

Fiscal Year	Collection Amount (000)	Yearly % Change	Base Changes
1982	$2,445	–	1) PA 81-423: a) Eliminated the property tax on boats for assessment years beginning 10/1/81 b) Revised the annual boat registration fee c) Established a grant program [1] to reimburse towns for lost property tax revenue d) Required that the first $600,000 in annual revenues go into the Boating Fund [2]
1983	4,001	63.6	1) PA 82-282: a) Up to two vessels owned by a flotilla of the U.S. Coast Guard auxilliary are exempt from registration requirements 2) PA 82-436: a) The amount of revenue received by the Boating Fund is increased from $600,000 to $800,000 b) Registration fees change as follows: 1) For vessels less than 15 feet and with motors less than 15 HP – @$15 fee (1/1/83) 2) Canoes with motors less than 5 HP – exempt. All other canoes with motors – $15 fee 3) Vessel of non-profit org. – $15 fee 4) Pontoon Boat (except house boats) – $40 fee

Fiscal Year	Collection Amount (000)	Yearly % Change	Base Changes
			5) Marine dealer's registration fee increased to $25 from $15
1984	3,907	(2.4)	1) PA 83-253 clarified the meaning of "use" as it applies to vessels subject to registration
			2) The act made technical changes in procedures for determination of funds available to reimburse town for enforcement and reg.
1985	3,226	(17.4)	PA 84-495 reduces all registration fees by 25% (except canoes).
1986	3,394	5.2	PA 86-418 clarified that any funds remaining in the boating fund together with boating fees would be used to fully reimbursement towns on the 1978 list.
1987	3,211	(5.4)	PA 87-289 - An exemption is provided for vessels built by students of an educational institution (5/1/87).

[1] Grant Program:

Commencing December 30, 1982, towns receive a payment from the annual collections equivalent to the property taxes received from the vessels on the October 1, 1978 Grand List. In the event that the revenue collected is insufficient to reimburse the towns at the 100% level, each town will receive a pro rata share.

[2] Boating Fund:

The revenues deposited in the Boating Fund will be used to pay the expenses incurred by the Departments of Environmental Protection and Motor Vehicles in registering vessels and in enforcing the boating safety laws and the provisions of this act. If additional funds are available they may be used to reimburse towns for expenditures on boating safety or improvements in boating facilities. (Effective October 31, 1981)

Source: Annual Report of the State Comptroller, various years.

VESSEL FEE CHART

Fees are determined by the length of the vessel in accordance with the following schedule:

Overall Length: At Least (Feet)	Less Than (Feet)	Fee	Overall Length: At Least (Feet)	Less Than (Feet)	Fee	Overall Length At Least (Feet)	Less Than (Feet)	Fee
0	12	$ 7.50	31	32	$142.50	51	52	$382.50
12	13	11.25	32	33	150.00	52	53	390.00
13	14	15.00	33	34	157.50	53	54	397.50
14	15	18.75	34	35	165.00	54	55	405.00
15	16	22.50	35	36	172.50	55	56	412.50
16	17	30.00	36	37	180.00	56	57	420.00
17	18	37.50	37	38	202.50	57	58	427.50
18	19	45.00	38	39	225.00	58	59	435.00
19	20	52.50	39	40	247.50	59	60	442.50
20	21	60.00	40	41	270.00	60	61	450.00
21	22	67.50	41	42	292.50	61	62	457.50
22	23	75.00	42	43	315.00	62	63	465.00
23	24	82.50	43	44	322.50	63	64	472.50
24	25	90.00	44	45	330.00	64	65	480.00
25	26	97.50	45	46	337.50	65 & Over		525.00
26	27	105.00	46	47	345.00			
27	28	112.50	47	48	353.50			
28	29	120.00	48	49	360.00			
29	30	127.50	49	50	367.50			
30	31	135.00	50	51	375.00			

Note: Hull constructed primarily of wood:

15-24 years old - 50% of above fee
25 & older - 25% of above fee

Budget Reserve (Rainy Day) Funds/Spending Limitations

BUDGET RESERVE FUND EXPENSES
(Rainy Day Fund)

Fiscal Year	Surplus	Transfers to Budget Reserve Fund	Legislative Changes
1980	$ 3,131,377	$ 0	Established in 1979 (PA 79-623) with the following provisions: a) Amount transferred to reserve fund: not less than 10% of the unapproprited surplus exceeding @$1 million was to be transferred to Budget Reserve Fund. b) Cap: Reserve Fund could not exceed 5% of the net General Fund appropriation. c) Use of Reserve Funds: Not specified (State Treasurer authorized to invest all or part of fund). d) Expenditure from Fund: Only at the request of the Governor and with approval of 2/3 of each house of the General Assembly.
1981	(65,678,465)	213,138	
1982	(39,837,718)	0	
1983	(47,950,151)	0	PA 82-443 revised the provisions of the fund as follows: a) Amount Transferred to Reserve Fund: The full unappropriated surplus would be transferred to the reserve fund until the amount equalled 5% of the net General Fund appropriation (rather than just 10% of any surplus in excess of @$1 million). b) Use of Unappropriated Surplus Not Transferred to Reserve Fund: Used to reduce any state indebtedness (original act had no provision for this excess).

Fiscal Year	Surplus	Transfers to Budget Reserve Fund	Legislative Changes
			c) Use of Reserve Funds: Reduce a state defitcit from the preceding year (as well as use at the request of the Governor with approval of 2/3 of each house).
1984	216,459,768	0	PA 83-37 made the following revisions: a) Use of Unappropriated Surplus Not Transferred to Reserve Fund: Excess unappropriated surplus was to be used to retire state indebtedness over and above the normal debt b) Use of Reserve Funds: Limited use of reserve fund to pay for deficits only (Governor can no longer request use of fund, nor is it available for appropriation by the Legislature).
1985	395,500,000	165,176,658 Transfer 171,296,776 Total	The total includes investment earnings of $6.9 million.
1986	350,465,000	27,331,730 Transfer 198,628,506 Total	a) Motor bus companies whose operations in Connecticut are exclusively special or charter service under Interstate Commerce Commission Authority are exempt from Motor Carrier Road Tax. b) PA 85-516 transferred the investment income earnings of the Budget Reserve Fund to the General Fund. (@$6.7 million)
1987	387,930,000	16,195,045 Transfer 214,823,551 Total	
1988	NA	104,795,388 Transfer 319,618,939 Total	a) SA 87-42 temporarily increases the percentage of 1987-88 net General Fund appropriation going to the Budget Reserve Fund to 6.5% from 5%. Thereafter the portion going to the reserve fund reverts back to 5%.

Note: Monies in the Budget Reserve Fund, when not needed for cash flow purposes, are invested in the State's Short Term Investment Fund. Beginning in FY 1986, the investment earnings are credited to the General Fund as revenue. In FY 1985 earnings were credited to the Budget Reserve Fund.

Source: Based upon information contained in the General Fund Statement of Unappropriated Surplus (Schedule B-1) and the State of Special Revenue Funds (Exhibit C), the Annual Report of the State Comptroller, various years.

STATES WITH RAINY DAY FUNDS, 1983

State	Determination of Fund Size	Procedures for Fund Expenditure
Alaska	By appropriation	Usually requires special session
California	By appropriation	Automatic expenditure to cover revenue shortfall
Colorado	4% appropriations	By appropriation
Connecticut	Year-end surplus up to 5% General Fund appropriations (6.5% for FY 1988 only)	Automatic expenditure to cover deficits
Delaware	Maximum of 5% General Fund revenues	By appropriation
Florida	Year-end surplus up to 10% General Fund revenues	Governor consults with appropriations committees
Georgia	Year-end surplus up to 3% prior year revenues	Automatic expenditure to cover revenue shortfall
Indiana	= (Annual growth rate - 2%) X General Fund revenues	Funds transferred to General Fund if annual growth rate less than 2%
Kentucky	By appropriation, surplus tax receipts, etc.	By appropriation or legislative plan
Michigan	= (Annual growth in personal income - 2%) X General Fund revenues	Depends on adjusted annual growth rate in personal income
Minnesota	By appropriation	By appropriation
Mississippi	= Year-end surplus up to 5% General Fund revenues	Automatic expenditure to cover revenue shortfall
New Mexico	By appropriation	By appropriation
New York	Year-end surplus up to 2% expenditures	By appropriation
Ohio	(Annual growth in personal income - 1.4%) X General Fund revenues	Funds transferred to General Fund if growth in adjusted personal income is less than 0%
South Carolina	5% General Fund revenues	Automatic expenditure to cover revenue shortfall
Tennessee	By appropriation	Automatic expenditure to cover revenue shortfall
Washington	Revenue from growth in real personal income over 3% each biennium up to 8% biennial state revenues	By appropriation
Wyoming	Year-end surplus plus appropriations	By appropriation

Source: Preparing for the Next Recession: Rainy Day Funds and Other Tools for States. National Conference of State Legislatures

SPENDING LIMITATIONS
The Delaware Plan

The "Delaware Plan" is an expenditure limitation designed to limit appropriations in the state of Delaware to not more than 98% of estimated revenues. The limitation is authorized under the state's constitution. Specifically, this Plan contains the following:

1) Appropriations cannot exceed 98% of estimated general fund revenue,

2) The two percent "surplus revenue" can be used, upon a 3/5 vote of the legislature, for "emergencies involving the health, safety, or welfare of the citizens of the state",

3) A "Budget Reserve Account" would be established with excess funds at the end of the fiscal year, provided the Account would not exceed 5% of the estimated revenue; Any excess in the fund would be transferred for Grants-In-Aid for Urban problems. Any expenditure from the Account would require 2/3 vote of the Legislature.

4) Taxes could not be increased without a 3/5 vote of the Legislature.

5) An independent Economic and Financial Advisory Council estimates expenditure and revenue growth. The 24 members are all appointed by the Governor and include: 5 legislators, 3 university faculty members, 3 cabinet secretaries, 2 other state officials, and 11 members from the business community. The legislature can amend the Council's estimates. The expenditures are estimated for one year and revenue for two years.

6) Any increase in Grants-in-Aid or bonding requires a 3/4 vote of the Legislature.

Education

EDUCATION EQUALIZATION GRANTS TO TOWNS
GUARANTEED TAX BASE (GTB)

Fiscal Year	Total (000)	Equalization Expenditure (000)	ADM Grant (000)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (000)	Legislative Changes To Education Equalization Grant Program
1976[2]	$169,792	$ 6,861	162,931	NA	7,100	PA 75-341: Established new procedures and formulas for determining additional school aid for towns that had above average tax rates and relatively low levels of tax capacity 2) Limited amount of increased aid to a town under GTB to 5% of state ADM grant 3) All equalization grants were initially paid from funds acquired through the state's Instant Lottery (see PA 77-340) below
1977	170,449	10,090	160,357	NA	10,000	PA 76-387: 1) Raised the limit on the amount of increased aid a town received under GTB to 7.3% from 5% of the ADM grant received by town (see "a" of PA 77-579 below)
1978	176,116	19,939	156,178	NA	19,939	PA 77-540: a) The $19.939 million was comprised of $9.939 million appropriated from the General Fund and $10.0 million earmarked from proceeds of the Instant Lottery. The Educational Equalization program in subsequent years was funded only by General Fund appropriations, not Lottery proceeds.

Fiscal Year	Total (000)	Equalization Expenditure (000)	ADM Grant (000)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (000)	Legislative Changes To Education Equalization Grant Program
						b) PA 77-579 made the following changes: a) Eliminated the 7.3% cap on the amount of GTB funds a town may receive b) Altered the method of computing a town's total population for calculating its wealth for GTB ranking c) Changed GTB distribution formula
1979	190,655	40,000	150,655	NA	40,000	
1980[3]	220,509	75,885	144,624	56.0%	393,766	PA 79-128: 1) Required the state to appropriate 100% of the amount needed to provide for full entitlement to each town in FY 1984 beginning with a phase in as follows: 1. 56% of full funding 1980 67% 1981 78% 1982 89% 1983 These promised phase-in percents were amended each year by bills to implement the budget. For the actual percents phased-in, see the chart - Footnote 1. 2) Repealed the average daily membership grant which provided a flat $250 per pupil although town's ineligible for equalization still received a minimum, "hold-harmless" grant of $250 per pupil in ADM the preceding year.

Fiscal Year	Total (000)	Equalization Expenditure (000)	ADM Grant (000)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (000)	Legislative Changes To Education Equalization Grant Program
1981	272,776	146,024	126,776	66.53%	410,000	PA 80-6 clarified the mathematical formula originally drafted in PA 79-553 by specifying that the formula's first factor, the population of the last decennial census, be added to the product of the remaining factors
1982	306,016	167,423	138,593	72.86%	420,000	1) PA 81-31:[4] a) made adjustments in the distribution of GTB aid for FY 1981 only by requiring that one-half of the "hold-harmless" aid to eligible towns be witheld from the April, 1981 payment. b) Validated the mistake made by the State Department of Education in calculating the FY 1981 grants. ($10.7 million was over paid in FY 1981 because the Department had mistakedly counted school nutrition programs as part of local education expenses when they should have been considered a state or federal expenditure. 2) PA 81-413 a) Substituted an appropriation of a flat @$306 million for the 78% of full funding required by statute. This in effect represents a reduction in the percentage to approximately 72% of full funding. b) The minimum grants which "wealthy" towns receive was reduced (see Footnote [4]).
1983	344,813			82.00	419,744	1) PA 82-91 decreased the percentage of full funding to be appropriated to 81% from 89% for FY 1983. Towns paid a "hold-harmless" grant also receive a lower per student grant: @$203 from @$223 (or $233 from @$245 in Regional Districts).

Fiscal Year	Total (000)	Equalization Expenditure (000)	ADM Grant (000)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (000)	Legislative Changes To Education Equalization Grant Program
						2) PA 82-275 required the Department of Education to submit to the Auditors of Public Accounts for review proposed changes in the method of calculating GTB grants.
1984	377,770			90%	419,700	PA 83-4 reduced the GTB grant to 90% of full-funding instead of 100% and delayed full-funding until FY 1985 ("hold-harmless" grants are therefore lowered from $250 to (or $275 to $248 for regional districts).
1985[5]	421,284			95%	443,400	PA 84-490 a) reduces the GTB grant to 95% of full-funding from 100% and delays full-funding until FY 1986 b) Alters the timing of grant payments so that 25% of grant is paid in October, 25% in January, and the final 50% in April. (Under prior law two installments of 50% each in October and April were made). This change was made to improve the match of state payments to state revenue, reducing the state's use (and interest cost) of short-term debt.
1986	459,308			100%	459,308	PA 85-180 a) changed the way towns' net current local expenditures (NCLE) are calculated for purposes of the "effort" portion of the GTB grant. The change will be used to calculate grants for FY 1988. b) allowed towns to be eligible for an alternate minimum expenditure requirement (MER) instead of a full MER. The alternate MER allows towns below the state median in wealth and above the state median in school tax rate to match the previous year's expenditures in eduction and devote all GTB aid to education.

Fiscal Year	Total (000)	Equalization Expenditure (000)	ADM Grant (000)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (000)	Legislative Changes To Education Equalization Grant Program
						PA 85-550 a) allowed any town which would not be spending a minimum amount per pupil (as required by law under the GTB formula) to increase their net current expenditures by at least 12% and still be eligible for GTB aid b) allowed the city of Waterbury to make corrections in its 1982-83 data and receive a corrected GTB grant for FY 1986.
1987	449,668			100%	449,668	
1988	518,088			100%	518,088	

[1] Because of budgetary constraints, the GTB formula was not fully funded until 1986.

Legislated Phase-In	Actual Phase-In	Fiscal Year
56%	56%	1980
67%	67%	1981
78%	72%	1982
89%	81%	1983
100%	90%	1984
100%	95%	1985
100%	100%	1986

[2] The state Superior Court found the method of school financing unconstitutional in 1974 (Horton vs. Meskill) because the state had delegated responsibility for financing public schools to individual towns creating disparities among towns in terms of revenues raised to support education. The ruling was upheld by the state Supreme Court in 1977.

[3] PA 79-128 was passed in response to the 1977 Supreme Court ruling in the Horton vs. Meskill suit. The court established that there was a relationship between funding and equity for purposes of the state's school finance system and that the state was in violation of the equal protection and free public education provisions of the State Constitution.

[4] Under prior law the difference between the minimum grant, @$250 per pupil for towns (or @$275 per pupil for regional (districts and what a town received under the GTB formula (if less than the minimum) was known as "hold-harmless" aid. Towns that receive less than the minimum grant under GTB were entitled to the entire minimum grant amount.

Fiscal Year	Total (000)	Equalization Expenditure (000)	ADM Grant (000)	Actual/Percent Phase-In of Full Entitlement [1]	Equalization Fully Funded Level (000)	Legislative Changes To Education Equalization Grant Program

PA 81-413, in effect created two minimum grants: one for calculating full funding (@$250 or @$275) and one for purposes of determining the actual appropriation. This latter minimum is based upon a percentage equal to the ratio of

$$\frac{\text{Total GTB Appropriation}}{\text{Total GTB Full Funding}} \times \$250/\$275$$

Example:

$$\text{Minimum Grant} = \frac{\$360 \text{ million}}{\$420 \text{ million}} \times \$250/\$275$$

$$= .7286 \times (\$250/\$275)$$

$$= \$182/\$200$$

Formerly, towns which received less than the $250 per pupil (or $275 for regional school districts) under the GTB formula were granted the full $250/$275. Under PA 81-413 all towns receive at least the appropriated minimum and for towns whose grants fall between the appropriated minimum and $250/$275, receive the appropriated minimum.

[5] In May, 1984, an additional Superior Court ruling in the Horton vs. Meskill case made the following recommended changes to this grant, which are currently under appeal in the State Supreme Court.

1. full funding was ordered for FY 1984-85
2. the hold-harmless component of the grant was eliminated
3. the data on which the grant is based was changed to 2 in lieu of 3 year old information
4. towns were to be required to fully implement their Minimum Expenditure Requirements (MER) and the "alternate MER" was struck down.)

Source: The State Budget. Office of Fiscal Analysis. various issues.

The Education Enhancement Act

The Education Enhancement Act, PA 86-1 MSS, establishes a series of voluntary incentive grants along with various education related programs, studies and changes in past education oriented statutes. The major portion of the act was designed to increase teachers' salaries along with stiffening certification requirements. Any impacts of this act which would affect town tax effort and thusly GTB entitlements would not occur until FY 1989-90. The act provides for funding to the following maximums, unless otherwise noted:

	1986-87	1987-88	1988-89
Minimum Salary Aid [1]	14,000,000	15,400,000	8,000,000
Teacher Salary Aid [1]	31,435,746	63,005,280	94,441,029
General Education Aid [1]	15,781,599	31,571,216	47,352,819
Teacher-Pupil Ratio Aid [1]	6,000,000	12,000,000	17,850,000
One-Time General Education Aid Hold Harmless	7,698,144	-	-
Salary Incentive Aid [1] [2]	18,000,000	-	-
Total	92,915,489	121,976,496	167,643,848

Eligibility requirements:

1) Minimum Salary Aid:

   a) participation agreed upon by teachers' union and local school district (as authorized by the local fiscal authority).

   b) in FY 1986-87 district must pay a salary $2,000 higher than their pre-act minimum salary or one-third the difference between pre-act minimum salary and state target minimum of $20,000 ($21,500 in areas of high household income), whichever is less.

c) in FY 1987-88 district must pay $2,000 higher than FY 1986-87 minimum salary or two-thirds the difference between pre-act minimum salary and their state target minimum, whichever is less.

d) in FY 1988-89 district must meet the state target minimum.

e) district will receive 100% state funding if their pre-act minimum salary is $18,000 or more or they do not reach state target minimum until FY 1988-89.

f) district will receive 150% state funding if their pre-act minimum is between $16,000 and 18,000 and they reach the state target minimum by FY 1987-88.

g) district will receive 200% state funding if their pre-act minimum is less than $16,000 and they reach the state target minimum by FY 1987-88.

2) Teacher Salary Aid:

a) participate in minimum salary program or already meet the state target minimum

and one of the following

b) negotiate for salary increases for teachers above the state target minimum

or

c) have an "aid eligibility factor" greater than 100.00. The factor is determined by:

(1) dividing the district's average teacher salary by the statewide average salary and multiplying by 100 (salary factor),
(2) dividing its three-year average increase in teacher salaries by the statewide three-year average increase and multiplying by 100 (net contract increase factor), and
(3) adding one-half the salary factor and one-half the contract increase factor.

In this case the salary aid may be used as general education aid

or

d) the district contracts to pay its teachers a pro rata share of the teacher salary aid

or

e) the district maximum salary aid is less than three-tenths of 1% of its total annual salaries. In this case the salary aid may be used as general education aid.

3) General Education Aid:

a) same as salary aid except district can receive one-half the specified aid if the district meets only one of the requirements.

4) Teacher-Pupil Ratio Aid:

a) district must be specified within the act as eligible for teacher-pupil ratio aid for which they will receive $25,000 per additional staff member hired above 1985-86 levels up to the maximum additional staff stated in the act.

5) Hold-Harmless Aid:

a) district must be one of 36 specified districts within the act.

6) Salary Incentive Aid:

a) district must have approved career incentive and evaluation plan to receive $500 per staff person to be disbursed in a manner determined by the district.

[1] actual expenditure is based on participation
[2] PA 87-2 eliminated this portion of the program and in its place provided for planning grants for career incentives and teacher evaluation along with teacher education implementation grants.

Enterprise Zones

ENTERPRISE ZONES

Connecticut's Enterprise Zone legislation became effective on July 1, 1982 (PA 81-445). Enterprise zones are areas in which manufacturing enterprises

commercial retail businesses and residential property owners are eligible to receive a variety of economic incentives. Enterprise Zones were created in an attempt to create a viable economic development climate in deteriorated areas by lowering the costs of doing business in these areas.

In October of 1982, six areas were designated by the state Department of Economic Development as Enterprise Zones. They include:

1. Bridgeport	4. New Britain
2. Hartford	5. New London
3. New Haven	6. Norwalk

PA 86-258 authorizes the creation of four new Enterprise Zones increasing the total number to ten. The four additional zones are:

7. Meriden	9. Windham
8. Norwich	10. Waterbury

Under Connecticut Statute the Commissioner of Economic Development is permitted to remove the designation of any area as an Enterprise Zone if the area fails to meet the established criteria as outlined below. However, once designated as an Enterprise Zone the designation continues for a minimum of ten years.

A. Qualification Criteria:

All areas are required to meet the following criteria:

1. Areas must consist of one or two contiguous <u>census tracts</u>
2. A portion of the area must be zoned for commercial development; and
3. Any area designated as an Enterprise Zone must have the approval of its municipal government.

A census tract must meet at least one of the following (as determined by data published by the U. S. Bureau of the Census):

1. 25 percent or more of the population have incomes below the poverty level; or
2. 25 percent or more of the families receive Income Maintenance funds or welfare assistance; or
3. an unemployment rate of at least 200 percent of the state average.

State statutes limit the number of statewide Enterprise Zones to ten; four of which must have population greater than 80,000 and six of which must have population less than 80,000.

B. Economic Incentives

1. Manufacturing:

a. Venture Capital Loans

1. The Department of Economic Development administers a revolving loan fund (the Enterprise Zone Capital Formation Revolving Loan Fund) financed by a $2.0 million state bond authorization.

2. Low-interest loans for start-up or working capital, real estate or equipment are made. The term of the loan is for a maximum of 10 years for real estate and 7 years for all other loans. The interest rate for each loan is set at one percent above the rate of interest borne by the latest issue of state general obligation bonds. Loans are capped at $200,000. A dollar for dollar match is necessary. Industrial or commercial businesses new to or existing within a zone are eligible for loans provided their gross sales for their most recently completed fiscal year is less than $1.5 million.

b. Corporation Business Tax Credit

1. Provides for a 50 percent tax reduction in the corporation tax for 10 years, provided that 30 percent of the firm's employees are residents of the zone or are JTPA eligible municipal residents.

c. Job Creation Incentives

1. A $1,500 grant for each additional full-time job created, provided that 30 percent of the firm's employees are residents of the zone or are JTPA eligible municipal residents.

   The employment incentive grant is funded from the Business Expansion in Municipalities with High Unemployment grant account. The state Department of Labor administers this grant.

2. An employer may take advantage of any training and benefit programs administered by the Labor Department if an employee holds an employment training benefits voucher. These vouchers are issued by the state Department of Labor.

d. Local Property Tax Abatement

1. An 80 percent abatement of local property taxes (real and personal) for 5 years.

e. State Sales Tax Exemption

1. For replacement parts for manufacturing machinery.

f. State Real Estate Conveyance Tax Exemption

2. Commercial Retail Businesses

a. Venture Capital Loans

1. Eligible for same low-interest loans as manufacturers.

b. Job Creation Incentives

1. Eligible for same job training benefits as manufacturers except grant amount for each new job created is $500.

c. Local Property Tax Deferral

1. Businesses eligible for a 7 year graduated deferral on any increases in taxes attributable to improvements on real property. The deferral schedule is determined by the municipality, subject to the following statutory minimums:

Year	Percentage of Increase Deferred
First	100%
Second	100
Third	50
Fourth	40
Fifth	30
Sixth	20
Seventh	10

Statutes also provide for municipalities to provide for any additional tax abatements or deferrals as it deems necessary.

d. State Real Estate Conveyance Tax Exemption

3. Residential Development

a. Local Property Tax Deferral

1. Eligible for the same property tax deferrals as commercial businesses. However the deferral ceases if:

a. Any dwelling unit is rented to any person whose income exceeds 200 percent of the median family income of the municipality; or

b. For any conversion condominium unit sold to any person whose income exceeds 200 percent of the median family income of the municipality.

2. State Real Estate Conveyance Tax Exemption

Source: Department of Economic Development and the Connecticut Development Authority.

Income Tax
(Repealed August, 1971)

SUMMARY OF STATE INCOME

The features of the income tax which was passed by the Legislature on July 1, 1971, and repealed on August 12, 1971, are listed below.

THE TAX: The personal income tax is imposed on the taxable income and nonresident individuals, estates, and trusts.

RATE OF TAX: The income tax is imposed at the following rates:

Taxable Income	Tax
$ 0- 1,000	1% of amount
1,001- 3,000	$ 10 + 2% of income over $ 1,000
3,001- 6,000	50 + 4% of income over $ 3,000
6,001-12,000	170 + 5% of income over $ 6,000
12,000 and over	470 + 6% of income over $12,000

BASIS OF TAX: The tax is imposed on the entire taxable income of every resident of Connecticut and on the taxable income of every nonresident fo income which is derived from sources within this state.

The entire taxable income of a Connecticut resident is his federal adjusted gross income as defined in the laws of the United States (Section 62, Internal Revenue Code) with certain modifications. The following items are added or subtracted from Adjusted Gross Income as reported on the federal tax form:

Additions:

1. Interest or dividends of state and municipal bonds, other than those of Connecticut;

2. Interest or dividends on federal bonds;

3. 100% of capital gains;

4. Oil or mineral depletion allowance, deducted under federal provision;

5. Net operating loss carryover or carryback calculated to determine federal adjusted gross income.
(Loss carryovers are deducted from future years' income, and loss carrybacks are deducted from past income.)

Subtractions:

1. Salary received from full-time service in the armed forces of the United States;

2. Interest or dividends on any federal bonds which are exempt from State taxation;

3. Full amount of capital losses, with no carryover;

4. Net operating loss carryover or carryback calculated to determine Connecticut taxable income.

EXEMPTIONS: The Connecticut income tax permits exemptions in the same form and amount as does the federal income tax.

CREDIT: A credit against taxes due is allowed to residents for income paid to another state or its political subdivision on income which is subject to the Connecticut personal income tax.

TAX RETURNS: Tax returns are to be filed by April 15 each year, since according to the bill, the taxable year for Connecticut is the same as for the federal income tax. With the bill taking effect July 1, 1971, the taxable period for 1971 is only the last six months of the year.

Declarations of estimated tax are to be filed by individuals by April 15; except that if requirements are first met after April 1 and before June 2, then by June 15; if requirements are met after June 1 and before September 2, by September 15; if requirements are met after September 1 of the taxable year, by the following January 15.

WITHHOLDING OF TAX: Employers are required to withhold tax from the wages of employees and to file returns quarterly. Withholding was to begin September 1, 1971.

COLLECTION OF TAX: The payment of tax is to accompany the return. Estimated taxes are generally payable with declarations of individuals in four installments by April 15, June 15, September 15, and January 15; if filed by June 15, in three installments; if filed by September 15, in two installments; if filed by January 15, in full.

Source: The State Budget for the 1971-72 Fiscal Year, Office of Legislative Research, (Fiscal Analysis Unit-now OFA) Connecticut General Assembly.

State Investment Policy:

A. South Africa
B. Northern Ireland

SOUTH AFRICAN INVESTMENT LAW

Under current law (PA 87-170) the state treasurer is required to disinvest all state funds invested in any corporation doing business in South Africa by July 1, 1989.

The original South African investment legislation (CGS Sec. 3-13f) was signed into law in June of 1982. Under that law the State Treasurer was required to review the invested assets of all state funds for possible divestiture of those assets that were invested in:

1) Any financial institutions making loans to the Republic of South Africa, or a Republic of South African corporation

2) Any stock or obligations of any U.S. company or a subsidiary of any U.S. company doing business in the South African Republic.

Securities may have been sold for three reasons:

1) Nonsignatory (i.e., company or firm did not sign the Sullivan Principles)

2) Noncompliance with the Sullivan Principles performance rating requirement of law (the Sullivan Principles are a set of fair employment practices aimed at the elimination of racism in the work place in South Africa).

3) If corporations supply strategic products and services for use by the South African government.

4) If corporations do not recognize the right of employees to organize and strike.

The divestiture of any invested assets must be done within a reasonable period of time as determined by the State Treasurer.

CHRONOLOGY OF SALES OF SECURITIES NOT IN COMPLIANCE WITH SOUTH AFRICA INVESTMENT LAW

Sold During Quarter Ended	Corporations	Units/ Par Value	Inventory	Redemption	Gain/(Loss)
1/31/83	Air Products & Chemicals (Non-Signatory)	158,127 shs	$ 5,039,507	$ 5,153,392	$ 113,885
	American Home Products (Non-Signatory)	56,900	1,716,104	2,543,431	827,327
	Dun & Bradstreet (Non-Signatory)	25,000	1,659,000	1,939,460	280,460
	Eli Lilly & Company (Rating)	52,000	2,908,880	2,728,824	(180,056)
	Martin Marietta Corporation (Non-Signatory)	60,000	2,187,000	1,380,554	(806,446)
	V F Corporation (Non-Signatory)	106,000	2,282,180	4,664,752	2,382,572
	Warner Communications (Rating)	90,000	2,332,800	4,155,361	1,822,561
	Martin Marietta Corporation (Non-Signatory)	2,800,000 7% 3/15/11	1,507,380	1,507,520	140
	Motorola, Inc. (Rating)	1,250,000 8% 10/1/07	1,111,830	913,625	(198,205)
	TOTAL DIVESTMENT THROUGH 1/31/83		**20,744,681**	**24,986,919**	**4,242,238**
4/30/83	Alexander & Alexander (Non-Signatory)	100,900 shs	2,723,208	2,301,065	(422,143)
	Nabisco Brands (Rating)	50,000 shs	1,600,000	1,708,443	108,443
	Upjohn Company (Rating)	5,000,000 14% 6/1/91	4,956,250	5,587,500	631,250
	TOTAL FOR QUARTER ENDED 4/30/83		**9,279,458**	**9,597,008**	**317,550**
	PREVIOUS DIVESTMENT TOTAL 1/31/83		**20,744,681**	**24,986,919**	**4,242,238**
	TOTAL DIVESTMENTS THROUGH 4/30/83		**30,024,139**	**34,583,927**	**4,559,788**
7/30/83	Coca-Cola Company (Rating)	95,000	3,669,850	4,938,960	1,269,110

Sold During Quarter Ended	Corporations	Units/ Par Value	Inventory	Redemption	Gain/(Loss)
	PREVIOUS DIVESTMENT TOTAL 4/30/83		30,024,139	34,583,927	4,559,788
	TOTAL DIVESTMENTS THROUGH 7/30/83		33,693,989	39,522,887	5,828,898
10/31/83	Cooper Industries (Rating)	114,500 shs	4,616,640	3,520,595	(1,096,045)
	United Technologies (Rating)	3,000,000 9% 4/15/85	2,980,500	2,980,500	0
	TOTAL FOR QUARTER ENDED 10/31/83		7,597,140	6,501,095	(1,096,045)
	PREVIOUS DIVESTMENT TOTAL 7/30/83		33,693,989	39,522,887	5,828,898
	TOTAL DIVESTMENTS THROUGH 10/31/83		41,291,129	46,023,982	4,732,853
1/31/84	Celanese Corporation (Rating)	1,500,000 9 3/4% 6/15/06	1,512,450	1,756,344	243,894
	PREVIOUS DIVESTMENT TOTAL 10/31/83		41,291,129	46,023,982	4,732,853
	TOTAL DIVESTMENTS THROUGH 1/31/84		42,803,579	47,780,326	4,976,747
4/30/84	CBS, Inc. (Rating)	27,000 shs	1,878,930	1,798,680	(80,250)
	Baker Int'l (Rating)		5,159,250	5,159,250	SWAP
	TOTAL FOR QUARTER ENDED 4/30/84		7,038,180	6,957,930	(80,250)
	PREVIOUS DIVESTMENT TOTAL 1/31/84		42,803,579	47,780,326	4,976,747
	TOTATL DIVESTMENTS THROUGH 4/30/84		49,841,759	54,738,256	4,896,497
7/31/84	American Can Co. (Rating)	5,000,000 9 1/4% 6/15/84	4,975,725	5,000,000	24,275

Sold During Quarter Ended	Corporations	Units/ Par Value	Inventory	Redemption	Gain/(Loss)
	Int'l Minerals & Chemicals	38,000 shs	1,665,195	1,442,906	(222,289)
	Loctite Corp. (Rating)	100,000 shs	2,765,986	3,248,309	482,323
	Measurex Corp. (Rating)	120,000 shs	1,739,733	1,889,874	150,141
	Nalco Chemical Co. (Rating)	20,000 shs	597,950	490,834	(107,116)
	A.C. Nielsen Co. (Rating)	30,000 shs	658,750	1,010,000	351,250
	NCR Corp. (Strategic Products)	180,000 shs	2,880,251	4,527,224	1,646,973
	Sperry Corp. (Strategic Products)	76,173 shs	3,202,875	2,827,910	(374,965)
	TOTAL FOR QUARTER ENDED 7/31/84		**18,486,465**	**20,437,057**	**1,950,592**
	PREVIOUS DIVESTMENT TOTAL 4/30/84		**49,841,759**	**54,738,256**	**4,896,497**
	TOTAL DIVESTMENTS THROUGH 7/31/84		**$68,328,224**	**$75,175,313**	**$6,847,089**
2/21/85	Tenneco, Inc. (Rating)	15,500 shs	972,090	600,174	(371,896)
2/27/85	Beatrice Companies, Inc. (Non-Signatory)	40,000 shs	1,223,200	1,214,059	(9,141)
6/3/85	Cooper Industries, Inc. (Rating)	22,900 shs	727,010	780,732	53,722
	TOTAL FOR PERIOD ENDED 6/3/85		**2,922,280**	**2,594,965**	**(327,315)**
	PREVIOUS DIVESTMENT TOTAL 7/31/84		**68,328,224**	**75,175,313**	**6,847,089**
	TOTAL DIVESTMENT THROUGH 6/3/85		**71,250,504**	**77,770,278**	**6,519,774**
9/30/85	United Technologies (Rating)	139,000 shs	4,702,552	5,784,501	1,081,949
	TOTAL FOR QUARTER ENDED 9/30/85		**4,702,552**	**5,784,501**	**1,081,949**

Sold During Quarter Ended	Corporations	Units/ Par Value	Inventory	Redemption	Gain/(Loss)
	PREVIOUS DIVESTMENT TOTAL 6/3/85		71,250,504	77,770,278	6,519,774
	TOTAL DIVESTMENTS THROUGH 9/30/85		75,953,056	83,554,779	7,601,723
12/31/85	Hughes Tool Co. (Non-Signatory)	550,000 shs	363,291	441,397	78,105
	Tenneco, Inc. (Rating)	2,500,000 9.875% DEB	2,348,600	2,439,775	91,175
	TOTAL FOR QUARTER ENDED 12/31/85		2,711,891	2,881,172	169,280
	PREVIOUS DIVESTMENT TOTAL 9/30/85		75,953,056	83,554,779	7,601,723
	TOTAL DIVESTMENT THROUGH 12/31/85		78,664,947	86,435,951	7,771,003
6/31/86	CBI Industries, Inc. (Rating)	100,000 shs	2,536,980	2,494,416	(42,563)
	Johnson Controls, Inc. (Rating)	12,724 shs	521,684	796,384	274,700
	TOTAL FOR QUARTER ENDED 6/30/86		3,058,664	3,290,800	232,137
	PREVIOUS DIVESTMENT TOTAL 12/31/85		78,664,947	86,435,951	7,771,003
	TOTAL DIVESTMENT THROUGH 6/30/86		81,723,611	89,726,751	8,003,140
9/30/86	No Redemptions				
12/31/86 [1]	HARSCO (Rating)	50,000	1,210,447	1,207,383	(3,064)
	Schlumberger (Rating)	111,100	3,904,131	3,749,625	(154,506)
	Stone & Webster	26,000	1,313,000	1,311,396	(1,604)
	Redken Labs	21,300	336,263	336,263	-
	Gilette	23,200	1,127,868	1,126,439	(1,429)
	Rexnord, Inc.	50,000	1,100,000	1,096,963	(3,037)
	CPC Intern'l	26,500	2,120,000	2,118,339	(1,661)
	Dresser Ind.	80,000	1,466,250	1,461,401	(4,849)
	Goodyear Tire & Rubber	309,300	13,158,610	13,139,363	(19,247)
	American Standard	16,500	699,188	698,174	(1,014)

Sold During Quarter Ended	Corporations	Units/ Par Value	Inventory	Redemption	Gain/(Loss)
	TOTAL FOR QUARTER ENDED 12/31/86		26,435,757	26,245,346	(190,411)
	PREVIOUS DIVESTMENT TOTAL 6/30/86		81,723,611	89,726,751	8,003,140
	TOTAL DIVESTMENT THROUGH 12/31/86		108,159,368	115,972,097	7,812,729
3/31/87	American Cyanamid	14,100 shs	760,861	1,339,920	579,059
	GATX	19,610 shs	656,244	682,980	26,736
	TOTAL FOR QUARTER ENDED 3/31/87		1,417,105	2,022,900	605,795
	PREVIOUS DIVESTMENT TOTAL 12/31/86		108,159,368	115,972,097	7,812,729
	TOTAL DIVESTMENT THROUGH 3/31/87		109,576,473	117,994,997	8,418,524
6/30/87	Avery Int'l. Corp.	49,400 shs	1,077,760	1,100,720	22,960
	Borden, Inc.	39,750 shs	820,271	2,203,957	1,383,686
	Chevron Corp.	70,000 shs	2,146,558	4,004,221	1,857,684
	CIGNA Corp.	70,000 shs	4,316,850	4,205,612	(111,239)
	Citicorp	187,700 shs	8,932,285	10,288,722	1,355,738
	Deere, John & Co.	10,000 shs	10,000,000	10,000,000	-
	Emhart Corp.	32,690 shs	1,012,488	1,348,593	336,106
	Foote, Cone & Belding	13,600 shs	863,710	691,945	(171,765)
	Hewlett Packard, Co.	48,500 shs	2,017,992	2,888,424	870,432
	Honeywell, Inc.	40,000 shs	2,460,424	3,206,253	745,829
	McDonnell Douglas	17,000 shs	1,104,575	1,191,190	86,615
	Medtronic Inc.	75,800	2,274,758	6,821,015	4,546,257

Sold During Quarter Ended	Corporations	Units/ Par Value	Inventory	Redemption	Gain/(Loss)
	Mobil Corp.	shs 52,000	1,590,160	2,604,021	1,013,861
	Molex, Inc.	shs 34,625	1,081,238	1,454,250	373,013
	NCNB, Corp.	shs 57,600	1,224,899	1,357,011	132,118
	Royal Duth Petro	shs 8,000	586,644	998,487	411,823
	Seagram, Ltd.	shs 83,800	3,913,603	6,155,585	2,241,982
	Square D Co.	shs 28,500	1,263,748	1,498,575	234,827
	Sterling Drug, Inc.	shs 60,000	1,690,808	3,101,297	1,410,489
	Tokhiem Corp.	shs 45,300	979,902	1,340,137	360,233
	Union Camp Corp.	shs 32,600	1,154,136	2,123,852	969,716
	TOTAL FOR QUARTER ENDED 6/30/87	shs	**50,513,502**	**68,583,865**	**18,070,365**
	PREVIOUS DIVESTMENT TOTAL 3/31/87		**109,576,473**	**117,994,997**	**8,418,524**
	TOTAL DIVESTMENT THROUGH 6/30/87		**160,089,975**	**186,578,862**	**26,488,889**
9/30/87	Borg Warner Corp.	3,303	70,966	114,068	43,102
	Combustion Engr.	shs 21,600	606,528	899,509	292,981
	Pepsico, Inc.	shs 96,800	2,290,253	3,817,678	1,527,425
	Pfizer, Inc.	shs 85,300	4,158,553	6,132,450	1,973,897
	RJR Nabisco	shs 53,500	1,730,857	3,211,325	1,480,468
	Upjohn	shs 33,000	737,321	1,607,442	870,121
	TOTAL FOR QUARTER ENDED 9/30/87	shs	**9,594,477**	**15,782,472**	**6,187,994**

Sold During Quarter Ended	Corporations	Units/ Par Value	Inventory	Redemption	Gain/(Loss)
	PREVIOUS DIVESTMENT TOTAL 6/30/87		160,089,975	186,578,862	26,488,889
	TOTAL DIVESTMENT THROUGH 9/30/87		169,684,452	202,361,334	32,676,883

[1] The State Treasurer established a policy of no new investment in companies doing business in South Africa effective September 2, 1986.

Source: State Treasurer

Northern Ireland Investment Law

The Northern Ireland investment law (PA 87-199) requires the state Treasurer to review the invested assets of all state funds to identify funds invested in corporations doing business in Northern Ireland that have not adopted the MacBride principles.

The state Treasurer must take the following steps for companies that have not adopted the MacBride principles:

1. support shareholder initiatives encouraging corporations to implement the MacBride principles;
2. disinvest all state funds in companies that have not signed the MacBride principles by 1990; and
3. limit any future investment (including funds withdrawn from noncomplying companies) in corporations doing business in Northern Ireland to those that are following the MacBride principles provided such investments are prudent.

The MacBride Principles

for Northern Ireland

1. Increasing the representation of individuals from underrepresented religious groups in the workforce including managerial, supervisory, administrative, clerical and technical jobs.

2. Adequate security for the protection of minority employees both at the workplace and while travelling to and from work.

3. The banning of provocative religious or political emblems from the workplace.

4. All job openings should be publicly advertised and special recruitment efforts should be made to attract applicants from underrepresented religious groups.

5. Layoff, recall, and termination procedures should not in practice favor particular religious groupings.

6. The abolition of job reservations, apprenticeship restrictions, and differential employment criteria, which discriminate on the basis of religion or ethnic origin.

7. The development of training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills of minority employees.

8. The establishment of procedures to assess, identify, and actively recruit minority employees with potential for further advancement.

9. The appointment of a senior management staff member to oversee the company's affirmative action efforts and the setting of timetables to carry out affirmative action principles.

Securities of Companies Doing Business in Northern Ireland
(as of 12/31/86)

Company	Par Value Shares	Cost	Market	Gain/Loss
Mutual Equity Fund				
Ball Corp.	8,200	$ 267,355.00	$ 289,050.00	$ 21,695.00
* DuPont, E.I. De Nemours	138,100	9,209,064.25	11,600,400.00	2,391,335.75
* Ford Motor Co. Del.	212,550	7,184,673.73	11,955,937.50	4,771,263.77
* General Motors Corp.	189,500	13,268,743.38	12,507,000.00	761,743.38
* ITT Corp.	64,200	2,708,447.50	3,426,675.00	718,227.50
* Monsanto Co.	40,000	1,729,255.81	3,060,000.00	1,330,744.19
Sonoco Prod's. Co.	66,900	2,143,254.60	2,542,200.00	398,945.40
* Warner Communication	300,000	5,835,975.00	6,750,000.00	914,025.00
TOTALS		$42,346,769.27	$52,131,262.50	$11,307,979.99
(Mutual Fixed Income Fund)				
AVX Corp.	200,000	185,500.00	208,000.00	22,500.00
* GMAC Asset Bckd. Cert.	16,048,257	15,888,830.06	15,807,533.34	(81,296.72)
* GMAC Reg.	5,000,000	5,001,607.82	5,031,000.00	29,392.18
* GMAC	3,000,000	2,992,500.00	3,030,000.00	37,500.00
* Ford Motor Credit Co. 5 Yr. Ext. Nt.	1,600,000	1,600,000.00	1,741,920.00	141,920.00
Ford Motor Credit Co.	2,000,000	1,952,500.00	2,047,400.00	94,900.00
* Ford Motor Credit Co.	4,200,000	4,200,000.00	4,415,040.00	215,040.00
Ford Motor Credit Co.	3,750,00	4,022,573.31	4,082,625.00	60,051.69
TOTAL		35,843,511.19	36,363.518.34	520,007.15
Grand Total		**$78,190,280.46**	**$88,494,780.84**	**$11,827,987.14**

* Also doing business in South Africa

SOURCE: State Treasurer

Securities of Companies Doing Business in Northern Ireland
(As of 12/30/87)

Company	Par Value Shares	Cost	Market	Gain/Loss
Mutual Equity Fund				
* DuPont, E.I.	29,500	1,744,960.53	2,577,562.50	832,601.97
* Ford Mtr. Co. Del.	128,200	4,359,270.63	9,663,075.00	5,303,804.37
* General Motors	40,000	2,735,671.96	2,455,000.00	(280,671.96)
Sonoco Prod Co	48,200	795.276.97	1,024,250.00	228,973.03
TRW Inc.	69,700	3,101,359.81	3,319,462.50	281,102.69
Teleflex Inc.	62,000	1,680,675.54	1,395,000.00	(285,675.54)
V F Corp	77,500	2,801,200.16	1,898,750.00	(902,450.16)
TOTALS		17,218,425.60	22,333,100.00	5,114,684.40
(Mutual Fixed Income Fund)				
AVX Corp	200,000	185,500.00	214,000.00	28,500.00
ARMCO	2,000,000	1,185,500.00	1,700,000.00	29,502.00
ARMCO	7,000,000	5,268,420.00	5,180,000.00	(88,420.00)
* Ford Motor Credit Co 5 Yr. Ext. NT	1,600,000	1,600,000.00	1,663,000.00	63,488.00
TOTAL		8,724,418.00	8,757,448.00	33,070.00
Grand Total MEF & MFIF		**$25,942,843.60**	**$31,090,548.00**	**$5,147,754.40**

*Also doing business in South Africa

Source: State Treasurer

Transportation

TRANSPORTATION FUND

Fiscal Year	Revenues: Total (000)	Revenues: Breakdown By: Taxes, Other & Fed. Grants	
1960	$ 108,669		Revenue for the maintenance and construction of state roads and bridges was derived from the gasoline tax, highway tolls, federal aid, proceeds from bond issues and a number of related activities.
1961	89,300		
1962	122,402		
1963	132,125		
1964	148,119		
1965	120,380		
1966	117,148		
1967	108,199		
1968	140,952		
1969	131,573		
1970	214,636		
1971	174,117		
1972	237,508		
1973	189,478		
1974	233,411		
1975	254,034		As of 7/1/74 the Highway Fund was expanded into a Transportation Fund.
1976	NA		Transportation Fund was eliminated on 6/30/75.
1984	17,532		1) PA 83-30 established a Special Transportation Fund for the maintenance and construction of state roads and bridges. Revenues are derived from a set aside of one cent of the State Motor Fuels Tax (currently 14 cents/gallon - Gasoline and 13 cents/gallon - gasohol). State Treasurer may utilize fund revenues as part of the State's Short Term Investment Fund.

			2) PA 83-1 of the October Special Session appropriated $3.333 million of the FY 1984 General Fund surplus from operations to the Special Transportation Fund. The appropriated amount is included in the total.
1985	362,569	226,995 119,870 15,704	Expands existing Special Transportation Fund by placing all highway related state and federal revenues (except tolls) into the fund.
1986	482.9	240.6 232.7 9.6	1) PA 529 made various motor vehicle fee changes. 2) PA 413 revised surcharges on motor vehicle related fines and penalties.
1987	493.0	255.7 226.5 10.8	1) PA 383 made various motor vehicle registration fee changes. 2) PA 271 increased fees associated with the transfer of a motor vehicle because of a business partial liquidation or reorganization (7/1/86). 3) PA 352 allows motor carriers registered with DRS to purchase motor fuel at certain designated stations without paying a motor fuels tax at the pump. The tax would be paid quarterly (10/1/86).
1988			1) PA 329 postpones the scheduled increase in motor vehicle fees from 1988 to 1992. Without this legislation, these fees would have increased 12.9% in 1988 and 14.3% in 1992. This act postpones the 1988 increase until 1992 and eliminates the 1992 increase.

Source: The Annual Report of the State Comptroller, various issues.

The Transportation Infrastructure

The State intends to accomplish its transportation infrastructure program over a 10 year period. The program will be administered by the Department of Transportation.

The 10 year cost of the infrastructure program, to be met from federal, state and local funds, is estimated at $6.5 billion. All revenues collected will be credited to the Special Transportation Fund. The Special Transportation Fund receives revenues from five sources; three categories include transportation related taxes, fees and charges, one category includes Urban Mass Transit grants (UMTA) received by the state and one includes investment income.

The State's share of the estimated $6.5 billion total cost of the infrastructure program is estimated to be $3.0 billion over the next ten years. Of this amount $2.5 billion is expected to be financed by special tax obligation bonds while the remaining $0.5 billion will be financed from current revenues of the state. The issuance of special tax obligation bonds is expected to eliminate the need for the authorization of additional general obligation bonds of the state for transportation purposes.

Projected Pledged Revenues

The source of payments for the special tax obligation bonds are revenues that have been pledged by the state. All pledged revenues are credited to the Special Transportation Fund. Pledged revenues consist primarily of taxes, fees and charges. Table 1 and Table 2 summarize the tax, fee and charge increases and the level of revenue that each category of pledged revenues is estimated to produce over the next ten years, respectively.

Projected Debt Service Coverage

Under the bond covenant, the state has agreed to maintain Pledged Revenues and other receipts to be twice the amount required to cover the bonds' debt service (i.e., principal plus interest payments) in each fiscal year. Table 3 indicates the projected relationship between Pledged Revenues and Debt Service Requirements in each of the ten fiscal years commencing in 1984.

The Infrastructure Renewal Program
Transportation Fund
(Millions)

	SFY 85	SFY 86	SFY 87
Beginning Balance	0.3		
Projected Revenues			
Motor Fuels Taxes, Receipts, Fees	339.5	422.0	473.3
UMTA Grants	15.7	9.6	21.7
Interest Income	7.4	11.6	9.5
Transfer - General Fund Surplus	0.0	25.0	10.0
Transfer - General Fund Tolls	0.0	18.3	0.0
Total - Revenues	**362.9**	**486.5**	**514.5**
Refunds of Taxes	0.0	-3.7	-3.2
Total - Net Resources	**362.9**	**482.8**	**511.3**
Debt Service & Expenditures			
Special Tax Obligation Bonds	12.7	26.8	38.9
General Obligation Bonds	105.3	117.0	113.7
Total - Debt Service	**118.0**	**143.8**	**152.6**
DOT Expenditures	208.9	225.2	235.0
Non-Capital Highway Projects	33.5	82.1	66.4
Total - Expenditures	**360.4**	**451.1**	**454.0**
Projected Excess (Deficiency)	2.5	31.7	57.3
Cumulative Excess (Deficiency)		34.2	91.5

Table 1

Summary of Enacted Tax and Fee Increases [1]

	Motor Fuels Tax (Increase Per Gallon)	Motor Vehicle Receipts (% Increase) [2]	LPF Revenue (% Increase) [3]
1985	1 cent	25%	0
1986	1 cent	0	50%
1987	1 cent	24%	0
1988	2 cents	0	0
1989	1 cent	0	0
1990	0	0	50%
1991	2 cents	0	0
1992	1 cent	0	25%
1993	0	12.9%	0
1994	0	0	25%

[1] Each tax, fee or charge increase is effective on July 1 of each State fiscal year.

[2] The percentage increase is a percentage of the amount of fees collected during the State fiscal year preceding the effective date of the increase. Also, PA 87-329 postponed the 1988 increase until 1992.

[3] The percentage increases do not apply to fees, such as the motor carrier registration fee, for which federal law establishes maximum fees. Also, PA 85-413 repealed the scheduled 50% increase for motor vehicle fines which was to be effective July 1, 1986.

Table 2

Projected Pledged Revenues-Special Transportation Fund
(In Millions $)

	Motor Fuels Tax	Motor Vehicle Receipts	LPF Revenue	UMTA Grants	Interest Income	Transfer Gen. Fund Surplus [1]	Tolls [2]	Total	Refunds of Taxes [3]	Total Net
1986	244.3	116.6	61.1	9.6	11.6	25.0	18.3	486.6	-3.7	482.9
1987	266.0	141.4	63.5	21.7	9.4	10.0		512.0	-3.3	508.7
1988	300.0	146.0	65.6	10.0	9.1			530.7	-3.7	527.0
1989	318.9	148.9	66.0	9.3	11.9			555.0	-3.9	551.1
1990	322.1	151.9	87.8	9.3	16.4			587.5	-3.9	583.6
1991	357.9	154.9	88.0	9.3	19.4			629.5	-4.3	625.2
1992	379.8	158.0	105.1	9.3	22.0			674.2	-4.5	669.7
1993	385.5	180.0	105.3	9.3	24.6			704.7	-4.5	700.2
1994	391.3	183.6	126.7	9.3	26.3			737.2	-4.5	732.7

[1] Transfer from the 1984-85 and 1985-86 General Fund surpluses for Highway and bridge projects.

[2] To be transferred from the Expressway Revenue Fund to pay for the removal of toll barriers on the Connecticut Turnpike.

[3] Beginning in FY 1986, refunds of taxes will be paid directly from revenue collections rather than from an appropriation.

Source: The Official Statement, State of Connecticut, Special Tax Obligation Bonds, Transportation Infrastructure Purposes, August, 1987.

Table 3

Projected Debt Service Coverage
(millions $)

	Proj. Pledged Rev.	Projected Debt Service Requirements: 1985 Bonds, [1] 1986 Bonds, Additional 1987 Bonds	Additional Bonds[2]	Total Debt Serv[1]	Projected Agg. Debt Ser. Ratio
1985	362.9	12.7	0.0	12.7	28.6%
1986	482.9	26.5	0.0	26.8	18.0
1987	508.7	38.9	0.0	42.9	13.1
1988	527.0	49.6	3.6	53.2	9.9
1989	551.1	51.5	26.4	77.9	7.0
1990	583.6	51.4	55.2	107.2	5.4
1991	625.2	51.3	85.7	137.0	4.6
1992	669.7	51.3	115.9	167.2	4.0
1993	700.2	51.2	145.3	196.5	3.6
1994	732.7	51.0	170.8	221.8	3.3

[1] Reflects the issuance of $125 million in special tax obligation bonds at an average interest rate of 9.58% in 1984; $150 million at an average 8.5% in 1986, $100 million at an average interest rate of 6.88% in 1987, and $100 million at an average interest rate of 6.95% in 1988.

[2] Assumes trianmual issuance of bonds at an annual interest rate of 7.25% with level debt service over twenty years.

Source: The Official Statement, State of Connecticut, Special Tax Obligation Bonds, Transportation Infrastructure Purposes, 1987.

Yankee Mac: State Mortgage Investment Program

THE YANKEE MAC PROGRAM

I. Established: Yankee Mac was enacted under PA 81-343 (Sec. 3-13d CGS)

II. Mechanics of Program

a. Terms:

1) Yankee Mac mortgages are conventional 20 or 30 year, Fixed-Rate mortgages

2) Residence must be owner-occuppied, principal place of residence

3) Must be in Connecticut

4) Downpayments are ususally 20% but single home buyers paying only 5% to 10% down are required to buy private insurance to effectively raise the down payment to 28%

5) Mortgages generally may not exceed a $250,000 limit, although borrowers of more than $150,000 must pay extra.

b. Features:

1) Income test - payments for mortgage, taxes and insurance can be up to 33% of home buyer's gross stable income. Commercial lenders in Connecticut typically apply a 28% rule

2) The program has offered mortgages at rates slightly to substantially below rates offered by private lenders (see e)

c. Targeting:

1) Up to one-half of the loans are targeted for pension members (e.g. state employees and teachers) although in practice they have applied for only one-third of available loans

2) A minimum of one-third of the mortgages must go to buy newly constructed homes

3) Loans to the general public are distributed equally among Connecticut's six congressional districts since congressional districts are based upon population (the value or market price of homes is not taken into consideration)

4) Single family residences (but two, three and four family homes and some condominiums qualify)

d. Funds:

Money for the Yankee Mac program comes from four sources:

1) State Employees' Retirement Fund

2) Teachers' Retirement Fund

3) Municipal Employees Retirement Fund A & B and

4) From numerous smaller funds

e. Investment Structure:

The state has a commitment to be the sole purchaser of Yankee Mac mortgages and because of this is able to set the terms and conditions of the mortgages and to target beneficiaries.

The State Treasurer invests pension funds in securities that are backed by pools of home mortgages. The mortgage pools receive a AA rating from Standard and Poor's. To achieve a AA rating ("Very Strong Capacity to Pay Interest and Repay Principal") insurance is purchased from the Mortgage Guaranty Insurance Corporation (MGIC) to protect against a loss in principal and interest due to foreclosures. To date there has never been a foreclosure. On a national level the foreclosure rate is 1%.

All loans are originated by local banks and savings and loans having done business in the state for at least two years. These institutions make agreements with People's Bank (chosen by State Treasurer) to service the mortgages by collecting payments from homeowners. The Connecticut Bank and Trust Company acts as trustee. The financial institutions are compensated by fees established by the Treasurer.

In establishing the mortgage rates for Yankee Mac mortgages, the State Treasurer consults the State's Investment Advisory Council and banking and financial experts. Exact formulas are not used, but rates are set so that the state's yield is comparable to medium-term AA - rated industrial securities.

f. Investment Return:

In evaluating pooled mortgages in terms of their return to the pension system the Treasurer assumes that mortgages are a comparable investment with medium-term AA industrial bonds.

Therefore the rate of return on Yankee Mac mortgages are computed as if they were corporate bonds. The corporate bond equivalent return adjusts for the fact that mortgages are paid monthly while corporate bonds normally pay semi-annual interest/dividend payments.

YANKEE MAC [4]
(Connecticut's Pooled Mortgage Investment Program)
Chronology of Offerings

Series	Date of Issue	Amount Applied for (000)	Closed (000)	Total Amount Loaned To Date (000)	Interest Rate	Bond Equivalent	Approximate Number of Mortgages: Per Issue	Approximate Number of Mortgages: Cumulative Total
A	June 1981–Nov. 1981 (First Issue)	$ 40,000	$ 39,000	$ 39,000	13.75%	13.44%	715	715
B	Nov. 1981–June 1982	68,000	49,000	88,000	14.75%	14.52%	862	1,577
C	May 1982–Nov. 1983	154,000	113,000	201,000	14.75%	14.57%	1,700	3,277
D	Dec. 1982–Aug. 1983	61,000	36,000	237,000	12.75%	12.36%	590	3,867
E	June 1983–April 1984	150,000	116,000	353,000	11.75%	11.31%	1,747	5,614
F	May 1984–Aug. 1984	108,000	61,000	414,000	13.625%	13.39%	925	6,539
G	June 1985–July, 1985	97,000	61,000	475,000	[3]	10.80%	760	7,299

[1] In the event there is insufficient funds to accommodate mortgage demand the following mechanisms were utilized:

Series A - Waiting list for substitution
Series B, C & F - Random selection in place but not used. All applications accommodated
Series D & E - Random selection was used. Authorized maximum series D was $108.0 million and for series E $182 million.

[2] The corporate bond equivalent yield is a method of evaluating Yankee Mac mortgages in terms of their return to the pension system (see (f) investment return.

[3] Prior to Series G all loans carried the same rate plus 2 points. For Series G four different interest rate/point schemes were available as follows:

Alternative	Interest Rate/Points	Mortgage Amount	Term
#1	11.375 + 2 pts.	20,000-150,000	20-30 yrs.
#2	11.125 + 3 pts.	20,000-150,000	20-30 yrs.
#3	11.375 + 3 pts.	150,000-250,000	15-30 yrs.
#4	11.125 + 2 pts.	20,000-150,000	15 yrs.

[4] Yankee Mac mortgages were not issued during 1986 to avoid competition with the Municipal Infrastructure Trust Fund program.

[5] Much of the Yankee Mac portfolio was sold at a profit in 1987 after it was converted to the nation's first collateralized Mortgage Obligation/Real Estate Mortgage Investment Conduit (authorized by the 1986 Federal Tax Act).

Source: State Treasurer's Office

Municipal Finance

A. Municipal Revenue and Expenditure

B. State and Local Property Tax Relief for the Elderly

C. Veteran's Exemptions

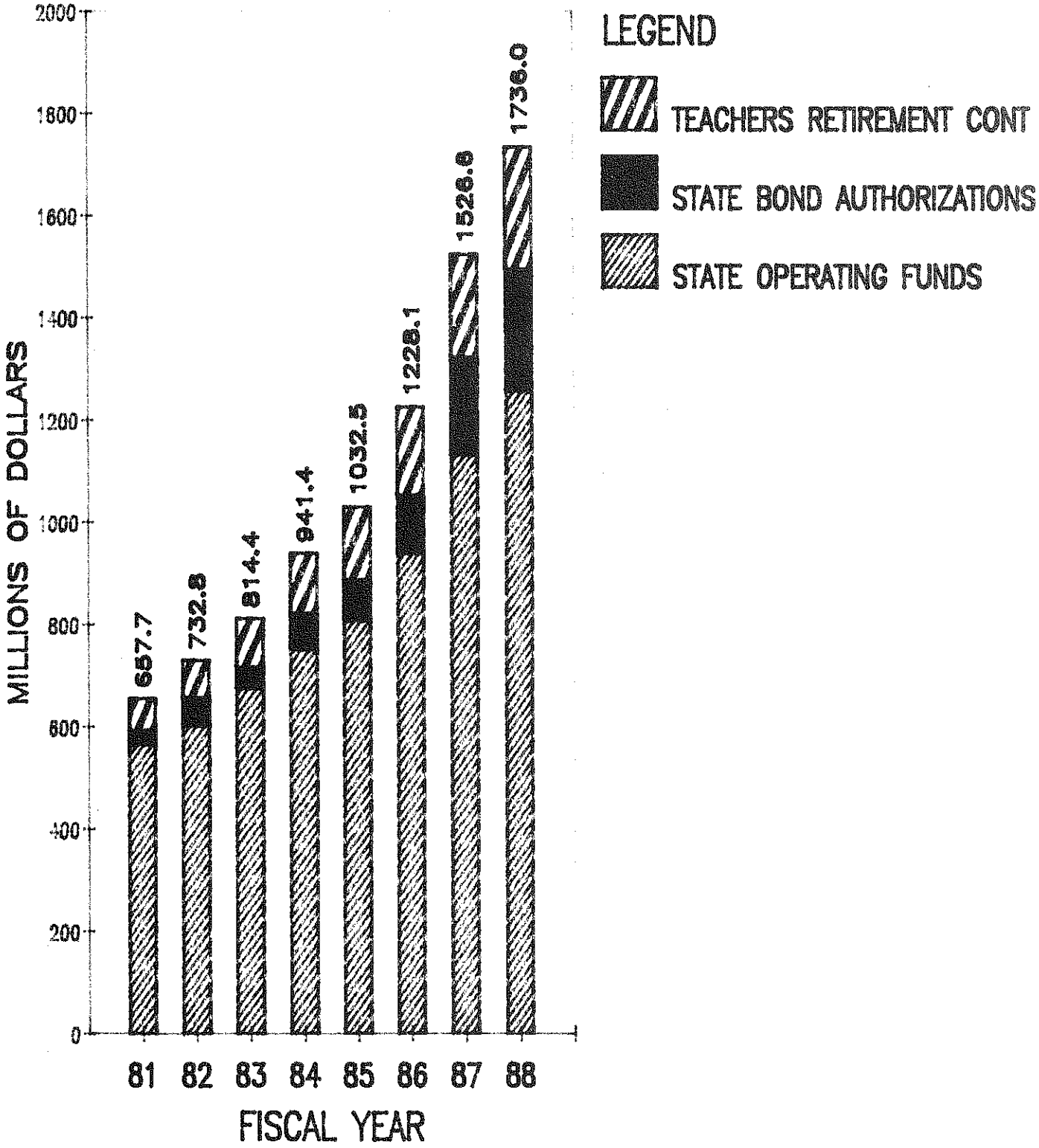
D. State Property Tax Review Board

E. Farm, Forest and Open Space Land

F. Mobile Homes

G. Municipal Property Tax Exemptions

STATE AID TO OR ON BEHALF OF LOCAL GOVERNMENTS
(IN MILLIONS OF DOLLARS)



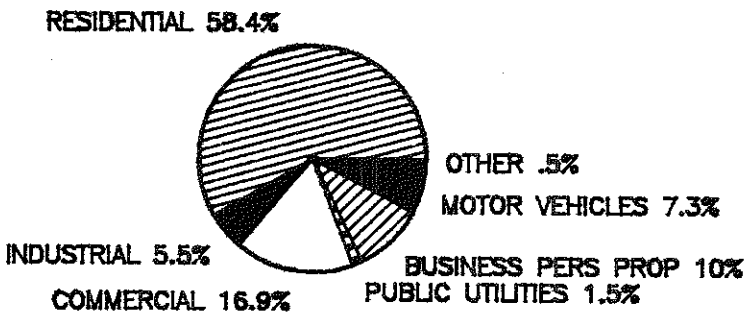
A. Municipal Revenues and Expenditures

State Grand Levies
Fiscal Years 1982–1987
(Millions)

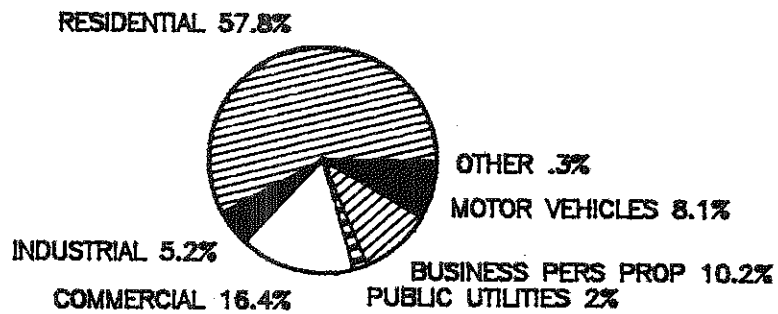
Category	1981–82 Levies	% of Total	1982–83 Levies	% of Total	1983–84 Levies	% of Total	1984–85 Levies	% of Total	1985–86 Levies	% of Total	1986–87 Levies	% of Total	% Change In Levies 1985–86
Industrial	$ 104.5	5.5%	$ 155.3	5.7%	$ 120.3	5.6%	$ 120.3	5.3%	$ 126.8	5.2%	$ 142.9	5.2%	12.7%
Commercial	318.2	16.9%	340.2	16.8%	361.9	16.7%	372.0	16.4%	395.0	16.3%	445.8	16.3%	12.9%
Pub. Utility	27.9	1.5%	32.9	1.6	37.2	1.7%	44.0	2.0%	49.9	2.1%	55.3	2.0%	10.8%
Bus. Per. Prop.	187.8	10.0%	193.8	9.6%	211.3	9.8%	222.8	9.8%	243.9	10.1%	276.9	10.2%	13.5%
Total Business	**$ 683.4**	**33.9%**	**$ 682.2**	**33.7%**	**$ 730.7**	**33.8%**	**$ 759.1**	**33.5%**	**$ 815.6**	**33.7%**	**$ 920.9**	**33.8%**	**12.9%**
Residential	$1099.6	58.4%	$1186.7	58.6%	$1261.3	58.4%	$1325.3	58.5%	$1400.2	57.8%	$1573.2	57.8%	12.4%
Motor Vehicles	$ 136.7	7.2%	$ 147.3	7.3%	$ 161.7	7.5%	$ 174.2	7.7%	$ 200.4	8.2%	$ 220.4	8.1%	10.0%
Land Use	3.9	0.2%	4.4	0.2%	4.7	0.2%	4.5	0.2%	4.6	0.2%	4.8	0.2%	4.3%
Misc.	5.2	0.3%	3.2	0.2%	2.9	0.1%	2.1	0.1%	2.2	0.1%	2.7	0.1%	22.7%
Total M.V., Misc.	**$ 145.8**	**7.7%**	**$ 154.9**	**7.7%**	**$ 169.3**	**7.8%**	**$ 180.8**	**8.0%**	**$ 207.2**	**8.5%**	**$ 227.9**	**8.4%**	**10.0%**
Total Grand Levy	**$1883.8**	**100.0%**	**$2023.8**	**100.0%**	**$2161.3**	**100.0%**	**$2265.2**	**100.0%**	**$2423.0**	**100.0%**	**$2722.2**	**100.0%**	**12.3%**

Source: Analysis of 1985 Grand Lists, Connecticut Public Expenditures Council, December, 1986

GRAND LEVIES
AS A PERCENT OF STATE TOTAL



FY 1981–82



FY 1986–87

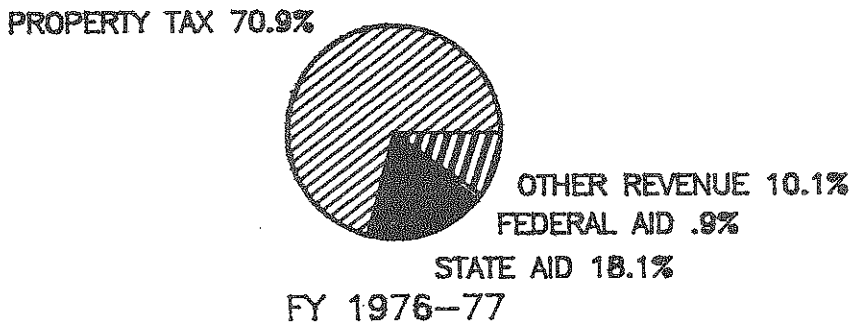
Municipal Revenues
FY 1977 to 1986
(Dollar Amount in Millions)

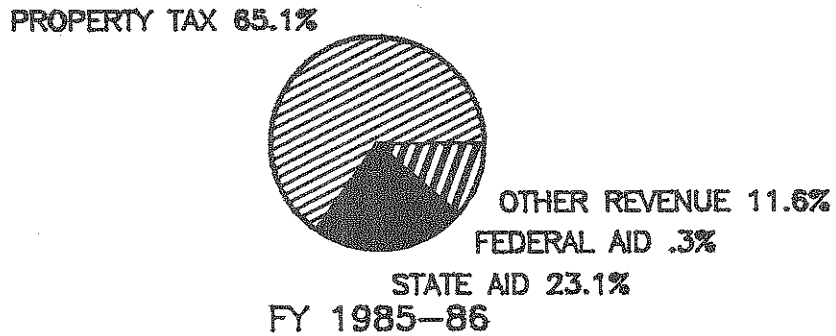
Fiscal Year	Total Revenue	Current Property Tax	State Aid	Federal Aid	Other Revenue	Surplus/ (Deficit)
1977	1,775.0	1,258.8	321.9	15.7	178.6	12.2
	100.0%	70.9%	18.1%	0.9%	10.1%	-
1978	1,899.5	1,337.7	356.8	21.4	183.6	22.8
	100.0%	70.4%	18.8%	1.1%	9.7%	-
1979	2,055.2	1,398.1	422.5	15.2	219.4	38.8
	100.0%	68.0%	20.6%	0.7%	10.7%	-
1980	2,202.4	1,451.8	456.6	19.3	274.7	65.2
	100.0%	65.9%	20.7%	0.9%	12.%	-
1981	2,416.7	1,607.1	515.7	8.9	285.0	61.4
	100.0%	66.5%	21.3%	0.4%	11.8%	-
1982	2,649.2	1,721.9	564.7	9.0	263.6	61.1
	100.0%	65.0%	24.7%	0.3%	10.0%	-
1983	2,884.1	1,892.1	631.7	8.0	352.3	49.1
	100.0%	65.6%	21.9%	0.3%	12.2%	-
1984	3,107.5	2,043.7	707.7	13.1	343.0	46.0
	100.0%	65.8%	22.8%	0.4%	11.0%	-
1985	3,406.4	2,229.4	789.4	8.0	379.6	53.4
	100.0%	65.5%	23.2%	0.2%	11.1%	-
1986	3,670.2	2,387.8	847.4	11.0	424.0	66.2
	100.0%	65.1%	23.0%	0.3%	11.6%	-

Note: Percentage amounts represent percent of total revenue for each year.

Source: Connecticut Municipal Budgets. Connecticut Public Expenditure Council, various issues.

MUNICIPAL REVENUE BY SOURCE
FY 1976–77 AND FY 1985–86





Municipal Expenditures
FY 1977 to 1986
(Dollar Amount in Millions)

Fiscal Year	Total Exp.	Education	Public Works	Debt Serv.	Public Safety	Gen. Gov.	Health & Social	Misc. [1]
1977	1,768.8 100.0%	905.5 51.2%	139.1 7.9%	180.5 10.2%	181.6 10.3%	80.3 4.5%	63.7 3.6%	218.1 12.3%
1978	1,894.6 100.0%	979.0 51.7%	159.0 8.4%	185.6 9.8%	196.5 10.4%	76.5 4.0%	65.4 3.5%	232.6 12.3%
1979	2,050.5 100.0%	1,051.4 51.3%	172.2 8.4%	181.5 8.9%	207.7 10.1%	86.5 4.2%	80.3 3.9%	270.9 13.2%
1980	2,201.3 100.0%	1,122.1 51.0%	184.0 8.4%	184.2 8.4%	228.3 10.4%	89.1 4.1%	94.5 4.3%	299.1 13.6%
1981	2,415.9 100.0%	1,230.8 51.0%	210.5 8.7%	193.6 8.0%	251.6 10.4%	97.8 4.1%	99.9 4.1%	331.7 13.7%
1982	2,648.9 100.0%	1,346.7 50.8%	234.7 8.9%	205.0 7.7%	282.6 10.7%	112.2 4.2%	108.6 4.1%	276.6 10.4%
1983	2,883.8 100.0%	1,433.6 49.7%	294.7 10.2%	224.9 7.8%	322.8 11.2%	113.9 4.0%	127.7 4.4%	272.1 9.4%
1984	3,106.8 100.0%	1,540.9 49.6%	317.4 10.2%	226.6 7.3%	357.6 11.5%	124.1 4.0%	150.9 4.9%	286.2 9.2%
1985	3,405.9 100.0%	1,667.2 49.0%	349.5 10.3%	240.3 7.1%	418.0 12.3%	141.3 4.1%	173.8 5.1%	301.1 8.8%
1986	3,669.8 100.0%	1,825.8 49.8%	364.8 9.9%	263.3 7.2%	430.8 11.7%	151.0 4.1%	182.0 5.0%	327.8 8.9%

[1] Includes fringe benefits, capital costs, library and recreation and miscellaneous costs.

Note: Percentage amounts represent percent of total expenditure for each year.

Source: Connecticut Municipal Budgets. Connecticut Public Expenditure Council, various issues.

B. State and Local Property Tax Relief for the Elderly

LOCAL PROPERTY TAX RELIEF FOR THE ELDERLY CIRCUIT BREAKER/FREEZE PROGRAMS

Fiscal Year	Total Expenditures	Circuit Breaker Homeowners	Circuit Breaker Renters	Freeze
1978	29,051,540	9,283,350	6,730,239	13,037,951
1979	29,822,682	9,661,802	7,109,147	13,051,733
1980	30,178,439	9,155,902	7,194,893	13,827,644
1981	31,279,333	9,716,016	6,577,544	14,985,773
1982	31,371,940	7,638,313	6,292,412	17,441,215
1983	29,308,757	7,691,268	6,326,470	15,291,019
1984	30,202,308	7,371,316	5,889,840	16,941,152
1985	28,776,010	7,532,842	5,606,245	15,636,923
1986	29,100,976	7,718,978	5,302,681	16,079,317
1987	28,907,182	9,488,416	5,547,907	13,870,859

Source: Grant Information Sheet, Office of Policy and Management.

LOCAL PROPERTY TAX RELIEF FOR ELDERLY FREEZE PROGRAM

Fiscal Year	Appropriation	Expenditure	Applications Number	Average Payment
1978	NA	13,037,951	47,531	274
1979	NA	13,051,733	47,233	276
1980	13,911,000	13,827,644	46,392	298
1981	14,506,000	14,985,773	46,143	325
1982	17,309,576	17,441,215	47,008	371
1983	15,650,000	15,291,019	33,971	450
1984	14,500,000	16,941,152	32,039	529
1985	17,791,150	15,636,923	21,994	711
1986	16,900,000	16,079,317	22,515	714
1987	15,900,000	13,870,859	NA	NA

Source: Grant Information Sheets, Office of Policy and Management.

LOCAL PROPERTY TAX RELIEF FOR ELDERLY HOMEOWNERS & CIRCUIT BREAKER PROGRAM

Homeowners

Fiscal Year	Appropriation	Expenditure	Applications Number	Average Payment
1978	NA	$9,283,350	29,727	325
1979	NA	9,661,802	29,727	325
1980	$11,839,000	9,155,902	28,416	322
1981	10,309,000	9,716,016	28,205	345
1982	11,415,000	7,638,313	26,599	287
1983	10,100,000	7,691,268	25,056	307
1984	8,700,000	7,371,316	24,386	302
1985	7,771,320	7,532,842	24,137	312
1986	8,600,000	7,718,978	23,967	322
1987	9,500,000	9,488,416		

Renters

Fiscal Year	Appropriation	Expenditure	Applications Number	Average Payment
1978	$6,700,000	6,730,239	29,169	231
1979	7,329,000	7,109,147	29,917	238
1980	7,690,000	7,194,893	29,601	243
1981	7,444,000	6,577,544	26,467	249
1982	9,133,676	6,292,412	24,343	259
1983	7,500,000	6,326,470	24,408	259
1984	6,900,000	5,889,840	22,171	266
1985	6,490,000	5,606,245	20,951	268
1986	6,355,000	5,302,681	19,456	273
1987	7,000,000	5,547,907	NA	NA

DESCRIPTION OF PROPERTY TAX FOR THE ELDERLY PROGRAMS

The state provides two programs of local property tax relief for the elderly, the circuit breaker program (homeowners and renters) and the tax freeze program.

The circuit breaker program provides a property tax credit to homeowners and a grant to renters. The state reimburses towns for the tax credit given to homeowners.

The tax freeze program caps a participant's tax benefit to the amount received for the 1984 tax year for individuals that received $2,000 or more in the assessment year commencing 10/1/88. If the tax benefit for the assessment year beginning 10/1/88 was less than $2,000 it will never exceed the $2,000 amount in any subsequent year.

Tax Freeze Program

Program Description:

a. This program is mandated by the State. It provides a qualified

b. It provides a qualified homeowner a freeze on both the assessed value (Minus $1,000) and on the mill rate on the mill rate.

c. The municipal tax exemption is reimbursed by the state.

Eligibility:

a. Homeowner must be 65 years of age or over, or the spouse who is living with him/her must be 65 or over.

b. A surviving spouse over 50 is eligible.

c. The applicant must occupy the real property as his/her principal place of residence and must have resided in the state for one year before filing a claim.

d. Qualifying income limit is @$6,000 adjusted gross income plus tax exempt interest (but excluding Social Security or Railroad Retirement Income).

Application:

a. Closed. This grant is available only to elderly persons who applied prior to May 15, 1980.

b. Reapplication is required every two years.

Circuit Breaker

1. Homeowners:

Description of Program:

Homeowners receive a tax credit against their real property tax. The of tamount he credit varies inversely with income.

Eligibility:

a. A homeowner must be 65 years of age or over, or the spouse who is living with him/her must be 65 or over.

b. A surviving spouse over 50 is eligible.

c. The applicant must occupy the real property as his/her principal place of residence and must have resided in the state for one year before filing a claim.

d. Have qualifying income for the previous year of not more than $13,500 for unmarried individuals or if married joint income of not more than $16,200. (Qualifying income is defined as federal adjusted gross income plus social security income and other income not included in federal adjusted gross income. Qualifying income will be adjusted by October 1 of each year to reflect the Social Security inflation adjustment.)

Application:

Deadline is May 15 and reapplication is required every two years.

Property Tax Credit Amount:

Is equal to a specified percentage of property tax (see 'Homeowners' chart below).

2. Renters:

Description of Program:

Renters are entitled to a state grant based on the percent considered to be paid toward property taxes.

Eligibility:

Same as for homeowner.

Application:

Renters must apply between May 15 and September 15.

Grant Amount:

Is equal to 35% of the total of all charges for rent, electricity, gas, water and fuel used during the preceding calendar year less 5% of qualifying income, up to the maximum amount shown in the table below for renters.

3. Resident of a Continuing Care Community:

Description of Program:

The program is open to residents of continuing care communities only if a residents contract: (1) does not confer any ownership interest in the complex or dwelling unit or (2) is not a lease. Residents are entitled to a state grant equal to the product of the portion of the assessed value of the entire complex that is attributable to the dwelling unit and the town's mill rate.

Eligibility:

Same as for homeowners.

Application:

Residents must apply to municipal assessors between February 1, and May 15.

Grant Amount:

Is equal to a specified percentage of property tax (see Residents chart below).

The following schedules indicate the maximum amount of payment individuals may be eligible for under these programs for FY 1988-89. The tables are based on a sliding scales, in which benefits decrease as income increases.

PA 86-1 (JSS) expands the circuit breaker program to totally disabled persons who are less than 65 years of age.

Residents of Continuing Care Communities and Homeowner Benefits

Qualifying Income Over	Qualifying Income Not Exceeding	Tax Reduction As Percentage of Property Tax	Tax Reduction for Any Year Maximum	Tax Reduction for Any Year Minimum
		Married Homeowners		
$ 0	$ 8,100	50%	$ 1,250	$ 400
8,100	10,800	40	1,000	300
10,800	13,500	30	750	200
13,500	16,200	20	500	100
16,200		None		
		Unmarried Homeowners		
$ 0	$ 8,100	40%	$ 1,000	$ 300
8,100	10,800	30	750	200
10,800	13,500	20	500	100
13,500		None		

Renter Benefits

Qualifying Income Over	Qualifying Income Not Exceeding		Grant Maximum	Grant Minimum
		Married Renters		
$ 0	$ 8,100		$ 900	$ 400
8,100	10,800		700	300
10,800	13,500		500	200
13,500	16,200		250	100
16,200			None	None
		Unmarried Renters		
$ 0	$ 8,100		$ 700	$ 300
8,100	10,800		500	700
10,700	13,500		250	100
13,500			None	None

LOCAL OPTION PROPERTY TAX RELIEF FOR THE ELDERLY

The local option property tax relief for the elderly program was established in 1973 by P.A. 73-628. The program allows municipalities upon vote of its legislative body on recommendation of its board of finance or equivalent body to provide property tax relief for elderly homeowners.

Prior to approval by the legislative body, the executive authority of the town must appoint a committee of not less than five resident taxpayers to study and report within 60 days the fiscal effect of the relief on the property tax revenue of the town and recommendations on the form and extent of such relief. After initial approval of the relief by the legislative body, any changes may be made by vote of the legislative body without appointment of a study committee. The total abatement of property tax revenue cannot exceed 10 per cent of the total real property tax assessed in the preceding tax year.

The property tax relief for a principal residence may be provided to any resident who:

(1) is 65 years of age or over, or has a spouse, age 65 or over living in the household, or is a surviving spouse, age 60 or over;

(2) has been a taxpayer in the town for one year immediately preceding receipt of tax benefits; and

(3) meets any income criteria which the town may have adopted.

Prior to October 1, 1987, the total amount of tax relief was limited to 75% of the total due. Commmencing with the October 1, 1987 assessment year, PA 87-116 expanded the allowable tax relief to 100% provided that when total tax relief exceeds 75% of the tax due, the town must file a lien against the property and charge interest, at a rate determined by the town.

It should be noted that the local option elderly homeowner tax relief benefits program was extended by PA 87-91 to permanently and totally disabled persons, regardless of age commencing with the October 1, 1987 assessment year.

C. Veterans

VETERAN'S PROPERTY TAX EXEMPTION

The veteran's local property tax exemptions were increased by PA 85-573. Beginning with the 1985 assessment year veterans whose gross income is below certain limits are entitled to an additional exemption equal to twice the amount of the basic exemption they have been receiving. In addition, persons eligible for the basic exemption, but who do not meet the income requirements, are entitled to an additional exemption equal to one-half of the base exemption (see Veteran's Exemption Chart).

Reimbursement: Towns continue to bear the cost of the original or basic exemption. The State reimburses towns for any additional tax loss associated with the additional exemptions.

Eligibility:

1. Basic Exemption

   In order to qualify for one of the basic veteran's exemptions (as described under Section 12-81 subsections (19) through (26) of the C.G.S.) a veteran's Honorable Discharge must be filed in the Town Clerk's Office on or before September 30.

ADDITIONAL VETERAN'S EXEMPTION CHART (P.A. 85-573)

Effective: 10-1-85 Income Requirement

Statute Summary		Present Entitlement	P.A. 85-573 Additional Reimbursed	Total Entitlement
Sec. 12-81(19)	90 day service during time of war, or discharge was recorded Prior to Oct., 1977	$1,000	$2,000	$3,000
Sec. 12-81(20)	V.A. Rating			
	10% - 25%	$1,500	$3,000	$4,500
	26% - 50%	$2,000	$4,000	$6,000
	51% - 75%	$2,500	$5,000	$7,500
	76% - 100%	$3,000	$6,000	$9,000
over 65 yrs.	10% - 75%	$3,000	$6,000	$9,000
Sec. 12-81(21a)	Severe disability: V.A. Rated	$10,000	$20,000	$30,000
	Service-Connected "	$5,000	$10,000	$15,000
Sec. 12-81(22)	Surviving Spouse/ minor child, or if service related death	$1,000	$2,000	$3,000
		$3,000	$6,000	$9,000
Sec. 12-81(23)	Surviving Spouse receives annuities or compensation from U.S. (Federal)	$1,000	$2,000	$3,000
Sec. 12-81(24)	Active duty service-connected death, surviving spouse receives compensation from V.A.	$3,000	$6,000	$9,000
Sec. 12-81(25)	Benefits to single parent of one who left no surviving spouse, or when spouse remarried	$1,000	$2,000	$3,000
Sec. 12-81(26)	Parents of serviceman receiving pension annuity or compensation from U.S. (Federal)	$1,000	$2,000	$3,000

Income Requirement: $16,000 (married) $14,000 (single)
Income includes: Adjusted Gross Plus Any Other Income

100% V.A. Rating: $21,000 (married) $18,000 (single)
Income includes: Adjusted Gross

Effective: 10-1-86 No Income Requirement

Present Entitlement	P.A. 85-573 Additional Reimbursed	Total Entitlement
$1,000	$500	$1,500
$1,500	$750	$2,250
$2,000	$1,000	$3,000
$2,500	$1,250	$3,750
$3,000	$1,500	$4,500
$3,000	$1,500	$4,500
$10,000	$5,000	$15,000
$5,000	$2,500	$7,500
$1,000	$500	$1,500
$3,000	$1,500	$4,500
$1,000	$500	$1,500
$3,000	$1,500	$4,500
$1,000	$500	$1,500
$1,000	$500	$1,500

Sec. 12-90(a) No individual entitled to exemption under two or more of subdivisions (19),(20),(22),(23),(25),(26) and(28) of section 12-82 shall receive more than one exemption.

*Real property exemption to be applied on domicile.

Source: State Office of Policy and Management, Intergovernmental Relations Division.

State Property Tax Review Board

P.A. 87-404 creates a Connecticut appeals boards for property valuation to review local tax review boards' decisions relating to assessments in place of the courts. However the state appeals board's decisions may be appealed in court.

Beginning with the October 1, 1988 assessment list any taxpayer aggrieved by a decision made by the local tax review board may, within two months, seek an appeal with the state appeals board. Prior law allowed taxpayers the right to appeal local tax review board decisions directly to court.

Appeal Procedure

Anyone aggrieved by a local tax review board decision may seek an appeals board review (i.e. either a property owner or a municipality) within two months by requesting a review and paying a $50 filing fee. Upon receipt of the appeal, the appeals board must send the petitioner, the local board of tax review and other parties by certified mail the date of the hearing. This notice must be given at least 21 days prior to the hearing.

The appeals board review is not limited to the issues or evidence presented to the local tax review board. Additionally, the board may assign a single member to conduct hearings for appeals involving any property with an assessed value of less than $350,000. However the findings must be submitted for consideration by the entire board.

The appeals board must issue a decision affirming, modifying, or reversing the local tax review board's action within 90 days after the hearing and must send copies by certified mail to the appealing party and local board of tax review. The decision must include the appeal board's factual findings and legal conclusions. Parties aggrieved by the decision of the state review board may appeal legal questions within 20 days (in accordance with the Uniform Administrative Procedures Act) and findings within two months directly to the court.

Board Membership

The appeals board is composed of five members appointed by the governor with the approval of the legislature. No more than three members may be from the governor's political party. Three members constitute a quorum.

Except for the chairman, each member must have at least 10 years of experience in appraising or assessing real or personal property and must have attained the immediately preceding three years experience primarily in Connecticut. The chairman must be a licensed Connecticut attorney with at

least 10 years of law practice. Board members serve full time. Between February 1 and March 15, 1989, the governor must appoint two board members to serve six years, two to serve five years and one to serve four years. After the initial staggered appointments board members serve six year terms.

Property Taxation of Farm, Forest and Open Space Land

Enacted in 1963, PA 490 (C.G.S. 12-107a-107c) represents the state's policy of preserving farm, forest, and open space land by preferential taxation by allowing such land to be assessed for tax purposes according to its current use as opposed to its market value. In an attempt to prevent abuse and to help recover abated taxes, a declining conveyance tax was placed on sales occuring during the first ten years.

The classification of land as farm land and forest land is made by the town assessor and the state forester respectively following the submission of a written request from the property owners. The municipal planning commission, in preparing a development plan, may designate areas as open space. The legislative body of the municipality must approve the designation by a majority vote.

For purposes of classification farm land means any tract of land, including woodland and wasteland, constituting a farm unit. Forest land is any tract of land of at least 25 acres or more in an area bearing tree growth. Open Space land means any area of land including forest lands and designated wetlands, the preservation of which would:

1. maintain and enhance the conservation of natural or scenic resources
2. protect natural streams or water supply
3. promote conservation of soils, wetlands, beaches or tidal marshes
4. enhance the value to the public of abutting or neighboring parks, forests, etc.
5. enhance public recreation opportunities
6. preserve historic sites or
7. promote orderly urban or suburban development

Conveyance taxes are levied on the sale of land which has been classified by the owner as farm, forest or open space as follows:

Land classified as open space

Number of Years Elapsing Following Classification	Tax Rate
1	10 % of total sales price
2	9
3	8
4	7
5	6
6	5
7	4
8	3
9	2
10	1
more than 10 years	0

Land classified as farm or forest

Number of Years Elapsing since Ownership	Tax Rate
1	10% of total sales price
2	9
3	8
4	7
5	6
6	5
7	4
8	3
9	2
10	1
more than 10 years	0

MOBILE MANUFACTURED HOMES
RECENT LEGISLATION AFFECTING TAXATION

PA 85-512

From October 1, 1985 to June 30, 1986:

1. The sale of 'New' mobile manufactured homes (MMH) 12 feet wide or wider is subject to the sales tax.
   For purposes of the sales tax, a mobile manufactured home means a home at least twelve feet wide, which cannot proceed under its own power, which is towed or placed on flatbed trucks to be taken to its destination and which requires a limited duration over-size load permit in order to be transported on the highways.
2. The 'Resale' of MMH located in licensed mobile home parks or on a single family lot is subject to the real estate conveyance tax.

PA 86-310

The provisions of PA 85-512 regarding the imposition of sales tax on new MMH and the imposition of the real estate conveyance tax on the sale of used MMH is made permanent with the following modification:
a: The sales tax on a new MMH applies to 70% of the selling price of a new MMH sold by the manufacturer.

PA 310 also made a number of other tax related changes as follows:

1. A uniform procedure for towns to assess and tax mobile homes is established.
   Beginning with the October 1, 1986 grand list MMH occupied as residences and connected to utilities must be assessed as residential real property (i.e., assessed at 70% of true market value). Under certain conditions (see phase-in below) the assessed value may be phased-in over a 5 year period. Prior to this act, there was no uniform statewide procedure for assessing mobile homes and assessors could tax mobile homes as either real or personal property.

PHASE-IN

The act phases in any increase in the assessed value of mobile homes when, (1) mobile homes are assessed as real property for the first time on or after October 1, 1986 and (2) where the assessment results in a tax increase of over 25%.

The phase-in occurs over a 5 year period, with 20% of the increased assessment being phased-in on the October 1,1986 grand list and 20% in each of the next four assessment years.

2. The act eliminated the authority of a town to charge a mobile home owner a monthly fee in lieu of the property tax.

3. The act renames a 'Mobile Home' a 'Mobile Manufactured Home' and changes the definition with regard to property taxation. A Mobile Manufactured Home is defined as: (1) a detached residential unit having three-dimensional components which are intrinsically mobile, with or without a wheel chassis, or (2) a detached unit built on or after June 15, 1976 in accordance with federal standards. In either case, the home must have sleeping accommodations, electrical connections, and be designed for long-term occupancy. As under existing law, a home must have running water, bathing facilities, and a flush toilet.

MUNICIPAL PROPERTY TAX EXEMPTIONS

The following-described property is exempt from taxation:

Section 12-81:

1) Property of the United States.

2) State property.

3) County property.

4) Municipal property.

5) Property held by trustees for public purposes.

6) Property of volunteer fire companies and property devoted to public use.

7) Property used for scientific, educational, literary, historical or charitable purposes. Exception.

8) College property.

9) Personal property loaned to tax-exempt educational institutions.

10) Property belonging to agricultural or horticultural societies.

11) Property held for cemetery use.

12) Personal property of religious organizations devoted to religious or charitable use.

13) Houses of religious worship.

14) Property of religious organizations used for certain purposes.

15) Houses used by officiating clergymen as dwellings.

16) Hospitals and sanatoriums.

17) Blind persons.

18) Property of veterans' organizations.

    (a) Property of bona fide war veterans' organization.

    (b) Property of the Grand Army of the Republic.

19) Veteran's exemptions.

20) Servicemen and veterans having disability ratings.

21) Disabled veterans with severe disability.

(a) Disabilities.

(b) Exemptions hereunder additional to others. Surviving spouse's rights.

(c) Municipal option to allow total exemption for residence with respect to which veteran has received assistance for special housing under Title 38 of United States Code.

22) Surviving spouse or minor child of servicemen and veterans.

23) Serviceman's surviving spouse receiving federal benefits.

24) Surviving spouse and minor child of veteran receiving compensation from Veteran's Administration.

25) Surviving parent of deceased serviceman or veteran.

26) Parents of veterans.

27) Property of grand army posts.

28) Property of United States army instructors.

29) Property of American National Red Cross.

30) Fuel and provisions.

31) Household furniture.

32) Private libraries.

33) Musical instruments.

34) Watches and jewelry.

35) Wearing apparel.

36) Commercial fishing apparatus.

37) Mechanic's tools.

38) Farming tools.

39) Farm produce.

40) Sheep, goats and swine.

41) Dairy and beef cattle and oxen.

42) Poultry.

43) Cash.

44) Nursery products.

45) Property of units of Connecticut National Guard.

46) Watercraft owned by nonresident.

47) Carriages, wagons and bicycles.

48) Airport improvements.

49) Nonprofit camps or recreational facilities for charitable purposes.

50) Exemption of manufacturers' inventories.

51) Water pollution control structures and equipment exempt.

52) Structures and equipment for air pollution control.

53) Motor vehicle of serviceman.

54) Wholesale and retail business inventory.

55) Property of totally disabled persons.

56) Solar energy systems.

57) Solar energy generating systems.

58) Property leased to a charitable, religious or nonprofit organization.

59) Manufacturing facility in a distressed municipality.

60) Machinery and equipment in a manufacturing facility in a distressed municipality.

61) Vessels used primarily for commercial fishing.

62) Passive solar energy systems.

63) Solar energy electricity generating and cogeneration systems.

64) Vessels.

65) Vanpool vehicles.

66) Motor vehicles leased to state agencies.

67) Beach property belonging to or held in trust for cities.