

STATE OF CONNECTICUT DEPARTMENT OF REVENUE SERVICES



FISCAL YEAR 2013-2014 ANNUAL REPORT

Dannel P. Malloy
Governor

Kevin B. Sullivan
Commissioner



A Message from the Commissioner:

I am pleased to present our Fiscal Year 2014 Annual Report. We continue to work with Governor Malloy in restoring fiscal stability and making state government leaner, smarter and more responsive.

At the Department of Revenue Services, we strive to balance tax collection and taxpayer service. Driven by cross-agency strategic projects and LEAN process improvements, we have significantly improved our productivity and cut expenses. During the past year, DRS has focused on preventing fraud, reducing the tax gap through improved collections and advancing tax policies that support economic growth. We also continue to reach out to taxpayers with more accessible information, services and assistance.

Our annual report provides a general overview and includes summary statistical data for the taxes we administer. If you want more detailed information, please check out the agency's website at www.ct.gov/drs, contact our Research Unit at drs.taxresearch@po.state.ct.us or call (860) 297-5693.

We hope you find this report helpful and we welcome any comments or suggestions.

Sincerely,

Kevin B. Sullivan

Kevin B. Sullivan

Commissioner of Revenue Services

TABLE OF CONTENTS

Directory.....	2
Department Mission	3
Legislative Summary 2014 General Assembly Regular Session	4

CONNECTICUT'S TAXES

Connecticut Taxes	10
State Revenue Sources.....	11
Admissions and Dues Tax	12
Alcoholic Beverages Tax	14
Beverage Container Deposits	15
Business Entity Tax	16
Cigarette Tax	17
Controlled Substances Tax	17
Controlling Interest Transfer Tax	18
Corporation Business Tax and Credits	19
Dry Cleaning Surcharge	37
Electric Generators Tax	38
Gift and Estate Tax.....	39
Hospital Net Patient Revenue Tax	42
Income Tax	43
Insurance Premiums Taxes.....	50
Intermediate Care Facility User Fee.....	53
Motor Carrier Road Tax.....	54
Motor Vehicle Fuels Tax	55
Nursing Home User Fee	57
Occupational Tax	58
Petroleum Products Gross Earnings Tax.....	59
Prepaid Wireless E-9-1-1 Fee	60
Public Service Companies Taxes.....	61
Real Estate Conveyance Tax.....	63
Real Estate Conveyance Tax by Town.....	65
Rental Surcharge	70
Repealed Taxes	71
Sales and Use Taxes.....	72
Solid Waste Tax	80
Tobacco Products Tax.....	81
Tourism Surcharge.....	82
Unrelated Business Income Tax.....	83

TABLES & CHARTS

Penalty and Interest Receipts	84
Tax Refunds	85
Nationwide Comparison of Tax Rates.....	86

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The mission of the Department of Revenue Services is to instill public confidence in the integrity and fairness of tax collection; achieve the highest level of voluntary taxpayer compliance; continuously improve agency performance; contribute to the fiscal and economic well being of the state; and provide a positive and professional workplace.

LEGISLATIVE SUMMARY 2014 GENERAL ASSEMBLY REGULAR SESSION

ADMISSIONS TAX

Public Act 14-47

Exempts events held at the XL Center in Hartford from the admissions tax. Effective July 1, 2014.

Public Act 14-217

Exempts Webster Bank Arena in Bridgeport from the admissions tax. Effective July 1, 2014.

CIGARETTE TAX

Public Act 14-76

Waives the \$250 violation for the first offense for the sale of cigarettes to minors contingent upon the successful completion of an online tobacco prevention education program administered by the Department of Mental Health and Addiction Services within 30 days of the violation. The bill also extends from 18 to 24 months the period in which a violation of the law is deemed a subsequent offense.

Public Act 14-155

This bill makes several changes in order to implement the Master Settlement Agreement recently modified by the Nonparticipating Manufacturer Settlement Agreement (MSA):

- Modifies the definition of “units sold” so that an escrow is required

- for all cigarettes sold in CT for which excise tax should have been paid;
- Creates new filing requirements for nonparticipating manufacturers (NPM);
- Makes any “importer” for an NPM located outside of the U.S. jointly and severally liable with the manufacturer for escrow fund deposits and any penalties imposed for violating the escrow requirements; and
- Allows the Department of Revenue Services (DRS) to disclose certain tax information to the Office of the Attorney General if it is relevant to the implementation of the master or adjustment settlement agreement. Effective January 1, 2015;

CORPORATION BUSINESS TAX

Public Act 14-2

This bill allows for the exchange of accumulated Research & Development Tax Credits over a period of 14 years for certain aerospace manufacturers for the undertaking of large-scale industrial reinvestment projects. Eligible taxpayers must meet certain employment and investment levels. The credit exchange is capped at a total \$400 million for the entirety of the agreement. The bill also caps the annual amount of credits exchanged to \$20 million over the first five years and \$33.3 million for the sixth and each subsequent year. The exchange amount, and whether or not the maximum cap exchange amount is realized, is based on whether the targets set forth in this bill are met by the manufacturer. Effective May 8, 2014.

Public Act 14-69

This bill modifies the Manufacturing Reinvestment Account (MRA) established under Conn. Gen. Stat. §32-9zz. The bill exempts 100%, instead of the current 50%, of withdrawals from the MRA account from the corporation business tax. The bill also reduces the number of eligible manufacturers from 100 to 50, and increases the maximum number of employees eligible for the program from 50 to 150. Effective for income years commencing on or after January 1, 2014.

Public Act 14-89

This bill establishes a commission on Connecticut's leadership in corporation and business law whose responsibility is to study the impact of business taxes under Connecticut laws. Effective October 1, 2014.

Public Act 14-217

This bill makes several corporation business tax changes:

- Makes several changes to the historic homes tax credit, including: capping the aggregate amount of credits at \$3M, and specifying that 70% of the tax credits shall be for owners rehabilitating historic homes that are located in a "regional center" located within one of 24 towns designated in the state plan of conservation and development. Effective July 1, 2015;
- Allows for the establishment of a new type of corporation under the Secretary of the State known as a benefit corporation or b-corp. Effective October 1, 2014;

- Consolidates the existing historic structures and historic rehabilitation credits into a new Historic Rehabilitation Credit. Effective for income years commencing on or after January 1, 2014;
- Allows Thomaston and Wallingford to designate certain areas of their towns as enterprise zones. Effective July 1, 2014; and
- Modifies the Apprenticeship training tax credit established under Conn. Gen. Stat. §12-217g to allow pass-through entities to earn the credits for apprenticeships in manufacturing and to assign the credits up to three times. Effective July 1, 2015.

INCOME TAX

Public Act 14-47

- Exempts 10% of teachers' pension income for income year 2015, 25% for the 2016 taxable year; and 50% for 2017 and subsequent years;
- Extends the sunset of the Angel Investor Tax credit from June 30, 2014 to June 30, 2016. Applicable to taxable years commencing on or after January 1, 2014; and
- Establishes a CHET Baby Scholars Program whereby taxpayers may contribute any portion of their personal income tax overpayment to an existing CHET 529 college savings plan or to the CHET Baby Scholars Fund through a designated check-off box on the income tax return. Effective July 1, 2014.

Public Act 14-69

This bill modifies the Manufacturing Reinvestment Account (MRA) established under Conn. Gen. Stat. §32-9zz. The bill exempts 100%, instead of the current 50%, of withdrawals from the MRA account from the personal income tax. The bill also reduces the number of eligible manufacturers from 100 to 50, and increases the maximum number of employees eligible for the program from 50 to 150. Effective for taxable years commencing on or after January 1, 2014.

Public Act 14-155

- Provides an addition modification for trusts and estates similar to an existing modification for individual filers for lump-sum distributions from qualified plans. Effective for income years commencing on or after January 1, 2014;
- Clarifies that federal offshore deferred income is considered Connecticut sourced income for non-residents when attributable to services performed in Connecticut. Effective June 11, 2014;
- Expands the definition of CT-sourced income to mirror NY State for nonresident individuals who sell or exchange interest in an entity that owns real property in CT. Effective for taxable years commencing on or after January 1, 2014; and
- Changes the gross income factor for apportionment purposes for the personal income tax to mirror the

equivalent thereof for corporation business tax. This provision sources sales made by partnerships and other pass-through entities to the location of the customer as opposed to the origin of the sale. Effective for taxable years commencing on or after January 1, 2014.

Public Act 14-174

Establishes a pilot program for certain census tracts within Hartford. The program established in this bill would create a full income tax exemption for homeowners and renters living within two census blocks in the City of Hartford. Effective July 1, 2015.

INSURANCE PREMIUMS TAX

Public Act 14-6

The bill makes several changes to the captive insurers' statutes including allowing captive insurers to transfer their domicile to Connecticut in a similar method used by other types of insurers when they apply for redomestication. Effective October 1, 2014.

MISCELLANEOUS TAXES

Public Act 14-51

This bill requires DRS to notify the Department of Consumer Protection no later than June 15 of each year of any outstanding tax delinquencies owed to the State by any heating fuel dealer as defined in Conn. Gen. Stat. §16-23m. Effective July 1, 2014.

Public Act 14-60

This bill makes several technical changes to the tax statutes.

Public Act 14-63

This bill enacts the Uniform Certificate of Title for Vessels Act, which establishes a certificate of title system for certain vessels that are principally used on Connecticut waters. The bill requires owners to apply to the Department of Motor Vehicles for a certificate when a vessel's ownership changes or Connecticut becomes the vessel's state of principal use with certain exclusions. Effective January 1, 2016.

Public Act 14-85

This bill requires the Department of Economic and Community Development and CT Innovations, when deciding to grant economic development financial assistance, to determine if the applicant or any of the applicant's principals is being sued in civil court for a debt, or owes taxes to the state or a municipality. Effective October 1, 2014.

Public Act 14-154

This bill repeals the Secretary of State's dissolution fee. Effective July 1, 2015.

Public Act 14-155

This bill makes several tax changes:

- For purposes of hiring a new employee, or transfer employee, DRS conducts background checks, including fingerprinting for purposes of criminal records checks. However, under current law, the

department does not have express statutory authority to access the AFIS (Automated Fingerprint Identification System). This provision grants DRS the authority to do so. Effective June 11, 2014;

- Grants authority to DRS to prepare and maintain a list which may be made available to the public of the names and addresses of any person who is required under Title 12 of the general statute to maintain a license or permit and whose license or permit has been suspended or not renewed. Additionally, the bill requires the commissioner to indicate when a taxpayer is removed from DRS's annual list of delinquent taxpayers and to list whether the delinquency was resolved by a negotiated settlement, payment in full, or designated as uncollectable. Effective July 1, 2014; and
- Allows DRS to enter into a contract with banks and financial institutions to develop and operate a data match system in order to more efficiently execute warrants. Effective June 11, 2014;

Public Act 14-187

This bill streamlines the regulation process and eliminates unnecessary, redundant or outdated agency regulations. Effective June 11, 2014.

Public Act 14-217

This bill requires the governor, chairs and ranking members of the Finance, Revenue and Bonding Committee to convene an expert panel to study the state's tax structure. The panel is to also

examine methods to achieve revenue-neutral policy options to modernize the tax system and increase the tax system's simplicity, fairness, affordability and economic competitiveness. The panel must report its findings to the Finance, Revenue and Bonding Committee by January 1, 2015 with the potential for an extension until January 1, 2016.

Public Act 14-227

- This bill authorizes DRS to disclose certain taxpayer information to the Auditors of Public Accounts for purposes of reviewing whistleblower complaints. Effective June 13, 2014; and
- Makes a change to the Neighborhood Assistance Act Credit. Effective July 1, 2014.

MOTOR VEHICLE FUELS TAX

Public Act 14-155

This bill requires the Department of Revenue Services, in consultation with the Department of Energy and Environmental Protection, to annually set the fuels in gaseous form conversion rate consistent with the federal conversion rate. The rate is used to convert fuels in gaseous form to a liquid gallon equivalent for purposes of the motor vehicle fuels tax. Effective June 11, 2014 and effective on or before June 15th of each year.

PETROLEUM PRODUCTS GROSS EARNINGS TAX

Public Act 14-222

This bill exempts Bunker fuel oil, intermediate fuel, marine diesel oil and

marine gas oil used in vessels primarily engaged in interstate commerce. Effective June 13, 2014.

SALES AND USE TAXES

Public Act 14-47

This bill makes several changes to the sales and use taxes:

- Requires DRS to deposit \$12.7M from sales and use tax collections into the Municipal Revenue Sharing Account. Effective July 1, 2014;
- Delays the sales tax exemption for clothing and footwear costing less than \$50 from June 1, 2015 to July 1, 2015; and
- Reinstates the sales tax exemption for nonprescription drugs. Effective for sales occurring on or after April 1, 2015.

Public Act 14-134

This bill codifies current practice in situations where DMV does not grant or renew a license to an applicant or licensee that is delinquent from sales tax. Effective July 1, 2014.

Public Act 14-155

This bill changes the sales tax filing deadline from the last day of the month to the 20th day of the month. Additionally it allows DRS to require delinquent taxpayers to remit the sales tax weekly. Effective October 1, 2014.

Public Act 14-217

This bill:

- Establishes a sales and use tax exemption for the sale of goods and

services to CT credit unions. Effective for sales occurring on or after July 1, 2016; and

- Expands the sales and use tax exemption for Sharon Hospital to include the sales of any tangible personal property or services to and by an acute care hospital operating as a “sole community hospital” as defined by federal law. Effective July 1, 2014 until June 30, 2017.

UNIFIED GIFT AND ESTATE TAX

Public Act 14-155

This act makes changes to the UGE tax by excluding any CT taxable gifts that are includable in the decedent’s gross estate for federal purposes and including the amount of any CT gift tax the decedent or their estate paid during the three years preceding the decedent’s death. Effective upon passage (June 11, 2014).

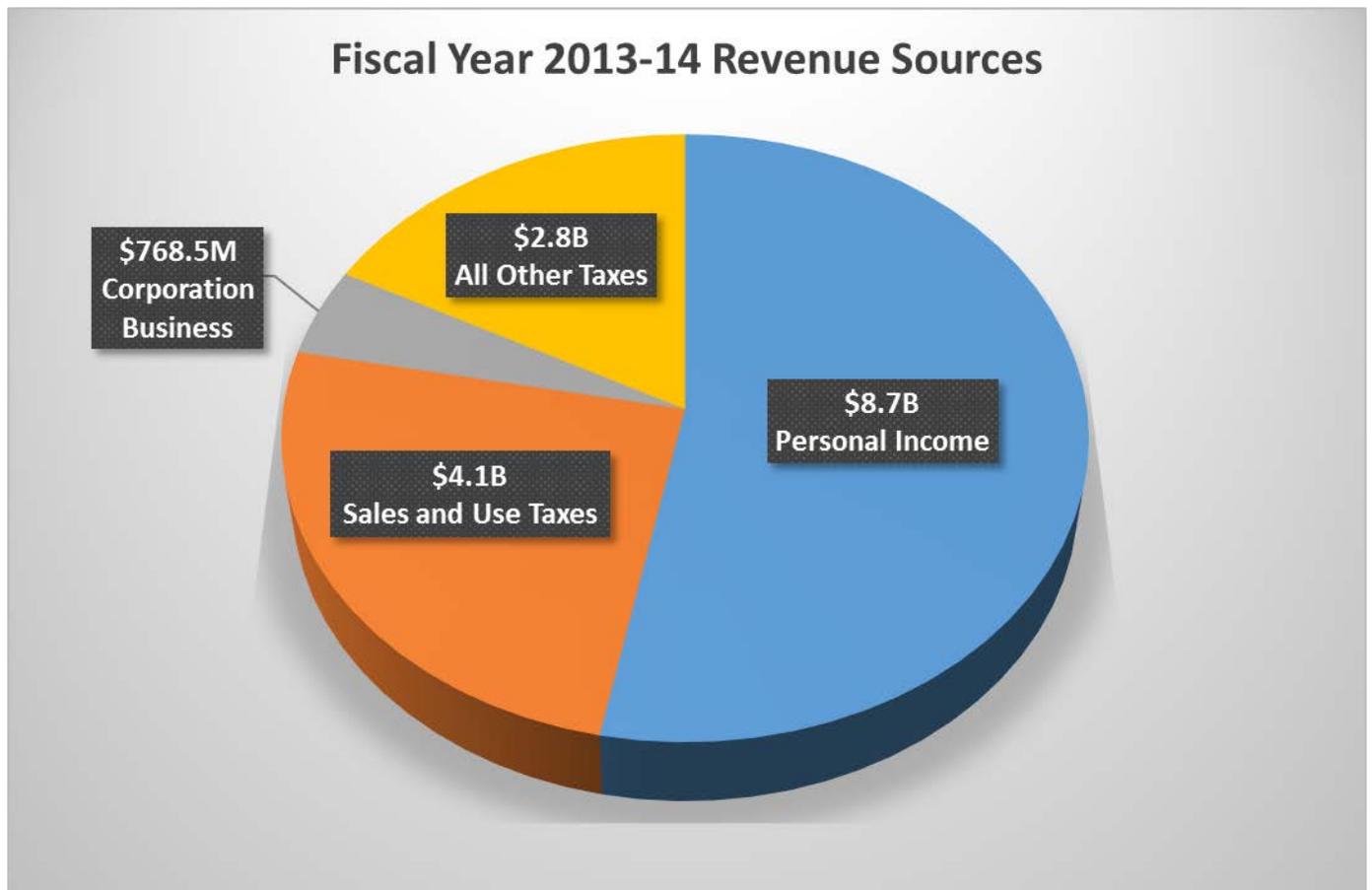
Public Act 14-155

Clarifies for legislative intent the effective date from P.A. 13-247 relating to the estate tax. Effective upon passage (June 11, 2014).

CONNECTICUT TAXES

The Department collected \$16.4 billion in state taxes for fiscal year 2013-14.

The Personal Income, Sales and Use and Corporation Business Taxes comprised 83% of all collections.



State Revenue Sources

Tax Type & Citation	Fiscal Year Ending		
	June 30, 2012	June 30, 2013	June 30, 2014
Admissions & Dues Tax <i>Ch. 225</i>	\$34,361,334	\$36,578,471	\$39,739,857
Alcoholic Beverages Tax <i>Ch. 220</i>	60,595,455	60,405,646	60,685,777
Beverage Container Deposits <i>Ch. 446d</i>	27,134,224	27,528,488	27,384,746
Business Entity Tax <i>Ch. 213a</i>	42,162,256	44,634,817	9,011,496
Cable, Satellite & Video Companies Tax <i>Ch. 211</i>	52,656,640	56,439,345	63,574,938
Cigarette Tax <i>Ch. 214</i>	410,807,228	384,381,769	364,655,595
Connecticut Estate Tax <i>Ch. 217</i>	95,966	17,214	154,134
Controlled Substances Tax <i>Ch. 228d</i>	35,611	35,295	37,921
Controlling Interest Transfer Tax <i>Ch. 228b</i>	10,978,545	6,322,814	8,310,899
Corporation Business Tax <i>Ch. 208 & 209</i>	671,117,864	697,050,288	768,501,652
Dry Cleaning Surcharge <i>Ch. 211b</i>	745,185	689,063	654,782
Electric and Power Companies <i>Ch. 212</i>	153,968,884	157,298,145	171,536,153
Electric Generators Tax <i>Ch. 212b</i>	69,532,719	66,823,140	15,315,188
Gas Companies <i>Ch. 212</i>	51,181,942	56,791,906	60,553,567
Gasoline Motor Vehicle Fuels Tax <i>Ch. 221</i>	364,272,914	359,279,779	355,677,079
Gift and Estate Tax <i>Ch. 217& 228c</i>	191,699,581	439,518,640	169,635,635
Gift Tax <i>Ch. 228c</i>	584,098	2,057,611	(219,586)
Health Care Centers Tax <i>Ch. 207</i>	18,068,574	20,304,763	8,476,434
Hospital Net Patient Revenue Tax <i>Ch. 211a</i>	349,277,587	347,294,200	321,208,807
Income Tax <i>Ch. 229</i>	8,309,391,926	8,720,684,753	8,721,296,135
Insurance Premiums Tax, Domestic <i>Ch. 207</i>	49,596,515	51,780,056	52,511,626
Insurance Premiums Tax, Foreign <i>Ch. 207</i>	150,058,845	160,644,073	155,690,959
Insurance: Nonadmitted/Unauthorized <i>Ch. 698d</i>	6,682,827	9,718,951	5,066,139
Intermediate Care Facility User Fee <i>Ch. 319y</i>	15,966,764	4,075,202	9,347,809
Motor Carrier Road Tax <i>Ch. 222</i>	16,044,514	17,671,307	19,565,965
Nursing Home User Fee <i>Ch. 319x</i>	151,701,572	150,500,232	149,569,948
Occupational Tax <i>Ch. 876</i>	9,127,226	9,352,916	8,655,040
Petroleum Products Gross Earnings Tax <i>Ch. 227</i>	372,966,634	374,925,895	416,109,657
Prepaid Wireless E-9-1-1 Fee <i>Ch. 518b</i>	0	644,210	1,965,399
Public, Educational & Gov. Programming Tax <i>Ch. 289</i>	3,584,642	3,452,386	4,168,579
Railroad Companies Tax <i>Ch. 210</i>	89,114	115,320	138,565
Real Estate Conveyance Tax <i>Ch. 223</i>	121,762,920	147,184,519	172,196,438
Rental Surcharge <i>Ch. 228h</i>	230,315	259,791	274,934
Sales and Use Taxes <i>Ch. 219</i>	3,887,346,160	3,961,559,358	4,107,784,578
Solid Waste Tax <i>Ch. 446d</i>	3,470,186	3,417,632	3,459,416
Special Fuel Tax <i>Ch. 221</i>	112,725,493	124,601,098	133,074,125
Succession Tax <i>Ch. 216</i>	1,213,677	984,049	843,453
Tobacco Products Tax <i>Ch. 214a</i>	9,944,436	16,419,338	12,446,636
Tourism Surcharge <i>Ch. 228e</i>	4,914,319	4,976,715	4,997,092
Unrelated Business Income Tax <i>Ch. 208a</i>	1,957,467	2,106,930	4,707,536
Total	\$15,738,052,159	\$16,528,526,125	\$16,428,765,101

ADMISSIONS AND DUES TAX

Revenue	
FY 2013-14	\$39,739,857
2012-13	36,578,471
2011-12	34,361,334

Exemptions:

Admissions

- under \$1
- Non-profit organization
- Motion pictures at not more than \$5.00
- Live performances at non-profit theaters or playhouses, Gateway's Candlewood Playhouse, and Ocean Beach Park
- Sporting or athletic activities in which patrons participate
- Carnival or amusement rides
- Cabarets
- Interscholastic athletic events held at Rentschler Field
- Events at the XL Center in Hartford (effective July 1, 2014)
- Events at the Webster Bank Arena in Bridgeport (effective July 1, 2014)

Dues:

- \$100 or less;
- Lawn Bowling Clubs
- Locker Rental Fees
- Additional charges used to acquire open space land
- Charitable, religious, governmental or non-profit educational institution
- Society, order or association operating under the lodge system or local fraternal organizations among students of a college or university

Number of Taxpayers / Filing Frequency

Admissions	350 taxpayers / Monthly
Dues	302 taxpayers / Monthly

ADMISSIONS AND DUES TAX (cont.)

Basis and Rate

Admissions	6% of the admissions charge to motion picture shows.
	10% of the admission charge to any other place of amusement, entertainment, or recreation.
Dues	10% of membership dues or initiation fees to any social, athletic or sporting club organization.

Comparative Data

Tax Due	FY 2011-12	FY 2012-13	FY 2013-14
Motion Picture Admissions	\$4,205,499	\$4,354,920	\$5,342,085
Other Admissions	7,013,641	8,793,227	10,301,842
Dues	23,142,194	23,430,324	23,464,992
Total	\$34,361,334	\$ 36,578,471	\$39,108,919

ALCOHOLIC BEVERAGES TAX

A tax is imposed on all distributors of alcoholic beverages on the sale of alcoholic beverages within Connecticut. Distributors must report the total number of gallons of each alcoholic beverage sold during the month, the opening and closing inventories and the amount of tax due. Sales of alcoholic beverages are also subject to the Sales and Use Tax.

Revenue	
FY 2013-14	\$60,685,777
2012-13	60,405,645
2011-12	60,595,455

Exemption

Sales of malt beverages which are consumed on the premises of an establishment covered by a manufacturer's permit.

Number of Taxpayers/Filing Frequency

573 distributors/ Monthly

Basis and Rate

Beer	\$7.20 per barrel (31 gallons)
Beer	24¢ per gallon
Still Wines	72¢ per gallon
Small Wineries	18¢ per gallon
Sparkling Wines	\$1.80 per gallon
Alcohol	\$5.40 per proof gallon
Distilled Liquor	\$5.40 per gallon
Liquor Coolers	\$2.46 per gallon

Comparison of Gallonage

TYPE	FY 2011-12 (gallons)	FY 2012-13 (gallons)	FY 2013-14 (gallons)
Beer - barrels	193,885	200,042	205,788
Beer - gallons	50,806,908	50,570,000	50,236,606
Still Wine	13,287,232	13,483,942	13,443,147
Small Wineries	192,318	204,621	218,393
Sparkling Wine	512,645	533,487	547,852
Distilled Liquor	6,406,575	6,593,034	6,611,609
Liquor Cooler	13,052	11,824	10,394
Alcohol	58,311	65,742	70,706

BEVERAGE CONTAINER DEPOSITS

Connecticut requires all deposit initiators, certain distributors or manufacturers who engage in the sale of beverages subject to the Connecticut bottle bill, to collect the five cent deposit per beverage container sold to any person within Connecticut. These deposit initiators must maintain a separate bank account in which to deposit the monies collected. The unclaimed amount is the amount left in the account after refunds paid to customers and bank fees have been deducted. Each deposit initiator files a quarterly report and remits the unclaimed deposits amount to the state.

Revenue	
FY 2013-14	\$27,384,746
2012-13	27,528,488
2011-12	27,134,224

Exemptions

- Any manufacturer which, on an annual basis, bottles and sells less than 250,000 noncarbonated beverage containers

Number of Taxpayers/Filing Frequency

94 Entities/Quarterly

BUSINESS ENTITY TAX

The following business entities are subject to a Business Entity Tax if they were formed under Connecticut law or are foreign entities that are transacting business in Connecticut and required to register with or obtain a certificate of authority from the Connecticut Secretary of the State:

- S corporations (Qualified subchapter S subsidiaries (QSSS) are not liable);
- Limited liability companies (LLCs or SMLLCs) that are, for federal income tax purposes, either:
 - Treated as a partnership, if it has two or more members; **or**
 - Disregarded as an entity separate from its owner, if it has a single member;
- Limited liability partnerships (LLPs); and
- Limited partnerships (LPs).

Revenue	
FY 2013-14	\$ 9,011,496
2012-13	44,634,817
2011-12	42,162,256

Exemptions

- LLCs and SMLLCs that have elected to be taxed as a corporation for federal tax purposes; and
- Any domestic LP that is not formed under Chapter 610 of the Connecticut General Statutes.

Number of Taxpayers/Filing Frequency

150,175 Entities/Biennially*

* Effective for taxable years commencing on or after January 1, 2013, this tax becomes payable every other year. Tax returns for a biennial period that begins January 1, 2013 and ends December 31, 2014 are due April 15, 2015.

Basis and Rate

\$250 per biennial period.

CIGARETTE TAX

An excise tax is imposed on all cigarettes sold in Connecticut. Payment is indicated by affixing stamps or heat applied decals to each pack of cigarettes. The stamps are sold to licensed dealers and licensed distributors. Sales of cigarettes are also subject to the Sales and Use Tax.

Revenue	
FY 2013-14	\$364,537,545
2012-13	384,381,769
2011-12	410,807,228

Exemption

Cigarettes sold to any state institution other than a correctional institution.

Number of Taxpayers/ Filing Frequency

35 taxpayers/ Monthly

Basis and Rate

The cigarette tax is 170 mills per cigarette or \$3.40 per pack of twenty.

CONTROLLED SUBSTANCES TAX

A tax is levied on marijuana and controlled substances which creates an economic burden on drug dealers. Payment of the tax is indicated by the affixing of stamps to the marijuana or controlled substance. The tax is due and payable immediately upon acquisition or possession of the drug in Connecticut by a dealer.

Revenue	
FY 2013-14	\$37,921
2012-13	35,295
2011-12	35,611

Basis and Rate

\$3.50 per gram of marijuana;
\$200 per gram of controlled substance; and
\$2,000 per 50-dosage unit of controlled substance not sold by weight.

CONTROLLING INTEREST TRANSFER TAX

A tax is imposed on the transfer of a controlling interest in a corporation, partnership, association, trust or other entity, where an entity owns an interest, directly or indirectly, in Connecticut real property with a value of at least \$2,000. In a corporation, "controlling interest" means more than 50% of the combined voting power of all classes of stock in the corporation. For all other entities, "controlling interest" is an amount greater than 50% of the capital, profits or beneficial interest in that entity.

Revenue	
FY 2013-14	\$ 8,310,899
2012-13	6,322,814
2011-12	10,978,545

Exemptions

- Sales or transfers that effectuate a mere change of identity or form of ownership or organization where there is no change in the beneficial ownership of the entity;
- Sale or transfer of a controlling interest in any entity which possesses an interest in real property located in an enterprise zone;
- Transfers of land resulting from eminent domain proceedings;
- Deeds releasing any property which is a security for a debt or other obligation;
- Mortgage deeds;
- Deeds to or by the United States of America, State of Connecticut or any political subdivision or agency thereof;
- Tax deeds; and
- Deeds to any corporation, trust or other entity, of land to be held in perpetuity for educational, scientific, aesthetic or other equivalent passive uses (pending determination by the Internal Revenue Service).

Filing Frequency / Number of Taxpayers

The month following the month in which the transfer was made.
58 transfers in FY 2013-14

Basis and Rate

1.11% on the sale or transfer of a controlling interest. Also, an additional tax not to exceed 10% on the value of open space land, farmland, forestland, and maritime heritage land depending on the holding period, may be levied.

CORPORATION BUSINESS TAX

A corporation carrying on or doing business in Connecticut is subject to the Corporation Business Tax. Most corporations in Connecticut must file returns and pay corporation business tax although some corporations are exempt.

Corporations must calculate their tax under two alternate methods and remit the higher tax. If a corporation owes less than \$250 under both methods, it pays the minimum tax of \$250.

Revenue	
FY 2013-14	\$768,501,652
2012-13	697,050,288
2011-12	671,117,864

Basis and Rate

Net Income Base Method

The method under which most Corporation Business Tax revenue is derived is the Net Income Base. Corporations compute their Connecticut Net Income by applying the adjustments allowed or required by Connecticut law to the federal taxable income of the corporation. Additions to the base include interest income wholly exempt from federal tax, deductions taken for qualified domestic production activities under I.R.C. §199, and unallowable deductions for corporation or franchise taxes paid to other states. Deductions from the federal base include 70% of the dividends received from domestic corporations in which ownership is less than 20% and capital loss carryover, if not deducted in computing federal capital gain.

Connecticut uses an apportionment method to determine the portion of income taxable in the state. This method isolates what percentage of a corporation's economic activity takes place in Connecticut. Three factors: sales, payroll and property compare Connecticut to the nation to arrive at this percentage. The sales factor is double weighted.

Special single-factor apportionment rules are currently provided for financial service companies, manufacturers and broadcasters.

Connecticut Net Income is taxed at the rate of 7.5%.

CORPORATION BUSINESS TAX (cont.)

Capital Base Method

The second and alternate method corporations must compute their tax under is the Capital Base. The capital base is the total value of the average capital stock, surplus and undivided profits, and surplus reserves, less the average values of deficits and stockholdings in private corporations. Multi-state corporations multiply their capital base by an apportionment fraction.

The capital base is taxed at a rate of 3.1 mils (\$0.0031) per dollar. Under the capital base method, a corporation is limited to a maximum tax of \$1,000,000. Financial service companies are excluded from the capital base method, but are subject to the minimum tax.

Minimum Tax

If a corporation's calculation of the tax is less than \$250 under both of the two previous methods, it pays a minimum tax, which is currently \$250. The majority of corporations pay the minimum tax.

Surtax

For income years beginning between 2012 and 2015, corporations, except those paying the minimum tax of \$250, pay a surtax in an amount equal to 20% of the tax due before credits are applied. Companies whose gross income is less than \$100 million are exempt from the surtax unless they file as part of a combined or unitary return.

The total amount of surtax reported on Income Year 2012 returns was \$77.5M.

Unitary Returns

Unitary tax returns measure the entire net income of all of the corporations included in the unitary group as if they were one corporation. Corporations that are subject to the add back of interest expenses paid to related members may elect to calculate their tax on a unitary basis provided there are substantial inter-corporate business transactions among the included corporations. Taxpayers may otherwise petition DRS for approval. The combined entire net income of the unitary group is apportioned to Connecticut as if it was one corporation.

CORPORATION BUSINESS TAX (cont.)

Combined Returns

If a corporation is permitted to file a federal consolidated return, it may file a combined return in Connecticut. Filing a combined return allows a group of corporations engaged in business in Connecticut to file jointly. Their combined Connecticut tax liability is determined after each corporation individually apportions its income to Connecticut.

Preference Tax

A preference tax is imposed on corporations filing a combined return. These corporations are not entitled to the first \$500,000 of tax savings over what they would pay if they filed separately. Combined filers must determine the total tax due as if they were filing separately. The difference, up to \$500,000, between this amount and the total combined tax is the preference tax and must be added to the total combined tax.

The total tax due for income year 2012 combined filers had they filed separate single returns would have been \$676.5M. The preference tax due by these filers was \$34.8M. The total tax due before credits for combined filers was \$209.5M, including the \$34.8M in preference tax.

Exemptions

- Cooperative housing corporations;
- Homeowners associations;
- Domestic international sales corporations;
- Insurance companies;
- Certain political organizations or associations exempt from federal income taxes under §527 of the Internal Revenue Code;
- Railroad companies subject to the gross earnings tax;
- Companies whose corporate headquarters are located in the insurance and financial services export zone in the City of Hartford and are conducting all of their business outside the United States;
- Connecticut passive investment companies formed by financial service companies to hold and manage loans secured by real property;
- Non-United States corporations whose sole activity conducted in Connecticut is the trading of stocks, commodities and securities; and
- Subchapter S corporations.

CORPORATION BUSINESS TAX (cont.)

Filing Frequency

Annually with four estimated installments.

Number of Taxpayers

2012 Corporation Business Tax Returns

	Number of Taxpayers	Tax Due Before Tax Credits	Tax Due After Tax Credits
Single Filers			
Net Income	8,196	286,109,482	246,633,285
Capital Base	4,680	36,178,318	24,984,247
Minimum Tax	23,289	5,821,916	5,819,883
Exempt	3,895	0	0
Combined Filers			
Net Income	306	158,460,717	104,495,167
Capital Base	291	39,207,444	20,110,486
Minimum Tax	401	14,456,408	9,710,452
Unitary Filers			
Net Income	107	62,815,733	42,157,768
Capital Base	45	7,228,207	4,990,396
Minimum Tax	80	311,500	311,500
Total	41,290	\$610,589,725	\$459,213,183

CORPORATION BUSINESS TAX (cont.)

2012 Corporation Business Tax Returns

Industry Sector	Number of Returns	Tax Due Before Credits	Tax Due After Credits
11 Agriculture, Forestry, Fishing and Hunting	146	745,819	544,844
21 Mining	42	767,454	742,669
22 Utilities	96	22,384,245	9,815,841
23 Construction	3,051	6,149,270	5,813,512
31-33 Manufacturing	3,871	129,775,757	87,032,818
42 Wholesale Trade	2,561	34,191,938	28,761,167
44-45 Retail Trade	3,564	58,766,357	43,105,897
48-49 Transporting and Warehousing	762	9,860,731	7,453,821
51 Information	914	52,987,640	32,965,550
52 Finance and Insurance	2,683	70,783,394	63,410,399
53 Real Estate and Rental and Leasing	3,787	11,823,562	11,362,875
54 Professional, Scientific and Tech Services	6,238	40,406,171	32,981,426
55 Management of Companies and Enterprises	895	60,552,149	40,193,150
56 Administrative and Support Services	1,306	16,550,669	14,734,702
61-62 Education, Health Care and Social Assistance	1,787	7,999,913	6,581,404
71 Arts, Entertainment, and Recreation	431	1,766,568	830,027
72 Accommodation and Food Services	956	4,147,938	3,966,095
81-92 Other Services	3,630	7,205,434	6,714,590
99 Not Yet Assigned	4,570	73,724,717	62,202,396
Total	41,290	\$610,589,725	\$459,213,183

CORPORATION BUSINESS TAX CREDITS

The State of Connecticut offers many Corporation Business Tax credits which a corporation may take advantage of to reduce its liability to the state. The amount of tax credits allowable generally cannot exceed 70% of the amount of tax due or reduce the amount of tax to less than \$250. An exception to the 70% limitation was allowed for income years 2011 and 2012 for those taxpayers with an average monthly net employment gain.

Apprenticeship Training

Reference: Conn. Gen. Stat. §12-217g

A corporation that hires apprentices in the manufacturing or plastics trades may apply for a credit of up to \$4,800 per apprenticeship. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$4. The credit may not exceed 50% of the actual wages paid or \$4,800, whichever is less.

Beginning in income year 2015, the calculation for manufacturing trades apprenticeships increases the credit to \$6 per hour up to a maximum of either \$7,500 or 50% of the total wages paid during the first half of a two-year program or three-quarters of a four year program.

Corporations that hire apprentices in the construction trades may apply for a credit of up to \$4,000 per apprenticeship completed. The amount of the credit is computed by multiplying the total number of apprentice work hours by \$2. The credit may not exceed \$4,000 or 50% of the actual wages paid over the first four years of the apprenticeship, whichever is less.

Computer Donation

Reference: Conn. Gen. Stat. §10-228b

A corporation business tax credit is available for the donation of new or used computers to a local or regional board of education or a public or non-public school. The amount of the credit shall not exceed 50% of the fair market value at the time of donation.

The amount of credit granted to any business firm cannot exceed \$75,000 annually. The credit is repealed for income years beginning on or after January 1, 2014.

CORPORATION BUSINESS TAX CREDITS (cont.)

Digital Animation Production

Reference: Conn. Gen. Stat. §12-217ll

A credit is available for digital animation production activity in the state. Any state-certified digital animation production company incurring production expenses or costs from \$100,000 up to \$500,000 will be eligible for a credit equal to 10% of the production expenses or costs. This credit percentage increases to 15% for costs more than \$500,000 up to \$1 million and a 30% credit for costs over \$1 million.

This tax credit is administered by the Department of Economic and Community Development (DECD). Credits may be claimed in the year the costs were incurred or the three succeeding years after the year the cost were incurred.

Donation of Land

Reference: Conn. Gen. Stat. §§ 12-217dd and 12-217ff

This credit is available in an amount equal to 50% of the use value of the donation of land to be permanently preserved as protected open space or for educational use. Donations of land must be made to the state, a political subdivision of the state, or a nonprofit land conservation organization and may include any discount in the sales price.

Unused credit for donations of land for educational use made prior to the 2013 income year may be carried forward for 15 succeeding income years. All other unused credits for donations of land may be carried forward for up to 25 years.

Electronic Data Processing Equipment

Reference: Conn. Gen. Stat. §12-217t

The Electronic Data Processing Equipment Property Tax credit provides a 100% credit for property tax owed and paid on electronic data processing equipment. Unused credits may be carried forward for five succeeding income years.

Enterprise Zone Credit for Qualifying Corporations

Reference: Conn. Gen. Stat. §12-217v

A credit is allowed to any qualifying corporation which hires at least 150 local employees qualifying under the Job Training Partnership Act to work within a designated Enterprise Zone. This credit is 100% of the corporation's tax liability for its first three years and 50% of its liability for the next seven.

CORPORATION BUSINESS TAX CREDITS (cont.)

Film Production

Reference: Conn. Gen. Stat. §12-217jj

Any eligible film production company incurring qualified production expenses or costs from \$100,000 up to \$500,000 is eligible for a credit equal to 10% of the production expenses or costs. This credit percentage increases to 15% for costs more than \$500,000 up to \$1 million and a 30% credit for costs over \$1 million. This tax credit is administered by the Department of Economic and Community Development (DECD).

Credits may be claimed in the year the costs were incurred or the three succeeding years after the year the costs were incurred. These may be sold, assigned or transferred in whole or part no more than 3 times.

Film Production Infrastructure

Reference: Conn. Gen. Stat. §12-217kk

A tax credit is available to any taxpayer that invests in a capital project to provide basic buildings, facilities, or installations needed for the functioning of the digital media and motion picture industry in this state, provided that the project has been approved by DECD.

For income years beginning on or after January 1, 2010, a 20% credit is allowed for costs \$3 million and over. Credits may be claimed in the year the costs were incurred or the next three succeeding income years. These may be sold, assigned or transferred in whole or part no more than 3 times.

Financial Institutions

Reference: Conn. Gen. Stat. §12-217u

This credit is available to financial institutions that construct a new facility of at least 900,000 square feet and create a minimum of 1,200 new jobs. Each company must obtain an eligibility certificate from DECD and may claim this credit for up to fifteen years. Credit levels of 30%, 40% or 50% for years one through ten and 25% for years eleven through fifteen are based on the number of qualified employees.

This credit is repealed for income years beginning on or after January 1, 2014.

CORPORATION BUSINESS TAX CREDITS (cont.)

Fixed Capital Investments

Reference: Conn. Gen. Stat. §12-217w

This credit is based on 5% of the amounts paid or incurred for any new tangible personal property that has a class life of more than four years, is not sold or leased within 12 months, and will be held and used in Connecticut for at least five years. Inventory, land, buildings and mobile transportation equipment are not included. Unused credits may be carried forward for five succeeding income years.

Green Buildings

Reference: Conn. Gen. Stat. §12-217mm

Up to \$25 million in tax credits are available for eligible construction, renovation, or rehabilitation projects that are designed to meet the applicable requirements for LEED Green Building Rating System gold or platinum certification or another equivalent certification determined by DEEP.

Credit percentages range between 5% and 11% and depend on the location and certification level of the project. Credits may be assigned to another taxpayer or taxpayers. Unused credits may be carried forward for five succeeding income years.

Historic Homes Rehabilitation

Reference: Conn. Gen. Stat. §10-416 as amended by 2014 Conn. Pub. Acts 217

The Department of Economic and Community Development (DECD) may allocate up to \$3 million in vouchers for this credit during any fiscal year. Owners of historic homes must incur qualified rehabilitation expenditures that exceed \$25,000 in order to qualify. Effective for income years that begin in 2015, the minimum amount of qualified rehabilitation expenditures is reduced to \$15,000.

After the work is performed and verified, a tax credit is allowed for 30% of the qualified rehabilitation expenditures. The credit is limited to \$30,000 per dwelling. Effective for income years that begin in 2015, this maximum is increased to \$50,000 for owners that are nonprofit corporations.

Unused credits may be carried forward for four succeeding income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Historic Preservation

Reference: Conn. Gen. Stat. §10-416b as amended by 2014 Conn. Pub. Acts 217

This tax credit is available to owners rehabilitating certified historic buildings that will have mixed residential and nonresidential uses. After the rehabilitation work is performed and verified, a tax credit is allowed for 25% of the qualified rehabilitation expenditures. The amount of the available credit increases to 30% of the qualified expenditures if the rehabilitated building contains affordable housing. Unused credits may be carried forward for five succeeding income years.

The creation of the new Historic Rehabilitation tax credit effectively consolidates the provisions of the Historic Preservation tax credit and the Historic Structures Rehabilitation tax credit. Effective July 1, 2014, DECD may no longer reserve Historic Preservation tax credits.

Historic Rehabilitation (*new*)

Reference: 2014 Conn. Pub. Acts 217

This new tax credit effectively consolidates the provisions of the Historic Preservation tax credit and the Historic Structures Rehabilitation tax credit. A 25% tax credit is available for income years beginning on or after January 1, 2014 on the qualified rehabilitation expenditures associated with the rehabilitation of a Certified Historic Structure for either 1) residential use of five units or more, 2) mixed residential and nonresidential use or 3) nonresidential use consistent with the historic character of such property or the district in which such property is located.

The amount of the available credit increases to 30% of the qualified expenditures if at least 20% of the units are rental units and qualify as affordable housing or at least 10% of the units are individual homeownership units and qualify as affordable housing.

Unused credits may be carried forward for five succeeding income years or may be sold, assigned or transferred in whole or part no more than 3 times.

CORPORATION BUSINESS TAX CREDITS (cont.)

Historic Structures Rehabilitation

Reference: Conn. Gen. Stat. §10-416a as amended by 2014 Conn. Pub. Acts 217

This tax credit is available to owners rehabilitating certified historic structures for residential use. DECD may allocate up to \$15 million in vouchers for this credit during any fiscal year. After the rehabilitation work is performed and verified, a tax credit is allowed for 25% of the qualified rehabilitation expenditures not to exceed \$2.7 million. Unused credits may be carried forward for five succeeding income years.

The creation of the new Historic Rehabilitation tax credit effectively consolidates the provisions of the Historic Preservation tax credit and the Historic Structures Rehabilitation tax credit. Effective July 1, 2014, DECD may no longer reserve Historic Structures Rehabilitation tax credits.

Housing Program Contribution

Reference: Conn. Gen. Stat. §8-395

This tax credit program enables corporations to contribute to housing programs that benefit low and moderate income individuals and families. These programs are sponsored, developed or managed by nonprofit corporations and must be approved by the Connecticut Housing Finance Authority. The credit is the amount of the contribution, not to exceed \$75,000 per business. Unused credits may be carried back to the five preceding income years and forward for five succeeding income years.

Human Capital Investments

Reference: Conn. Gen. Stat. §12-217x

The Human Capital Investments credit is based on 5% of the amounts paid or incurred for various job training and work education programs, child care subsidies to Connecticut employees, day care facility establishment costs and donations to institutions of higher education for improvements to technology. Unused credits may be carried forward for five succeeding income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Insurance Reinvestment Fund

Reference: Conn. Gen. Stat. §38a-88a

A credit may be applied against the corporation business tax for investments made through a fund manager registered with the Commissioner of Economic and Community Development (DECD). These investments must be specifically earmarked for insurance businesses incorporated in Connecticut that occupy new facilities and create new jobs. The credit is 10% of amounts invested in qualified insurance businesses, beginning 3 years but not later than 7 years from the date of investment. For years 7 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

New eligibility certificates for insurance businesses which enable investors to claim a corporation tax credit cannot be issued on or after July 1, 2010. Furthermore, an insurance business must have received investments of at least \$1 million by July 1, 2011.

Any new eligibility certificates issued on or after July 1, 2010 now qualify investors for the Second Insurance Reinvestment Fund tax credit applicable against the insurance premiums tax (Chapter 207); health care centers tax (Chapter 207); and surplus lines brokers tax (Section 38a-743).

Job Expansion

Reference: Conn. Gen. Stat. §12-217pp

This tax credit program was established for taxpayers that hired new employees who reside in Connecticut to fill new jobs after January 1, 2012 and before January 1, 2014. The amount of the tax credit is \$500 per month for a new full-time employee and \$900 per month for an armed forces veteran or a qualifying employee. A qualifying employee is one who at the time of hiring is receiving unemployment compensation or has exhausted unemployment compensation benefits without an intervening job, is receiving employment services from the Department of Mental Health and Addiction Services, is receiving vocational rehabilitation services from the Department of Rehabilitation Services or is participating in employment opportunities and day services provided by the Department of Developmental Services.

A business had to apply to DECD for this tax credit and cannot claim any other tax credit with respect to the same employees. A taxpayer can claim this tax credit in the income year the credit is earned and the next two income years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Machinery and Equipment

Reference: Conn. Gen. Stat. §12-217o

This credit is based upon the incremental increase in expenditures for machinery and equipment acquired for and installed in Connecticut. The rate of credit is either 5% or 10% depending on the number of full time employees in Connecticut.

Manufacturing Facility in a Targeted Investment Community/Enterprise Zone

Reference: Conn. Gen. Stat. §12-217e

A business may earn a credit of 50% of its allocable tax for operating a manufacturing facility which meets certain employment criteria and is located within a designated enterprise zone or other area designated as having enterprise zone level benefits. A credit of 25% may be applied against the portion of the Corporation Business tax allocable to a manufacturing facility located within a Targeted Investment Community, but not in an Enterprise Zone.

Certification is required from the Department of Economic and Community Development. Corporations may claim this credit for 10 years beginning with the first year following the year of certification.

Neighborhood Assistance Act Program

Reference: Chapter 228a of the Conn. Gen. Stat.

The Connecticut Neighborhood Assistance Act (NAA) tax credit program is designed to provide funding for municipal and non-profit organizations. Businesses are granted a tax credit of 60% of the amount contributed to certain approved programs (or 100% in the case of energy conservation programs) conducted by municipal and non-profit organizations. Unused credits may be carried back to the two preceding income years.

The NAA program has several statutory limits. A business is limited to receiving \$150,000 in tax credit annually. A non-profit organization is limited to receiving \$150,000 in contributions in the aggregate. The minimum contribution on which credit can be granted is \$250. The program has a \$5M cap, which if exceeded, results in proration of approved donations.

CORPORATION BUSINESS TAX CREDITS (cont.)

New Jobs Creation

Reference: Conn. Gen. Stat. §12-217ii

The tax credit was available to businesses that created at least 10 new jobs. To qualify, the taxpayer must have submitted an application with the Department of Economic and Community Development. The credit allowed is an amount up to 60% of the Connecticut income tax deducted and withheld from the wages of new employees. For each new employee, credits may be granted for five successive income years.

As of January 1, 2012, the Commissioner of Economic and Community Development may no longer issue eligibility certificates for this tax credit.

Qualified Small Business Job Creation

Reference: Conn. Gen. Stat. §12-217nn

An employer with less than 50 employees in Connecticut could earn a tax credit equal to \$200 per month for hiring a Connecticut resident after May 6, 2010. The new employee had to have been hired to fill a full time job during the income years beginning on or after January 1, 2010, and before January 1, 2013. The tax credit can be claimed in the income year of the hire and the next two income years if the new employee remains employed by the employer at the close of that income year. The tax credit was administered by the Department of Economic and Community Development.

Research and Development Expenditures

Reference: Conn. Gen. Stat. §12-217n

A credit may be applied against the Corporation Business Tax for expenses of research and development conducted in Connecticut. The amount allowed as credit increases ratably from 1% of the annual research and development expenses paid or incurred, where such expenses equal \$50 million or less, to 6% where expenses exceed \$200 million. The 6% credit is extended to qualified small businesses with a gross income that does not exceed \$100 million.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year. Unused credits may be carried forward until fully taken.

CORPORATION BUSINESS TAX CREDITS (cont.)

Research and Development Grants to Institutions of Higher Education

Reference: Conn. Gen. Stat. §12-217l as amended by 2013 Conn. Pub. Acts 232

This credit was available for 25% of the incremental increase in amounts spent by a corporation for a qualifying grant or combination of grants to any institution of higher education in Connecticut for the purposes of research and development related to advancements in technology.

This tax credit was repealed effective July 1, 2013.

Research and Experimental Expenditures

Reference: Conn. Gen. Stat. §12-217j

This is a tax credit based on the incremental increase in expenditures for research and experiments conducted in Connecticut. The amount of the credit equals 20% of the amount spent by the corporation directly on research and experimental expenditures that exceeds the amount spent in the preceding income year. Unused credits may be carried forward for fifteen succeeding income years.

Qualified small businesses may exchange unused amounts of this credit with the state for a cash payment of 65% of the value of the credit or carry these amounts forward at full value. Credit refunds are limited to \$1.5 million in any one income year.

Service Facility

Reference: Conn. Gen. Stat. §12-217e

This credit is available to companies with a service facility located in a Connecticut targeted investment community which hire new employees and have an eligibility certificate issued by the Commissioner of Economic and Community Development (DECD). The credit is based on the portion of tax allocable to such facility and the number of new employees working there. Credit percentages range from 15% to 50% depending on the number of new employees. The credit period is ten years.

CORPORATION BUSINESS TAX CREDITS (cont.)

Small Business Guaranty Fee

Reference: Conn. Gen. Stat. §12-217cc

Small businesses with less than \$5 million in gross receipts may claim this credit equal to the amount paid to the federal Small Business Administration as a guaranty fee to obtain guaranteed financing during the income year. Unused credits may be carried forward for four succeeding income years. This credit is repealed for income years beginning on or after January 1, 2014.

Traffic Reduction Programs

Reference: Conn. Gen. Stat. §12-217s

This is a 50% credit for traffic reduction program expenses related to the attainment of federal Clean Air Act standards. The credit cannot exceed \$250 per participating employee. This credit is available for corporations employing 100 or more people located in a severe non-attainment area. Currently, no such area is designated in Connecticut.

Urban and Industrial Site Reinvestment

Reference: Conn. Gen. Stat. §32-9t

This credit is available for investments in eligible urban reinvestment projects and industrial site investment projects. Investments may be made directly or through a registered fund manager and must be certified by the Commissioner of Economic and Community Development. The credit is 10% of the qualified investments, beginning 4 years but not later than 7 years from the date of investment. For years 8 through 10, the credit increases to 20% of the invested amounts. Unused credits may be carried forward for five succeeding income years or assigned to another taxpayer.

Vocational Rehabilitation Job Creation

Reference: Conn. Gen. Stat. §12-217oo

An employer may earn a tax credit equal to \$200 per month for hiring a new employee who is receiving rehabilitation services from the Department of Social Services or from the Board of Education and Services for the Blind.

The new employee had to have been hired prior to January 1, 2012 to work at least 20 hours per week for 48 weeks of a calendar year. The tax credit can be claimed in the income year of the hire and the next two income years if the new employee remains employed by the employer at the close of that income year. The tax credit is administered by the Department of Economic and Community Development.

CORPORATION BUSINESS TAX CREDITS (cont.)

The table below shows the number of corporation tax credits claimed and the amounts taken for each of the corporation credit programs utilized by businesses. The figures represent credit claimed on 2012 returns and any credits carried forward from prior years and used in 2012.

Tax Credits Claimed on 2012 Corporation Business Returns

Type of Credit	Number of Credits	Amount Claimed
Apprenticeship Training	9	\$ 146,089
Computer Donation	1	702
Digital Animation	2	684,235
Donation of Land	3	5,929
Electronic Data Processing	1,128	10,725,356
Film Production	27	25,796,631
Film Production Infrastructure	3	1,477,765
Financial Institutions	2	2,341
Fixed Capital	1,727	63,125,737
Historic Homes Rehabilitation	3	24,648
Housing Program Contribution	4	377,550
Human Capital	116	1,869,913
Job Expansion	111	2,223,373
Machinery and Equipment	62	439,783
Manufacturing Facility in Targeted Investment Community or Enterprise Zone	16	847,382
Neighborhood Assistance	72	2,284,116
New Jobs Creation	6	754,792
Qualified Small Business Job Creation	5	21,329
Research & Development	145	5,392,832

CORPORATION BUSINESS TAX CREDITS (cont.)

Tax Credits Claimed on 2012 Corporation Business Returns (cont.)

Type of Credit	Number of Credits	Amount Claimed
Research & Development Grants to Institutions of Higher Education	2	123,469
Research & Experimental Expenditures	180	20,681,089
Small Business Guaranty Fee	1	148
Urban and Industrial Site Reinvestment	14	14,371,333
Total	3,639	\$151,376,542

The table below shows the unused credit amounts reported on 2012 corporation business tax returns as being carried forward to the 2013 income year.

Credits Carried Forward to 2013 Income Year

Type of Credit	Carryforward Amount
Donation of Land	\$ 4,374,516
Electronic Data Processing	77,556,839
Fixed Capital	307,978,440
Historic Homes	11,467
Housing Program Contribution	313,593
Human Capital	5,255,222
Insurance Reinvestment	1,121,290
Research & Development	1,498,739,414
Research & Experimental Expenditures	585,638,295
SBA Guaranty Fee	179,720
Urban and Industrial Site Reinvestment	14,306,849
Total Carryforward Credits	\$2,495,475,645

DRY CLEANING SURCHARGE

The Dry Cleaning Surcharge is used to provide grants to dry cleaning establishments for the containment and removal or mitigation of environmental pollution resulting from dry cleaning activity. Revenue is deposited into the Dry Cleaning Remediation Account, which is used to provide these grants and fund other measures undertaken to prevent pollution.

Revenue	
FY 2013-14	\$654,782
2012-13	689,063
2011-12	745,185

Basis and Rate

1% of gross receipts at retail.

Number of Taxpayers/Filing Frequency

461 taxpayers/Quarterly

ELECTRIC GENERATORS TAX

Effective for calendar quarters commencing on or after July 1, 2011 an electric generation tax was established and imposed on any entity that provides electric generation services and uploads electricity generated at a Connecticut facility to the regional bulk power grid.

Revenue	
FY 2013-14	\$15,315,188
2012-13	66,823,140
2011-12	69,532,719

Basis and Rate

The rate is equal to \$0.0025 multiplied by the net kilowatt hours of electricity that is generated and uploaded.

Exemptions

- Electricity generated at a facility through the use of alternative energy systems;
- Electricity generated at a facility through the exclusive use of fuel cells;
- Electricity generated at a resource recovery facility; and
- Electricity generated at customer-side distributed resources.

Sunset of Tax

The tax was scheduled to sunset as of July 1, 2013, however, Public Act 13-184 extended the sunset of the tax one additional calendar quarter until October 1, 2013.

GIFT AND ESTATE TAX

Resident and nonresident estates of decedents dying on or after January 1, 2011 are liable for the Connecticut Estate Tax on the amount of their Connecticut taxable estate that exceeds \$2 million. For estates of decedents dying during 2010, this threshold was \$3.5 million.

For estates of decedents dying on or after January 1, 2005, but prior to January 1, 2010 the threshold was \$2 million. If the threshold for these estates was exceeded, the tax was payable on the entire amount, including the first \$2 million.

“Connecticut taxable estate” is defined as the sum of the total value of the decedent’s federal gross estate, less allowable deductions, plus the aggregate amount of Connecticut taxable gifts made on or after January 1, 2005. A credit is granted for gift taxes paid on Connecticut taxable gifts made on or after January 1, 2005; however, the credit cannot exceed the amount of the Connecticut estate tax.

For Connecticut taxable gifts, a donor must pay Connecticut gift tax if the aggregate amount of Connecticut taxable gifts made on or after January 1, 2005, exceeds \$2 million. A credit is allowed against the Connecticut gift tax for Connecticut gift taxes paid on Connecticut taxable gifts made during calendar years beginning on or after January 1, 2005; however, the credit cannot exceed the amount of the Connecticut gift tax.

For Connecticut taxable gifts made during 2010, a donor paid Connecticut gift tax if the aggregate amount of the Connecticut taxable gifts during all calendar years beginning on or after January 1, 2005, exceeded \$3.5 million.

“Connecticut taxable gifts” are defined as taxable gifts as determined for federal gift tax purposes. They include:

- Gifts of Connecticut real property;*
- Gifts of tangible personal property situated within Connecticut; or*
- Gifts of intangible personal property made by Connecticut residents.*

Taxpayers are required to file a Connecticut Estate and Gift Tax return to report all Connecticut taxable gifts, even if no Connecticut gift tax is due.

	Gift Tax Revenue*	Connecticut Estate Tax Revenue*	Gift and Estate Tax Revenue
FY 2013-14	(\$219,586)	\$154,134	\$169,635,635
2012-13	2,057,611	17,214	439,518,640
2011-12	584,098	95,966	191,699,581

* Revenues from late returns and audit activity for taxes in effect prior to 1/1/2005.

GIFT AND ESTATE TAX (cont.)

Basis and Rate

For gifts made, or the estates of decedents dying **on or after January 1, 2011** the table below is used to compute the Gift and Estate tax:

Aggregate Amount of Connecticut Taxable Gifts or Connecticut Taxable Estate	Tax
Not over \$2,000,000	None
Over \$2,000,000 but not over \$3,600,000	7.2% of the excess over \$2,000,000
Over \$3,600,000 but not over \$4,100,000	\$115,200 plus 7.8% of the excess over \$3,600,000
Over \$4,100,000 but not over \$5,100,000	\$154,200 plus 8.4% of the excess over \$4,100,000
Over \$5,100,000 but not over \$6,100,000	\$238,200 plus 9.0% of the excess over \$5,100,000
Over \$6,100,000 but not over \$7,100,000	\$328,200 plus 9.6% of the excess over \$6,100,000
Over \$7,100,000 but not over \$8,100,000	\$424,200 plus 10.2% of the excess over \$7,100,000
Over \$8,100,000 but not over \$9,100,000	\$526,200 plus 10.8% of the excess over \$8,100,000
Over \$9,100,000 but not over \$10,100,000	\$634,200 plus 11.4% of the excess over \$9,100,000
Over \$10,100,000	\$748,200 plus 12% of the excess over \$10,100,000

Detail of Revenue

For Fiscal Year 2013-14, total Gift and Estate Tax revenue collected was \$169,635,635. Much of this revenue is attributable to prepayments that apply against upcoming tax returns. A breakdown of returns from estates received during Fiscal Year 2013-14 follows.

GIFT AND ESTATE TAX (cont.)

GIFT AND ESTATE TAX RETURNS FROM ESTATES OF DECEDENTS RECEIVED DURING FY 2013-14

Amount of Taxable Estate		# of Returns	Tax Due	Tax Due After Credits *
More Than	Not Over			
\$2 Million	\$3 Million	220	\$6,585,576	\$6,292,776
\$3 Million	\$4 Million	104	10,437,219	10,004,130
\$4 Million	\$5 Million	71	11,533,012	10,943,554
\$5 Million	\$6 Million	35	7,829,344	7,572,600
\$6 Million	\$7 Million	16	5,436,433	5,233,360
\$7 Million	\$ 8 Million	8	3,226,630	2,840,989
\$ 8 Million	\$10 Million	23	10,852,641	9,924,341
\$ 10 Million	\$15 Million	19	17,614,263	15,990,820
\$15 Million	\$25 Million	9	15,898,405	14,404,443
\$25 Million	\$35 Million	6	13,051,586	12,507,439
\$35 Million		9	121,000,562	110,400,550
Total		520	\$223,465,672	\$206,115,002

* Reflects credits for real or tangible personal property located in other jurisdictions and prior gift tax payments.

For Fiscal Year 2013-14, an additional amount of the gift and estate tax was attributable to gift tax returns filed by non-decedents. A breakdown of calendar year 2013 returns is shown below.

GIFT AND ESTATE TAX RETURNS 2013 GIFT TAX ONLY

Amount of 2013 Taxable Gifts		# of Returns	Tax Due
More Than	Not Over		
	\$2 Million	452	\$5,228,166
\$2 Million	\$3 Million	17	1,397,126
\$3 Million		10	2,138,870
Total		479	\$8,764,162

HOSPITAL NET PATIENT REVENUE TAX

A tax is imposed on each health care facility or institution, which is licensed as a short-term general hospital by the Department of Public Health.

Revenue	
FY 2013-14	\$321,208,807
2012-13	347,294,200
2011-12	349,277,587

Exemptions

- Hospitals which are licensed by the Department of Public Health as children's general hospitals;
- Short-term acute hospitals operated exclusively by the State of Connecticut (other than short-term acute hospitals operated by the state as a receiver).

Basis and Rate

The Department of Social Services determines the amount of net patient revenue and net patient revenue tax for each hospital.

Number of Taxpayers/Filing Frequency

27 taxpayers/Quarterly

Urban and Industrial Site Reinvestment Tax Credit

\$49,550,000 in credits were applied against the Hospital Net Patient Revenue tax in Fiscal Year 2013-14.

INCOME TAX

Connecticut imposes a tax on income earned by resident individuals, trusts, and estates. Nonresidents and part-year resident individuals, trusts and estates are also subject to the tax on income derived from or connected with sources within the State. Connecticut taxable income is defined as adjusted gross income for federal tax purposes with certain modifications and exemptions described below.

Revenue

FY 2013-14	\$8,721,296,135
2012-13	8,720,684,753
2011-12	8,309,391,926

Number of Taxpayers/Filing Frequency

1.85 million taxpayers/ Annually

Taxpayers who expect to owe more than \$1,000 in income tax, in addition to income tax withheld, are required to file four estimated tax payments.

Basis and Rate

Connecticut's tax is levied upon Connecticut taxable income, as defined above.

Filing Status	Rate and Basis
Single and Married Filing Separately	3% on the first \$10,000 of Connecticut Taxable Income
	5% on the excess over \$10,000, but not over \$50,000
	5.5% on the excess over \$50,000, but not over \$100,000
	6% on the excess over \$100,000, but not over \$200,000
	6.5% on the excess over \$200,000, but not over \$250,000
	6.7% on the excess over \$250,000
Head of Household	3% on the first \$16,000 of Connecticut Taxable Income
	5% on the excess over \$16,000, but not over \$80,000
	5.5% on the excess over \$80,000, but not over \$160,000
	6% on the excess over \$160,000, but not over \$320,000
	6.5% on the excess over \$320,000, but not over \$400,000
	6.7% on the excess over \$400,000
Joint Filers	3% on the first \$20,000 of Connecticut Taxable Income
	5% on the excess over \$20,000, but not over \$100,000
	5.5% on the excess over \$100,000, but not over \$200,000
	6% on the excess over \$200,000, but not over \$400,000
	6.5% on the excess over \$400,000, but not over \$500,000
	6.7% on the excess over \$500,000

INCOME TAX (cont.)

Generally, one's filing status for Connecticut must be the same as his or her federal filing status. However, under Connecticut law taxpayers who are in a same sex marriage were allowed to file jointly for Connecticut only prior to January 1, 2013. Effective January 1, 2013, the U.S. Supreme Court decision in *U.S. v. Windsor* 12-307 (U.S. 6-26-2013) 133 S. Ct. 2675 resulted in taxpayers being allowed to claim the same filing status options on their federal return as they claim on their state return.

Exemptions

- \$14,500 for taxable years commencing on or after January 1, 2014 but prior to January 1, 2015. For taxpayers with Connecticut AGI in excess of \$29,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$43,000;
- \$12,000 for married persons filing separately and filing separately for Connecticut only. For taxpayers with Connecticut AGI in excess of \$24,000, the exemption decreases by \$1,000 for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$35,000;
- \$19,000 for heads of household. For taxpayers with a Connecticut AGI in excess of \$38,000, the exemption decreases by \$1,000 for each additional \$1,000 of Connecticut AGI. There is no exemption if the taxpayer earns more than \$56,000;
- \$24,000 for married persons filing jointly, filing jointly for Connecticut only, or qualifying widow(er) with dependent child. The exemption for joint filers decreases by \$1,000, for taxpayers whose Connecticut AGI exceeds \$48,000, for each \$1,000 increase in Connecticut AGI. The exemption is phased out at \$71,000;
- Social Security benefits for single filers and married individuals filing separately whose federal adjusted gross income for the taxable year is less than \$50,000. Social Security benefits for married individuals filing jointly and head of household filers whose federal adjusted gross income for the taxable year is less than \$60,000; and
- Fifty percent of federally taxable military retirement pay is exempted through a subtraction from federally adjusted gross income for fifty percent of income received from the United States government as retirement pay for a retired member of the Armed Forces of the United States as defined in Section 101 of Title 10 of the U.S. Code or the National Guard, as defined in Section 101 of Title 10 of the U.S. Code.

INCOME TAX (cont.)

Benefit Recapture

For taxpayers whose annual Connecticut Adjusted Gross Income exceeds specified thresholds, a recapture provision is imposed to eliminate the benefits they receive from having a portion of their taxable income taxed at lower marginal rates.

The recapture provision starting point is:

- \$400,000 for taxpayers filing jointly;
- \$200,000 for taxpayers filing single and married filing separately; and
- \$320,000 for taxpayers filing as head of household.

The recapture amount is

- \$150 per \$10,000 of Connecticut adjusted gross income over the starting point for taxpayers filing jointly, with a maximum total recapture of \$4,500;
- \$75 per \$5,000 of Connecticut adjusted gross income over the starting point for taxpayers filing single or married filing separately with a maximum total recapture of \$2,250; and
- \$120 per \$8,000 of Connecticut adjusted gross income over the starting point for taxpayers filing as head of household, with a maximum total recapture of \$3,600.

Common Additions

- Interest on state and local obligations other than Connecticut;
- Exempt-interest dividends (other than those derived from obligations of the State of Connecticut or its municipalities);
- Cancellation of debt income;
- The total taxable amount of a lump sum distribution for the taxable year deductible from gross income in calculating federal adjusted gross income; and
- Loss on sale of Connecticut bonds.

Common Subtractions

- Interest on U.S. obligations;
- Dividends from certain mutual funds consisting of U.S. obligations;
- Social Security Benefit Adjustment;
- Refunds on state and local income taxes;
- Tier 1 and Tier 2 railroad retirement benefits and supplemental annuities;
- 50% of military retirement pay;
- Gain on sale of Connecticut bonds; and
- Connecticut Higher Education Trust (CHET) contributions of up to \$5,000 for each individual taxpayer whose filing status is single, head of household, married filing separately or civil union filing separately or \$10,000 for individuals whose filing status is married filing jointly, civil union filing jointly or qualifying widow(er) with dependent child.

INCOME TAX (cont.)

Withholding Requirement

Connecticut requires anyone who maintains an office or transacts business in Connecticut, and who is considered an employer for federal income tax withholding purposes, to withhold Connecticut income tax whether or not the payroll department is located in Connecticut.

Estimated Tax Payments

Taxpayers must make estimated payments if their Connecticut income tax (after tax credits) minus Connecticut tax withheld is more than \$1,000.

Connecticut Alternative Minimum Tax

Taxpayers who are subject to, and required to pay, the federal alternative minimum tax are subject to the Connecticut Alternative Minimum Tax. The alternative minimum tax is computed on the lesser of 19% of the adjusted federal tentative minimum tax, or 5½% of adjusted federal alternative minimum taxable income.

Tax Credit for Property Taxes Paid to a Political Subdivision

Connecticut residents are eligible for an income tax credit for property taxes paid to a Connecticut political subdivision on a primary residence and/or privately owned or leased motor vehicle. Effective for taxable years commencing on or after January 1, 2011, the maximum credit is reduced from \$500 to \$300 per return. The credit cannot exceed the amount of qualifying property taxes paid or income tax liability.

Tax Credit for Income Taxes Paid to Qualifying Jurisdictions

Connecticut residents may claim an income tax credit if any part of their income was taxed by a qualifying jurisdiction. A qualifying jurisdiction includes another state of the United States, a local government within another state or the District of Columbia. A qualifying jurisdiction does not include the State of Connecticut, the United States or a foreign country or its provinces.

Tax Credits:

Connecticut Earned Income Tax Credit

For taxable years beginning on or after January 1, 2011, a Connecticut resident taxpayer may claim an earned income tax credit (CT EITC) against the Connecticut income tax due for the taxable year.

The amount of the CT EITC for 2011 and 2012 was 30% of the federal earned income credit claimed and allowed. For the 2013 tax year, the EITC credit is reduced from 30% to 25% of the amount of federal EITC claimed. For the 2014 tax year the EITC rate is 27.5%.

INCOME TAX (cont.)

If the CT EITC exceeds the taxpayer's Connecticut income tax liability, the excess is considered an overpayment and will be refunded without interest.

Earned Income Tax Credit		
Year	Number of Credits	Amount of Credit
2011	181,620	\$109,194,583
2012	187,043	\$112,153,814
2013	191,760	\$96,303,193

Job Expansion Tax Credit:

Reference: Conn. Gen. Stat. §12-217pp as amended by 2013 Conn. Pub. Acts 123 and 232

This tax credit program was established for taxpayers that hired new employees who reside in Connecticut to fill new jobs after January 1, 2012 and before January 1, 2014. The amount of the tax credit is \$500 per month for a new full-time employee and \$900 per month for an armed forces veteran or a qualifying employee. A qualifying employee is one who at the time of hiring is receiving unemployment compensation or has exhausted unemployment compensation benefits without an intervening job, is receiving employment services from the Department of Mental Health and Addiction Services, is receiving vocational rehabilitation services from the Department of Rehabilitation Services or is participating in employment opportunities and day services provided by the Department of Developmental Services.

A business must apply to DECD for this tax credit and cannot claim any other tax credit with respect to the same employees. A taxpayer can claim this tax credit in the income year the credit is earned and the next two income years.

The Vocation Rehabilitation Job Creation can only be claimed through the 2013 income year and Qualified Small Business Job Creation Tax credit can only be claimed for income years 2012 through 2014. The JET credit replaces these two credits and can be claimed for income years 2014 and 2015 for employees hired in 2013:

- **Qualified Small Business Job Creation Tax Credit Program** was available to a qualified small business that hires a new employee. The amount of the credit is \$200 per month for each new employee hired; and
- **Vocational Rehabilitation Job Creation Tax Credit Program** was also administered by DECD. The credit is equal to \$200 per month for each new qualifying employee hired by an employer engaged in business in Connecticut.

INCOME TAX (cont.)

Angel Investor Tax Credit

Provides a credit for a cash investment of not less than \$25,000 in the qualified securities of a Connecticut business by an angel investor. The credit is equal to 25% of such investor's cash investment provided the total tax credits allowed to any one investor shall not exceed \$250,000 and shall be claimed in the taxable year in which the cash investment was made.

An *angel investor* is an accredited investor, as defined by the Securities and Exchange Commission, or network of accredited investors who review new or proposed businesses for potential investment who may seek active involvement, such as consulting and mentoring, in a Connecticut business.

The angel investor must apply to Connecticut Innovations, Inc. to reserve a tax credit. The angel investor must choose from a list of Connecticut businesses that Connecticut Innovations Inc. has determined are qualified to receive cash investments eligible for the angel investor tax credit. Tax credits cannot be reserved for any investments made on or after July 1, 2016.

Insurance Reinvestment Fund Tax Credit

The insurance reinvestment fund credit is no longer available to individuals under the personal income tax. The new **Second Insurance Reinvestment Fund Tax Credit** replaces the original credit and is only available against insurance companies taxes. Effective July 1, 2010, no new eligibility certificates will be issued for the credit against the personal income tax.

However, the credits earned under the old insurance reinvestment act continue to be utilized until they expire.

Credit for Prior Year Connecticut Minimum Tax for Individuals

Taxpayers may be able to claim a credit for an alternative minimum tax paid in a prior year.

INCOME TAX (cont.)

Personal Income Tax Credits

2012 Personal Income Tax Credits		
Credit	Number of Credits Claimed	Amount of Credit
Angel Investor	154	\$2,716,489
Insurance Reinvestment Fund	7	574,003
Prior Year CT Minimum Tax	950	2,296,929
Qualified Small Business Job Creation	125	429,769
Job Expansion Tax Credit	323	1,760,140

2011 Personal Income Tax Credits		
Credit	Number of Credits Claimed	Amount of Credit
Angel Investor	67	\$1,293,567
Insurance Reinvestment Fund	10	1,630,004
Prior Year CT Minimum Tax	5,269	5,749,544
Qualified Small Business Job Creation	139	294,589

INSURANCE PREMIUMS TAX

Insurance companies, domestic and foreign, are taxed in Connecticut on the total net direct premiums received from policies written on property or risks within the State. Total net direct subscriber charges received on any new or renewal contract or policy by a health care center are also taxed. The State also imposes a tax on premiums for unauthorized insurance. Specifically, insureds who procure nonadmitted insurance are required to remit tax on premiums paid to a nonadmitted insurer. Additionally, risk retention groups are required to pay tax on premiums collected on coverages within the State. Captive insurance companies are now allowed to operate within Connecticut. A captive insurance company is a company that is created and wholly owned by one or more non-insurance companies to insure the risks of its owners as a type of self-insurance.

Revenue	
FY 2013-14	\$221,745,158
2012-13	242,447,843
2011-12	224,406,761

Exemptions

- Premiums sold for ocean and inland marine insurance of nonresident and foreign companies;
- Medicaid, Medicare, HUSKY Plan, and State Employee Health plans from health care centers subscriber charges; and
- New or renewal contracts or policies written to provide health care coverage to retired teachers, spouses or a surviving spouse, employees and retired members and their dependents, of a Connecticut municipality, nonprofit organizations or employees of community action agencies and their dependents, and small employer's employees and their dependents under a plan procured pursuant to Conn. Gen. Stat. §5-259(i), from net direct subscriber charges of health care centers.

Number of Taxpayers/Filing Frequency

1,341 insurance companies/ Annually with four estimated payments:

102	Domestic companies
983	Foreign companies
9	Health Care Centers
247	Nonadmitted/Unauthorized Insurers including Risk Retention Groups
4	Captive Insurers

Basis and Rate

- 1.75% of net direct premiums received by domestic and foreign insurance companies.
- 4% of gross premiums charged by nonadmitted and unauthorized insurers; and
- 1.75% of net direct subscriber charges of health care centers.

INSURANCE PREMIUMS TAX (cont.)

Comparative Data

	FY 2011-12	FY 2012-13	FY 2013-14
Domestic	\$49,596,515	\$51,780,056	\$52,511,626
Foreign	150,058,845	160,644,073	155,690,959
Health Care Center	18,068,574	20,304,763	8,476,434
Nonadmitted/ Unauthorized/Captive	6,682,827	9,718,951	5,066,139
Total	\$224,406,761	\$242,447,843	\$221,745,158

Tax Credits

The State of Connecticut provides for several tax credits which may be applied against the Insurance Premiums Tax. Described below is the credit unique to the Insurance Premiums Tax. Please turn to the Corporation Business Tax section of this report for additional information on tax credits.

Insurance Department Assessment Credit

Reference: Conn. Gen. Stat. §12-202

Certain local domestic insurance companies are allowed a credit against the insurance premiums tax in the amount of 80% of the Connecticut Insurance Department assessment paid during the calendar year if their admitted assets do not exceed amounts specified in Conn. Gen. Stat. §12-202.

Calendar Year 2012 Insurance Tax Credits

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	38	\$8,696,177
Insurance Dept. Assessment	5	566,963
Insurance Reinvestment	9	2,079,496
Neighborhood Assistance	18	1,501,680
Urban & Industrial Site Reinvestment	8	2,226,942
Film Production	26	19,260,601
Film Production Infrastructure	16	5,384,948
Digital Animation	59	23,962,856
New Job Creation	1	56,527
Historic Homes	4	405,893
Historic Structures Rehabilitation	13	1,861,389
Historic Preservation	5	481,162
Job Expansion	2	196,593
Total Credits	204	\$66,681,227

INSURANCE PREMIUMS TAX (cont.)

Calendar Year 2013 Insurance Tax Credits Preliminary

Type of Credit	Number of Credits	Amount of Credit Claimed
Electronic Data Processing	31	\$6,221,655
Insurance Department Assessment	6	580,603
Insurance Reinvestment	9	4,455,095
Neighborhood Assistance	24	1,798,029
Urban & Industrial Site Reinvestment	10	1,617,417
Film Production	25	14,204,466
Film Production Infrastructure	21	10,002,235
Digital Animation	27	6,799,240
New Job Creation	1	32,798
Historic Homes	5	288,326
Historic Structures Rehabilitation	3	627,052
Historic Preservation	3	99,920
Job Expansion	2	162,245
Total Credits	167	\$46,889,081

INTERMEDIATE CARE FACILITY USER FEE

A fee is imposed on each residential facility for individuals with intellectual disabilities that meet certain federal requirements, and, in the case of any private facility, are licensed by the Department of Developmental Services.

Revenue	
FY 2013-14	\$ 9,347,809
2012-13	4,075,202
2011-12	15,966,764

Basis and Rate

The intermediate care facility user fee payment for a calendar quarter is the product of an intermediate care facility's total resident days during the calendar quarter multiplied by \$27.76. The intermediate care facility user fee is determined by the Department of Social Services on or before July first, either annually or biennially.

A federal determination in 2013 found that higher rates for state-owned and operated intermediate care facilities exceeded those allowed by federal law. Required adjustments to the rate for state-owned and operated facilities resulted in a significant drop in revenue from the FY 2011-12 collections.

Number of Taxpayers/Filing Frequency

68 taxpayers/Quarterly

MOTOR CARRIER ROAD TAX

Connecticut has participated in the International Fuel Tax Agreement (IFTA) since 1996. IFTA is a cooperative agreement among most states and provinces of Canada that simplifies the collection and reporting of fuel use tax by interstate motor carriers. Under IFTA, fuel tax returns are filed in the base jurisdiction of the motor carrier. The base jurisdiction of a motor carrier is where the vehicle is based for registration purposes and where operations are controlled and the vehicle is operated. For IFTA fuel tax reporting, a qualified motor vehicle is a vehicle that is designed to transport persons or property and that has: two axles and a gross vehicle weight or registered gross vehicle weight over 26,000 pounds; or three or more axles regardless of weight; or when used in combination, a combined gross vehicle weight over 26,000 pounds. Motor carriers who meet this qualification, and who travel solely within the State, are not required to file a return, but instead are subject to the tax at the time of purchase.

Revenue	
FY 2013-14	\$19,447,868
2012-13	17,671,307
2011-12	16,044,514

Exemption

- Any vehicle owned by the United States, the state, any political subdivision thereof, or any school bus.

Number of Taxpayers/Filing Frequency

2,454 IFTA filers/Quarterly
3,155 Intrastate Motor Carrier filers

Basis and Rate

	Rate per Gallon
Gasoline	25¢
Gasohol	25¢
Diesel Fuel - 7/1/12 - 6/30/13*	51.2¢
Diesel Fuel -7/1/13 - 6/30/14*	54.9¢
Diesel Fuel -7/1/14 - 6/30/15*	54.5¢
Natural Gas or Propane	26¢

*The Department is required to determine the average wholesale price per gallon of diesel fuel for the 12 month period ending on the preceding March 31st, as determined by statute.

MOTOR VEHICLE FUELS TAX

Motor fuel used or sold in Connecticut is subject to the Motor Vehicle Fuels Tax. "Fuel" includes gasoline, diesel, gasohol, propane, or any combustible gas or liquid that generates the power needed to propel a motor vehicle.

<u>Revenue</u>	
FY 2013-14	\$488,751,204
2012-13	483,880,877
2011-12	476,998,407

Exemptions

- Fuel sold to United States Government, the State of Connecticut, any Connecticut municipality or transit district, when such fuel is used in vehicles owned and operated, or leased and operated by any of the aforementioned entities;
- Fuel sold exclusively for heating purposes and to furnish gas, water, steam or electricity, if delivered to consumers through mains, lines or pipes;
- Aviation fuel and fuel sold to owners or operators of an aircraft, or to a licensed aviation fuel dealer whose place of business is located at an airport;
- Fuel sold to a municipality for use in a school bus;
- Diesel fuel sold exclusively for use in portable power system generators that are larger than one hundred fifty kilowatts;
- Fuel sold to a farmer who is the holder of a farmer's exemption permit;
- A company that uses or consumes motor fuels exclusively for hauling waste for the Connecticut Resource Recovery Authority, Mid-Connecticut Project; and
- Fuels sold for use to any vessels displacing over 4,000 dead weight tons or fuel sold for use to any vessels primarily engaged in interstate commerce.

Number of Taxpayers/Filing Frequency

974 taxpayers/Monthly

Basis and Rate

	<u>Rate per Gallon</u>
Gasoline	25¢
Gasohol	25¢
Diesel Fuel - 7/1/12 - 6/30/13*	51.2¢
Diesel Fuel -7/1/13 - 6/30/14*	54.9¢
Diesel Fuel -7/1/14 - 6/30/15*	54.5¢
Natural Gas or Propane	26¢

*The Department is required to determine the average wholesale price per gallon of diesel fuel for the 12 month period ending on the preceding March 31st, as determined by statute.

MOTOR VEHICLE FUELS TAX (cont.)

Comparative Data

	Number of Gallons Sold		
	FY 2011-12	FY 2012-13	FY 2013-14
Special Fuel*	239,845,475	240,089,155	238,012,324
Gasohol	1,461,380,892	1,446,424,660	1,433,570,492
Total Gallons	1,701,226,367	1,686,513,815	1,671,582,816

* Gallons reported under Special Fuel contain a small amount of gallons reported for Natural Gas and Propane.

NURSING HOME USER FEE

A Nursing Home User Fee is imposed on each chronic and convalescent nursing home or rest home with nursing supervision that is licensed as a nursing home by the Connecticut Department of Public Health. The fee is remitted quarterly.

Revenue	
FY 2013-14	\$149,569,948
2012-13	150,500,232
2011-12	151,701,572

Basis and Rate

The nursing home user fee is determined by the Department of Social Services on or before July 1 annually or biennially. This amount is multiplied by the nursing home's total resident days during the calendar quarter.

Number of Taxpayers / Filing Frequency

218 taxpayers/Quarterly

OCCUPATIONAL TAX

An occupational tax is levied against any person who has been admitted as an attorney by the judges of the superior court, and who is engaged in the practice of law in Connecticut.

Revenue	
FY 2013-14	\$8,655,040
2012-13	9,352,916
2011-12	9,127,226

Exemptions	Number of Exemption Claims
Employees of the State of Connecticut including judges and referees	1,620
Probate court employees	12
Any attorney employed by a political subdivision of Connecticut	92
Employees of the federal government	490
Any attorney serving on active duty with the United States Armed Forces for more than six months of a given year	95
Attorneys who received less than \$1,000 in compensation during 2013	1,039
Those engaged in practice of law exclusively outside the state	6,117
Those removed from the roll of attorneys.	196
Those who did not work or were not employed as an attorney	4,938
Any attorney who has retired from the practice of law or died in 2013	251
Total Number of Exempt Filers in 2013	14,718

Note: Some filers claimed more than one exemption.

Number of Taxpayers/Filing Frequency

12,985 Attorneys/ Annually

Basis and Rate

\$565 per practicing attorney.

PETROLEUM PRODUCTS GROSS EARNINGS TAX

A tax is levied on the gross earnings from the first sale of companies distributing petroleum products in Connecticut. Petroleum products include but are not limited to gasoline, aviation fuel, kerosene, diesel fuel, number 2 heating oil, greases, lubricants, mineral oils, and motor oil.

Revenue	
FY 2013-14	\$416,109,657
2012-13	374,925,895
2011-12	372,966,634

Exemptions

- Number 2 heating oil used exclusively for heating purposes or in a commercial fishing vessel;
- Bunker fuel oil, intermediate fuel, marine diesel oil and marine gas oil used in vessels displacing over 4,000 dead weight tons, and used in vessels primarily engaged in interstate commerce;
- Kerosene used exclusively for heating purposes, when the fuel is delivered via a truck with a metered delivery ticket, or to a centrally metered system serving a group of homes;
- Propane gas used exclusively for heating;
- Paraffin and microcrystalline waxes;
- Gross earnings from the sale or use of Number 2 heating oil used exclusively in vessels engaged in interstate commerce and Number 6 fuel oil used by manufacturers;
- Commercial heating oil blend containing not less than 10% alternative fuels derived from agricultural produce, food waste, waste vegetable oil or municipal solid waste, including, but not limited to biodiesel or low sulfur dyed diesel fuel and kerosene. Such blended products must be used for commercial heating;
- Diesel fuel other than diesel fuel to be used in an electric generating facility to generate electricity; and
- Cosmetic grade mineral oil. Effective for the first sale on or after July 1, 2013.

Number of Taxpayers/Filing Frequency

631 taxpayers/Quarterly

Basis and Rate

Calendar quarters commencing:	Rate
on or after July 1, 2007	7.0%
on or after July 1, 2013	8.1%

Cap on Petroleum Products Gross Earnings Tax

Effective April 3, 2012 the Petroleum Products Gross Earnings Tax is capped at \$3.00 per gallon on the first sale for gasoline and gasohol. Petroleum products distributors are required to calculate the tax at \$3.00 per gallon even if the price exceeds said amount and any consideration received by the distributor in excess of \$3.00 is exempt from tax.

PREPAID WIRELESS E-9-1-1 FEE

A Prepaid Wireless E 9-1-1 Fee is levied on each sale of prepaid wireless telecommunications service by a retailer. A prepaid wireless telecommunications service is a wireless telephone service that a consumer pays for in advance, and that is sold in predetermined units or dollars that decline with use. Prepaid wireless telecommunications includes prepaid wireless phone cards, recharge or refill authorization codes, and prepaid cell phones or other prepaid wireless devices preloaded with airtime minutes.

The fee went into effect January 1, 2013 and is determined each June for the upcoming fiscal year by the Connecticut Public Utility Regulatory Authority (PURA). All monies collected are deposited in the Enhanced 9-1-1 Telecommunications Fund. Retailers may retain 1% of the Prepaid Wireless E 9-1-1 Fees they collect.

Revenue	
FY 2013-14	\$1,965,399
2012-13	644,210

Basis and Rate

\$0.70 for sales occurring on or after July 1, 2013.

Number of Taxpayers/Filing Frequency

498 Retailers
427 / Monthly
71 / Quarterly

PUBLIC SERVICE COMPANIES TAX

Revenue	
FY 2013-14	\$299,971,802
2012-13	274,097,101
2011-12	261,481,222

Exemptions

- All sales for resale of water, steam, gas, and electricity to public service corporations and municipal utilities;
- Gas and Electric sales to manufacturing in SIC codes 2000 through 3999 or NAICS code sectors 31-33;
- Natural Gas sold to out-of-state users or entities;
- Sales by a gas company of natural gas or propane used as a motor vehicle fuel; and
- Retail sales of steam by utility companies.

Number of Taxpayers/Filing Frequency

79 taxpayers:

53 Public Utility Companies/Quarterly

11 Community Antenna TV & Certified Competitive Video Provider Companies/Quarterly*

6 Satellite TV Companies /Quarterly*

9 Railroad Companies/ Annually (July 1)

Basis and Rate

Community Antenna TV*	5.25%
Certified Competitive Video Service Provider*	5.25%
Satellite TV*	5.25%
Railroad	2 - 3.5%
Gas Companies	5%
Gas sales to residential customers	4%
Electric Distribution Companies	6.8% for residential customers 8.5% for nonresidential customers (other than manufacturers)

* Certified Competitive Video Service Providers, Community Antenna TV, and Satellite TV service providers are subject to an additional 0.25% tax for a total tax rate equal to 5.25%. The additional tax is used to fund the Public, Educational and Governmental Programming and Education Technology Investment Account.

PUBLIC SERVICE COMPANIES TAX (cont.)

Residential Credit

Gas companies claimed \$7,171,785 in Fiscal Year 2013-14 under the one-percent credit attributable to the sale of gas and electric power for residential use.

Manufacturing Companies Credit

\$8,560,358 was claimed in credit for Fiscal Year 2013-14 for gas sales used directly by a company engaged in a manufacturing production process.

Comparative Data

	FY 2011-12	FY 2012-13	FY 2013-14
Cable, Satellite & Video Companies	\$52,656,640	\$56,439,345	\$63,574,938
Electric & Power Companies	153,968,884	157,298,145	171,536,153
Gas Companies	51,181,942	56,791,905	60,553,567
Public, Educational & Governmental Programming Tax*	3,584,642	3,452,386	4,168,579
Railroad Companies	89,114	115,320	138,565
Total Tax	\$261,481,222	\$274,097,101	\$299,971,802

* Additional tax on cable, satellite and video for deposit in the public, educational and governmental programming and education technology investment account.

Municipal Electric Utilities

The gross earnings of municipal electric utilities in Connecticut are taxed in the same manner as the gross earnings of electric distribution companies. Municipal electric utilities are subject to gross earnings tax only on their gross earnings from providing electric transmission services and electric distribution services. The rate is 6.8% for transmitting and distributing power to residential customers and 8.5% on nonresidential services.

REAL ESTATE CONVEYANCE TAX

Connecticut imposes a tax on the conveyance of real property. The tax is assessed on the full purchase price of the property and is determined by the classification of the property being conveyed. Payment of the tax is the responsibility of the seller of the property and must be paid before the deed can be recorded.

Revenue	
FY 2013-14	\$172,196,438
2012-13	147,184,519
2011-12	121,762,920

Exemptions

- Deeds which this state is prohibited from taxing under the constitution or laws of the United States;
- Deeds which secure a debt or other obligation;
- Deeds to which this state or any of its political subdivisions or their respective agencies is a party;
- Deeds of release of property which is security for a debt or other obligation;
- Deeds of partition;
- Deeds made pursuant to mergers of corporations;
- Deeds made by subsidiary corporation to its parent corporation for no consideration other than the cancellation or surrender of the subsidiary's stock;
- Conveyance of an interest in real property pursuant to a decree of the superior court; as the result of:
 - A. An annulment, dissolved marriage, or legal separation; or
 - B. Partition of joint and common estates;
 - C. Foreclosure by sale;
- Certain exempt corporation transfers;
- All transfers between spouses;
- Any deeds of property located in an entertainment district;
- Conveyances of burial rights;
- Land development rights to agricultural land under the state farmland preservation program;
- Transfers or conveyances of real estate to effectuate a mere change of identity or form of ownership or organization where there is no change in beneficial ownership;
- Employee relocation company or employer re-sales within six months of conveyance from relocated employee;

REAL ESTATE CONVEYANCE TAX (cont.)

Exemptions (cont.)

- Deeds of sale in lieu of foreclosure that transfer the transferor's principal residence;
- Deeds pursuant to a judgment of foreclosure by market sale; and
- Any instrument transferring a transferor's principal residence where the gross purchase price is insufficient to pay the sum of:
 - The mortgages encumbering the property transferred; and
 - Any real property taxes and municipal utility or other charges for which the municipality may place a lien on the property (such as sewer taxes) and which have priority over the mortgages encumbering the property transferred.

Basis and Rate

Classification	Rate
Unimproved Land	0.75%
Nonresidential property other than Unimproved Land	1.25%
Residential Dwelling:	
Portion \$800,000 or less	0.75%
Portion that exceeds \$800,000	1.25%
Residential Property other than Residential Dwelling	0.75%
Delinquent Mortgage	0.75%

The table on the following page will show the number of conveyances by price of property and the conveyance tax revenue generated for the same price increments.

REAL ESTATE CONVEYANCE TAX (cont.)

Fiscal Year 2013-14 Conveyances

Amount of Consideration	Number of Taxable Conveyances	Number of Non-Taxable Conveyances *	Number of Exempt Conveyances	Tax Remitted
Under \$2,000	0	24,932	10,450	\$ 0
\$ 2,000 to \$ 29,999.99	1,464	0	29	172,851
\$ 30,000 to \$ 39,999.99	632	0	14	163,329
\$ 40,000 to \$ 49,999.99	665	0	9	222,511
\$ 50,000 to \$ 59,999.99	823	0	9	336,299
\$ 60,000 to \$ 69,999.99	743	0	16	362,776
\$ 70,000 to \$ 79,999.99	840	0	18	473,841
\$ 80,000 to \$ 89,999.99	756	0	28	479,173
\$ 90,000 to \$ 99,999.99	786	0	30	555,343
\$100,000 to \$109,999.99	910	0	24	722,295
\$110,000 to \$119,999.99	973	0	21	837,469
\$120,000 to \$129,999.99	1,166	0	31	1,098,175
\$130,000 to \$139,999.99	1,147	0	28	1,164,351
\$140,000 to \$149,999.99	1,144	0	25	1,244,571
\$150,000 to \$159,999.99	1,376	0	29	1,604,005
\$160,000 to \$169,999.99	1,277	0	17	1,585,418
\$170,000 to \$179,999.99	1,255	0	25	1,659,318
\$180,000 to \$189,999.99	1,148	0	20	1,603,201
\$190,000 to \$199,999.99	1,008	0	21	1,479,588
\$200,000 to \$249,999.99	4,692	0	62	7,924,777
\$250,000 to \$299,999.99	3,983	0	45	8,222,257
\$300,000 to \$399,999.99	5,341	0	57	13,995,911
\$400,000 to \$499,999.99	2,856	0	21	9,663,492
\$500,000 to \$599,999.99	1,667	0	12	6,988,696
\$600,000 to \$699,999.99	1,155	0	15	5,745,494
\$700,000 to \$799,999.99	817	0	11	4,716,191
\$800,000 and over	3,667	0	28	84,215,913
Total	42,291	24,932	11,095	\$157,237,245

* Non-taxable equals no consideration or consideration of less than \$2,000

FY 2013-14 REAL ESTATE CONVEYANCE TAX BY TOWN

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
ANDOVER	28	25	\$ 4,630,274	\$ 34,727
ANSONIA	169	171	29,899,389	243,025
ASHFORD	48	36	4,671,600	35,037
AVON	209	348	162,691,527	1,303,896
BARKHAMSTED	47	45	7,892,550	59,194
BEACON FALLS	62	80	16,553,611	124,152
BERLIN	198	272	76,189,877	600,149
BETHANY	51	67	20,505,327	163,482
BETHEL	216	247	125,696,568	1,179,689
BETHLEHEM	58	37	10,855,750	96,418
BLOOMFIELD	226	236	58,243,858	468,030
BOLTON	55	65	16,292,703	123,895
BOZRAH	34	30	4,308,655	33,364
BRANFORD	398	430	139,584,361	1,169,593
BRIDGEPORT	1178	1118	198,903,454	1,785,141
BRIDGEWATER	27	27	16,182,416	132,882
BRISTOL	669	641	168,349,301	1,592,842
BROOKFIELD	175	326	131,906,947	1,042,546
BROOKLYN	95	120	20,676,919	157,487
BURLINGTON	95	145	44,609,872	336,724
CANAAN	12	21	5,351,870	46,139
CANTERBURY	63	50	8,408,286	63,937
CANTON	102	183	69,864,734	593,696
CHAPLIN	27	24	3,380,079	28,626
CHESHIRE	258	373	114,927,603	889,712
CHESTER	36	55	15,262,286	118,757
CLINTON	194	172	45,299,687	369,478
COLCHESTER	180	210	49,119,305	370,520
COLEBROOK	22	23	4,600,025	34,925
COLUMBIA	64	73	17,308,370	139,059
CORNWALL	24	26	10,186,770	77,901
COVENTRY	215	204	40,988,298	309,597
CROMWELL	158	220	63,665,964	563,064
DANBURY	734	912	413,314,312	3,256,974
DARIEN	155	376	593,567,690	6,086,570
DEEP RIVER	61	55	15,627,624	131,832
DERBY	127	126	20,042,634	153,795
DURHAM	72	71	19,373,832	149,054
EASTFORD	32	23	4,576,000	35,820
EAST GRANBY	51	82	19,744,315	148,082
EAST HADDAM	133	142	34,552,573	265,031
EAST HAMPTON	151	179	48,349,719	414,560
EAST HARTFORD	465	495	77,958,610	656,599

FY 2013-14 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
EAST HAVEN	335	311	\$ 57,849,352	\$ 454,775
EAST LYME	265	311	90,660,581	701,582
EASTON	77	112	61,711,808	477,581
EAST WINDSOR	110	172	32,011,200	262,049
ELLINGTON	141	191	53,411,015	405,135
ENFIELD	400	464	119,383,500	1,113,789
ESSEX	91	104	53,303,025	463,108
FAIRFIELD	515	1002	789,466,914	7,237,580
FARMINGTON	331	425	211,035,906	1,719,348
FRANKLIN	29	38	9,908,280	83,640
GLASTONBURY	358	527	214,258,803	1,767,455
GOSHEN	62	75	24,860,112	195,776
GRANBY	122	156	41,708,900	314,442
GREENWICH	560	998	2,203,726,256	23,775,261
GRISWOLD	175	112	20,379,119	176,193
GROTON	368	406	119,968,792	1,053,050
GUILFORD	259	317	130,423,133	1,056,760
HADDAM	86	109	25,583,383	193,000
HAMDEN	542	604	190,275,683	1,496,314
HAMPTON	22	19	3,289,600	25,597
HARTFORD	676	648	177,919,003	1,578,286
HARTLAND	19	22	4,095,700	31,218
HARWINTON	64	74	16,982,204	128,392
HEBRON	81	106	24,746,918	186,162
KENT	50	51	28,652,500	266,231
KILLINGLY	236	222	33,446,139	260,737
KILLINGWORTH	100	100	30,361,629	248,622
LEBANON	77	108	19,367,426	145,856
LEDYARD	178	211	41,432,262	310,742
LISBON	59	47	7,560,659	62,105
LITCHFIELD	96	133	50,941,273	423,422
LYME	62	47	19,754,662	162,897
MADISON	191	281	152,088,057	1,240,010
MANCHESTER	492	632	145,482,842	1,287,104
MANSFIELD	166	184	71,008,812	665,816
MARLBOROUGH	59	76	21,309,299	160,195
MERIDEN	657	521	119,545,201	1,010,945
MIDDLEBURY	71	101	28,912,803	219,869
MIDDLEFIELD	44	49	12,324,966	98,362
MIDDLETOWN	416	488	121,774,963	942,400
MILFORD	544	677	202,868,370	1,664,433
MONROE	175	213	78,753,314	624,538
MONTVILLE	286	219	36,200,865	289,904

FY 2013-14 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
MORRIS	40	42	\$ 12,939,535	\$ 104,609
NAUGATUCK	366	263	41,255,653	332,156
NEW BRITAIN	588	598	124,217,655	974,446
NEW CANAAN	169	401	596,219,830	5,978,587
NEW FAIRFIELD	162	186	67,883,460	533,887
NEW HARTFORD	83	83	21,190,799	164,131
NEW HAVEN	989	762	188,943,098	1,548,500
NEWINGTON	311	370	94,190,821	800,163
NEW LONDON	221	197	36,354,776	291,148
NEW MILFORD	348	367	122,022,033	1,095,841
NEWTOWN	284	389	147,413,149	1,126,124
NORFOLK	31	20	7,718,975	63,717
NORTH BRANFORD	111	113	30,661,865	233,189
NORTH CANAAN	43	43	5,649,522	42,371
NORTH HAVEN	256	242	68,538,219	534,249
NORTH STONINGTON	78	67	17,424,181	148,281
NORWALK	673	1072	558,004,782	4,956,931
NORWICH	470	367	100,576,823	1,043,338
OLD LYME	190	158	57,862,510	455,791
OLD SAYBROOK	242	215	84,171,246	718,448
ORANGE	132	172	105,550,368	829,961
OXFORD	151	178	60,943,933	462,079
PLAINFIELD	208	154	25,997,189	219,635
PLAINVILLE	232	224	43,217,551	344,082
PLYMOUTH	143	171	29,801,154	247,678
POMFRET	37	44	12,171,458	93,214
PORTLAND	91	125	28,204,051	211,530
PRESTON	74	70	13,047,738	101,061
PROSPECT	92	85	24,389,551	193,993
PUTNAM	129	107	17,799,866	141,386
REDDING	78	115	61,496,208	480,170
RIDGEFIELD	256	454	333,407,126	2,876,453
ROCKY HILL	144	214	108,703,221	839,099
ROXBURY	33	50	34,477,736	307,205
SALEM	58	60	9,469,222	71,019
SALISBURY	73	92	54,835,805	504,933
SCOTLAND	17	24	4,615,853	35,494
SEYMOUR	143	186	41,574,483	333,334
SHARON	64	81	33,395,539	264,549
SHELTON	385	511	198,393,185	1,669,375
SHERMAN	56	74	34,101,915	286,847
SIMSBURY	231	371	127,302,926	980,596
SOMERS	86	111	28,373,747	215,453

FY 2013-14 REAL ESTATE CONVEYANCE TAX BY TOWN (cont.)

Municipality	Non-taxable and Exempt Conveyances	Taxable Conveyances	Consideration for Taxable Conveyances	Tax Remitted
SOUTHBURY	253	397	\$ 101,864,957	\$ 814,072
SOUTHINGTON	468	665	191,159,733	1,529,550
SOUTH WINDSOR	276	359	113,002,555	949,952
SPRAGUE	24	30	3,661,628	27,462
STAFFORD	174	207	29,891,603	252,262
STAMFORD	974	1453	938,398,752	7,781,010
STERLING	41	52	9,888,050	78,910
STONINGTON	267	317	131,013,800	1,146,157
STRATFORD	523	651	181,318,300	1,581,050
SUFFIELD	155	226	64,072,618	495,384
THOMASTON	84	88	14,873,015	124,585
THOMPSON	129	106	14,619,085	111,228
TOLLAND	125	177	45,607,844	347,734
TORRINGTON	429	411	59,811,053	479,748
TRUMBULL	272	492	204,677,315	1,666,534
UNION	29	12	1,528,873	11,467
VERNON	332	343	75,734,553	603,675
VOLUNTOWN	42	39	7,776,750	58,326
WALLINGFORD	404	499	145,465,646	1,252,449
WARREN	28	27	24,348,082	246,780
WASHINGTON	72	85	66,930,387	671,545
WATERBURY	1310	901	151,652,247	1,432,601
WATERFORD	266	273	68,136,612	539,550
WATERTOWN	212	230	55,228,096	472,448
WESTBROOK	233	153	33,606,388	267,807
WEST HARTFORD	512	932	316,515,296	2,520,084
WEST HAVEN	531	459	87,422,321	744,232
WESTON	106	181	140,150,265	1,183,385
WESTPORT	352	592	988,336,550	10,341,184
WETHERSFIELD	292	366	89,135,394	701,690
WILLINGTON	67	50	14,486,728	115,850
WILTON	129	304	276,242,300	2,492,209
WINCHESTER	138	108	17,492,918	136,797
WINDHAM	197	193	24,815,131	204,983
WINDSOR	295	308	86,813,101	706,643
WINDSOR LOCKS	193	147	31,560,344	273,339
WOLCOTT	155	173	38,238,800	293,366
WOODBIDGE	69	125	52,623,843	403,454
WOODBURY	133	119	33,549,391	261,145
WOODSTOCK	95	121	25,535,643	199,432
TOWN UNKNOWN	52	68	31,898,671	295,427
TOTAL	36,027	42,291	\$17,656,454,169	\$157,237,241

RENTAL SURCHARGE

The Rental Surcharge is imposed on the rental of each private passenger motor vehicle or rental truck in Connecticut by a rental company for a period of less than 31 days. Rental companies must pay over the portion of the surcharge collected during the calendar year that exceeds the amount paid in personal property tax and the amount paid in titling and registration fees. A rental truck is defined as either a vehicle rented without a driver that has a gross vehicle weight rating of 26,000 pounds or less and is used in the transportation of personal property but not for business purposes, or a trailer that has a gross vehicle weight rating of not more than 6,000 pounds.

The surcharge also includes a 1.5% surcharge on machinery rented within Connecticut for a period of less than 31 days. The term of a machinery rental begins on the date a piece of machinery is rented to a lessee and terminates on the date the piece of machinery is returned to the rental company. Machinery means heavy equipment intended for outside use that may be used for construction, mining, or forestry. It is rented without an operator and is propelled by its own internal engine or internal power source.

Revenue	
FY 2013-14	\$ 274,934
2012-13	259,791
2011-12	230,315

Exemptions

- Motor vehicles delivered to a lessee outside Connecticut;
- Rentals by an agency of United States Government;
- Rentals of 31 days or more; and
- Rentals of motor vehicles by a person that is not a rental company.

Number of Taxpayers / Filing Frequency

86 taxpayers / Annually

Basis and Rate

3% of the total rental charges on passenger motor vehicles or trucks.
1.5% of the total rental charges on heavy machinery.

Comparative Data

Gross collections of the surcharge by rental companies during 2013 amounted to \$6,966,797. Rental companies retained the difference between gross collections and the amount remitted to reimburse personal property taxes and titling and registration fees paid in Connecticut.

REPEALED TAXES

SUCCESSION TAX

The Succession Tax was levied on the transfer of property after death, with rates that varied depending on the size of the estate and the relationship of the decedent to the survivor. Due to legislative changes enacted during the 2005 Legislative Session, the Connecticut Succession Tax has been repealed and does not apply to estates of decedents dying on or after January 1, 2005.

Revenue collected for Fiscal Year 2013-14: \$ 843,453

SALES AND USE TAXES

Connecticut levies sales and use taxes on the gross receipts of retailers from the sale of tangible personal property at retail, from the rental or leasing of tangible personal property, and on the gross receipts from the rendering of certain services.

Revenue	
FY 2013-14	\$ 4,107,784,578
2012-13	3,961,559,358
2011-12	3,887,346,160

Basis and Rate

6.35% on the gross receipts from the sale, rental or leasing of tangible personal property, and the rendering of certain services (general rate);

-
- 7%
- Most motor vehicles with a sales price of more than \$50,000;
 - Items of jewelry, whether real or imitation, with a sales price of more than \$5,000; and;
 - Articles of clothing or footwear or a handbag, luggage, umbrella, wallet or watch, with a price of more than \$1,000.

4.5% on the sale of a motor vehicle to a nonresident member of the United States armed forces serving on active duty in Connecticut;

1% on computer and data processing services;

9.35% for the rental or leasing of a passenger motor vehicle for a period of 30 consecutive calendar days or less;

15.0% on the rental of rooms in a hotel or lodging house.

SALES AND USE TAXES (cont.)

Exemptions

Conn. Gen. Stat. §12-412 provides for various exemptions from the sales and use taxes for the sale of, storage, use or other consumption of numerous goods and services. The following table provides a summary of the major exemptions claimed by businesses during Fiscal Year 2013-14.

FY 2013-14 SALES TAX EXEMPTIONS

(In Millions)

Deductible Item	Deductions at the 6.35% Tax Rate	Deductions at the 7.0% Tax Rate	Total Deductions	Revenue Forgone
Sale for Resale - Goods	\$92,814.8	\$1,402.6	\$94,217.5	\$5,991.9
Sale for Resale - Leases and Rentals	2,524.5	366.3	2,890.8	185.9
Sale for Resale - Labor and Services	2,141.7	0.0	2,141.7	136.0
Magazines by Subscription and All Newspapers	135.7	0.0	135.7	8.6
Trucks with Gross Vehicle Weight Over 26,000 Pounds or Used for Interstate Freight	126.8	0.0	126.8	8.0
Food Products for Human Consumption	6,341.2	0.0	6,341.2	402.7
Fuel for Motor Vehicles	8,736.0	0.0	8,736.0	554.7
Electricity/Gas/Heating Fuel (residential)	3,762.2	0.0	3,762.2	238.9
Electricity (\$150 monthly per business)	67.8	0.0	67.8	4.3
Electricity/Gas/Heating Fuel for Manufacturing or Agricultural Production	718.3	0.0	718.3	45.6
Aviation Fuel	141.5	0.0	141.5	9.0
Sales of Tangible Personal Property to Farmers	96.8	0.0	96.8	6.1
Machinery/Materials/Tools/Fuel - Mfg. Product	1,862.0	0.0	1,862.0	118.2

FY 2013-14 SALES TAX EXEMPTIONS (cont.)
(In Millions)

Deductible Item	Deductions at the 6.35% Tax Rate	Deductions at the 7.0% Tax Rate	Total Deductions	Revenue Forgone
Machinery/Materials/ Equip. - Printing	101.3	0.0	101.3	6.4
Machinery/Materials/ Tools/Fuel - Comm. Fishing	30.5	1.6	32.0	2.0
Out-of-State - Sale of Goods	52,156.3	1,966.3	54,122.6	3,449.6
Out-of-State - Leases/Rentals	438.1	59.4	497.5	32.0
Out-of-State - Labor and Services	11,380.9	0.0	11,380.9	722.7
Sales of Motor Vehicles, Vessels to Nonresidents	1,006.6	172.2	1,178.8	76.0
Prescription Medicines	5,115.5	0.0	5,115.5	324.8
Charitable/Religious - Sale of Goods	1,239.0	4.3	1,243.4	79.0
Charitable/Religious - Leases and Rentals	51.0	0.1	51.1	3.2
Charitable/Religious - Labor and Services	1,738.3	0.0	1,738.3	110.4
Government - Sale of Goods	9,092.9	16.7	9,109.6	578.6
Government- Leases and Rentals	38.0	1.1	39.2	2.5
Government- Labor and Services	4,506.7	0.0	4,506.7	286.2
Pollution Abatement	31.3	0.0	31.3	2.0
Non-Taxable Labor and Services	16,147.2	0.0	16,147.2	1,025.3
Business Services/Parent Owned Subs.	520.7	0.0	520.7	33.1
Trade-ins of Like-Kind Personal Property	911.3	137.4	1,048.8	67.5
Taxed Goods returned within 90 days	177.5	0.4	177.9	11.3

FY 2013-14 SALES TAX EXEMPTIONS (cont.)
(In Millions)

Deductible Item	Deductions at the 6.35% Tax Rate	Deductions at the 7.0% Tax Rate	Total Deductions	Revenue Forgone
Oxygen, Plasma, Prostheses, etc.	219.5	0.0	219.5	13.9
Printed Material for Future Delivery Out-of-State	0.0	0.0	0.0	0.0
Funeral Expenses up to \$2,500	106.0	0.0	106.0	6.7
Repair or Replacement Parts/Repair Services to Aircraft	236.9	0.0	236.9	15.0
Certain Machinery - Manufacturing Recovery Act of 1992 (Difference between the Full and 3% Rates)	44.9	0.0	44.9	2.8
Sales of Machinery, Equipment, Tools, Fuel, and Supplies used in the Biotechnology Industry	26.7	0.0	26.7	1.7
Sales of Repair and Maintenance Service to Vessels	59.1	0.0	59.1	3.8
Computer and Data Processing Services (Difference between the Full and 1% Rates)	2,572.9	0.0	2,572.9	163.4
Renovation Services to Residential Property	441.0	0.0	441.0	28.0
Sales to Direct Payment Permit Holders	476.2	2.7	478.9	30.4
Sales of College Textbooks	29.3	0.0	29.3	1.9
Sales Tax Holidays	82.3	0.0	82.3	5.2
Weatherization Products	123.6	0.0	123.6	7.8

FY 2013-14 SALES TAX EXEMPTIONS (cont.)
(In Millions)

Deductible Item	Deductions at the 6.35% Tax Rate	Deductions at the 7.0% Tax Rate	Total Deductions	Revenue Forgone
Motor Vehicles Sold to Armed Forces (Difference between the Full and 4.5% Rates)	5.1	3.2	8.3	0.6
Purchases of Cigarettes Taxed by a Distributor	609.1	0.0	609.1	38.7
Other Adjustments - Sales of Goods	8,448.5	195.0	8,643.5	550.1
Other Adjustments - Leases and Rentals *	290.9	9.8	780.3	64.0
Other Adjustments - Labor and Services	1,267.0	0.0	1,267.0	80.5
TOTAL	\$239,191.7	\$4,339.3	\$244,010.6	\$15,537.3

* Includes deductions for the 9.35% tax rate.

Number of Taxpayers/Filing Frequency

150,950 Sales and Use Taxpayers
 41,555 / Monthly
 46,865 / Quarterly
 62,530 / Annually

2,405 Business Use Taxpayers

635 Room Occupancy Taxpayers
 545 / Monthly
 90 / Quarterly

Comparative Data

Table I provides a summary of all gross receipts reported under the sales and use taxes attributable to various components. Note that the figures are gross, and do not necessarily represent taxable receipts.

SALES AND USE TAXES (cont.)

Table I:

Gross Receipts Reported on Sales Tax Returns Periods Ending in Fiscal Year 2013-14 (In Millions)

Gross Receipts Attributable to:	6.35% Tax Rate	7.0% Tax Rate
Sales of Tangible Personal Property	\$245,520.6	\$4,874.1
Leasing/Rental of Tangible Personal Property	3,579.5	236.9
Rendering of Services	45,663.2	0

Table II provides a summary of taxable receipts reported under the sales and use taxes attributable to room occupancy and the rental or leasing of passenger motor vehicles for a period of 30 consecutive calendar days or less.

Table II:

Taxable Receipts Periods Ending in Fiscal Year 2013-14 (In Millions)

Taxable Receipts Attributable to:	Tax Rate	Taxable Receipts
Room Occupancy	15%	\$704.9
Rental or Leasing of Motor Vehicles for 30 days or Less	9.35%	212.4

Table III provides a summary of taxable purchases subject to business use taxes.

Table III:

Purchases Subject to Business Use Tax Periods Ending in Fiscal Year 2013-14 (In Millions)

	6.35% Tax Rate	7.0% Tax Rate
Purchases of Tangible Personal Property	\$3,232.8	\$2.6
Leasing/Rental of Tangible Personal Property	18.8	0.2
Purchases of Services	779.4	0

SALES AND USE TAXES (cont.)

Table IV below, provides a summary of retail sales of goods for the state of Connecticut over the past three fiscal years. These sales are provided for the Retail Trade subsectors within the North American Industry Classification System (NAICS). Approximately half of all the sales and use tax revenue is generated by the retail trade sector.

TABLE IV: Retail Sales Volume - Fiscal Years 2012 - 2014
(In Millions)

	FY 2011-12	FY 2012-13	FY 2013-14
Motor Vehicle and Parts Dealers (NAICS 441)	\$7,995.9	\$8,392.7	\$9,098.9
Furniture and Home Furnishings Stores (NAICS 442)	1,181.9	1,204.5	1,252.7
Electronics and Appliance Stores (NAICS 443)	1,747.8	1,619.7	1,641.0
Building Material and Garden Equipment and Supplies Dealers (NAICS 444)	3,022.7	3,027.5	3,161.2
Food and Beverage Stores (NAICS 445)	10,798.6	11,101.7	11,183.5
Health and Personal Care Stores (NAICS 446)	4,667.1	4,413.1	4,714.6
Gasoline Stations (NAICS 447)	3,787.5	3,789.5	3,774.4
Clothing and Clothing Accessories Stores (NAICS 448)	2,826.7	2,920.4	2,945.6
Sporting Goods, Hobby, Book and Music Stores (NAICS 451)	978.8	1,070.9	1,055.0
General Merchandise Stores (NAICS 452)	5,376.6	5,439.3	5,380.8
Miscellaneous Store Retailers (NAICS 453)	5,016.5	5,163.2	5,052.6
Non-store Retailers (NAICS 454)*	4,066.4	4,342.9	4,956.4
TOTAL RETAIL TRADE (NAICS 44-45)	\$51,466.4	\$52,485.4	\$54,216.7

* Prior retail sales amounts for NAICS 454 revised from FY 2012-13 Annual report.

Table V on the following page provides total sales and use taxes revenues by the economic activities sectors of the North American Industry Classification System (NAICS) for Fiscal Year 2013-14. The revenues are from regular payments and represent 94% of the total sales and use taxes collected in FY 2013-14.

SALES AND USE TAXES (cont.)

TABLE V: Sales & Use Tax - From Periods Ending in Fiscal Year 2013-14
(In Millions)

	NAICS Code	Tax Due at 6.35%	Tax Due at 7.0%	Total Tax Due (Incl. 9.35% rate)
<i>Motor Vehicle and Parts Dealers</i>	441	\$377.6	\$28.7	\$406.6
<i>Furniture and Home Furnishings</i>	442	63.2	0.1	63.3
<i>Electronics and Appliance Stores</i>	443	68.5	0.0	68.5
<i>Building Material and Garden Equipment</i>	444	170.6	0.0	170.6
<i>Food and Beverage Stores</i>	445	202.6	0.2	202.8
<i>Health and Personal Care Stores</i>	446	67.4	0.1	67.5
<i>Gasoline Stations</i>	447	23.9	0.7	24.7
<i>Clothing and Clothing Accessories Stores</i>	448	160.5	10.3	170.8
<i>Sporting Goods, Hobby, Book Stores</i>	451	55.0	0.0	55.0
<i>General Merchandise Stores</i>	452	240.6	0.2	240.7
<i>Miscellaneous Store Retailers</i>	453	200.0	2.5	202.5
<i>Non-store Retailers</i>	454	96.8	0.1	96.9
Retail Sector Subtotal	44-45	\$1,726.5	\$42.9	\$1,769.7
Utilities	22	112.6	0.0	112.6
Construction	23	137.4	0.1	137.6
Manufacturing	31-33	183.9	0.2	184.1
Wholesale Trade	42	208.9	0.5	209.4
Information	51	294.4	0.6	295.0
Finance and Insurance	52	49.7	0.1	49.8
Real Estate and Rental and Leasing	53	94.6	5.7	117.3
Professional, Scientific and Technical Services	54	173.4	0.1	173.6
Administrative and Support	56	176.5	0.1	176.5
Arts, Entertainment & Recreation	71	31.1	0.1	31.2
Accommodation and Food Services	72	331.2	0.2	331.5
Other Services (except Public Admin)	81	160.1	1.8	162.0
All Other Businesses		113.4	2.0	117.8
TOTAL SALES & USE TAX REVENUE		\$3,793.7	\$54.5	\$3,868.0

SOLID WASTE TAX

The Solid Waste Tax is levied on the owners of commercial resources recovery facilities that process municipal solid waste to reclaim energy.

Revenue	
FY 2013-14	\$3,459,416
2012-13	3,417,632
2011-12	3,470,186

Number of Taxpayers / Filing Frequency

7 taxpayers / Quarterly

Basis and Rate

\$1.50 per ton of solid waste processed.

TOBACCO PRODUCTS TAX

An excise tax is imposed on all non-cigarette tobacco products such as cigars, stogies, snuff, pipe and chewing tobacco. The tax is imposed when the tobacco products are manufactured, imported, or purchased by distributors. Distributors must be licensed annually and remit the tax on a monthly basis.

Revenue	
FY 2013-14	\$12,438,546
2012-13	16,419,338
2011-12	9,944,436

Exemptions

- Tobacco products exported from the State; and
- Tobacco products sold to the federal government.

Number of Taxpayers/Filing Frequency

209 distributors/Monthly

Basis and Rate

Tobacco products are taxed at 50% of the wholesale sales price. In the case of cigars, the tax is 50% of the wholesale sales price, not to exceed 50¢ per cigar.

Snuff tobacco products are taxed at a rate of \$1.00 per ounce

TOURISM SURCHARGE

A surcharge is levied on the rental and leasing of passenger motor vehicles for a period of thirty consecutive calendar days or less. Revenues generated by the surcharge are deposited into the General Fund.

Revenue	
FY 2013-14	\$4,997,092
2012-13	4,976,715
2011-12	4,914,319

Exemption

The rental or leasing of a motor vehicle pursuant to a written agreement, which has a term of more than thirty days.

Number of Taxpayers / Filing Frequency

21 taxpayers / Monthly
70 taxpayers / Quarterly

Basis and Rate

\$1.00 per rental/leasing day or portion thereof, of passenger motor vehicles.

UNRELATED BUSINESS INCOME TAX

The Unrelated Business Income Tax is imposed on any trade or business conducted by a tax-exempt organization that does not substantially relate to its tax-exempt purpose. The tax is paid at the same rate as the Corporation Business Tax. For most taxpayers, the due date is either April 15 or May 15, depending on the entity. Foreign trusts however, generally have a due date of June 15.

Revenue	
FY 2013-14	\$ 4,707,536
2012-13	2,106,930
2011-12	1,957,467

Number of Taxpayers / Filing Frequency

290 organizations / Annually

Basis and Rate

7.5% of the unrelated business income of the organization. A surtax of 20% applies to organizations whose gross income is \$100 million or more for the 2012 through 2015 income years. No minimum tax is required.

Credits

For the 2012 income year, 33 taxpayers claimed \$18,573 in Electronic Data Processing Property Tax Credits.

PENALTY AND INTEREST RECEIPTS

Failure to pay taxes or file tax returns in a timely manner generally results in a penalty to the taxpayer of \$50 or 10% of the tax due, whichever is greater. If the taxpayer is subject to a penalty for late payment, the late filing penalty is not applicable.

Penalties for late electronic funds transfer (EFT) payments are:

- 2% of the tax due for EFT payments not more than 5 days late;*
- 5% for EFT payments more than 5 days but not more than 15 days late; and*
- 10% for EFT payments more than 15 days late.*

The penalty for the late payment of Sales and Use taxes is 15% of the amount due, or \$50, whichever is greater. The penalty for failure to pay the use tax with the Connecticut income tax return is 10%, reduced from 15%, to parallel the rate for the income tax.

Interest is also charged on any amount of tax due that is not paid on or before the due date or on the underpayment of estimated tax requirements. Interest is charged on a monthly basis at a rate of 1% per month from the due date.

Penalty and Interest Revenue By Tax Source

Tax Type		FY 2011-12	FY 2012-13	FY 2013-14
Corporation Business Tax	Penalty	\$ 3,343,423	\$2,573,637	\$2,502,469
	Interest	30,202,299	32,003,377	18,007,865
Income Tax	Penalty	18,234,937	12,510,547	25,076,887
	Interest	52,174,410	37,997,013	53,500,779
Sales & Use	Penalty	14,585,942	8,672,539	13,778,545
	Interest	29,732,450	27,946,552	22,258,267
All Other Taxes	Penalty	4,081,914	5,154,740	4,965,611
	Interest	7,587,771	6,253,646	6,717,499
Total	Penalty	40,246,216	28,911,463	46,323,513
	Interest	119,696,930	104,200,587	100,484,409

TAX REFUNDS

The Department of Revenue Services issues refunds to taxpayers when an overpayment of tax liability has been made. The refund is charged to the fund to which such tax, penalty or interest was previously credited. Due to statutory allowances, refunds for Motor Fuel Taxes are allowed in certain cases involving fuel sold to a Connecticut motorbus company or company engaged in livery service.

Refunds of the Personal Income Tax owed to any person or entity with a debt obligation to Connecticut, the Internal Revenue Service or another reciprocating state may be withheld to offset the outstanding debt. There were 39,966 external offsets totaling \$15,232,285 in Fiscal Year 2013-14, compared to 45,679 external offsets that totaled \$16,012,640 in Fiscal Year 2012-13.

AMOUNT OF TAXES REFUNDED			
	FY 2011-12	FY 2012-13	FY 2013-14
Admissions & Dues Tax	\$25,548	\$28,760	\$106,761
Alcoholic Beverages Tax	5,307	74,947	12,206
Business Entity Tax	781,721	803,582	869,302
Business Use Tax	432,709	2,296,579	1,175,048
Cable, Satellite & Video Companies Tax	10,149,265	236,112	55,022
Cigarette Tax	2,143,257	491,545	268,276
Controlling Interest Transfer Tax	936,266	739,353	971,895
Corporation Business	85,322,616	170,093,937	139,584,663
Corporation R&D Credit Buyback	3,562,557	4,086,259	5,055,261
Electric & Power Companies	86,258	295,442	61,836
Estate Tax (Repealed)	7,999	0	278,604
Gas Companies	40,013	477,430	23,881
Gasoline Motor Vehicle Fuels Tax	4,238,212	4,112,124	4,429,033
Gift & Estate Tax	17,145,556	18,453,591	21,899,481
Gift Tax (Repealed)	11,894	18,575	13,210
Health Care Centers Tax	3,048,793	10,494,471	2,606,509
Hospital Net Patient Revenue Tax	0	69,455	20,000,000
Income Tax	938,202,610	908,735,444	948,694,153
Insurance Premiums Tax, Domestic	1,410,015	2,277,360	7,460,750
Insurance Premiums Tax, Foreign	17,389,158	7,664,326	6,296,147
Insurance; Nonadmitted/Unauthorized	20,701	15,069	2,337,839
Motor Carrier Road Tax	1,333,189	1,822,596	2,196,244
Nursing Home User Fee	202,392	321,402	64,728
Occupational tax	107,513	124,799	154,483
Petroleum Products Gross Earnings Tax	4,704,476	4,310,500	5,246,350
Public, Educational & Gov. Programming Tax	37,754	4,197	80,299
Railroad Companies Tax	0	0	15,436
Real Estate Conveyance Tax	1,792,408	1,144,737	5,696,260
Room Occupancy Tax	423,063	56,679	157,150
Sales & Use Taxes	20,320,131	15,179,199	18,094,213
Special Fuel Tax	1,434,694	159,895	367,754
Succession Tax	9,346	293,956	1,597,756
Unrelated Business Income Tax	249,590	175,913	343,312
Miscellaneous	91,926	11,514	-36,149
Total	\$1,115,759,005	\$1,155,245,765	\$1,196,177,711

NATIONWIDE COMPARISON OF TAX RATES

(Effective as of 1/1/14) Courtesy: Federation of Tax Administrators

STATE	CORPORATION TAX RATES (%)	SALES AND USE TAX RATES (%)	GASOLINE TAX RATES (¢ PER GAL)	CIGARETTE TAX RATE (¢ PER PACK)
Alabama	6.5	4.0	18.0	42.5
Alaska	0 - 9.4	None	8.0	200.0
Arizona	6.5	5.6	19.0	200.0
Arkansas	1.0 - 6.5	6.5	21.8	115.0
California	8.84	7.5	46.5	87.0
Colorado	4.63	2.9	22.0	84.0
Connecticut	7.5	6.35	25.0	340.0
Delaware	8.7	None	23.0	160.0
Florida	5.5	6.0	17.1	133.9
Georgia	6.0	4.0	19.3	37.0
Hawaii	4.4 - 6.4	4.0	17.0	320.0
Idaho	7.4	6.0	26.0	57.0
Illinois	9.5	6.25	20.1	198.0
Indiana	7.5	7.0	18.0	99.5
Iowa	6.0 - 12.0	6.0	22.0	136.0
Kansas	4.0	6.5	25.03	79.0
Kentucky	4.0 - 6.0	6.0	30.8	60.0
Louisiana	4.0 - 8.0	4.0	20.125	36.0
Maine	3.5 - 8.93	5.5	30.0	200.0
Maryland	8.25	6.0	27.0	200.0
Massachusetts	8.0	6.25	24.0	351.0
Michigan	6.0	6.0	19.0	200.0
Minnesota	9.8	6.875	28.6	283.0
Mississippi	3.0 - 5.0	7.0	18.4	68.0
Missouri	6.25	4.225	17.3	17.0
Montana	6.75	None	27.0	170.0
Nebraska	5.58 - 7.81	5.5	27.3	64.0
Nevada	None	6.85	23.805	80.0
New Hampshire	8.5	None	19.625	178.0
New Jersey	9.0	7.0	14.5	270.0
New Mexico	4.8 - 7.3	5.125	18.875	166.0
New York	7.1	4.0	26.4	435.0
North Carolina	6.0	4.75	37.75	45.0
North Dakota	1.48 - 4.53	5.0	23.0	44.0
Ohio	N/A	5.75	28.0	125.0
Oklahoma	6.0	4.5	17.0	103.0
Oregon	6.6 - 7.6	None	30.0	131.0
Pennsylvania	9.99	6.0	40.7	160.0
Rhode Island	9.0	7.0	33.0	350.0
South Carolina	5.0	6.0	16.75	57.0
South Dakota	None	4.0	24.0	153.0
Tennessee	6.5	7.0	21.4	62.0
Texas	N/A	6.25	20.0	141.0
Utah	5.0	4.7	24.5	170.0
Vermont	6.0 - 8.5	6.0	31.97	262.0
Virginia	6.0	4.3	11.1	30.0
Washington	None	6.5	37.5	302.5
West Virginia	6.5	6.0	35.7	55.0
Wisconsin	7.9	5.0	32.9	252.0
Wyoming	None	4.0	24.0	60.0

**DEPARTMENT OF REVENUE SERVICES
FY 2013-14 ANNUAL REPORT**

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