

## **Do-it-Yourself Revenue Calculator Documentation & Methodology**

This document provides information on the calculations and data used in the Connecticut State Comptroller's Do-it-Yourself Revenue Calculator. Each section explains the calculations made and, if applicable, the adjustments considered. Sources for each section are also listed. For questions about calculations, methodology, and/or elements of the Calculator, please contact [comptroller.braswell@ct.gov](mailto:comptroller.braswell@ct.gov). For the General Fund, only revenue items classified as taxes with projections exceeding \$100 million were included. For the Special Transportation Fund, all revenue items classified as taxes were included. Refunds of taxes were excluded from the model.

### **Disclaimer**

The Do-it-Yourself Revenue Calculator is an online, interactive tool that allows users to calculate the approximate impact of tax changes on overall annual state revenue. The Calculator is strictly for use as a tool to broadly understand approximate tax change implications, and is not intended for official use. Additionally, changes made using the Calculator are only estimates, which are likely to vary from actual realized revenues. Furthermore, it is important to note that changes in revenue policy may result in changes in taxpayer behavior. As it is not possible to model taxpayer behavior based on currently available data, the Calculator does not incorporate possible behavior changes in revenue estimates.

Finally, the product of any changes made using the Calculator is not endorsed by Connecticut's Office of the State Comptroller.

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## **State Personal Income Tax**

The state personal income tax estimates per tax rate were computed using 1) fiscal year 2022 January consensus revenue estimates from Connecticut's Office of Policy and Management (OPM) and the Connecticut General Assembly's Office of Fiscal Analysis (OFA) and 2) personal income tax tables from Connecticut's Department of Revenue Services (DRS). Using the DRS tables, the percentage of state income tax revenue attributable to filers falling in different tax brackets was determined. By estimating the average Connecticut adjusted gross income (CTAGI) of filers that fall under each tax bracket, the overall revenue attributable to each tax rate can be estimated. When a user inputs a new tax rate into the Calculator, the new revenue estimate for that tax rate is equal to the new tax rate divided by the current tax rate, multiplied by the overall revenue currently attributable to that tax rate.

Connecticut has a progressive state income tax, where the tax rate increases as the amount of taxable income increases. Each state income tax bracket has a different tax rate associated with it. Each taxpayer falls into a single tax bracket, which is determined by the taxpayer's CTAGI. Different portions of an individual's CTAGI are taxed at different rates. The tax rates apply to the portion of an individual's income within the associated bracket.

DRS splits the tax tables by type of filer (single, married filing jointly, married filing separately, and head of household). The tax tables are further split into resident and nonresident/part-year (NR/PY) filers for a total of eight different tables (single resident, single NR/PY, married filing jointly resident, married filing jointly NR/PY, etc.). These different filer types are subject to different rules regarding rates, exemptions, and phase-outs and, as a result, are not aggregated until the final steps of the process of calculating the revenue impact of user-initiated tax rate changes.

Using data from the DRS tax tables, the number of returns (i.e. the number of filers) in a tax bracket were added together to create an aggregate number of returns for that tax bracket. This step was repeated for all tax brackets. Then, using CTAGI data from the DRS tax tables, a tax bracket's aggregate CTAGI was determined by adding together the CTAGI values in the respective tax bracket. This step was repeated for all tax brackets and types of filers.

Once the aggregate number of returns and aggregate CTAGI was calculated for all tax brackets and types of filers, an average income per filer was calculated for all tax brackets. Each tax bracket's average income per filer was calculated by dividing the bracket's aggregate CTAGI by its aggregate number of returns. Determining each bracket's average income per filer allowed for the calculation of each bracket's expected personal exemption amount. Determining each bracket's average income per filer also allowed for the calculation of the amount of income subject to the phase-out of the three percent tax rate for individuals with CTAGIs over certain thresholds.

The next step was to determine, for each tax bracket, how much of the average income per filer (after adjustments) was taxed at each tax rate. To calculate this, the previously

calculated expected personal exemption and three percent phase-out amounts were used. This process was repeated for each filer type.

Determining how much of the adjusted average income per filer (i.e. including expected personal exemptions) was taxed at each rate also allowed for the calculation of the percentage of each bracket's adjusted average income per filer taxed at each rate. These percentages were calculated by dividing the adjusted average income per filer taxed at each rate in a specific bracket by the adjusted average income per filer for that respective bracket. This process was repeated for each tax bracket and filer type.

Each resulting percentage was multiplied by the Connecticut personal income tax revenue attributable to the percentage's respective tax bracket and filer type. The products for each bracket were then added together across the bracket's filer types. This sum was then divided by the aggregate Connecticut personal income tax revenue attributable to the respective bracket across all filer types. This denominator was calculated, using the DRS tax tables, by adding together the Connecticut personal income tax revenues for each tax bracket, and then adding the same tax brackets (from all filer types) together. This step was repeated for all tax brackets.

The resulting quotients were then multiplied by their respective tax rates. Then, each resulting product was divided by the aggregate amount of total Connecticut personal income tax attributable to the respective tax bracket. This calculation produced the amount of Connecticut personal income tax revenue attributable to a specific tax rate within a specific bracket. Summing these resulting quantities, across all brackets, yields the aggregate state income tax revenue attributable to a specific tax rate.

Next, the sum of the FY 2022 January consensus revenue estimate for the state personal income tax and the pass-through entity tax was divided by the sum of the previously calculated aggregate Connecticut personal income tax revenues, for all filer types, for each tax bracket. This calculation was done in order to adjust DRS reported total personal income tax revenue to budgeted revenue estimates.

In order for the Calculator to account for Connecticut's recapture provisions, several calculations needed to be made. For each applicable tax bracket, if the previously calculated average income per filer is greater than the statutory threshold for that tax filer type, then the average income per filer minus the statutory threshold for that tax filer type is multiplied by the statutory-designated recapture rate for the respective filer type. This calculation (which was repeated for each applicable tax bracket and filer type) determines the estimated average recapture per filer for that respective tax bracket and filer type. Note: A filer's actual recapture amount is the lesser of the estimated average recapture per filer and the statutory maximum recapture for the respective filer's tax bracket and type.

Following these calculations, each applicable bracket's estimated average DRS recapture per filer was multiplied by the number of filers in that respective bracket to yield an

estimated total recapture amount for that bracket. This step was repeated for each filer type.

These resulting estimated total recapture amounts were then added together, across filer types, for each specific bracket. This produced the aggregate estimated total recapture amount for each bracket across all filer types. Each bracket's aggregate estimated total recapture amount was then subtracted from the total (non-adjusted) Connecticut personal income tax revenue attributable to that specific bracket's highest rate. This calculation produced the non-adjusted, recapture-removed, total Connecticut personal income revenue by rate (for those rates where the recapture provision is applicable).

Finally, each rate's non-adjusted, recapture-removed, total Connecticut personal income revenue was multiplied by the previously calculated adjustment factor, in order to adjust the revenue amounts to budgeted revenue estimates. The aggregate estimated total recapture amounts for each bracket across all filer types were then added together and multiplied by the previously calculated adjustment factor to produce the adjusted total estimated recapture amount. The Calculator includes a toggle allowing users the option of either eliminating or keeping the recapture provisions. Keeping the recapture maintains the revenue projection (the adjusted total estimated recapture amount), while eliminating the tax removes all projected revenue related to the recapture provisions. In order to account for the reduction in revenue from the 6.99% tax rate as a result of enacting the pass-through entity tax, the estimated pass-through entity amount was subtracted from the adjusted, recapture-removed calculated total Connecticut personal income tax revenue for this tax rate.

**Sources:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

State of Connecticut, Department of Revenue Services. (2022). 2020 Individual Income Tax Data Report. Retrieved from <https://portal.ct.gov/DRS/DRS-Reports/Income-Tax-Reports/2020-Individual-Income-Tax-Report>.

State of Connecticut, Department of Revenue Services. (2022). *Fiscal Year 2020-2021 Annual Report*. Hartford, CT: Author. Retrieved from <https://portal.ct.gov/-/media/DRS/Research/annualreport/DRS-FY21-Annual-Report.pdf>.

State of Connecticut, Department of Revenue Services. (2015). *2015 Legislative Changes Affecting Income Tax Withholding and the Income Tax*. Retrieved from <https://portal.ct.gov/-/media/DRS/Publications/pubssn/2015/SN201571pdf.pdf?la=en>.

## **Other Existing Tax Revenues**

### ***Sales Tax – General Fund***

Sales tax data used in the Calculator incorporates the DRS Annual Report for FY 2021 (the most recent available at the time the Calculator was updated) and the FY 2022 January consensus revenue estimate from the OPM and the OFA. The regular sales tax rate is 6.35 percent, although certain meals and drinks are taxed at 7.35 percent (an additional surcharge of one percent) and certain luxury goods are taxed at a higher 7.75 percent (an additional surcharge of 1.4 percent). Of the revenue received, which regularly goes into Connecticut's General Fund, from items and services taxed at the 6.35 percent rate, a portion equal to 0.5 percent is currently diverted into Connecticut's Special Transportation Fund (STF).

The FY 2021 DRS Annual Report specifies the amount of sales tax due at the 6.35 percent, 7.35 percent, and 7.75 percent rates as well as the total amount of sales tax due (which incorporates the other tax rates that generate less sales tax due). The percentage of revenue resulting from the 6.35 percent rate is calculated in multiple steps. First, the total tax due at the 6.35 percent rate is added to the quotient of 6.35 and 7.35, multiplied by the tax due at the 7.35 percent rate plus the quotient of 6.35 and 7.75 multiplied by the tax due at the 7.75 percent rate. This is then divided by the total amount of sales tax due. The percentage of revenue resulting from the 7.35 percent rate is calculated by subtracting the quotient of 6.35 and 7.35 from one and multiplying it by the total tax due at the 7.35 percent rate. The percentage of revenue resulting from the 7.75 percent rate is calculated by subtracting the quotient of 6.35 and 7.75 from one and multiplying it by the total tax due at the 7.75 percent rate.

These percentages are multiplied by the FY 2022 January consensus revenue estimate for sales and use tax in the General Fund to get the base amount of revenue resulting from each sales tax rate in the General Fund.

When a user inputs a new sales tax rate into the Calculator, the new revenue estimate is equal to the difference between the new sales tax rate (minus the new STF diversion rate) and the current sales tax rate (minus the current STF diversion rate), divided by the current sales tax rate, minus the current STF diversion rate, all added to the base revenue amount for the current sales tax rate.

If the sales tax diversion rate to the STF is lowered, the new sales tax revenue estimate from the 6.35 percent rate is increased by the corresponding decrease in the STF sales tax diversion rate. This increase is equal to one minus the quotient of the current STF diversion rate and the new STF diversion rate, all multiplied by the budgeted revenue estimate for the STF sales tax diversion.

If a user input for the sales tax rate is below the current STF diversion rate, the new revenue estimate is equal to the new sales tax rate minus the new STF diversion rate, all divided by the current STF diversion rate multiplied by the budgeted revenue estimate for the STF sales tax diversion.

**Sources:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue – January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

State of Connecticut, Department of Revenue Services. (2022). *Fiscal Year 2020-2021 Annual Report*. Hartford, CT: Author. Retrieved from <https://portal.ct.gov/-/media/DRS/Research/annualreport/DRS-FY21-Annual-Report.pdf>.

**Sales Tax – Special Transportation Fund**

The sales tax revenue received from the casual sale of motor vehicles, vessels, snowmobiles, and aircraft goes directly into the Special Transportation Fund (STF). These casual sales are subject to the same tax rate (6.35 percent) as regular goods. The base revenue for this revenue source is equal to the FY 2022 January consensus revenue estimate for Sales Tax – DMV. When a user inputs a change to the general sales tax rate, the new revenue is equal to the current revenue estimate multiplied by the percentage change in the sales tax rate.

Some of the revenue received from the regular sales tax rate sent to the Connecticut General Fund is then transferred into the STF. The transferred amount is the equivalent of a 0.5 percent sales tax rate. The base revenue amount for this STF sales tax diversion is equal to the budgeted revenue estimate.

If the STF sales tax diversion rate is decreased, the new revenue estimate is equal to the new diversion rate divided by the current diversion rate, multiplied by the base revenue amount. If the sales tax diversion rate is increased, then the new revenue estimate is equal to the new diversion rate minus the current diversion rate, divided by the difference between the general sales tax rate and the current diversion rate, all multiplied by the current base amount for the General Fund's revenue from the 6.35 percent sales tax rate.

**Source:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

**Corporate Tax**

The base revenue amount from the corporate tax rate is the FY 2022 January consensus revenue estimate. When a user inputs a new corporate tax rate, the new revenue estimate is equal to the new tax rate divided by the current tax rate, multiplied by the base revenue amount.

**Source:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

### **Pass-through Entity Tax**

The base revenue amount from the pass-through entity tax rate is the FY 2022 January consensus revenue estimate. When a user inputs a new pass-through entity tax rate, the new revenue estimate is equal to the new tax rate divided by the current tax rate, multiplied by the base revenue amount.

**Source:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

### **Cigarette and Tobacco Taxes**

The FY 2022 January consensus revenue estimates only show an aggregate revenue estimate for cigarettes and tobacco. To find the percentage attributable to only cigarettes, DRS Annual Reports were used. The actual revenue from cigarette taxes from the FY 2021 DRS Annual Report was divided by the sum of the actual revenue from the cigarette taxes and the actual revenue from the tobacco tax. This is the percentage of the budgeted revenue estimate attributable to the cigarette tax. To determine the base revenue amount for the cigarette tax, the FY 2022 January consensus revenue estimate for cigarettes and tobacco was multiplied by the percentage attributable to the cigarette tax. The difference between the base revenue amount for the cigarette tax and the budgeted revenue estimate for cigarettes and tobacco is the base revenue amount for the tobacco tax.

When a user inputs a new tax rate for the cigarette tax, the new revenue estimate is equal to the new tax rate divided by the current tax rate, multiplied by the base revenue amount. The Calculator includes a toggle for the tobacco tax allowing users the option of either eliminating or keeping the tax. Keeping the tax maintains the revenue projection, while eliminating the tax removes all projected revenue.

**Sources:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

State of Connecticut, Department of Revenue Services. (2022). *Fiscal Year 2020-2021 Annual Report*. Hartford, CT: Author. Retrieved from <https://portal.ct.gov/-/media/DRS/Research/annualreport/DRS-FY21-Annual-Report.pdf>.

### **Gas Tax**

The base revenue amount for the gas tax is equal to the previous year's actual revenue (as reported by DRS) divided by the total previous year's motor vehicle fuels tax revenue (as reported by DRS), and multiplied by the FY 2022 January consensus revenue estimate for the motor vehicle fuels tax. When a user uses the Calculator to input a new per gallon gas tax, the new revenue estimate is equal to the new per gallon gas tax divided by the current per gallon tax, multiplied by the base revenue amount.

**Source:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

State of Connecticut, Department of Revenue Services. (2022). *Fiscal Year 2020-2021 Annual Report*. Hartford, CT: Author. Retrieved from <https://portal.ct.gov/-/media/DRS/Research/annualreport/DRS-FY21-Annual-Report.pdf>.

### **Petroleum Gross Earnings Tax**

The base revenue amount for the petroleum gross earnings tax is the FY 2022 January consensus revenue estimate. When a user inputs a new tax rate for petroleum gross earnings, the new revenue estimate is equal to the new tax rate divided by the current tax rate, multiplied by the base revenue amount.

#### **Sources:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

State of Connecticut, Department of Revenue Services. (2022). *Fiscal Year 2020-2021 Annual Report*. Hartford, CT: Author. Retrieved from <https://portal.ct.gov/-/media/DRS/Research/annualreport/DRS-FY21-Annual-Report.pdf>.

### **Special Fuels Tax**

The base revenue amount for the special fuels tax is equal to the previous year's actual revenue (as reported by DRS, which also includes revenue from taxes on alternative fuels) divided by the total previous year's motor vehicle fuels tax revenue (as reported by DRS), multiplied by the FY 2022 January consensus revenue estimate for the motor vehicle fuels tax. When a user uses the Calculator to input a new per gallon gas tax, the new revenue estimate is equal to the new per gallon gas tax divided by the current per gallon tax, multiplied by the base revenue amount.

#### **Sources:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

State of Connecticut, Department of Revenue Services. (2022). *Fiscal Year 2020-2021 Annual Report*. Hartford, CT: Author. Retrieved from <https://portal.ct.gov/-/media/DRS/Research/annualreport/DRS-FY21-Annual-Report.pdf>.

### **Estate Tax**

The estate tax uses the FY 2022 January consensus revenue estimate. The Calculator includes a toggle allowing users the option of either eliminating or keeping the tax. Keeping the tax maintains the revenue projection, while eliminating the tax removes all projected revenue. A toggle was used because necessary data for utilizing user-defined tax rates was not available.

#### **Source:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

### **Insurance Companies Tax**

The insurance companies tax uses the FY 2022 January consensus revenue estimate. The Calculator includes a toggle allowing users the option of either eliminating or keeping the tax. Keeping the tax maintains the revenue projection, while eliminating the

tax removes all projected revenue. A toggle was used because necessary data for utilizing user-defined tax rates was not available.

**Source:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

### **Public Service Companies Tax**

The public service companies tax uses the FY 2022 January consensus revenue estimate. The Calculator includes a toggle allowing users the option of either eliminating or keeping the tax. Keeping the tax maintains the revenue projection, while eliminating the tax removes all projected revenue. A toggle was used because the public service companies tax is a catch-all revenue category consisting of many different tax rates. Including each of these different tax rates would result in complex calculations that exceed the technical capabilities of the Calculator.

**Source:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

### **Real Estate Conveyance Tax**

The real estate conveyance tax uses the FY 2022 January consensus revenue estimate. The Calculator includes a toggle allowing users the option of either eliminating or keeping the tax. Keeping the tax maintains the revenue projection, while eliminating the tax removes all projected revenue. A toggle was used because disaggregated revenue data based upon land classification was not available.

**Source:**

McCaw, M., & Ayers, N. (2022). *Consensus Revenue - January 18, 2022*. Hartford, CT: State of Connecticut, Office of Policy and Management. Retrieved from [https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus\\_Revenue/FINAL\\_CONSENSUS\\_JAN18\\_2022.pdf](https://portal.ct.gov/-/media/OPM/Bud-Other-Projects/Reports/Consensus_Revenue/FINAL_CONSENSUS_JAN18_2022.pdf).

## **Tax Credits and Exemptions**

Exemption values were taken from the February 2020 Connecticut Tax Expenditure Report (the most recent available at the time the Calculator was updated) produced by the General Assembly's Office of Fiscal Analysis (OFA), and all income, insurance premium, and corporation tax credits are included. Only sales tax exemptions with a fiscal estimate greater than \$10 million are included. Fiscal estimates for exemptions are not adjusted based on a user's rate inputs in previous sections.

**Source:**

Connecticut General Assembly, Office of Fiscal Analysis. (2022). *Connecticut Tax Expenditure Report, February 2022*. Hartford, CT: Author. Retrieved from [https://www.cga.ct.gov/ofa/Documents/year/TER/2022TER-20220201\\_Tax%20Expenditure%20Report%20FY%2022.pdf](https://www.cga.ct.gov/ofa/Documents/year/TER/2022TER-20220201_Tax%20Expenditure%20Report%20FY%2022.pdf).

## **New Revenue Sources**

This section contains only revenue items proposed since 2014 by: members and/or committees of the Connecticut General Assembly (for which the OFA has created a fiscal note detailing the item's estimated potential revenue should it be passed and signed into law), governors' budgets, reports from executive branch agencies, and reports from legislative or executive branch task forces and commissions.

### ***Increase Bottle Deposit***

In his Connecticut Compromise Budget Proposal for the FY 2018 – FY 2019 Biennium, released on September 8, 2017, then-Governor Dannel Malloy recommended expanding the state's bottle deposit tax to include juices, teas, and sports drinks. The associated estimated revenue increase for the first full year of implementation is used for the Calculator.

**Source:**

Malloy, D. P. (2017). *Connecticut Compromise Budget Proposal for the FY 2018 - FY 2019 Biennium*. Hartford, CT: State of Connecticut, Office of the Governor. Retrieved from <https://portal.ct.gov/-/media/Malloy-Archive/Press-Room/20170908-Gov-Malloys-Compromise-Budget.pdf?la=en>.

### ***Increase Motor Vehicle Licenses, Permits, and Fees***

In its January 2016 final report, the Transportation Finance Panel recommended tying Connecticut motor vehicle licenses, permits, and fees to inflation. The estimated revenue increase is found in the Panel's final report, and is used for the Calculator.

**Source:**

State of Connecticut, Office of the Governor, Transportation Finance Panel. (2016). *Final Report*. Hartford, CT: Author. Retrieved from <https://cga.ct.gov/2017/tradata/od/2-24-17%20%20Cam%20Staples,%20Transportation%20Finance%20Panel-OD.pdf>.

### ***Increase Motor Vehicle Receipts***

The Transportation Finance Panel also recommended, in its January 2016 final report, tying motor vehicle receipts to inflation. The estimated revenue increase as a result of this proposed change is found in the Panel's final report, and is used for the Calculator.

**Source:**

State of Connecticut, Office of the Governor, Transportation Finance Panel. (2016). *Final Report*. Hartford, CT: Author. Retrieved from <https://cga.ct.gov/2017/tradata/od/2-24-17%20%20Cam%20Staples,%20Transportation%20Finance%20Panel-OD.pdf>.

### ***Implement All-Electronic Tolls Statewide***

There are two tolling options that have been proposed in Connecticut: 1) tolling on all cars and 2) tolling on trucks only. The Connecticut Department of Transportation's *Connecticut Tolling Options Evaluation Study* released in November 2018 presented revenue estimates for all-electronic tolling and congestion pricing on Connecticut's interstate highways (I-84, I-91, I-291, I-691, I-95, I-395) and other expressways and parkways (Routes 2, 8, 9, and 15). The figure used in the Calculator represents the

estimated net annual revenue from toll implementation in 2023, the first year of operation.

Melissa McCaw, secretary of the OPM, has provided testimony to the Transportation Committee on the revenue gain of truck-only tolling. Tolls would be collected from large commercial trucks at limited access highway bridges requiring construction or repair — specifically I-95, I-84, I-91, I-395, I-684, and Route 8. The figure used in the Calculator represents the estimated net annual revenue from truck-only toll implementation in 2023, the first year of operation.

**Source:**

State of Connecticut, Department of Transportation. (2018). *Connecticut Tolling Options Evaluation Study*. Newington, CT: Author. Retrieved from [https://portal.ct.gov/-/media/DOT/documents/dcommunications/Press\\_Release/CTDOTTollingReport11142018pdf.pdf?la=en](https://portal.ct.gov/-/media/DOT/documents/dcommunications/Press_Release/CTDOTTollingReport11142018pdf.pdf?la=en).

Working Draft, LCO No. 373: An Act Concerning the Sustainability of Connecticut's Transportation Infrastructure. Gen. Assembly. (Ct. 2020). [https://www.cga.ct.gov/tra/related/20200131\\_An%20Act%20Concerning%20the%20Sustainability%20of%20Connecticut's%20Transportation%20Infrastructure/2020%20Draft%20LCO-373.pdf](https://www.cga.ct.gov/tra/related/20200131_An%20Act%20Concerning%20the%20Sustainability%20of%20Connecticut's%20Transportation%20Infrastructure/2020%20Draft%20LCO-373.pdf).

McCaw, M. (2020, January 31). *Testimony Supporting An Act Concerning the Sustainability of Connecticut's Transportation Infrastructure*. Hartford, CT: Connecticut General Assembly, Transportation Committee. Retrieved from <https://www.wtnh.com/wp-content/uploads/sites/100/2020/02/OPM-Secretary-McCaw-Transportation-testimony-Jan-31-2020.pdf>.

### **Levy Sugary Drink Tax**

In his biennial budget proposal for FYs 2020 and 2021, Governor Ned Lamont recommended imposing a 1.5 cents per ounce tax on sugar-sweetened beverages beginning in FY 2021. The General Assembly's Finance, Revenue and Bonding Committee also included this recommendation in its preliminary revenue package. The estimated revenue increase as a result of this proposed tax is found in the revenue estimate for the budget proposal and is used for the Calculator.

**Source:**

Connecticut General Assembly, Office of Fiscal Analysis. (2019). *DRAFT Comparison of Plan Details as of 4/30*. Hartford, CT: Author. Retrieved from [https://media.wtnh.com/nxs-wtnhtv-media-us-east-1/document\\_dev/2019/05/01/FRBPrelimPackage\\_1556747832852\\_85485688\\_ver1.0.pdf](https://media.wtnh.com/nxs-wtnhtv-media-us-east-1/document_dev/2019/05/01/FRBPrelimPackage_1556747832852_85485688_ver1.0.pdf).

### **Levy Capital Gains Surcharge**

On April 30, 2019, the Finance, Revenue and Bonding Committee proposed levying a surcharge of 2% on capital gains income for the top income bracket in Connecticut beginning in FY 2021. The estimated revenue increase as a result of this proposal was studied by the OFA and is used for the Calculator.

**Source:**

Connecticut General Assembly, Office of Fiscal Analysis. (2019). *DRAFT Comparison of Plan Details as of 4/30*. Hartford, CT: Author. Retrieved from [https://media.wtnh.com/nxs-wtnhtv-media-us-east-1/document\\_dev/2019/05/01/FRBPrelimPackage\\_1556747832852\\_85485688\\_ver1.0.pdf](https://media.wtnh.com/nxs-wtnhtv-media-us-east-1/document_dev/2019/05/01/FRBPrelimPackage_1556747832852_85485688_ver1.0.pdf).

**Levy Delivery Tax**

On April 30, 2019, the Finance, Revenue and Bonding Committee proposed levying a surcharge of 50 cents per package delivered beginning in FY 2020. The estimated revenue increase as a result of this proposal was studied by the OFA and is used for the Calculator.

**Source:**

Connecticut General Assembly, Office of Fiscal Analysis. (2019). *DRAFT Comparison of Plan Details as of 4/30*. Hartford, CT: Author. Retrieved from [https://media.wtnh.com/nxs-wtnhtv-media-us-east-1/document\\_dev/2019/05/01/FRBPrelimPackage\\_1556747832852\\_85485688\\_ver1.0.pdf](https://media.wtnh.com/nxs-wtnhtv-media-us-east-1/document_dev/2019/05/01/FRBPrelimPackage_1556747832852_85485688_ver1.0.pdf).