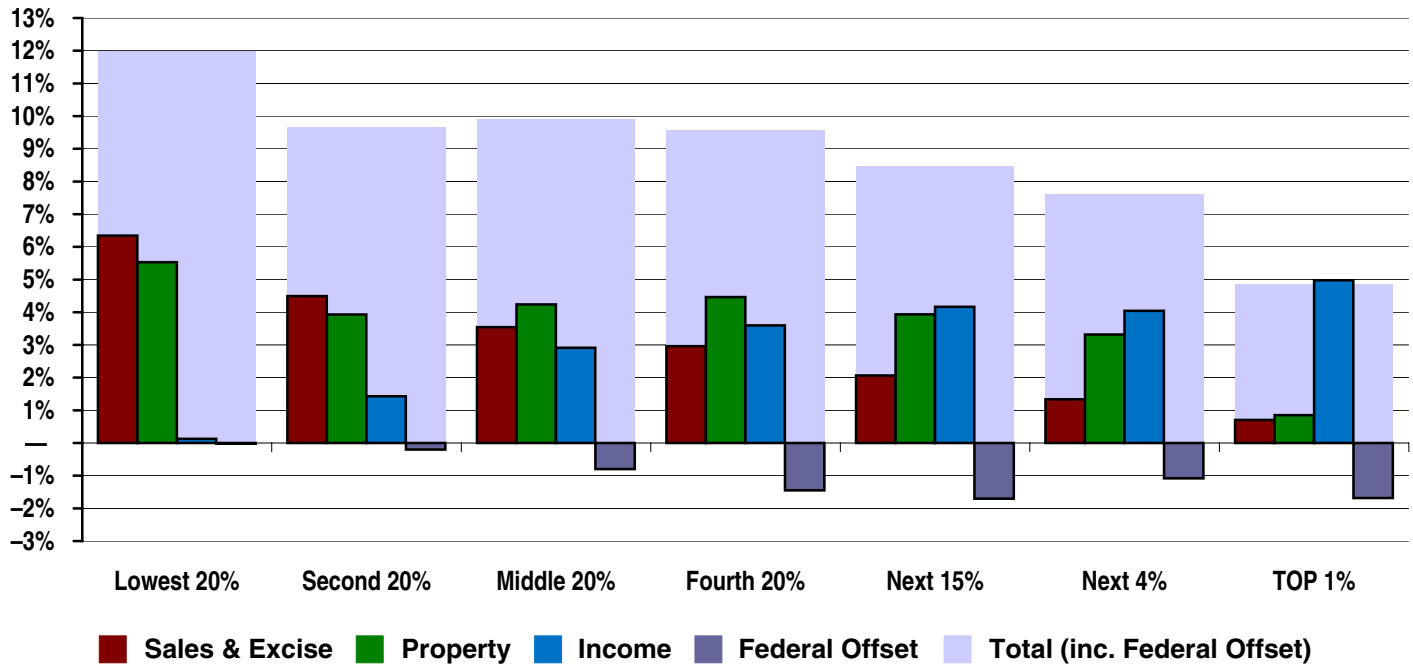


Connecticut

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$26,000	\$26,000 – \$44,000	\$44,000 – \$75,000	\$75,000 – \$121,000	\$121,000 – \$302,000	\$302,000 – \$1,355,000	\$1,355,000 or more
Average Income in Group	\$12,700	\$34,500	\$58,100	\$95,900	\$170,300	\$460,500	\$3,164,200
Sales & Excise Taxes	6.3%	4.5%	3.5%	3.0%	2.1%	1.3%	0.7%
General Sales—Individuals	2.3%	2.0%	1.6%	1.5%	1.1%	0.7%	0.4%
Other Sales & Excise—Ind.	2.0%	1.0%	0.8%	0.6%	0.4%	0.2%	0.0%
Sales & Excise on Business	2.1%	1.5%	1.1%	0.9%	0.6%	0.4%	0.2%
Property Taxes	5.5%	3.9%	4.2%	4.5%	3.9%	3.3%	0.9%
Property Taxes on Families	5.5%	3.9%	4.2%	4.4%	3.8%	3.0%	0.4%
Other Property Taxes	0.0%	0.0%	0.0%	0.1%	0.1%	0.3%	0.5%
Income Taxes	0.1%	1.4%	2.9%	3.6%	4.2%	4.0%	5.0%
Personal Income Tax	0.1%	1.4%	2.9%	3.6%	4.1%	4.0%	4.9%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL TAXES	12.0%	9.9%	10.7%	11.0%	10.2%	8.7%	6.5%
Federal Deduction Offset	-0.0%	-0.2%	-0.8%	-1.5%	-1.7%	-1.1%	-1.7%
TOTAL AFTER OFFSET	12.0%	9.7%	9.9%	9.6%	8.5%	7.6%	4.9%

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

Connecticut

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Provides comparatively large personal exemptions and credits for low- and middle-income taxpayers
- ✓ Provides a property tax "circuit breaker" credit for low-income taxpayers
- ✓ Sales tax base excludes groceries

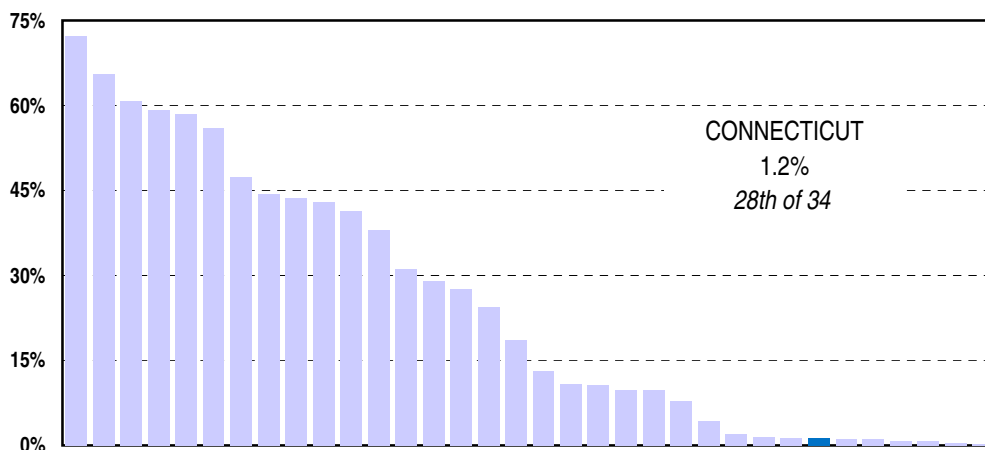
Regressive Features

- ✗ Fails to provide an earned income tax credit (EITC)
- ✗ Comparatively high reliance on property taxes
- ✗ Comparatively high cigarette tax rate

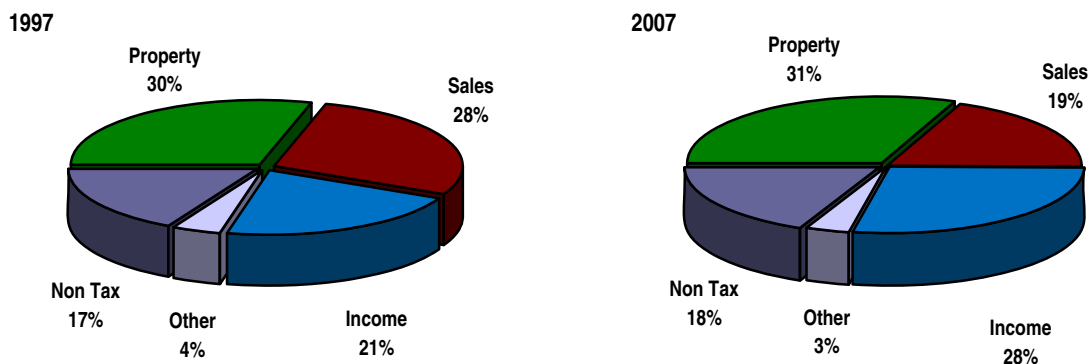
Recent Developments

- ▲ Added a new top income tax bracket for millionaires
- ▲ Sales tax rate may fall to 5.5 percent if certain revenue targets are reached

Percent of Taxpayers Paying Top Personal Income Tax Rate



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances