

■ What Do You Know About Connecticut's Taxes and Budget?

Take this quiz *(answers on back)*

1. Millionaires pay a greater share of their income in state and local taxes than others.
 True
 False
2. How much has Connecticut's business tax burden increased in the last three years?
 a) 25%
 b) 60%
 c) It has decreased
3. CT legislators know exactly where corporate tax breaks are going and how many jobs they are creating.
 True
 False
4. Connecticut is home to 15 Fortune 500 companies and the world's largest casino.
Does Connecticut receive more revenues from gambling or corporate taxes?
 Gambling
 Corporate Taxes
5. How much of the average CT taxpayer's state and local tax dollar goes for property taxes?
 a) 10%
 b) 40%
 c) 65%
6. Among all states with a broad based personal income tax, where does CT's top rate rank?
 a) Highest
 b) 38th highest
 c) 6th lowest
7. What costs more?
 a) For one child to stay at DCF's Riverview hospital for one year.
 b) For 21 students to have tuition, room and board at UCONN for 1 year.
8. Is Connecticut's state and local spending on education as a share of personal income
 a) 50th highest in the nation?
 b) 50th lowest in the nation?
9. From FY 1990 to FY 2004, Connecticut's Department of Corrections Budget has
 a) Decreased by half
 b) Remained the same
 c) Tripled

Answers

1. Correct Answer: False

The poorest 40% of CT taxpayers (those making under \$37,000 annually) paid about 10% of their income in total state and local sales, excise, property and income taxes. The top 1% of CT taxpayers (those making over \$471,000 annually) paid just 4.4% of their income in these taxes.¹

2. Correct Answer: C

It has decreased. A January 2004 report prepared by Ernst & Young for The Council on State Taxation (a non-profit trade organization with a membership of 550 major corporations engaged in interstate and international business) reports that CT was one of only three states to reduce total business taxes between FY 2000 and FY 2003.²

3. Correct Answer: False

Critical data to which neither legislators nor the public are privy include: which companies are claiming tax credits and in what amounts, whether given tax expenditures tend to benefit or burden large or small corporations (or in-state or multi-national corporations) and what return on investment the state is receiving for the hundreds of millions of dollars of economic development funds granted through tax expenditures.

4. Correct Answer: Gambling

For FY 02, gambling constituted 5.9% of General Fund Revenues while business taxes constituted 5.1%.

5. Correct Answer: B

40% of the average CT taxpayer's state and local tax dollar goes for property taxes.³

6. Correct Answer: C

CT ranks 6th lowest, tied with Alabama and Mississippi.⁴

7. Correct Answer: A

It costs \$492,020/year/child to stay at DCF's Riverview Hospital. In comparison, 21 students could attend UCONN with full tuition, room and board for \$23,220/student/year, a total of \$487,620.

8. Correct Answer: B

United States Census Bureau data on government spending ranks Connecticut 50th lowest in the nation on state and local spending for education as a share of personal income.

9. Correct Answer: C

The DOC budget has more than tripled — from \$186.9 million in FY 90 to \$575.2 million in FY 04.

¹ Institute on Taxation & Economic Policy, *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States* (2d ed., January 2003).

² COST's 50-state comparisons are of "total state and local business taxes" defined to include: property tax (on real, personal, and utility property), sales and use taxes, excise taxes, gross receipts taxes, corporate income taxes, employer payroll tax contributions (including unemployment insurance, workers' compensation and disability insurance taxes), and license and other business taxes. The other two states where business taxes fell were Oregon and Alaska.

³ Connecticut Conference of Municipalities. "Local Property Taxes and Connecticut's State Government: What Residents and Businesses Should Know." October 2003.

⁴ See www.taxadmin.org/fta/rate/ind_inc.html