

# A BETTER WAY TO AN AFFORDABLE CONNECTICUT

*Part 1 - Sales Tax Reduction*

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The Connecticut Senate Republican Caucus

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# CONNECTICUT FAMILIES NEED RELIEF

## The Problem:

Connecticut's state budget is benefitting from inflation as the state sales tax and gas tax brings in new, unplanned for revenue – a result of surging prices. Meanwhile, CT residents are struggling to balance their own family budgets with no relief in sight as inflation drives up the costs of everything...from food to energy to home heating oil.

## The Response:

Senate Republicans want to direct the influx in tax revenue back to residents and provide relief from the crushing impact of inflation.

Senate Republicans are proposing to **reduce the sales tax from 6.35% to 5.99% and eliminate the additional 1% meals tax from February 15, 2022 through the end of 2022.** This will provide relief to all families during this time of historic inflation.

We want to help working and middle class families when it comes to kitchen table economics and reduce every day financial strains that make it harder and harder to budget for a family.

**REDUCE THE SALES TAX  
FROM 6.35% TO 5.99%  
+  
ELIMINATE 1% MEALS TAX**

**THROUGH THE END OF 2022**





## PROPOSAL OVERVIEW

- 1) Decrease the sales tax from 6.35% to 5.99% from February 15 through the end of calendar year 2022.

Reduction would only apply to the sales tax that is at the 6.35% rate (e.g., no reduction to the 7.75% "luxury" rate for motor vehicles over \$50,000 or jewelry over \$5,000).

- 2) Eliminate the meals tax surcharge from February 15 through the end of calendar year 2022.

The meals tax surcharge is one percent added to the base 6.35% sales tax rate. It applies to meals at restaurants and prepared foods sold at supermarkets and grocery stores.

# THE NUMBERS

## TAXPAYERS SAVE OVER \$315 MILLION...

This proposal will result in a reduction of taxes totaling \$315.1 million (\$132.3 million in FY 22 and \$182.8 million in FY 23).

## ...AND THE STATE BUDGET REMAINS WHOLE

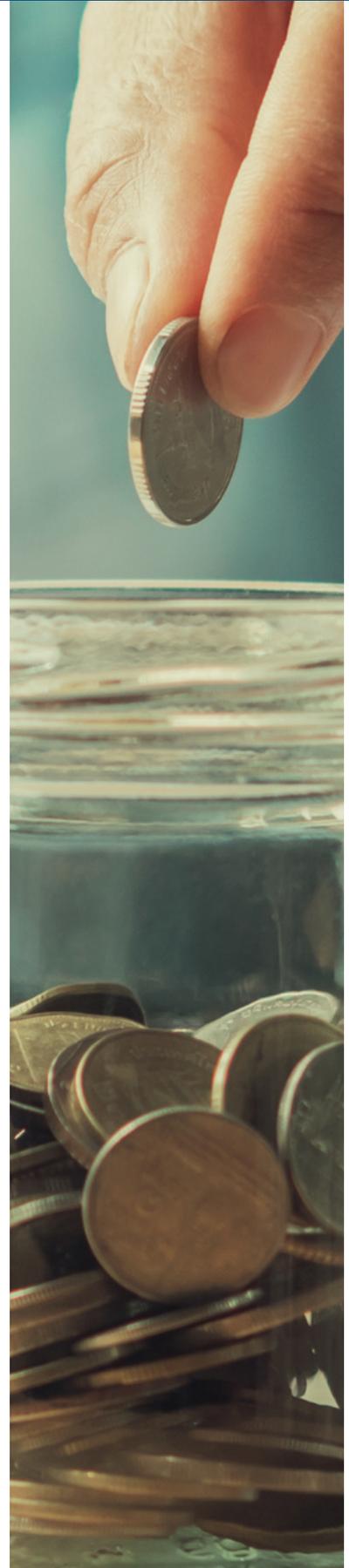
The state budget is in surplus and is already directing a record amount of excess revenue to pay down on the state's pension debt, a policy adopted in the 2017 bipartisan budget.

In addition, Connecticut is expected to collect **over \$155.2 million MORE** in state sales tax revenue than originally projected in fiscal year 2022 and **\$144.6 million more** in fiscal year 2023.

CT is also expected to collect **over \$20 million MORE** in gross receipts tax revenue (one of the state's gas taxes) than originally projected in fiscal year 2022 and **\$25.6 million more** in fiscal year 2023.

Connecticut can afford the proposed tax cut as a result of the additional sales tax revenue and gross receipts tax revenue collected by the state as a result of surging inflation to provide a temporary sales tax reduction during this difficult time.

The growth in these revenues above and beyond the revenue already counted on in the state budget will allow for **nearly a full year of a sales tax reduction**, giving families **substantial relief to get through the most difficult months ahead**.



# INFLATION IS HERE. RELIEF SHOULD BE TOO.

## Inflation in November hit 6.8%

Here are the biggest annual increases:

Gas	<b>+58%</b>	Furniture	<b>12%</b>	Eggs	<b>8%</b>
Rental car	<b>37%</b>	Fish	<b>11%</b>	Coffee	<b>8%</b>
Used car	<b>31%</b>	New cars	<b>11%</b>	Electricity	<b>7%</b>
Hotels	<b>26%</b>	Chicken	<b>9%</b>	Apples	<b>7%</b>
Steak	<b>25%</b>	Bikes	<b>9%</b>	Flour	<b>6%</b>
Bacon	<b>21%</b>			Milk	<b>5%</b>
Pork	<b>17%</b>			Rent	<b>4%</b>



## Connecticut Inflation

Gas 

**↑46%**  
1/3/21-1/3/22  
(\$2.256 to \$3.288)

Home Heating Oil 

**↑35%**  
12/28/20-12/27/21  
(\$2.444 to \$3.299)

