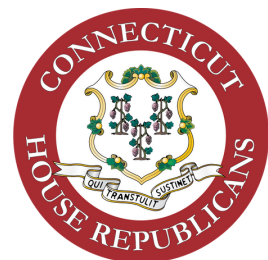
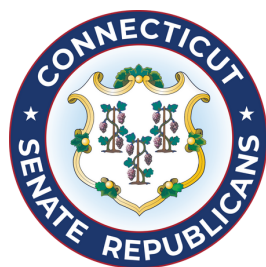


AN AFFORDABLE CONNECTICUT

TAX RELIEF FOR WORKING & MIDDLE CLASS FAMILIES

APRIL, 2022



Kevin Kelly
Senate Republican Leader

Vincent Candelora
House Republican Leader

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:

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

Connecticut has a balanced budget, approved with bipartisan support. Inflation is resulting in an overtaxation of CT residents. That overtaxation must not be used to grow the size of Government to unsustainable levels. It must be returned to struggling families.

THE IMPACT OF INFLATION...



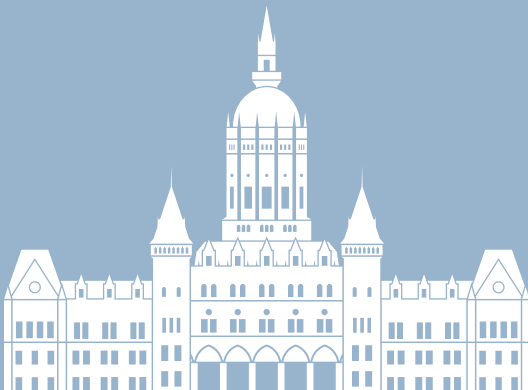
ON THE STATE
BUDGET

\$997 million

in windfall revenues in sales and use
tax and gross receipts tax

\$3.2 billion

surplus in Fiscal Years 2022 & 2023



ON THE AVERAGE
FAMILY'S BUDGET

\$5,200

the amount of additional annual
costs families face as a result of
inflation

8.5% inflation rate
a 40-year-high



PROPOSED TAX RELIEF



REDUCE INCOME TAX FOR WORKING- AND MIDDLE-CLASS

Lower the income tax rate from 5% to 4% for individuals earning less than \$75,000 and joint filers earning less than \$175,000 annually.

Total Tax Relief: \$386.6 million



REDUCE THE SALES TAX + ELIMINATE 1% MEALS TAX

Reduce the sales tax from 6.35% to 5.99% and eliminate the additional 1% meals tax on prepared foods from grocery stores and restaurants through the end of calendar year 2022.

Total Tax Relief: \$248.5 million



EXTEND GAS TAX HOLIDAY

Extend state excise tax suspension through the end of 2022.

Total Tax Relief: \$180 million



EXPAND GAS TAX HOLIDAY TO DIESEL

Cut the tax on diesel by 20 cents through end of 2022.

Total Tax Relief: \$38.7 million (\$9.7 million FY 22, \$29 million FY 23)



ELIMINATE HIGHWAY USE TAX (TRUCK TAX)

Total Tax Relief: \$45 million



ELIMINATE INCOME TAX ON PENSION AND ANNUITIES

Increase deduction from 56% to 100% in 2022 & beyond.

Total Tax Relief: \$42.9 million



EXPAND PROPERTY TAX CREDIT

Expand eligibility for the state's property tax credit.

Total Tax Relief: \$53 million



CUT NEW TAX ON JOB CREATORS

Dedicate the remaining \$224.8 million in American Rescue Plan Act funds to repay the state's Unemployment Trust Fund Loan.

Total Tax Relief: \$224.8 million

TAXPAYERS BENEFIT FROM **\$1.2 BILLION** IN TAX RELIEF

...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 **nearly \$1 billion MORE** in state sales tax and gross receipts tax revenue than originally projected in fiscal year 2022 and 2023.

This proposal uses that windfall overtaxation revenue to provide **\$994.5 million** in tax relief, as well as **\$224.8 million** in remaining American Rescue Plan Act funds to help pay back the state's unemployment trust fund loan. This totals over **\$1.2 billion** in relief.

Connecticut can deliver the proposed tax relief contained in this plan without impacting the state budget. We respect all financial protections, including the spending cap, revenue cap, bonding cap, and volatility cap. We continue to contribute a record amount to the state's budget reserve fund and invest in paying down on our pension debt.

This proposal returns to CT residents the windfall revenue created by surging inflation which resulted in an overcollection of taxes.

The growth in these revenues above and beyond the revenue already counted on in the state budget will allow for **substantial relief for all Connecticut families to get through the most difficult months ahead.**



INFLATION IS HERE. RELIEF MUST BE TOO.

YEAR OVER YEAR INFLATION:

Gasoline +48%	Tools +11%
Fuel oil +70%	Food +9%
Utility gas service +22%	Bacon +18%
Electricity +11%	Beef +16%
Used cars +35%	Pork +15%
Car rentals +23%	Eggs +11%
New cars +13%	Chicken +13%
Baby clothes +13%	Apples +7%
Kids shoes +11%	Milk +13%
Hotels +25%	Coffee +11%
Furniture +16%	Restaurant meals +7%
Appliances +8%	

(U.S. Bureau of Labor Statistics March 2021 - March 2022)

