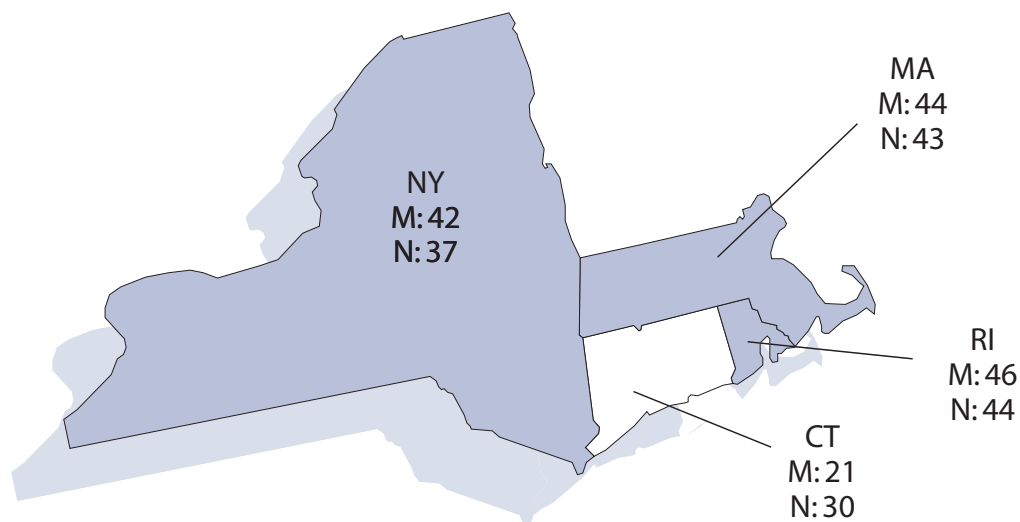


M = Rank for mature firms
N = Rank for new firms



Connecticut ranks 21st overall for mature operations and 30th overall for newly established operations. Specifically:

- Connecticut ranks sixth for the mature labor-intensive manufacturing firm, which has a total effective tax rate (TETR) of 7.6 percent, almost 35 percent below the national average. This light tax cost is driven by the firm's low income tax burden, which benefits from Connecticut's single-sales factor income apportionment formula, which has no throw-back rule.
- The state ranks ninth for mature capital-intensive manufacturing, with a TETR of 8.1 percent, 36 percent below the national average. Again, this light tax cost is due to the state's apportionment factor which minimizes the income tax burden for firms that sell out of state.
- Connecticut ranks 42nd for the mature corporate office, which has a TETR of 17.8 percent, or 13 percent above the national average. This type of operation is hurt by the state's high 8.25 percent income tax rate and a higher-than-average unemployment insurance (UI) tax burden.
- For similar reasons, the state ranks 40th for new corporate headquarters, with a TETR of 20 percent, nearly 24 percent above the national average.
- High income taxes and high UI taxes also contribute to the state's 35th-place ranking for the new R&D center the new call center and 37th-place for the new call center.
- Connecticut is one of 21 states with an antiquated capital stock tax, which can greatly hinder capital formation.

Connecticut

Corporate income tax

Main tax rate	8.250%
Applies to income over	-
Specific adjustments:	
- s.199 deduction disallowed	

Apportionment	Property	Payroll	Sales
Mfg. and services	-	-	100.0%
Retail	25.0%	25.0%	50.0%
Throwback applies to tangible property sales			No
Interstate services income apportionment			IPA

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Hartford	6.000%	1.708%	1.708%	1.708%	-
Tier 2	Norwich	6.000%	1.772%	1.772%	1.772%	-

a. Manufacturing machinery is exempt from sales tax

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
3.70%	\$15,000	0.310%	Tier 1	n/a	n/a	n/a	n/a
			Tier 2	n/a	n/a	n/a	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	5% of eligible capital investment	✓	✓	✓	✓	✓	✓	
Job creation	n/a							
Withholdings	60% of withholdings as an income tax credit x 5 years	✓	✓	✓	✓	✓	✓	✓
R&D	20% of incremental + 6% of actual CT R&D expenses						✓	
Property tax	Abate 80% or 100% (mfg. machinery) x 5 years	✓	✓					

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	9.6%	10.3%	32.1%	40.2%	20.0%	18.3%	34.1%		8.1%	7.6%	24.5%	30.7%	17.8%	12.0%	17.6%			
Index	84.0	88.4	128.8	111.3	123.7	124.2	104.6	109.3	64.0	65.6	116.8	100.3	113.2	93.4	103.9	93.9		
Rank	25	18	37	34	40	35	29	30	9	6	38	29	42	21	32	21		

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store