Your taxes keep rising—so why is Connecticut broke?

Connecticut residents pay the highest taxes in the entire country, second only to New York. Next year, lawmakers must close a multi-billion-dollar budget gap—and in the coming months, that deficit is only expected to grow.

This problem shouldn’t exist. After all, in 2011, Governor Malloy signed a $1.8 billion tax increase package, and another $800 million tax hike in 2015. Just last year, the General Assembly again passed $180 million in new taxes.

But even as they increase taxes, lawmakers also cut funding for essential services like education, mental health, and aid for the disabled. And at the same time, some lawmakers call for yet another round of tax increases. It’s a vicious cycle, with the people of Connecticut paying the price at both ends.

So why are taxes going up even as services decrease?

Here are the facts: Connecticut has billions of dollars of pension debt – and no real plan to deal with the structural issues that caused this debt to spiral out of control. Years of underfunding (approved by union and political leaders alike); unrealistic discount rates; and exorbitant state employee benefits have left us with huge debts. Lawmakers and union leaders played politics with the pension fund – leaving taxpayers to make up the difference.

Gov. Dannel Malloy and his budget chief, Ben Barnes, admitted that every penny of Connecticut’s significant 2011 and 2015 tax increases went to pay for pensions and other retirement benefits.

The status quo isn’t working for Connecticut residents.

This flyer includes the closest approximation we can compile to all the taxes and fees Connecticut collects, some fees taking in as little as $10. The state needs to analyze its revenue streams and eliminate those doing more harm than good.

Here’s what we mean. The bottom 200 sources of revenue amount to only 0.22% of Connecticut’s total revenue. For those who pay these fees, though, they can constitute a significant burden—although a $100 licensing fee is a mere drop in the bucket for Connecticut revenues, it may be a substantial expense for a new hairdresser struggling to get her first business off the ground. Eliminating burdensome taxes and fees and making fundamental structural changes to our pension system are the first steps toward creating a free and thriving Connecticut.

Yankee Institute stands for the principle that everyone in Connecticut should be free to succeed. State government should, too.

Sincerely,

Carol Platt Liebau, President

YankeeInstitute.org
Why are your taxes so high, when Connecticut is still broke?

Connecticut generated $22.6 Billion in revenue from 344 sources in 2019. Immediate action is needed in Hartford to reduce taxes and spending and restore our economy.
Steep Rise in CT Spending 1970-2019

% Increase Since 1970

- Net Appropriations % Growth (Indexed to 1970)
- Per Capita Personal Income % Change (Indexed to 1970)
- State Population (% Change Indexed to 1970)

Sources: Census Bureau, Bureau of Economic Analysis, Connecticut Office of Policy and Management
## Connecticut’s 344 Sources of Revenue

- **Look for the red line - below that line are the bottom 200 sources of revenue, which bring in around $50 Million. That’s 0.22% of the total revenue. Ask your state lawmaker to cut unnecessary taxes and fees.**

<table>
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<tr>
<th>CATEGORY/FUND NAME</th>
<th>FY2015 PURPOSE</th>
<th>TAXES OR FEES</th>
<th>MUNICIPALITIES</th>
<th>NOT FOR PROFIT ORGANIZATIONS</th>
<th>OTHERS</th>
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