

## House Republican Press Release

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### Turning Connecticut's Economy Around



*Opinion by State Representative Themis Klarides*

With the entire nation on the verge of an economic downturn, Connecticut's unfriendly business environment has become a greater liability than ever. The policies that the Democratic majority has put in place over the years have had a gradual, increasing negative impact on the state economy, and when financial times are less than good, the evidence of it is clear.

So how bad is Connecticut's business climate? In December of 2007, *Expansion Management Magazine*, the leading publication for businesses on business relocation rated Connecticut dead last among the fifty states as a potential place to relocate a company to. This follows *Entrepreneur Magazine's* analysis of best states to do business in. They rated Connecticut 48<sup>th</sup> out of the 50 states.

What is making the climate so poor to business here? The answer is simple; our high taxes.

Connecticut has the unfortunate distinction of having the highest combined federal, state and local tax burden per capita, and has been cited by the Milken Institute as the 5<sup>th</sup> costliest business in the nation to do business in. *Forbes* magazine rates our state 43<sup>rd</sup> on because of high business costs, and our regulatory environment.

This state has been taxing itself out of prosperity for almost a quarter century. When economic recessions have hit the nation in the past, Connecticut feels them more acutely. When economic times rebound for the nation, Connecticut does not enjoy the boom, and recovers slowly if at all.

This also means that jobs aren't available. Between 1990 and 2000, Connecticut had the greatest exodus of 18-34 year-olds of any state according to U.S. Census data. A lot of young men and women grow up here, go to college here, and leave our state behind to find job opportunities elsewhere.

Connecticut needs to change its attitude toward business. Take the Business Entity Tax for example. This tax, which is a \$250 fee on businesses just for existing, was enacted in 2002 to close a budget deficit. It was meant to be temporary. However, six years later,

this tax is still being collected despite budget surpluses in subsequent years. Taxes like this tell small businesses that we don't even want to help them get off the ground.

When we burden our residents and our businesses with high taxes, the results are clear. We lose jobs, population, and our economy declines. It is time to reverse this trend and offer meaningful tax relief to Connecticut residents and the businesses that employ them.

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