

House Republican Press Release

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**REP. HOVEY: POSITIVE ‘CHANGE’ INVOLVES MAKING
CONNECTICUT MORE BUSINESS, JOB-FRIENDLY**



Newtown Layoffs Latest Indication Of State’s Over-Regulation, Taxation

State Rep. DebraLee Hovey (R-Monroe, Newtown) today said the announcement that Pitney Bowes’ will close one of its two Newtown facilities illustrates the need to make Connecticut more business-friendly. The firm, which manufactures postage meters, will relocate a segment of its Newtown operations to Indiana and layoff or offer the opportunity for relocation to about 60 local employees.

Rep. Hovey said Pitney Bowes will have to publicly explain its rationale for the local layoffs. In 2004, the company scaled back operations in Stamford but in doing so, noted at the time that it would add jobs in Newtown.

Rep. Hovey noted there is substantial evidence that Connecticut is one of the least business-friendly states in the nation. A dubious list includes Connecticut’s ranking as the 48th best state to do business (Entrepreneur Magazine, 2006); 50th in business growth, 1989-2004, (US Census, County Business Pattern, Connecticut Economic Resource Center); 39th in Economic Outlook Rank (American Legislative Exchange Council’s State Competitiveness Rankings) and 37th in State Business Tax Climate Index (Tax Foundation).

In fact, Connecticut does rank highly in equally troubling categories. The state ranks: 1st in highest federal, state and local taxes per capita (National Taxpayers Union); 5th most costly state to do business (Milken Institute); 7th in increased state spending per capita, 1990-2006 (National Association of State Budget Officers).

“Connecticut’s standing as being anti-business and anti-job is well documented,” said Rep. Hovey. “Pitney Bowes scaling back operations in Newtown is further proof of the need to ‘change’ the mindset of the Legislature in Hartford. What is even more disturbing is the way that despite the downturn in the economy, certain legislators continue to send bills forward that would not help but cause more harm.”

The Legislature’s Finance, Revenue and Bonding Committee recently approved HB 5844, which would place a 6 percent tax on “deliveries” throughout the state. The tax would apply to Federal Express and UPS deliveries, as well as grocery, newspaper,

restaurant deliveries, heating fuel deliveries, furniture deliveries, flower deliveries, etc. The tax would be passed on to the consumer, said Rep Hovey.

During current legislative session, numerous other anti-business bills have been proposed. For example, House Bill 5783 would increase the cost of electricity in Connecticut by imposing windfall profit taxes. The state's energy costs are among the highest in the nation and create a competitive disadvantage for employers. This legislation would likely result in less electricity generation in the state and increased costs.

“Clearly ‘change’ is has been a political buzzword during the past several months,” said Rep. Hovey. “When we continue to see fewer and fewer jobs in Connecticut and members of the legislature supporting bills that would only worsen the situation, there is little doubt this is not type of change we need. The state must make inroads to be more business-friendly now.”

Rep. Hovey said the Republican proposal to abolish the state's \$250 annual Business Entity Tax and additional Republican proposals put forth this year to expand the job creation tax credit, eliminate outdated, redundant and counterproductive business regulations and provide tax incentives to emerging and next generation industries like alternative fuel, environmental remediation and nanotechnology represent the kind of change the state desperately needs.