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- PRESS RELEASE -

BYSIEWICZ: RECORD NUMBER OF CONNECTICUT BUSINESSES SHUT DOWN IN 2008

YEARLY FIGURES FROM SECRETARY OF THE STATE'S OFFICE SHOW STEEPEST DECLINE IN NEW BUSINESS STARTS EVER RECORDED

HARTFORD: Secretary of the State Susan Bysiewicz reported today that a record number of Connecticut businesses shut their doors in 2008 while at the same time, Connecticut experienced the steepest decline in new business starts ever recorded. Coupled with last week's unemployment numbers that showed Connecticut lost nearly 30,000 jobs in 2008, this is yet another indicator that Connecticut, like much of the nation, is in the midst of a deep economic recession.

"Our economic situation is dire," said Secretary Bysiewicz, Connecticut's Chief Business Registrar. "We need bold action in Hartford and Washington D.C. to help our struggling businesses stay afloat – particularly the small businesses that form the backbone of our economy. While President Obama's proposed stimulus plan sounds promising, it is clear there are concrete steps the Governor and legislative leaders can take here in Connecticut to improve our business climate and get back to creating jobs and growing the economy once again."

The monthly figures released by the Secretary of the State's Office are available on the website www.sots.ct.gov and show that in 2008, some 13,456 businesses filed paperwork to dissolve their company, the highest such annual figure since these numbers were first recorded in 2000. This represents an 18% increase in business stops over the 2007 figure, which is the highest year-to-year increase in business closings on record. The numbers also reveal that Connecticut saw 27,483 new business starts in 2008, which is the 2nd lowest annual figure on record. Only 2003 saw fewer new business starts. The

2008 figure represents an 11% decrease in new business start-ups as compared with 2007, which is the highest year-to-year decline in business starts ever recorded.

Most economists agree the recession in the United States began in late 2007 with deterioration evident as the year progressed. In 2008 consumer confidence dropped 44%, the national economy lost 2.7 million jobs, and the domestic housing market continued to consolidate with lower prices and declining home sales.

After reviewing Secretary of the State Bysiewicz's report, Don Klepper-Smith, Chief Economist and Director of Research for DataCore Partners LLC and Chairman of the Governor's Council of Economic Advisors said, "In Connecticut, it is clear we are now facing the headwinds from the national recession as both consumers and businesses have found it increasingly difficult to make ends meet. The data from the Secretary of the State's Office confirms that the current economic climate is not conducive to business expansion. Moreover, business failures are also understandable given the backdrop of less personal consumption, reduced business spending, and tangible job losses. Therefore, the 11% decline in business starts, as well as the 18% rise in failures, is completely understandable."

Klepper-Smith added, "There is every indication that the domestic recession is likely to continue through the first half of 2009 given announced job losses and other leading indicators. Going forward, two important indicators to watch will be business confidence and total non-farm employment."

In her own assessment of the report, Secretary Bysiewicz said, "Our businesses – particularly small businesses who have created over 90% of all new jobs in Connecticut in the last 10 years – are grappling with escalating energy prices, health care costs, and the national credit crisis. We must improve the business climate in Connecticut and bring down some of these staggering costs. Entrepreneurs need real solutions, whether it's pooling health insurance or offering serious incentives to encourage energy efficiency and expand the green technology sector. We cannot afford to sit by and wring our hands while more and more businesses shut down, leaving more people out of work and more families without income and health insurance."

Secretary Bysiewicz is a strong advocate for opening up the state employee health care plan to small businesses and non-profit organizations, an effort which would save millions for businesses. A health care pooling bill was passed overwhelmingly by the Connecticut General Assembly but was vetoed by M. Governor Jodi Rell.

As Connecticut's Chief Business Registrar, Secretary Bysiewicz is also leading a series of roundtable discussions with small business entrepreneurs throughout the state trying to find solutions to high energy costs and explore ways to expand the emerging green technology sector. This includes the development of cutting edge energy efficiency technology and the alternative, renewable fuels which reduce dependence on foreign oil and other fossil fuels that emit harmful greenhouse gases. Economists estimate this emerging industry has the potential to create thousands of jobs in Connecticut.