

SONALYSTS

February 6, 2009

Finance Committee
Connecticut General Assembly
Hartford, Connecticut

Members:

The purpose of this letter is to express concern regarding, and opposition to, the various corporate tax increases you are considering. The specific measures of immediate import include:

- HB-6349 and HB-6350, which would increase the sales tax;
- SB-815 and HB-6348, which would reduce or eliminate corporate tax credits; and
- SB-807, which would impose unitary taxation.

All of these bills will, if enacted, have the same two adverse effects. They will drive existing jobs out of Connecticut, and they will make it less attractive for current or potential Connecticut employers to invest in growth and jobs here. Even the mere fact that you are considering these taxes is troublesome because you are creating uncertainty for decision-makers. For example, the proposed elimination/reduction of tax credits has already caused potential customers to review decisions on whether to bring work to Connecticut. Our company will lose work if the concepts embedded in these bills become law; just because you are holding this hearing at all, you are exposing us to the danger of losing anticipated work as decision-makers take a harder look at New Mexico, Louisiana, Massachusetts, and other states.

Sonalysts has been a Connecticut business for 35 years. We have operations in ten other states, with about half of our work here and half in those other locations. To be very frank, Connecticut is simply not a welcoming state to business the way others are. The cost of doing business here is abnormally high in every way -- taxation, regulation, insurance, government mandates, litigation, workers' compensation, labor laws, and so on. And in general, with limited exceptions such as the recently enacted film tax credit, the problem has been getting worse for a long time.

We do understand that the state has a serious budget issue, of course. But the solution to this problem is to reduce the size and scope of the state government to live within the budget produced by the very high levels of taxation that the state already has. It is decidedly not to pile more taxes on top of the employers who are fortunate enough to be doing reasonably well at this difficult time.

In the short term, we ask that you reject these ill-conceived measures, and not take up any others that involve tax increases. For the longer term, we ask that you work diligently to reduce the cost of state government so that Connecticut will become a place in which businesses want to invest and build, rather than a place to which they fear to move or from which they must regularly consider whether to depart.

Thank you for your consideration, and for your service to the state.

Sincerely,



Lawrence F. Clark
Chairman of the Board