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To Members of the Finance Committee:

Good morning. I'm submitting testimony this morning on behalf of Pitney Bowes. Pitney Bowes is a Connecticut company, founded in 1920 and headquartered in Stamford. Though we are known as a company that invented the postage meter, Pitney Bowes has evolved and now is a major software company, as well as a hardware company. We are involved in most facets of what we call the "mailstream". Pitney Bowes employs over 30,000 employees and operates in over 130 countries.

In Connecticut, we have over 3,000 employees and significant operations in Stamford, Danbury, Newtown, Shelton, Hartford, and Windsor. In our home state, Pitney Bowes manufactures large mailing solutions, conducts a significant portion of our research and development activities, performs mailing services for customers, and houses many of our corporate operations, among other activities. The overall printing and mailing industry in Connecticut, including those that work for the United States Postal Service, is responsible for 120,000 jobs.

The tax structure and targeted tax incentives offered by Connecticut are a significant factor we examine when deciding where we locate certain operations. The cost of doing business and the cost of living for employees in Connecticut is high, and many of these incentives help companies remain in Connecticut and invest in Connecticut. The Research and Development tax credit is a good example of an incentive that has helped to foster a pipeline of research activity among a number of companies and our higher education community.

Predictability and consistency of the state's tax policy are important when we consider multi-million dollar, long term investments in facilities and in people, our most valuable resource. As study after study tells us, the Connecticut education system and the innovation economy here is one of our best assets.

Currently, businesses throughout Connecticut and the world, including Pitney Bowes, are facing significant challenges. In response, Pitney Bowes is working to improve our operational efficiency, focus on customer value, improve our business performance, increase employee engagement, and look for new opportunities. To the extent Connecticut adopts proposals which increase business costs during this time of great uncertainty, or reduces or eliminates incentives that have supported our long term investments here, our challenges multiply.

At the same time, we realize the challenges that state government is facing and want to continue to help contribute to solutions to these challenges. As you may know, Pitney Bowes has stepped up to the plate on a variety of occasions and on a variety of issues, from transportation to health care, to partner with the state. We look forward to the opportunity to participate in a discussion to find solutions to the budget situation that do not damage the economy and Connecticut citizens.

Therefore, we are respectfully submitting testimony in opposition to a number of tax bills before you today: HB 6348, HB 6349, HB 6350, SB 807, and SB 815. These proposals affect the predictability of our current tax structure by recommending a moratorium on business tax credits, by imposing a ceiling on business tax credits and a voucher system for credits that would be awarded, by limiting carry-forward periods for business credits, by repealing sales and use tax exemptions, by adding a sales tax on services, and by mandating combined reporting for corporate income tax purposes.

As I mentioned, Pitney Bowes has been committed to Connecticut for decades. We have an interest in an efficient and effective government, and in a tax structure that is predictable and that encourages activities that contribute to the success of our economy. We respectfully ask that the committee examine these proposals through that lens and we respectfully ask to work with you on viable solutions for our state and for our economy.

Sincerely,

Leigh Walton