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## **BYSIEWICZ: 1<sup>ST</sup> QUARTER OF 2009 SAW ANOTHER RECORD NUMBER OF CONNECTICUT BUSINESSES SHUT DOWN**

NEARLY 3,500 CT BUSINESSES SHUT THEIR DOORS IN THE FIRST QUARTER OF  
2009; 16% INCREASE IN CLOSINGS OVER 2008 FIRST QUARTER DATA

**HARTFORD:** Secretary of the State Susan Bysiewicz reported today that 3,477 Connecticut businesses shut their doors between January 1<sup>st</sup> and March 31<sup>st</sup> of 2009. This represents the highest number of shut-downs ever in any first quarter of a year since the Secretary of the State's Office started releasing business starts and stops data in 2000. The number of business stops in the first quarter of 2009 also rose 16% over first quarter 2008 data. At the same time some 6,941 new businesses started up in Connecticut during the first quarter of 2009, representing the lowest number of first quarter start-ups since 2001. The number of new business start-ups in Connecticut declined 13% from the first quarter of 2008.

“Even though some national numbers point to a bottoming out of our current economic recession, Connecticut businesses are clearly struggling to stay afloat,” said Secretary Bysiewicz, Connecticut's Chief Business Registrar. “With federal stimulus funding making its way to Connecticut, our state must maximize and leverage federal dollars to get those funds into the hands of Connecticut entrepreneurs as quickly, efficiently, and transparently as possible. We also need to make critical investments in areas such as health care and transportation that will bolster Connecticut's economy and the profitability of our businesses.”

The monthly figures released by the Secretary of the State's Office are available on the website [www.sots.ct.gov](http://www.sots.ct.gov) and show that in January 2009 some 983 businesses filed paperwork to dissolve their company, followed by another 818 in February and 1,676 in

March. This was the single highest total of business shutdowns during the month of March since the Secretary of the State's Office started releasing this data in 2000. The statistics also show that in January 2009, 2,313 companies filed incorporation papers in Connecticut, followed by 2,185 in February and 2,443 in March.

After reviewing Secretary of the State Bysiewicz's report, Fred Carstensen, Director for the Center for Economic Analysis at the University of Connecticut said, "The rapidity of the loss of businesses establishments in Connecticut is deeply troubling. Small business plays a crucial role in job creation; the continuing loss of businesses underlines the profound challenge we face in preserving and then expanding jobs."

Carstensen added, "There is a larger perspective we must consider. Connecticut is confronting a double crisis: a short-term crisis fueled by the national and global economic meltdown and a long-term crisis of economic vitality. Before these latest losses, Connecticut was already the only state in the nation with fewer business establishments than it had twenty years ago. Adding to this the absence of meaningful job creation in those twenty years and declining median household income since 2000 paints a stark picture of a state economy in long-term decline. These latest numbers drive home the critical point that Connecticut must develop coherent and systematic economic development policies and, even in the face of the current crisis, identify those critical strategic investments – principally in life sciences and renewal energy – that will drive restoration of Connecticut's competitive edge."

Following his review of the 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, "The first quarter statistics on CT business starts and closings were disappointing, but not unexpected. The State is still dealing with the headwinds from a national recession, which implies continued weakness within our labor markets, less consumption over the near-term, and reduced business activity. However, I expect that the President's fiscal stimulus package, together with efforts from the Fed to lower long-term interest rates, will prove beneficial at some point.

In her own assessment of the report, Secretary Bysiewicz said, "While the Obama Administration and congress work hard to stabilize financial institutions and get credit flowing again, we in Connecticut still have an obligation to do all we can to make our business climate as profitable as possible. Small businesses have created over 90% of all new jobs in Connecticut in the last 10 years and they are the backbone of our economy. Small business sustainability is seriously threatened by skyrocketing health care and energy costs. In these extraordinary times government action is needed to help reduce those costs for businesses. Health care and energy policy must be at the forefront of our plans to revive our economy. We ignore these critical factors at our own peril."

Secretary Bysiewicz is a strong advocate for The Connecticut Health Care Partnership and the Sustinet plan, which would both provide affordable health care options for small businesses and non-profits, are currently being considered by the General Assembly. 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.