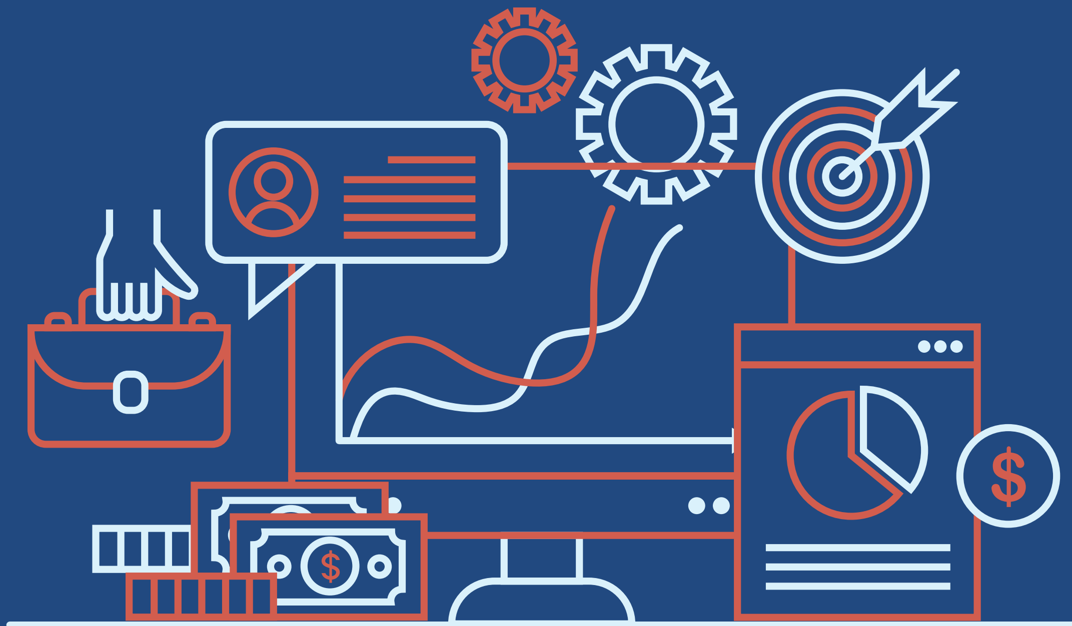


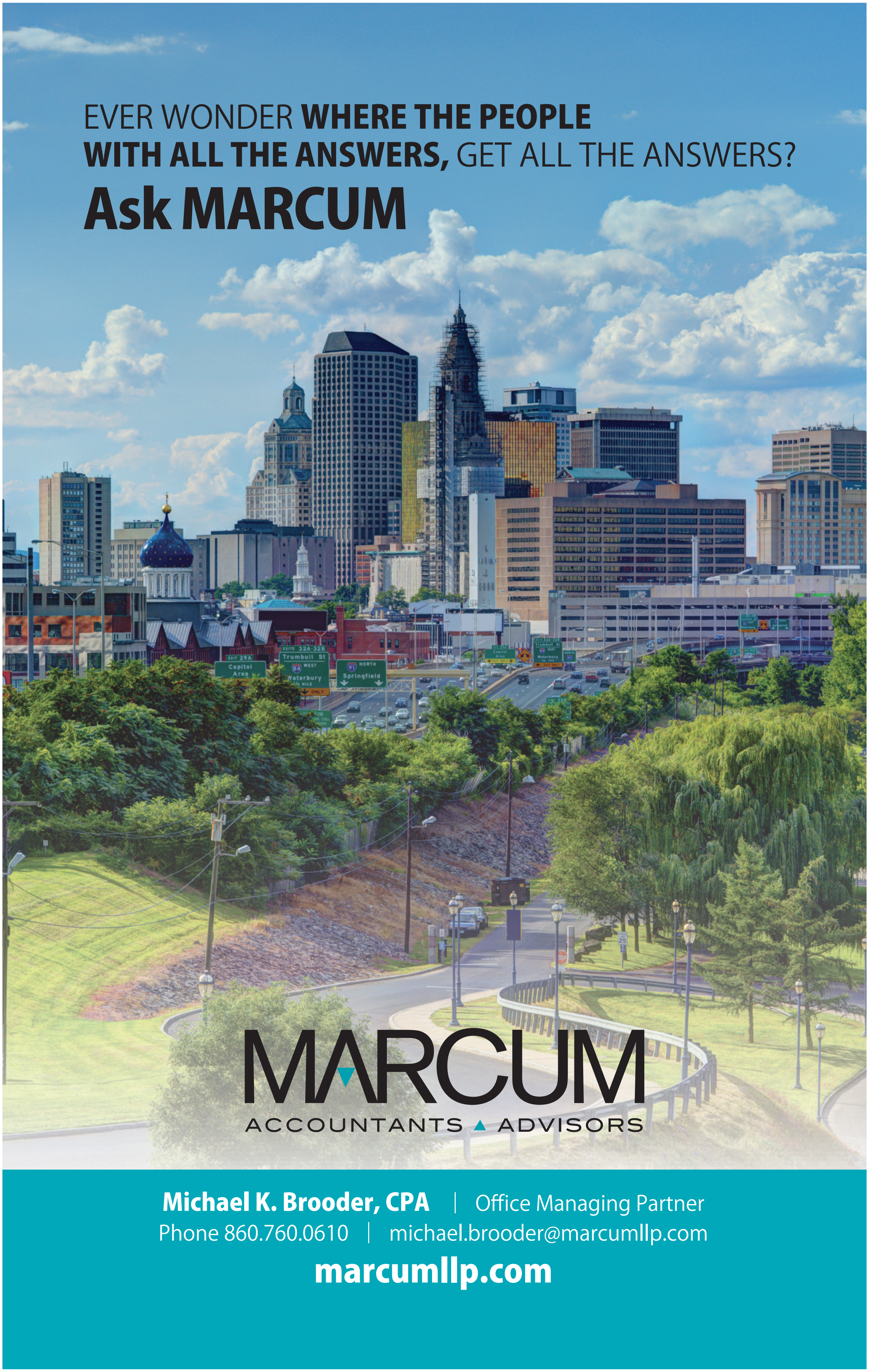
2022

SURVEY OF CONNECTICUT BUSINESSES

MARCUM ACCOUNTANTS ADVISORS

cbia

transform CT


EVER WONDER WHERE THE PEOPLE
WITH ALL THE ANSWERS, GET ALL THE ANSWERS?
Ask MARCUM
MARCUM
ACCOUNTANTS ▲ ADVISORS
Michael K. Brooder, CPA | Office Managing Partner
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INTRODUCTION

CBIA's 2022 Survey of Connecticut Businesses—the 20th annual edition, made possible again this year through the generous support of Marcum LLP—captures a state and an economy at a critical juncture.

There is no doubt that Connecticut is awash with opportunity, in part because of the state's response to the COVID-19 pandemic, including an 81% vaccination rate—one of the highest in the country—and the way it deployed billions of dollars in federal relief funding.

This year's General Assembly session leveraged federal pandemic relief dollars and a historic $4.3 billion surplus to provide $660 million in individual tax relief (albeit with more than half as one-time measures), $4.1 billion in contributions to the state's chronically underfunded state employee pension system, and $100 million towards bolstering the childcare system, while also building one of the healthiest rainy day funds in the nation.

The state's fiscal health has not been this robust in decades. The question, however, is this: can Connecticut address a range of challenges, many of them systemic issues that predate the pandemic, and seize the opportunity to transform the state and make our economy more competitive and robust, with opportunities for all?

> **Solving the labor shortage crisis—our economy's greatest threat, as this report highlights—requires long-term, sustainable solutions that will make Connecticut more affordable for residents and employers and unlock opportunities for all.**
>
> **Chris DiPentima** | President & CEO, CBIA

Connecticut is not alone in facing many of these issues, with soaring inflation, supply chain disruptions, the labor shortage, and outdated infrastructure clouding the economic outlook across the country.

Nonetheless, there is indisputable data that Connecticut is more susceptible than many states to these pressures.

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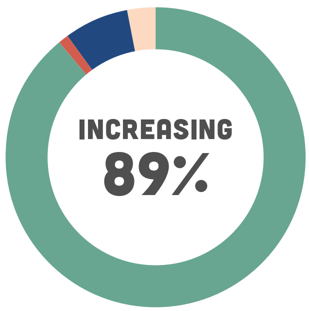
The state's worker shortage is particularly acute. Between February 2020 and August 2022, Connecticut's labor force—the number of people working plus those actively looking for work—shrunk 2.3% (down 45,100), accounting for 41% of the New England region's losses. The U.S. labor force has recovered and now exceeds pre-COVID levels.

CNBC annual America's Top States for Business study—widely recognized for its independence and rigorous methodology—ranked Connecticut's business climate 39th in the country this year, down 15 spots from 2021, with the state's economy and high cost of living both receiving F grades.

Is the cost of doing business in Connecticut...



- Increasing (89%)
- Declining (1%)
- Remaining the same (7%)
- Unsure (3%)

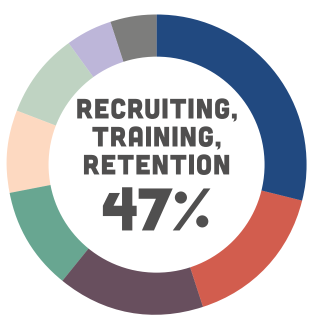
Connecticut's GDP grew 4.2% in 2021, 36th fastest in the country, before faltering in the first quarter of this year, contracting 1.4% as companies struggled to meet broad demand for products and services amid the labor shortage and the Omicron surge.

Business leaders fully appreciate all Connecticut has to offer, but are often unsure about the state's direction. All this to say, Connecticut is faced with a choice: will our economy continue to underperform, limiting opportunities for residents, or can we transform the state and reach our full potential?

Connecticut businesses are playing their part, proving their resiliency and innovative spirit over the past two-plus difficult years and adapting to a new world as the pandemic shapes the ways we look at systems, business models, consumer behavior, careers, and the workplace.

This year's survey responses reaffirm many of the underperforming economic indicators that show Connecticut's untapped growth potential—data that our policymakers must acknowledge to identify and implement solutions—and offer key insights highlighting opportunities to build a sustainable economy that emphasizes affordability, meaningful careers, and a positive business climate.

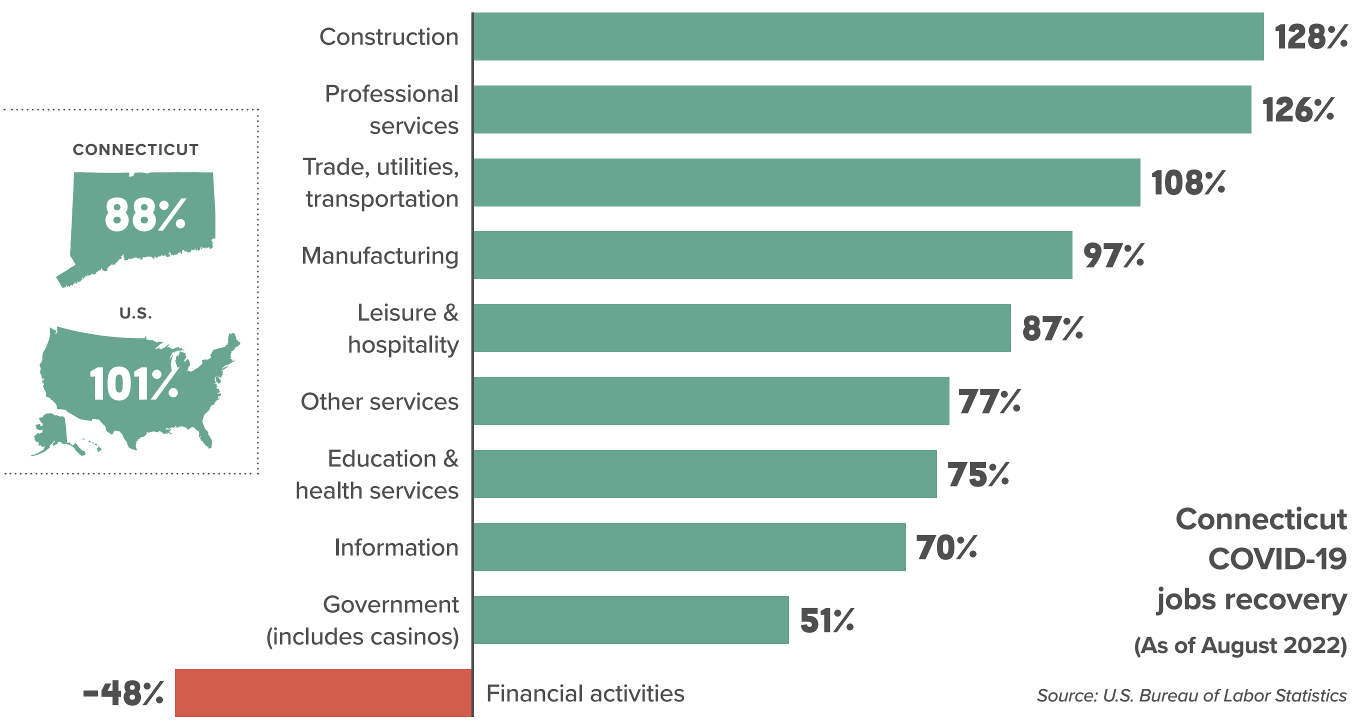
Where will you make your greatest investment?



- Employee retainment efforts (e.g. creative benefits, culture, etc.) (29%)
- Property/facilities (16%)
- New technology (16%)
- Other capital assets (11%)
- Recruiting qualified workers (9%)
- Employee training (9%)
- R&D (5%)
- Other (5%)

KEY FINDINGS

- 85% of employers report difficulty finding and/or retaining employees and 39% say the lack of skilled applicants is the greatest obstacle to growth
- A third (33%) report that the state's high cost of living was the top concern for employees and their families
- Just over two-thirds (68%) of companies reported profits in 2021, up from 64% in 2020
- 65% expect a profitable 2022, with just 9% forecasting losses
- Only 26% see Connecticut's economy growing in the next year and just 20% expect U.S. GDP growth
- 89% of business leaders think the cost of doing business in Connecticut is increasing, while 50% say the state's business climate is declining
- 83% of companies were impacted by supply chain disruptions, and more than half (56%) raised prices because of inflation
- 29% of employers make their greatest investment in employee retainment, up five percentage points from 2021
- 34% expect their workforce to grow in the next six months, up one point over last year
- 44% forecast sales growth in 2022, up one percentage point from last year and the highest since 2014



Connecticut COVID-19 jobs recovery

(As of August 2022)

Source: U.S. Bureau of Labor Statistics

THE CONNECTICUT ECONOMY

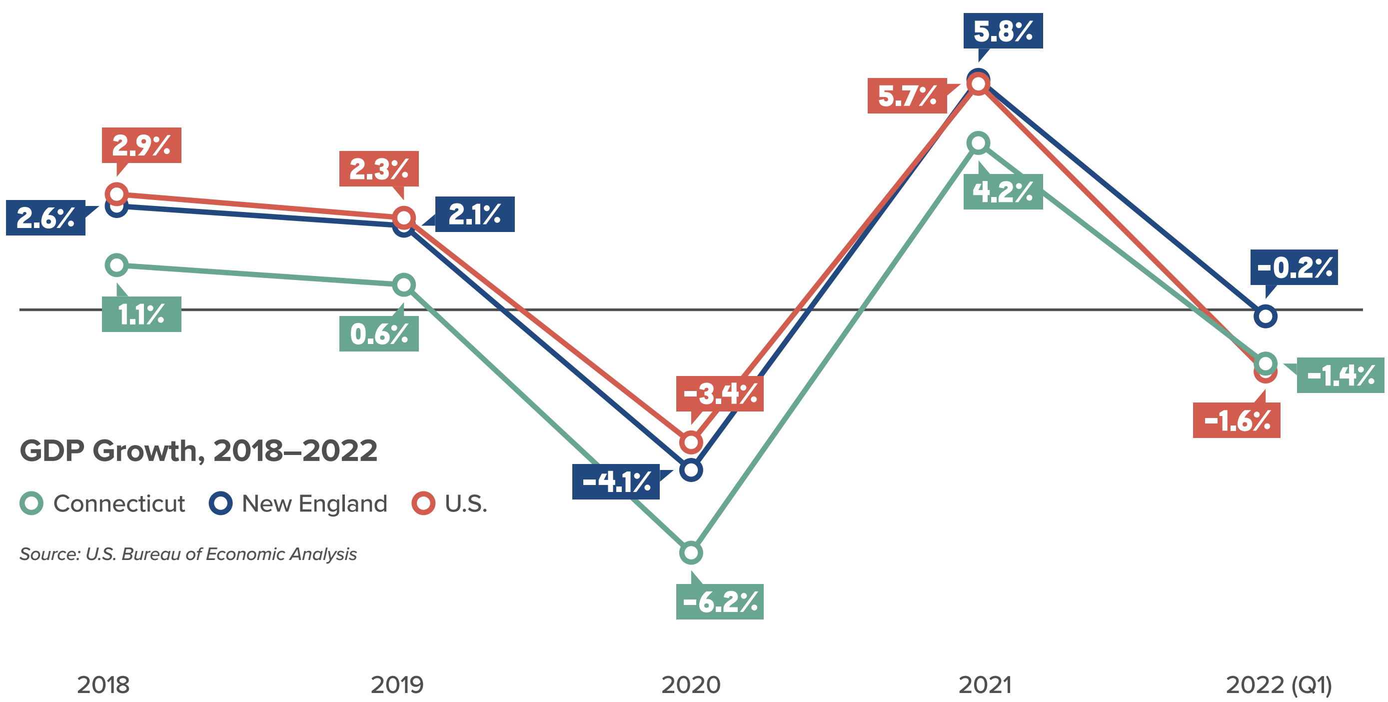
In the 2008-2010 recession, Connecticut lost 120,000 jobs over two years. In March and April of 2020, the state lost more than double that—292,400 positions—because of pandemic-related shutdowns and restrictions.

Connecticut recovered 88% of those jobs as of August 2022. Among the New England states, Maine leads in job recovery at 96%, followed by Rhode Island (92%), New Hampshire (91%), Massachusetts (91%), Connecticut, and Vermont (80%) The U.S. recovered 101% of lost positions.

Keep in mind that Connecticut was one of a handful of states that did not recover all jobs lost in the 2008 downturn. There are 57,000 fewer people working here today than in March 2008—a sharp reminder that poor policy choices, such as raising taxes on individuals and businesses, adding burdensome regulations, and a lack of fiscal discipline in government spending, have significant consequences that stymie population, business, job, and economic growth.

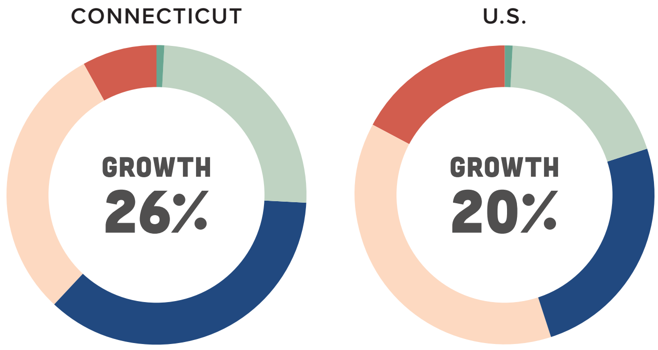
As of August 2022, Connecticut's year-to-date job growth is 1.7%, with the U.S. at 2.3%. Massachusetts leads the region at 2.4%, followed by Rhode Island (2.2%), Vermont (1.5%), Maine (1.4%), and New Hampshire (0.9%).

Employment in three of Connecticut's 10 major industry sectors has recovered, led by construction, which regained 128% of pandemic-related losses. Professional services recovered 126% of lost jobs and trade, transportation, and utilities 108%. The manufacturing sector recovered 97%, while the hard-hit leisure and hospitality sector regained 87%.



GDP Growth, 2018–2022

Source: U.S. Bureau of Economic Analysis



What is your 12-month outlook for the Connecticut and U.S. economies?

- Strong growth (1%, 1%)
- Moderate growth (25%, 19%)
- Static (36%, 25%)
- Moderate contraction (30%, 38%)
- Strong contraction (8%, 17%)

Other services regained 77%, followed by education (75%), information (70%), and the government sector (51%), which includes casino employment. The critical financial activities sector now employs 1,300 fewer people than before the pandemic.

U.S. Bureau of Economic Analysis data shows Connecticut's economy grew 4.2% in 2021, trailing the U.S. (5.7%) and the region, which saw 5.8% economic expansion.

The state's GDP contracted 1.4% in the first quarter of 2022, while the region's economic output shrank 0.2% and national GDP declined 1.6%.

Based on the first quarter numbers, Connecticut's annualized GDP was $312 billion, 24% of New England's $1.28 trillion economy, and the second largest in the region behind Massachusetts ($664 billion).

Thirteen of the 21 Connecticut industry sectors tracked by BEA saw expanded production in the first quarter, led by accommodation and food services, which grew 0.39%. Information grew 0.32%, followed by government (0.26%), real estate (0.21%), utilities (0.21%), educational services (0.16%), construction (0.1%), management (0.09%), durable goods manufacturing (0.08%), administrative services (0.06%), other services (0.04%), arts, entertainment, and recreation (0.03%), and healthcare (0.01%).

Connecticut's nondurable goods manufacturing shrank 1.17% to lead all declining sectors after expanding 0.46% in the fourth quarter of 2021.

The key finance and insurance sector declined 1.12% after expanding 0.71% the previous quarter.

Retail trade fell 0.6%, followed by wholesale trade (-0.19%), transportation and warehousing (-0.16%), agriculture (-0.05%), mining (-0.03%), and professional services (-0.02%).

> **It is more important than ever that we foster an environment where people want to live and work. We want to be the state where people can achieve their dreams and that can only happen with a healthy and vibrant business economy.**
>
> **Thomas Filomeno** | Partner-in-Charge, Tax Consulting, Marcum LLP

Connecticut commodity exports grew 5.4% in 2021 over prior year levels to $14.6 billion, but remained almost $1.7 billion (-10.3%) below 2019 output.

All but two of the state's export sectors saw growth, with special classification provisions (-27%) and pharmaceutical products (-42%) the exception.

Aerospace components and parts, the state's leading export sector, grew 4% in 2021 to $4.5 billion. Industrial machinery exports increased 2%, optical and medical/ surgical instruments grew 10%, electrical machinery expanded 6%, and plastics grew 15%.

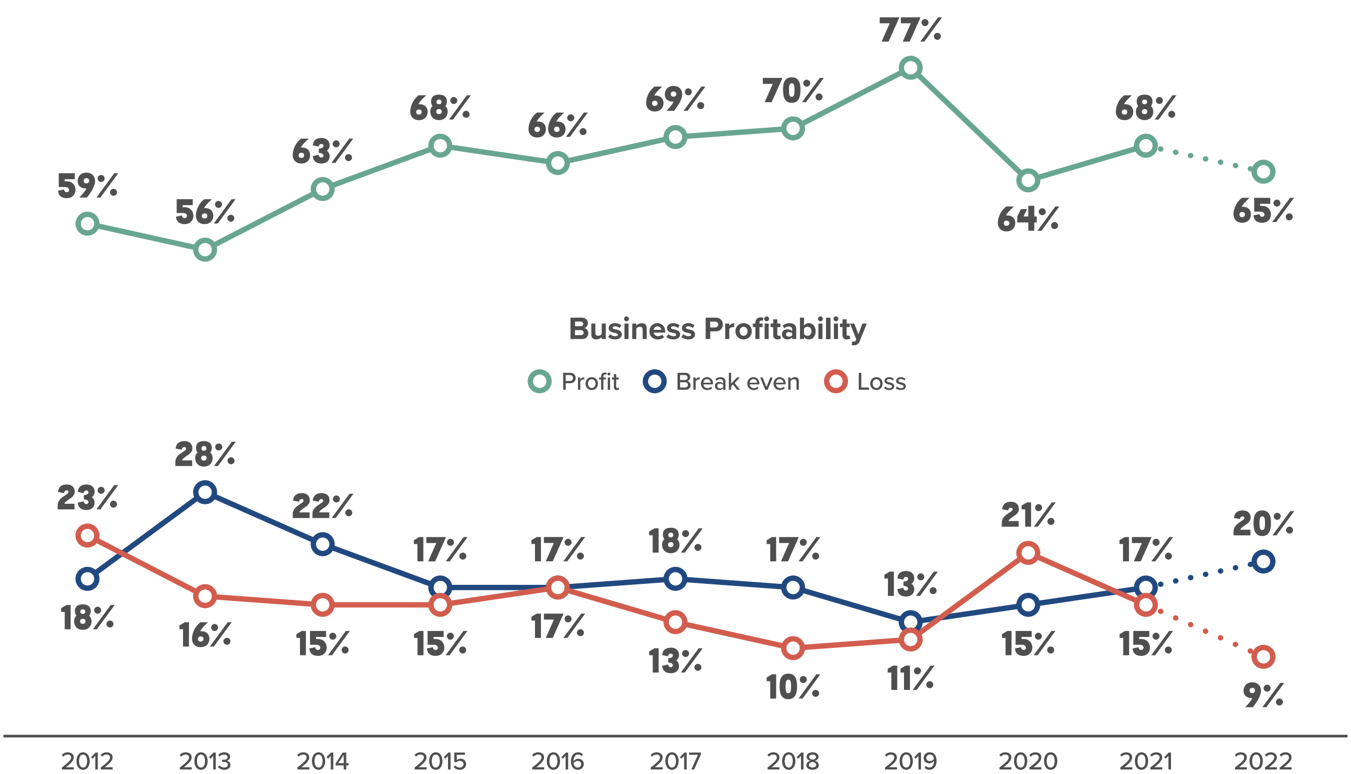
Between 2020 and 2021, national commodity exports grew 23%, with the U.S. trade deficit also increasing 27%.

While Connecticut's $82,918 per capita personal income remains the second highest in the nation behind Massachusetts ($83,229), the state's growth rate ranked 42nd in 2021, continuing a period of sluggish gains.

A Pew Charitable Trusts report shows that if it were not for unemployment benefits and federal assistance, Connecticut personal income growth would have declined in 2021.

Only 26% of surveyed Connecticut business leaders expect Connecticut's economy to expand in the coming year—down from 39% last year. More than a third (36%) forecast static conditions while 38% believe the state's economy will contract next year, up 17 percentage points from last year's survey.

That pessimism extends to the U.S. economy. More than half of respondents (55%) forecast that national economic output will contract next year, just 20% see growth, and 25% expect static conditions.



That contrasts sharply with the responses from last year's survey, when 53% expected the U.S. economy to grow and just 17% projected a decline.

STATE OF BUSINESS

In our 2021 survey, two-thirds (67%) of businesses projected profits for that year, 25% forecast they would break even, and 8% expected losses.

The 2022 survey reveals a more discouraging reality. While 68% of businesses posted profits in 2021, only 17% broke even and 15% experienced losses—seven percentage points higher than forecast.

These losses come on the heels of the highest inflation in 40 years coupled with new and more transmissible variants of the coronavirus.

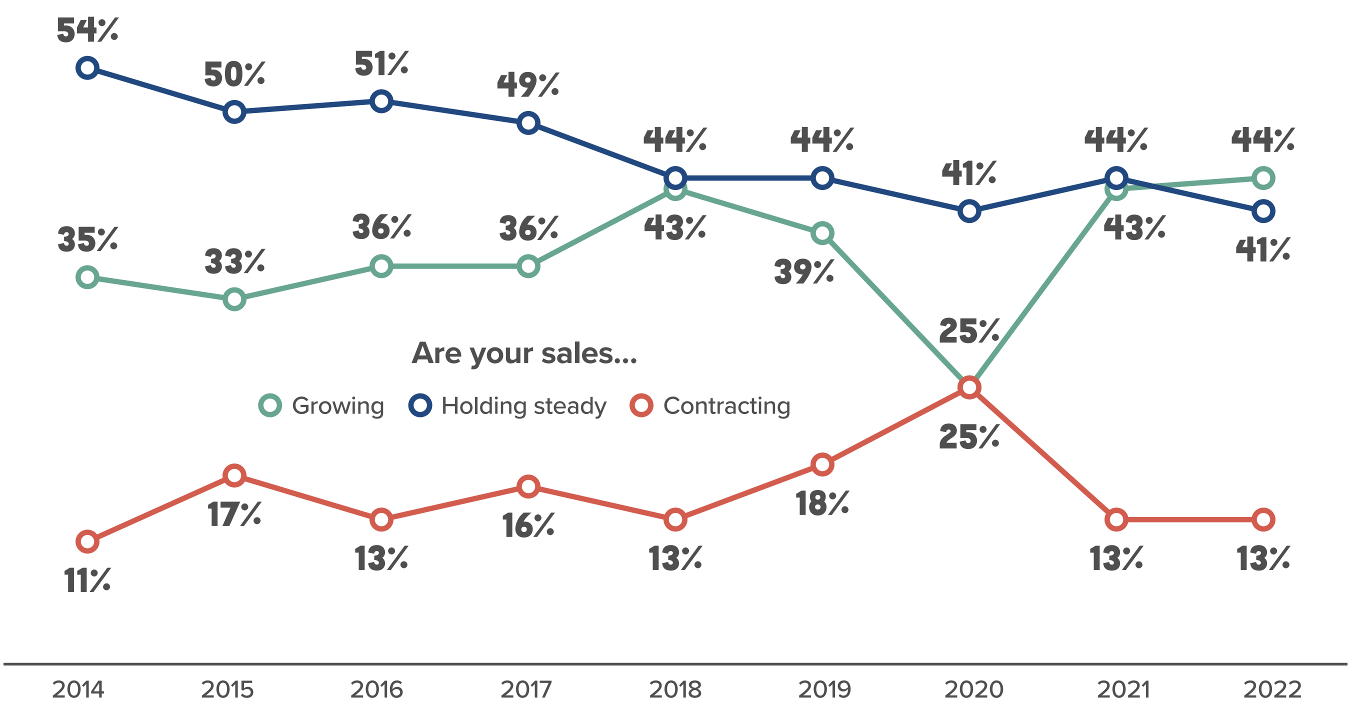
Looking ahead, 65% of respondents project a profit in 2022, while one-fifth (20%) forecast breaking even and 9% expect losses.

Small businesses—defined here as those with fewer than 50 employees—saw similar results. Sixty-four percent recorded a profit in 2021, 19% broke even, and 17% losses.

For 2022, 62% of small businesses expect to be profitable, 21% say they will break even, and 10% project losses for the year.

Forty-four percent of all surveyed companies reported sales growth in 2022—up a percentage point from last year. Forty-one percent are holding steady and 13% saw a decline, the same as last year and tied for the lowest rate since 2014.

Of those companies that reported profits in 2021, 45% cited increased sales and business as the main factor driving profits.



"Sales recovered mostly from the COVID slump," explained one respondent.

Another cited the "relaxing of COVID protocols and diminishing fear of contraction" that drove higher sales.

A third said "aerospace sales were up. Selling overrun and surplus from 2019 and 2020" led to increased business.

Thirty-four percent of business leaders said the pandemic was the biggest factor driving losses, with 24% citing a lack of business and revenue that often was directly linked to the pandemic.

One respondent said they had "no patient referrals because of the pandemic. Many pediatricians had limited office hours, and we get most patients from pediatrician referrals."

Seventy percent of surveyed companies based production of all products or services in Connecticut—five percentage points higher than last year—with another 16% locating partial production here.

Just under one-third (32%) of businesses plan on introducing a new product or service in the next 12 months—up from 26% last year.

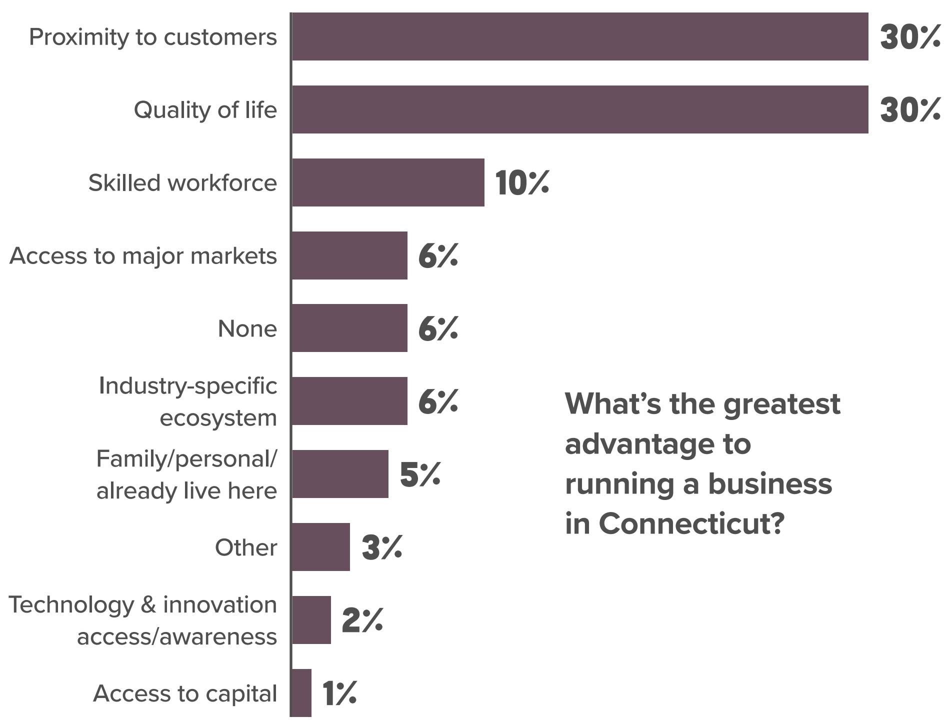
Seventy percent plan to base full production in Connecticut and 19% expect to locate partial operations here.

Proximity to customers is the greatest advantage to running a business in Connecticut for 30% of companies (down from 32% last year), with 30% citing quality of life (29%), 10% the skilled workforce (14%), and 6% access to major markets (7%).

For 39% of the business leaders surveyed this year, the lack of skilled job applicants is the main factor hampering business growth in the state, up four percentage points from last year.

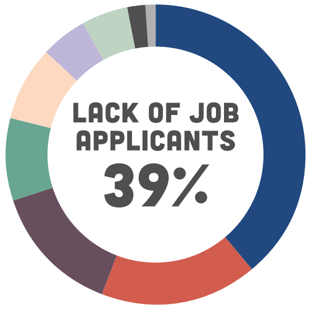
Seventeen percent cited the cost of living, followed by high business taxes (14%), the uncertainty and unpredictability of legislative decision-making (9%), and increasing regulatory compliance costs (8%).

This year's survey reveals a steady decline in perceptions of Connecticut's business climate. Half (50%) of respondents believe the state's business climate is getting



What's the greatest advantage to running a business in Connecticut?

What's the main factor hampering business growth?



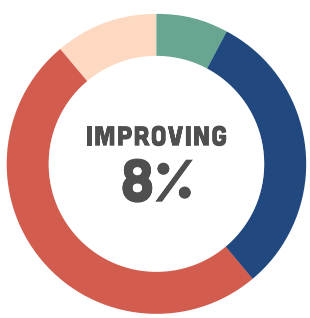
- Lack of skilled job applicants (39%)
- Cost of living (17%)
- High business taxes (14%)
- Uncertainty, unpredictability of legislative decision-making (9%)
- Increased regulatory compliance costs (8%)
- Other (5%)
- Workplace mandates (5%)
- Cost of doing business (2%)
- Transportation infrastructure (1%)

worse, with one respondent citing "too many economic burdens on employers."

As noted earlier, CNBC's 2022 review of state business climates dropped Connecticut 15 spots to number 39. Notable shifts in the state's ranking included infrastructure dropping from 18 to 39th and the economy falling 15 spots to 47th.

The infrastructure category represented Connecticut's largest decline, falling 21 spots and impacting the state's overall rank as CNBC weighed that category second-highest based on "the massive effort to rebuild the domestic supply chain."

The economy and cost of living—two critical factors in attracting people to a state—both received F rankings, with a D for each of infrastructure and the cost of doing business.



What's your perception of Connecticut's business climate?

- Improving (8%)
- Static (31%)
- Declining (50%)
- Unsure (11%)

INFLATION, SUPPLY CHAIN DISRUPTIONS

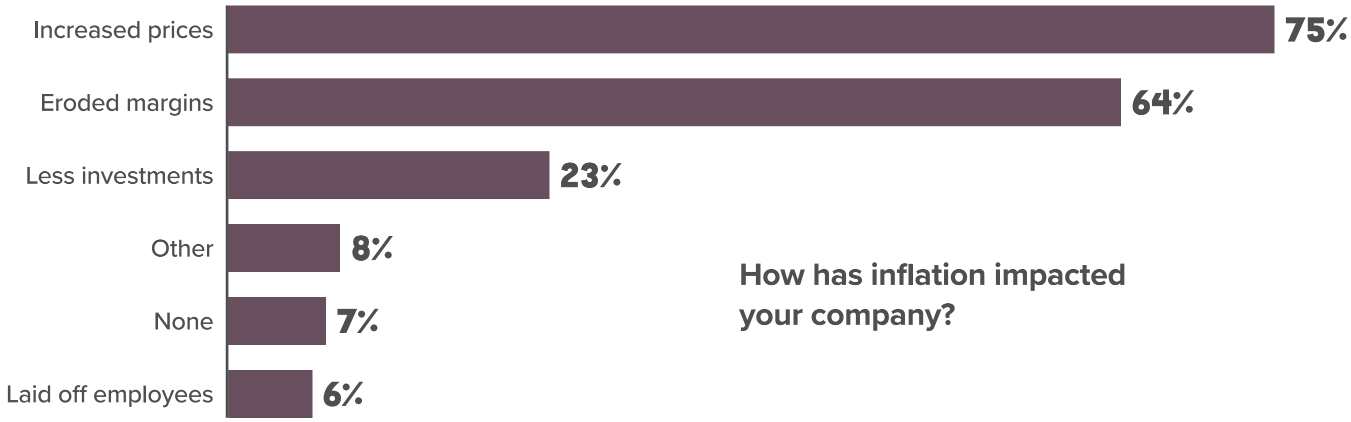
As the state and country emerge from the pandemic, employers are experiencing the growing pains of an uncertain economic recovery.

When asked how their companies were impacted by skyrocketing inflation, three-quarters (75%) of survey respondents said they increased prices to remain in business.

Just under two-thirds (64%) saw margins eroded, while 23% invested less in equipment and other capital assets, and 6% laid off employees.

Less than one in 10 (7%) were not impacted by inflation.

One respondent said they "increased prices, but not enough to offset material costs," while another said they were "shopping for the lowest price and cutting back on health insurance coverage."



How has inflation impacted your company?

A third said they were “learning to manage the month-to-month needs rather than wants. Putting projects on hold, looking for a small commercial footprint, and allowing more hybrid and remote positions, some even out of the state.”

Over a third of respondents (34%) believe state policymakers can help ease the impact of soaring inflation by lowering taxes.

A staggering 83% of companies were impacted by supply chain disruptions.

Nearly three-quarters (74%) had issues with product availability, 26% either delayed projects or extended lead times, 22% had higher product costs, and 8% lost business or saw decreased revenues.

“Automated machinery components have long lead times,” one respondent noted, “slowing the entire capital equipment project pipeline.”

“Raw materials have doubled in price,” another said, “and some raw materials are not even available for months at a time.”

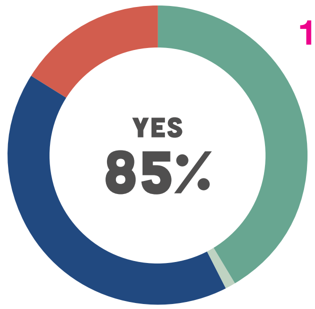
Business leaders were relatively muted about the impact state policymakers can have on supply chain disruptions, with many saying either the damage is already done, or it is a federal or global issue.

However, 13% of respondents called for increasing and improving domestic manufacturing production, 11% for less involvement and regulation from the government, 9% for lower taxes, and 9% for more business-friendly policies.

One respondent called on state government to “push for incentives to onshore manufacturing, and reduce taxes so manufacturers stay in Connecticut and the U.S.”

> **Despite an abundance of jobs, finding dedicated, skilled workers remains a challenge. If we don’t reassess our business policies, education system, and job training, and create initiatives to keep people here, our recovery will continue to lag.**
>
> **Michael Brooder** | Hartford Office Managing Partner, Marcum LLP

Another said the state government should "promote in-state businesses for goods and services, lower business taxes, and increase manufacturing in Connecticut!"



12 **Is it difficult to find and/or retain workers?**

- Finding only (42%)
- Retaining only (1%)
- Both (42%)
- No difficulty (16%)

LABOR SHORTAGE

While always important, Connecticut's workforce—or lack thereof—is playing an even more critical role in the state's economic recovery. Along with a shrinking labor force—as noted earlier, down 45,100 people since February 2020—Connecticut is experiencing a surge in job openings.

As of July, the U.S. Bureau of Labor Statistics reports 113,000 job openings in Connecticut—up 5,000 from the same time a year ago. Yet if every unemployed person in the state was hired tomorrow, there would still be 35,200 open positions.

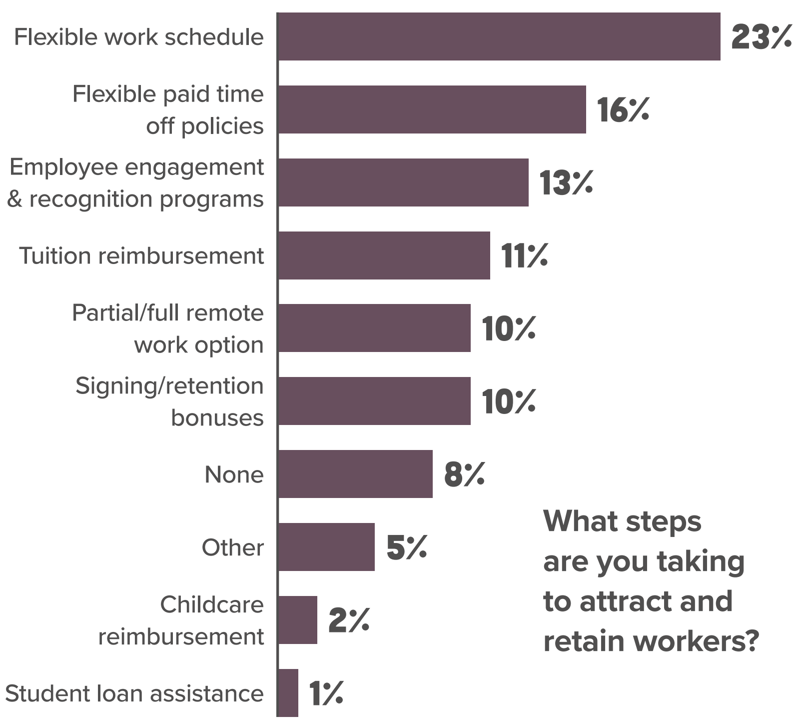
So why are there so many open positions? And why are they not being filled?

It's clear that there is a high demand for workers, with sales growth at the highest level since 2014. However, 85% of Connecticut employers told our survey that they experienced difficulty finding and/or retaining workers.

Thirty-five percent of respondents cited a lack of required skills or expertise as to why they cannot find workers. Twenty-eight percent said applicants do not possess a proper work ethic, 17% cited competition from other employers offering higher wages and/or more expansive benefits, 10% said applicants' desired pay was beyond their budget, and 7% blamed the state's high cost of living.

Fifty-eight percent of those surveyed said competition from other employers was the main issue in retaining workers, with 21% citing living costs and 5% work ethic.

"Non-skilled workers are demanding pay rates of skilled workers," one respondent said.

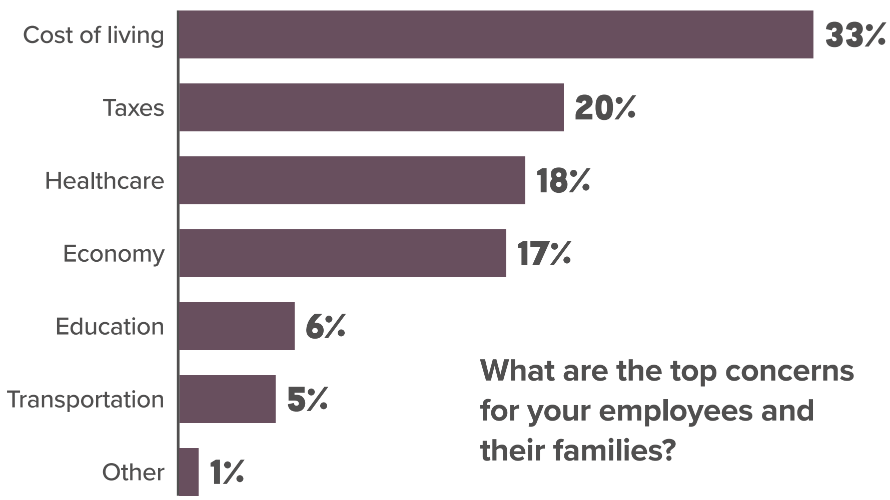


What steps are you taking to attract and retain workers?

Another attributed the “cost of living in Connecticut for the long term stability of having a home, family.”

A third respondent simply said there are “not enough qualified people applying.”

Only 11% of respondents believed that state government was doing enough to drive workforce development initiatives in their industry, while 54% disagreed, and 35% were unsure.



What are the top concerns for your employees and their families?

Moving forward, a quarter (25%) of respondents want more skilled labor training, 23% called for enhanced funding for education and trade schools, 21% want more focus on financial incentives and affordability, 13% less government involvement, and 9% more support for businesses.

One respondent called for “apprenticeship programs, subsidizing of training programs, cross-training, and better broadband development,” and another wanted to “put trade programs into high schools, middle schools, and grade schools to show them there is a career here.”

Employers are also implementing their own policies to attract and retain workers.

Nearly a quarter (23%) have flexible work schedules, 16% expanded paid time off policies, 13% enhanced employee engagement and recognition programs, 11% offer tuition reimbursement programs, 10% provide the option to fully or partially work remotely, and 10% offer signing or retention bonuses.

To reduce employee turnover, 58% of business leaders increased salaries, 24% paid more bonuses, 15% increased vacation and paid time off, 12% implemented remote work, 11% made hours more flexible, and 10% enhanced insurance and health benefits plans.

Beyond workforce development initiatives, policymakers must focus on the issues that matter most to employees and their families.

When asked what the top issue priorities were for their employees and families, one-third (33%) of employers noted the state’s high cost of living. Twenty percent said taxes, 18% said healthcare, 17% the economy, 6% education, and 5% cited transportation issues.

2022 ELECTIONS

This fall, Connecticut will hold elections for governor, all statewide offices, and the General Assembly.

The gubernatorial contest features incumbent Democrat Ned Lamont and Republican Bob Stefanowski, a rematch from 2018, when Lamont won by 44,372 votes (3.2%).

Connecticut voters will also elect a new secretary of the state, treasurer, and comptroller, with the incumbent lieutenant governor and attorney general running for reelection.

All 187 seats in the General Assembly are on the ballot this November. Democrats currently control the state House of Representatives 97-54, while the 36-seat state Senate is controlled by Democrats 23-13.

How will the condition of Connecticut's economy and business climate impact voting behavior this fall?

We asked business leaders what the top priority should be for the state's next governor and legislature, as the state continues its uneven economic recovery.

Nearly a quarter (24%) cited cutting high taxes as the first priority, while 22% said state spending and pension reforms were their top issues.

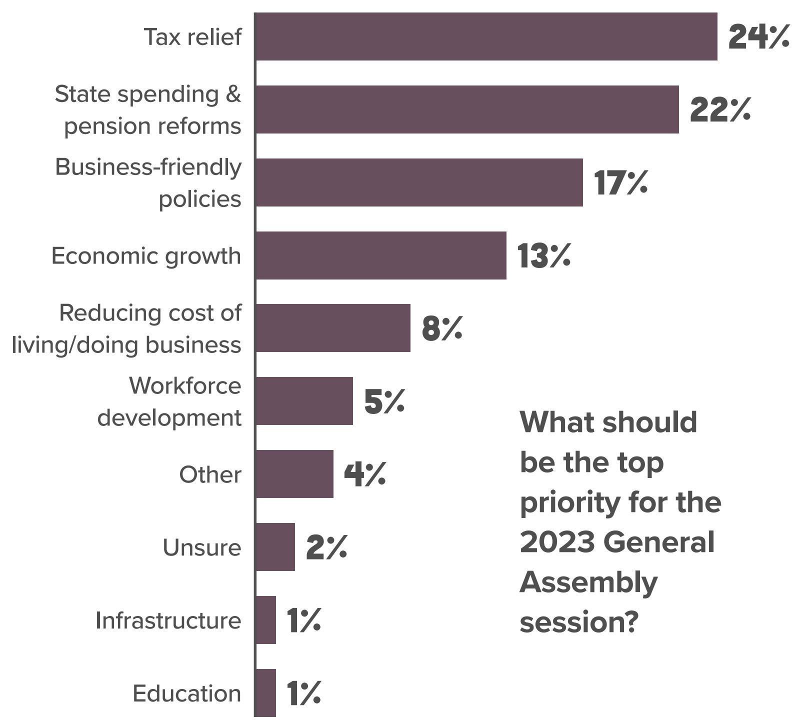
Seventeen percent called for more business-friendly policies, followed by economic growth (13%) and addressing the high costs of living and doing business (8%).

Business leaders saw tax relief as key to making Connecticut a more competitive state. As one respondent said, we need a "reduction in taxes. Connecticut prospered when we had the lowest payroll taxes in the Northeast. We are now among the highest."

As another said: "Lower spending in real dollars, lower tax and regulation. Let companies follow their best practices to get people employed and back to work."

This year's survey also asked business leaders to assess the state legislature's handling of the economy and job creation.

Only 12% of respondents approve of lawmakers' performance in this area—down 10 percentage points from last year. Forty-six percent disapprove while 41% are neutral, up from 26% last year.



What should be the top priority for the 2023 General Assembly session?

A number of issues from the 2022 legislative session resonated for business leaders, including a union-backed bill lawmakers approved that tramples on employers' First Amendment rights by restricting what can and cannot be discussed in the workplace.

Employers, particularly small businesses, also felt unsupported on several tax issues and the modest response to addressing the state's unemployment loan debt.

Connecticut borrowed almost $1 billion from the federal government to pay record pandemic-related unemployment benefits. While lawmakers covered $195 million of that debt using pandemic relief funds over the past two sessions, employers are facing additional unemployment tax hikes.

Did the state do enough to help businesses with this debt?

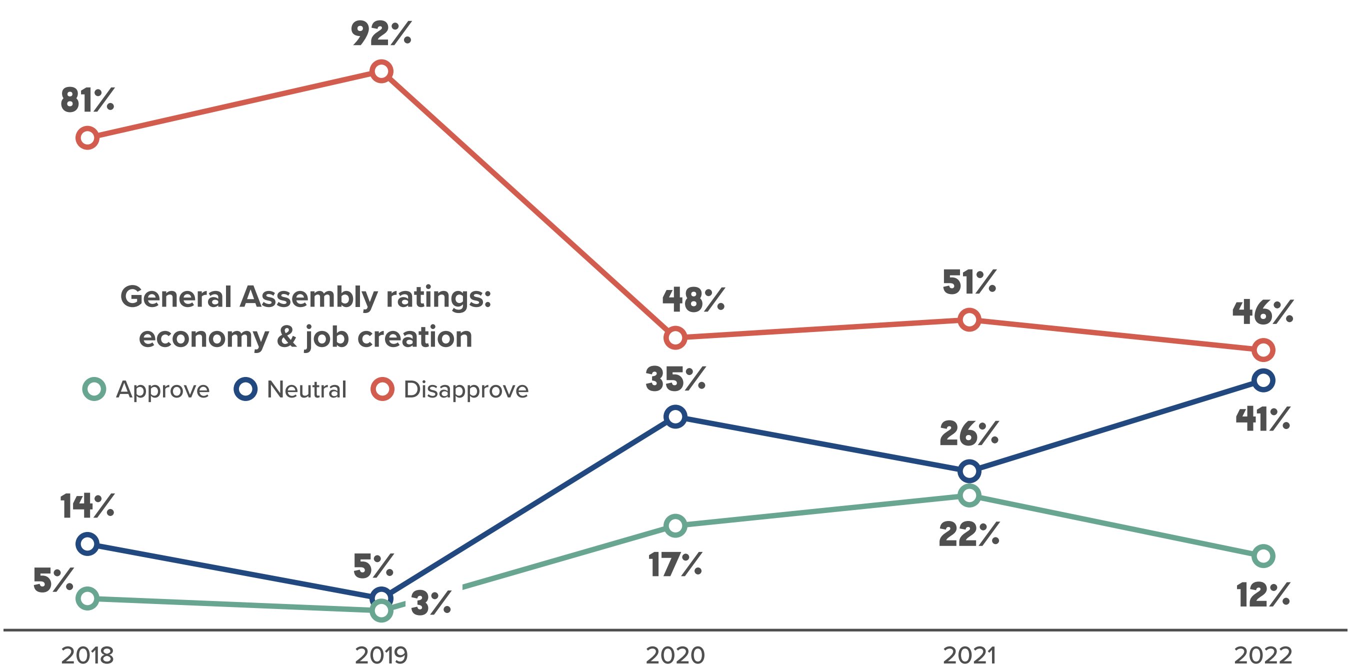
A mere 9% thought so. Seventy-one percent of respondents believed policymakers did not do enough, and 20% were unsure.

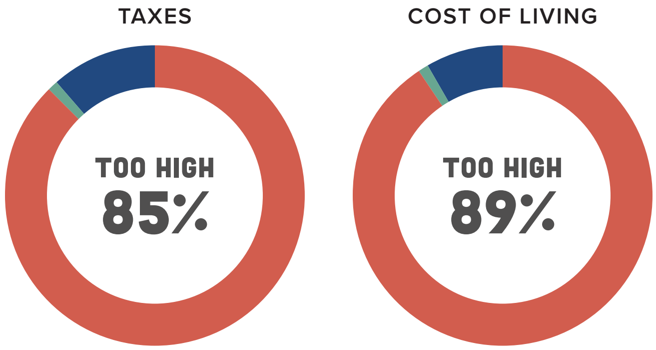
SURVEY CONCLUSIONS

While this year's survey shows an increase in profitability for the majority of Connecticut businesses as companies navigate a challenging recovery, it is clear that the outlook for many is clouded by uncertainty.

That uncertainty is most keenly felt by Connecticut's 360,127 small businesses, which represent 99% of all employers in the state and 48% of all employees. Those small businesses were hit hardest by the pandemic, and have the most to lose.

Structural issues like affordability and high taxes that disrupted and derailed Connecticut's recovery from the 2008-2010 recession remain real threats today—threats that cannot be ignored.





Are Connecticut's taxes and cost of living…

- Too high (85%, 89%)
- Too low (1%, 1%)
- About right (11%, 8%)

Source: Public Opinion Strategies, statewide poll of Connecticut voters.

There is much that can be done to make Connecticut more affordable to attract and retain residents and to improve the state's business climate and allow companies to better compete on the regional, national, and global stages.

We have many strengths: a strong public education system, a pool of highly educated, highly skilled workers (albeit not enough), an enviable quality of life, and an economically strategic location.

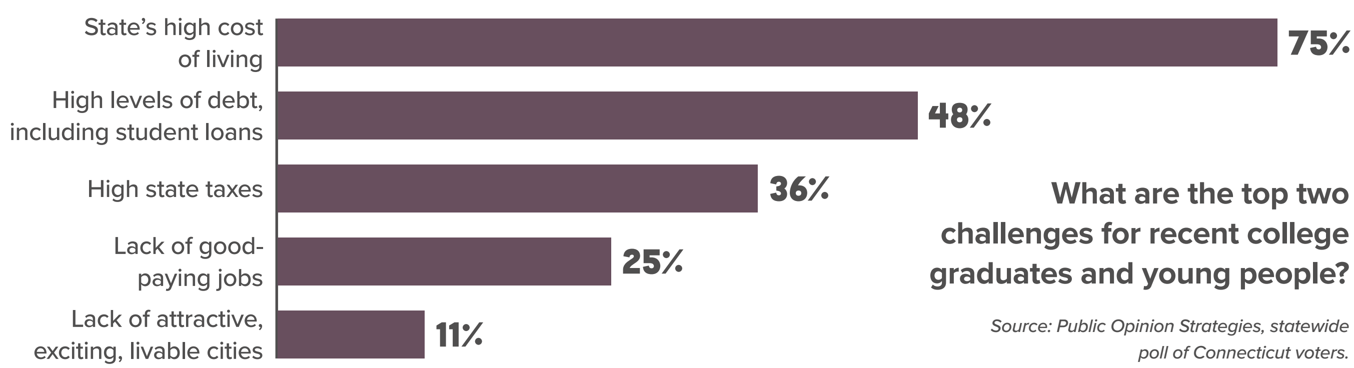
Those assets must not be taken for granted, particularly as perennial weaknesses such as the state's high cost of living, high cost of doing business, and aging infrastructure continue to undermine our competitive advantages.

In this year's survey, business leaders emphasized the lack of skilled workers, high taxes, rising government spending, and the unpredictability of legislative policymaking as key factors hampering Connecticut's economic recovery and growth prospects.

These are concerns shared by Connecticut voters. An April Public Opinion Strategies poll commissioned by CBIA showed 85% of voters believe state taxes are too high and 89% believe Connecticut's cost of living is too high.

Connecticut's lack of affordability was also seen by 75% of those voters as the most significant challenge for recent college graduates and young people, followed by student loan debt (48%).

Voters were mixed about the state's direction, with 46% believing Connecticut was on the "wrong track" and 42% saying it was headed in the right direction.



What are the top two challenges for recent college graduates and young people?

Source: Public Opinion Strategies, statewide poll of Connecticut voters.

When asked to identify the two top issues for candidates running for elected office, 65% said inflation and the high cost of living and 48% cited state taxes and government spending.

And 58% of voters told a May Quinnipiac University poll that they were worse off financially than a year ago, with 25% saying they were better off and 15% unchanged.

Only 13% believed the state's economy is improving, while 45% told the Quinnipiac Poll it was getting worse and 40% thought it was static.

We cannot emphasize enough the threat that the labor shortage poses for Connecticut's future. Overcoming that threat means addressing the main factors responsible for this crisis.

We must bring down the cost of living, incentivize the expansion of housing options, give recent college graduates reasons to remain or come to Connecticut, broaden pathways to careers in manufacturing and the trades, and develop a more competitive, viable business climate.

David Lehman, commissioner of the Department of Economic and Community Development told a conference in New Haven in early September that Connecticut needed to create a "culture of growth" to attract new residents and businesses.

"States that have strong GDP growth, job growth, they're growing their populations," Lehman said. "There's a culture of growth and welcoming. Connecticut, in my opinion, needs to do more of that, do a better job of that—welcoming that type of responsible development."

So how do we grow Connecticut's population and address the challenges highlighted in this survey and by economic data to unlock Connecticut's true potential? In short, we must transform Connecticut with bold, bipartisan policy choices and build a sustainable, long-term opportunity economy that emphasizes affordability, meaningful careers, and a positive business environment.

Transformation is the theme for CBIA's policy recommendations for the 2023 legislative session, an important platform for retaining and attracting residents, enhancing and protecting our workforce's well-earned reputation for innovation and productivity, and promoting the state as a high-value destination for businesses large and small.

We invite all policymakers to embrace these solutions, developed with input from residents and stakeholders across the state—including respondents to this survey—and open the doors to opportunity for all communities and residents by making our economy more vibrant, robust, and equitable.

Transform Connecticut Policy Solutions

#transformCT

- **Incentivize developers and municipalities** to build workforce housing on former brownfield sites and in opportunity zones.
- **Help residents struggling with student loans** by incentivizing employers to provide employees with loan or tuition reimbursement.
- **Make it easier for small businesses** to access and provide affordable health insurance options for employees.
- **Reduce the number of years** for transferability of out-of-state occupational licenses from three years to one year.
- **Determine the feasibility** of public universities using H1-B cap exempt visas to promote workforce development, using the Massachusetts model as a guide for filling in-demand jobs (as recommended by the Governor's Workforce Council's strategic plan).
- **Reduce the cost of developing** the workforce of the future by eliminating the sales tax on training programs.
- **Restore the pass-through entity tax credit** to its original level, returning more than $53 million that struggling small businesses can use to invest and grow.
- **Promote the development** of new products and create a level playing field for small businesses by allowing them to take advantage of the R&D tax credit.
- **Make necessary investments** in the state's unemployment trust fund to address pandemic solvency issues and protect against future recessions.
- **Promote electric grid reliability and energy affordability** by ramping up and optimizing the commercial and industrial energy storage solutions battery incentive program.
- **Support economic growth and job creation** by protecting intellectual property and promoting early- and mid-stage private and public investment in the life sciences and medical device sectors.
- **Incentivize business investment** by extending net operating loss carry forwards from 20 to 30 years.

transform CT

ABOUT THE SURVEY

METHODOLOGY & DEMOGRAPHICS

CBIA mailed and emailed the 2022 Survey of Connecticut Businesses to more than 3,700 top executives throughout the state from July 6 through August 8, with a response rate of 16.7% and a margin of error of 1.2%.

Survey respondents have run their business operations in Connecticut for an average of 48.5 years, with a range of less than one year to 280 years.

The majority of surveyed firms are small businesses—80% employ less than 50 people, with 10% employing 50-99 workers, 6% between 100 and 249 workers, 2% 250 to 499, while 2% employ more than 500 employees.

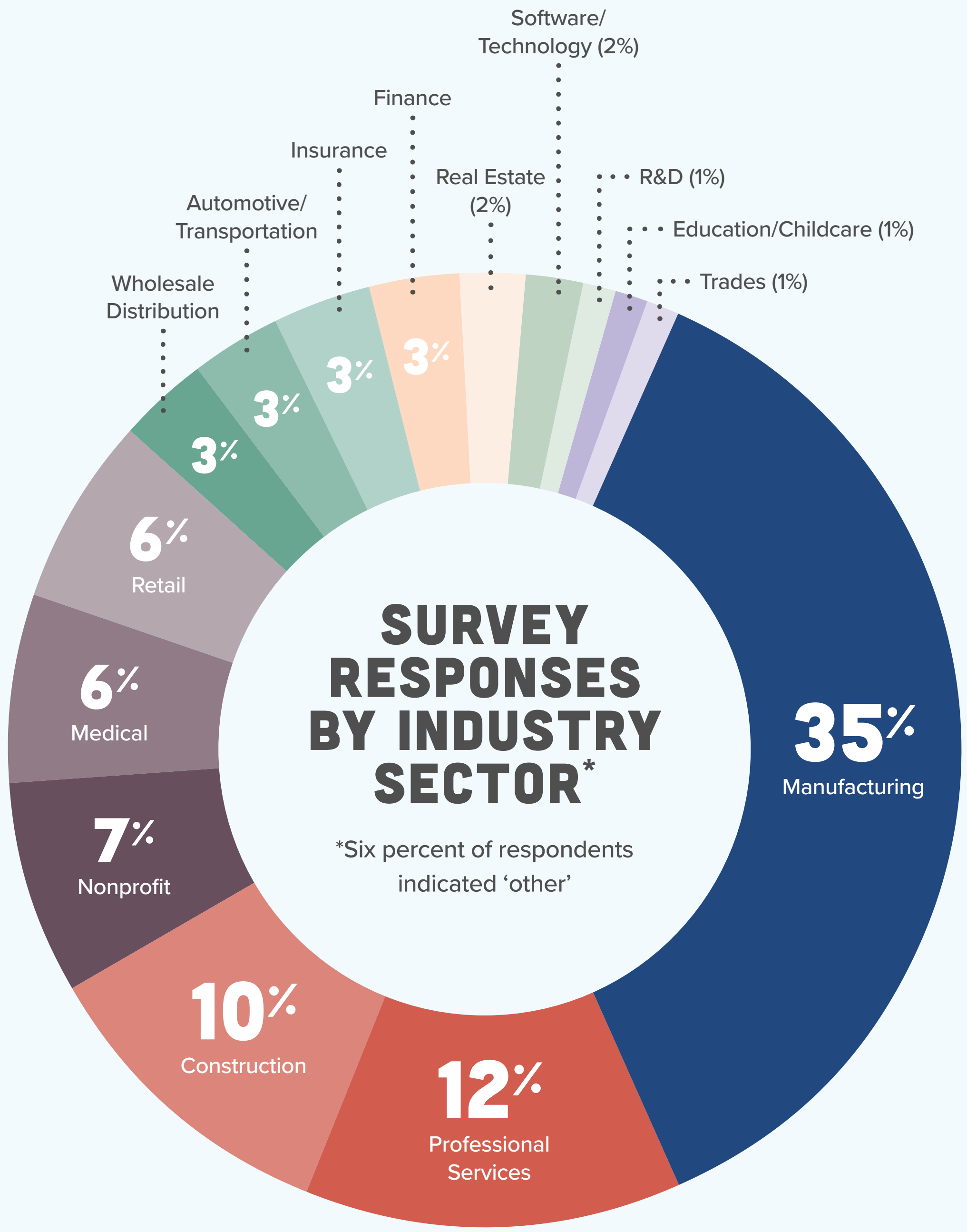
Twenty-one percent of respondents represent privately held companies, 17% are S corporations, 15% are incorporated, and 19% are family-owned.

Other represented business entities include limited liability corporations (11%), woman-owned (8%), veteran-owned (3%), publicly-held (1%), and foreign-owned (1%).

Manufacturing companies represent 35% of all survey respondents, followed by professional services (12%), construction (10%), nonprofit (7%), medical (6%), retail (6%), wholesale distribution (3%), automotive/transportation services (3%), insurance (3%), finance (3%), software/technology (2%), real estate (2%), research and development (1%), education/childcare (1%), and trades (1%).

Thirty-seven percent of respondents have their primary location in Hartford County, followed by New Haven (23%), Fairfield (15%), Middlesex (10%), New London (5%), Litchfield (5%), Tolland (4%), and Windham (3%) counties.

All percentages referenced in this report are rounded to the nearest whole number and those used in charts and tables may not always total 100%.


Software/
Technology (2%)
Finance
Insurance
Real Estate
(2%)
R&D (1%)
Automotive/
Transportation
Education/Childcare (1%)
Wholesale
Distribution
Trades (1%)
3%
3%
3%
3%
6%
Retail
6%
Medical
7%
Nonprofit
10%
Construction
12%
Professional
Services
35%
Manufacturing
SURVEY
RESPONSES
BY INDUSTRY
SECTOR*
*Six percent of respondents
indicated 'other'

ABOUT MARCUM

Marcum LLP is one of the largest accounting and advisory services firms in the nation, with offices in major business markets throughout the U.S., as well as Grand Cayman, China, and Ireland.

Headquartered in New York City, Marcum provides a full spectrum of traditional tax, accounting, and assurance services; advisory, valuation, and litigation support; and an extensive range of specialty and niche industry practices.

MARCUM
ACCOUNTANTS ▲ ADVISORS

The firm serves both privately held and publicly traded companies, as well as high net worth individuals, private equity funds, and hedge funds, with a focus on middle market companies and closely held family businesses.

Marcum is a member of the Marcum Group, an organization providing a comprehensive array of professional services. Established in 1951, Marcum is a leader with an outstanding reputation at the national and regional levels.

Marcum offers an extensive range of professional services and a high degree of specialization. In addition to domestic and international tax planning and preparation, the firm's professional services include merger and acquisition planning, family office services, forensic accounting, business valuation, and litigation support.

The firm has developed several niche practice areas serving private equity partnerships; hedge funds; SEC registrants; real estate; government, public, and not-for-profit sectors; food and beverage; manufacturing; and bankruptcies and receiverships; as well as a China specialty practice.

The firm takes a team approach to every engagement, ensuring the highest degree of technical knowledge, experience, and understanding of current issues and regulatory matters.

As a founding member of the Leading Edge Alliance, a worldwide group of large, independent accounting practices, the firm's professionals have added access to a wide range of industry and service specialization.

In addition, as the exclusive U.S. member firm of ECOVIS International, a global accounting and advisory network with members in 60 countries on six continents, Marcum offers the resources of experts around the world.

For more information, visit marcumllp.com.

ABOUT CBIA

CBIA is the leading voice of business in the state, representing thousands of member companies, small and large, across a diverse range of industries.

We fight to make Connecticut a top state for business, jobs, and economic growth: driving change, shaping legislative and regulatory policy, and promoting collaboration between the private and public sectors.

DRIVING GROWTH, PROMOTING BUSINESS

- **Powerful, dynamic** leadership and advocacy at the state Capitol, driving policies that promote a globally competitive business climate.
- **Valuable** resources, information, and professional assistance, sharing expertise and best practices across a broad range of issues to help companies compete, grow, and succeed.
- **Innovative, high-value** products and member services, including insurance and employee benefits, business consulting services through our CONNSTEP affiliate, ReadyCT workforce development initiatives, business and HR resources, energy purchasing solutions, and more.

For more information about CBIA and its affiliates, visit cbia.com.

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