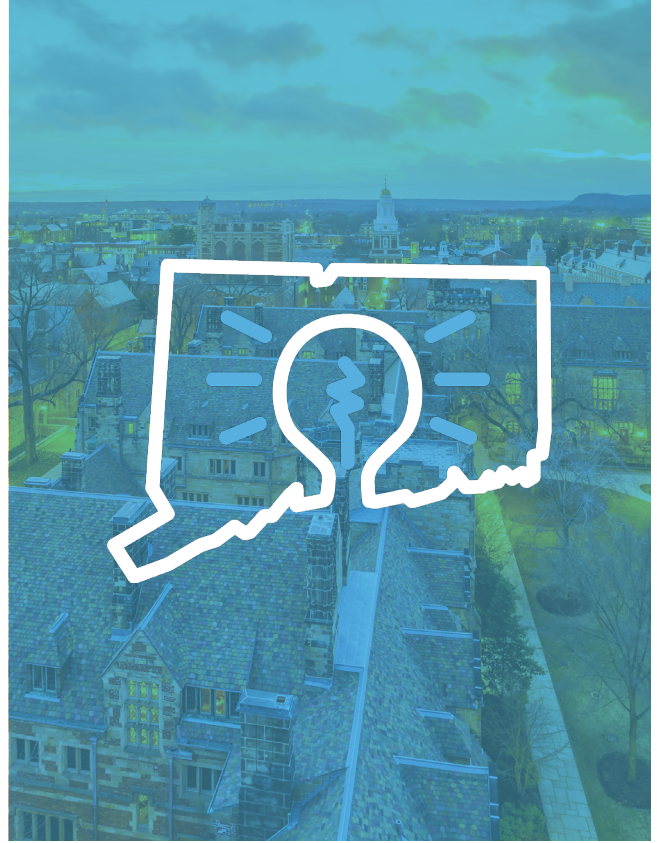


# MISPERCEPTION MYTH BUSTING

News media and rankings agencies often mischaracterize Connecticut's perceived business and tax friendliness.

AdvanceCT's Research Team has taken a deep dive into the misconceptions and dated information perpetuating this negative portrayal. An examination of the facts often quickly undermines the myths.



## Myth:

**"CONNECTICUT IS HIGH-COST FOR BUSINESSES"**

Connecticut ranked #47 for business tax climate according to the Tax Foundation.

## Fact:

**CONNECTICUT CAN COMPETE WITH MAJOR MARKETS IN THE U.S.**

Connecticut's total effective business tax rate ranks 12th lowest in the nation according to Ernst & Young's report. In an independent study, Hartford was the 3rd lowest cost MSA versus 14 competing regions throughout the country, beating Charlotte, NC, Austin, TX, and Atlanta, GA. The Tax Foundation study does not even look at the amount of taxes paid - just a subjective look at tax regulations and structures.

## Myth:

**"CONNECTICUT HAS POOR FISCAL HEALTH"**

Pre-COVID, Connecticut struggled with long-term pension debt obligations weighing down the budget process.

## Fact:

**CONNECTICUT IS ONE OF THE MOST FISCALLY RESPONSIBLE STATES IN THE U.S.**

Connecticut has the 5th best funded rainy-day fund in the country as of October 2022 (FY 2022 estimates), has had a multi-billion dollar budget surplus for 4 consecutive years, has made \$5.8 billion in supplemental payments toward unfunded pension liabilities, and has been upgraded by all four credit agencies, including another recent upgrade by S&P.

## Myth:

**"CONNECTICUT IS A HIGHLY UNIONIZED STATE"**

As a result of high public sector union membership, the state is often portrayed as overly burdensome to employers.

## Fact:

**CONNECTICUT HAS ONE OF THE LOWER PRIVATE SECTOR UNIONIZATION RATES IN THE COUNTRY**

15 states, including Connecticut, have private sector union membership rates in the 6-7% range, placing Connecticut's rates lower than New York (13%), New Jersey (9%), and Rhode Island (9%) according to the Bureau of Labor Statistics.



## Myth:

### “CONNECTICUT’S ECONOMY IS NOT GROWING”

Connecticut’s economy is perceived to lag behind other states, with many publications claiming that we have some of the slowest growth in the nation.

## Fact:

### THE CONNECTICUT ECONOMY IS GROWING AT A PACE ON PAR WITH OTHER U.S. STATES

Connecticut’s economy grew at a rate of 4.02% from Q2 2021 to Q2 2022, ranking 18th in the country, according to the U.S. Bureau of Economic Analysis, landing it firmly in the middle of the pack compared to other U.S. states. In fact, Connecticut’s last twelve months growth ranks comparably with our Northeast neighbors like New Jersey and Massachusetts.

## Myth:

### “RESIDENTS ARE FLEEING CONNECTICUT”

Connecticut has often been a target of subjective studies by unscientific sources like moving companies aiming to show a flight of residents to Southern states.

## Fact:

### CONNECTICUT HAS REVERSED A LONG-RUNNING TREND OF OUT-MIGRATION

Since 2017, Connecticut has seen a steady increase in total domestic in-migration coupled with a decrease in out-migration, leading to a dramatic increase in net domestic migration. Though Connecticut has experienced a trend of net out-migration, the state saw more than 10,000 net domestic residents move into the state in 2021, which does not include international in-migration, in which Connecticut generally ranks near the top ten nationwide.

## Myth:

### “CONNECTICUT IS NOT BUSINESS FRIENDLY”

Connecticut is often unfairly viewed as overly regulated and burdensome.

## Fact:

### CONNECTICUT HAS FEWER REGULATIONS THAN OTHER STATES

Connecticut has fewer regulatory restrictions than 29 other states, including Texas, Ohio, Florida, Georgia and Colorado, and has the 3rd fewest in the Northeast according to QuantGov.



AdvanceCT is a nonprofit economic development organization that drives job creation and new capital investment in Connecticut through business attraction, retention and expansion.

**John Bourdeaux**  
**President, Head of Business Development**  
860.571.6206  
[jboudeaux@advanect.org](mailto:jboudeaux@advanect.org)  
470 James St., Suite 9,  
New Haven, Connecticut 06513