



5670

TESTIMONY  
OF THE  
CONNECTICUT CONFERENCE OF MUNICIPALITIES  
TO THE  
INSURANCE AND REAL ESTATE COMMITTEE

January 27, 2009

CCM is Connecticut's statewide association of towns and cities and the voice of local governments - your partners in governing Connecticut. Our members represent over 93% of Connecticut's population. We appreciate this opportunity to testify before this joint committee on issues of concern to towns and cities.

CCM supports Raised Bill 5670 "An Act Exempting Municipalities from the Insurance Premium Tax"

CCM has long advocated for protecting municipalities from the premium tax as a tangible step that the State can take to help cut costs for property taxpayers. Raised Bill 5670 would eliminate this burdensome tax on or after July 1, 2009. The premium tax *costs municipalities up to \$8 million* each year. The tax is 1.75% on fully insured municipal premiums.

*Municipalities presently spend between 8% and 15% of their local budgets on health care for their employees. For the past few years, annual increases in premiums have typically ranged between 9% and 15%. Municipalities, and their property taxpayers, are struggling with these high costs -- Raised Bill 5670 is a way for the State to help local governments cope with them.*

Municipalities that are self-insured do not pay the premium tax. But some municipalities, particularly small towns, cannot reasonably consider self-insurance as an option, because just one catastrophic illness could have a severe negative impact on a local budget.

Eliminating the premium tax entirely would do more than just help municipalities cope with the high costs of health care. It would end a situation where local governments pay taxes to the State. Municipalities and the State are partners in the governance of Connecticut, and this tax is contrary to that partnership.

CCM urges the committee to favorably report Raised Bill 5670.



If you have any questions, please call Gian-Carl Casa of CCM, at (203) 498-3000