



**Testimony
Betsy Gara
Executive Director
Connecticut Council of Small Towns
Before the Finance Committee
March 13, 2014**

Re: SB-28 - AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET

COST supports the elimination of the Mandated Health Insurance Premium Tax

The Connecticut Council of Small Towns (COST) *supports Section 3 and 4 of SB-28*, which exempt municipalities from the 1.75% premium loading tax on health insurance policies.

Connecticut's small towns and cities are once again facing enormous pressure to hold the line on local budget and property tax increases. For some time now, state aid to municipalities has been largely flat funded, requiring towns to absorb the increased costs of delivering critical education, public health and safety services.

Towns are working hard to find ways do more with less, including negotiating savings in health insurance plans. Unfortunately, the mandated premium tax adds an additional 1.75% onto the cost of health insurance.

The skyrocketing costs of local employee and retiree health insurance represent one of the most serious fiscal challenges facing small towns. Double digit increases in health insurance costs have begun to dominate budget growth in many communities resulting in fewer resources available for other critical services, including education and public safety.

The insurance premium tax, which costs Connecticut's towns and cities an estimated \$8.7 million per year, is particularly onerous for Connecticut's small towns because they cannot afford to self-insure to avoid the tax and other mandated health insurance costs. COST applauds Governor Malloy's proposal to eliminate this tax.

The towns that will benefit from the elimination of this tax include: Ansonia, Ashford, Bethany, Bethel, Bethlehem, Bolton, Bridgewater, Brooklyn, Canterbury, Chaplin, Columbia, Coventry, Cromwell, East Granby, East Haddam, East Hampton, East Windsor, Eastford, Essex, Harwinton, Killingworth, Lebanon, Litchfield, Middlefield, New Canaan, New Hartford, North Branford, North Stonington, Pomfret, Portland, Preston, Prospect, Putnam, Rocky Hill, Roxbury, Salem, Sherman, Somers, Southbury, Sprague, Stafford, Sterling, Suffield, Thompson, Trumbull, Voluntown, Weston and Willington. There are also a number of boards of education that will benefit, freeing up additional dollars for educational programs.