



Statement of The Insurance Association of Connecticut

Finance, Revenue and Bonding Committee

May 29, 2019

SB 1143 - An Act Establishing a Payroll Tax

I am Eric George and I am the President of the Insurance Association of Connecticut (the "IAC").

The IAC strongly opposes SB 1143, An Act Establishing a Payroll Tax.

Connecticut's insurance industry is one of the fundamental economic engines of our state.

According to *"2016 Connecticut Insurance Market Brief: The Pace of Innovation and Change"*,

PriceWaterHouseCoopers, Connecticut Insurance and Financial Services Cluster, November, 2016 (the

"Report"), the Connecticut insurance industry and market are vital components to Connecticut's

economy. The Report states the following about the Connecticut insurance industry:

- With 1,429 domestic insurance companies and nondomestic insurance companies licensed to do business in the state, Connecticut's insurance industry is one of the largest in the world;
- These insurers write more than \$32.8 billion in premiums annually;
- These insurers contribute \$13.7 billion to Connecticut's Gross State Product;
- At 2.7%, Connecticut ranks first nationally in insurance carrier employment as a percentage of total employment;

- Connecticut insurers provide annual average wages of nearly \$84,000 for approximately 58,892 insurance carrier and related full-time employees;
- Connecticut leads the nation in insurance payroll, which contributes 5.3% of the total state payroll;
- The insurance industry creates good paying, middle class jobs in management, legal, computer and math professions, and business and financial operations; and
- For every 1 insurance job, nearly 2 more jobs are created in the Connecticut economy through induced and indirect effects.

If enacted, SB 1143 would impose a new payroll tax on all Connecticut companies, including insurance carriers. Imposing this new tax burden on such a critical economic engine of our state is short-sighted. In an attempt to increase Connecticut's revenue in the short-term, SB 1143 would impede the long-term economic health of the insurance industry and the entire Connecticut business community.

For the overall fiscal health of our state, the IAC implores this committee to reject this proposal and vote no on SB 1143. Thank you.