



Senate Bill 1143, An Act Establishing a Payroll Tax

Finance, Revenue and Bonding Committee

April 29, 2019

My name is William Stapleton and I live in Fairfield, Conn. I am the Chief Executive Officer of Health Plan One (HPOne), a fast-growing company that employs 125 people who live and work in Connecticut. HPOne, which I founded in 2006, is a leading sales, marketing and member outreach organization that operates across multiple segments of the Medicare and health insurance marketplaces. The firm is a health insurance agency that provides Internet marketing and member acquisition services serving the healthcare and insurance industries.

HPOne was recognized last fall by *Connecticut Magazine* as one of only ten Great Places to Work 2018. We have been awarded nine times the Connecticut Technology Council Tech Top 40, which recognizes the fastest-growing technology companies in Connecticut. HPOne has locations in Florida, Arizona and Massachusetts, offering workers plenty of room for growth.

Senate Bill 1143 establishes a new payroll tax in Connecticut that requires employers of employees paid more than \$40,000 a year to pay a quarterly tax on payroll expenses of increasing amounts up to 5% of the payroll expense in excess of employees' base compensation.

HPOne is **opposed to Senate Bill 1143 and I urge you to reject the bill** because it will create another burden for employers and businesses in Connecticut and it fails to address fundamental problems confronting the state. The bill will make it more difficult for HPOne to grow jobs in the state. It will force us to expand our operations in other states in which we already do business or look to other states with more favorable policies and business climates in which to invest our resources.

HPOne offers generous benefits to employees, including short- and long-term disability insurance plans, and we are very flexible with our employees in time of need. To pay for the new tax, it is very likely HPOne will have to eliminate its short-term disability benefit, which would be a tremendous loss for employees. New taxes and expensive mandates do not benefit employees or help businesses grow.

The state provides generous pensions and cost-free health care insurance for life for retired state employees and their spouses. These rich benefits allow many of our neighbors to retire only in their 40s, while others continue to work to contribute to pay for their benefits. This has led to onerous taxes and imbalanced budgets and is not

sustainable. Perhaps the state can fix its own budget and pension problems before it imposes new taxes on businesses.

Day after day the economic news in Connecticut is negative, which has affected the state's ability to attract and retain companies, grow jobs and improve the business climate. The real estate market continues to decline, month after month and year after year. The average price of homes, if they sell, continues to drop, especially in Fairfield County. Connecticut, unlike most other states, has not regained all the jobs it lost in the recession, which technically ended ten years ago! People and companies continue to leave the state. Shortfalls in tax revenue continue to be a drag on the economy because high net-worth individuals – many of whom are job creators – are leaving the state and being replaced by younger, less affluent workers who do not generate the same income or revenues.

A new payroll tax is not going to solve the state's fiscal challenges. In fact, it will continue to foster the image of a state that is unfriendly if not hostile to businesses. Before adopting any such tax – if ever – the state needs to address its fundamental problems, including fixing structural problems in the state budget.

Policy makers should focus on efforts that will attract and retain businesses and grow the economy, including by balancing the state budget, reducing the tax burden on businesses and taxpayers, and addressing massively underfunded state employee health and pension benefits. Connecticut's pension fund has faced decades of underfunding due to budget deficits, bad policies and deals struck between past governors and union leaders. The state has one of the largest per capita debts in the nation. These fiscal challenges have led many people to leave Connecticut and companies choosing to locate operations elsewhere or not consider Connecticut as a place to do business.

Please contact William Stapleton at (203) 225-8148 if you have any questions or visit www.hpone.com if you need additional information.