



INSURANCE ASSOCIATION OF CONNECTICUT

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Statement

Insurance Association of Connecticut

Senate and House Republican Caucuses

May 11, 2015

SB 946, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET

I am Eric George, President of the Insurance Association of Connecticut (IAC). The IAC represents dozens of insurance carriers. These carriers write policies in the property and casualty, life and workers compensation lines of business. A significant portion of these policies are written to Connecticut businesses – and a significant portion of these Connecticut businesses are small and medium sized companies.

Simply put, the ability of IAC members to grow and expand is directly tied to the ability of these small and medium sized businesses to grow and expand.

IAC members employ thousands of Connecticut residents. These jobs provide Connecticut residents with good, competitive salaries and benefits.

IAC members annually pay millions of dollars in taxes and fees to the State of Connecticut. While our economic vitality is significantly driven by the economic strength of the small and medium sized businesses we service, the State of Connecticut's economic vitality is significantly driven by our economic strength. If the small and medium sized companies economically suffer, we suffer and the State of Connecticut suffers as well.

And it's not just taxes and fees that IAC members pay to the State that help strengthen Connecticut. Our companies, many of which are headquartered here in Connecticut, also make significant charitable contributions to the State through numerous foundations and other giving organizations.

With that, I would like to thank you for the opportunity to comment on the 2015 legislative tax package approved by the General Assembly's Finance, Revenue and Bonding Committee, embodied in SB 946, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET. The IAC strongly opposes SB 946.

In an effort to alleviate our State's tremendous budgetary deficits, in 2011, Connecticut's taxpayers experienced historic tax increases. Now, in 2015, Connecticut again must contend with significant state budgetary deficits. So, these historic tax increases did not alleviate our State's ongoing budgetary shortfalls.

Rather than making sufficient cuts to the State's budget, the General Assembly's Appropriations Committee recently approved a budget that would require \$1.5 billion in additional spending over the next biennium. The legislature's Finance Revenue and Bonding Committee then approved tax increases of \$2.56 billion over the next biennium.

These actions, coming on the heels of the historic tax increases of 2011, would be debilitating to the State's business community and its economy. These tax increases absolutely would make Connecticut's businesses less competitive.

The most effective way to generate more revenue for the State is to grow the economy. Connecticut's economy, while improving, is still recovering, especially when compared to its neighboring states. The tax increases embodied in SB 946 will only inhibit our economic growth. Connecticut's ability to compete will continue to deteriorate and investors will continue to turn to states that are adopting more pro-growth policies.

If this level of spending and tax increases goes on unchecked, Connecticut's tax base will likely shrink, exacerbating this result.

The impacts of the proposed tax increases embodied in SB 946 will be significant on Connecticut's insurance industry as it will make it more difficult for our companies to invest in the State.

IAC members compete and sell policies here in the State of Connecticut. But they also compete and sell policies nationally and internationally as well. Our industry has become an economic driver for Connecticut not because of its relative size in the State, but rather because of its ability to compete in the national and international markets.

The tax increases and policies embodied in SB 946 would clearly make it more difficult for our members to do business in Connecticut and make it more difficult to compete nationally and internationally. The effect of SB 946 would be to strongly incentivize our members to move their headquarters and operations elsewhere to avoid these damaging taxes and policies.

Everyone would suffer as a result.

The IAC will not support such increased spending and increased taxation. We respectfully request that you oppose the proposed tax increases embodied in SB 946.

Thank you for the opportunity to present IAC's viewpoint on SB 946.