



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

February 9, 2010

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 90% 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 16 "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 16 would eliminate this burdensome tax on or after July 1, 2010. The premium tax *costs municipalities up to \$8 million* each year. The tax is 1.75% on fully insured municipal premiums. Municipalities that are self-insured do not pay the premium tax.

CCM recognizes the financial difficulty facing the State over the next two years and that, realistically, the State will be reluctant to give up what could be about \$8 million in annual revenue paid by municipalities. Yet, because insurance premiums rise each year, so does the premium tax on towns and cities.

We ask that the Committee amend Raised Bill 16 – and enact a compromise proposal that would (a) freeze payments by municipalities for FY 2011 and FY 2012 at this year's levels, (b) cut those "frozen" payments by 50% for FY 2013, and (c) eliminate the premium tax on municipalities altogether in FY 2014, as currently proposed in Raised Bill 16.

This compromise proposal is a reasonable approach that reflects the intent of Raised Bill 16, which is to provide critical relief to towns and cities during this historic fiscal crisis, while also limiting the fiscal impact on the State.

CCM urges the committee to amend the bill as suggested and favorably report Raised Bill 16.



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