

THE TOWN OF FARMINGTON

INCORPORATED 1645



Notice 2015-52

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**Testimony
Kathleen A. Eagen
Town Manager
Town of Farmington
September 23, 2015**

Thank you for the opportunity to comment in opposition of the **40% Excise Tax, or "Cadillac Tax"**, on high-cost employer coverage that will apply in 2018.

As the Town of Farmington, like all Connecticut towns, prepares its budget for the coming year, elected and appointed officials are faced with making a significant effort to reduce costs, despite the continuing need to provide residents with high quality public services.

This effort to cut costs becomes increasingly necessary as underfunded or unfunded federal mandates become more frequent and require thousands of dollars of municipal funding each year. In order to conform to these mandates, towns and cities face a difficult decision: cut valuable public services or increase property taxes.

Therefore, the Town of Farmington opposes the efforts being made by the Department of the Treasury and the Internal Revenue Service as it seeks to administer the **Cadillac Tax**.

The **Cadillac Tax**, as it is currently written, is estimated to add 6% to our annual health insurance costs in the five (5) years following the enactment of this **Tax**. Additionally, tracking employee contributions to the individual Health Savings Accounts is extremely cumbersome. This extra step, in an already complex process, will cause our town to designate more employee time to determine what individual employees owe in **Excise Tax**. This is one example of why employee contributions should not be part of the calculation of the Excise Tax.

The components of the **Cadillac Tax** will impose an undue burden on Connecticut's cities and towns in a time when residents require municipalities to observe fiscal conservancy while providing premium public services.

I would like to thank you for the opportunity to comment on this important tax.

Respectfully Submitted,

Kathleen A. Eagen
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Town Manager

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AN EQUAL OPPORTUNITY EMPLOYER

