



Aetna Next to Leave Connecticut for Better Business Climate

Aetna, the \$50 billion health insurer that has had its headquarters in Hartford, Connecticut, since 1853, confirmed rumors last week that it was looking to move out of state. The company said, "We are in negotiations with several states regarding a headquarters relocation, with the goal of broadening our access to innovation and the talent that will fill knowledge-economy type positions ... and hope to have a final resolution by early summer."



Hartford's Mayor Luke Bronin expressed his disappointment:

Losing Aetna's flag is a hard blow for the state and for the greater Hartford region. As a state, we need to act boldly to change the things that need to change. Across the country, companies are locating in places where they can recruit top talent. We don't have to be New York or Boston to be competitive, but we have to recognize that strong, fiscally-sound, culturally-vibrant metropolitan areas are keys to economic growth.

Hartford doesn't qualify. It, along with the state itself, has priced itself out of the market, thanks to taxes, regulations, union influence, and a mini-welfare state that is forcing the city to interview bankruptcy lawyers for the inevitable.

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When General Electric announced it was moving its headquarters out of Fairfield, Connecticut, last year, it noted that it needed to be closer to talent available coming out of MIT and Harvard, as well as wanting to be surrounded by established and emerging tech firms and a younger workforce. GE chose Boston.

Aetna's departure is another financial blow for both the city and the state. Last month Connecticut's Office of Fiscal Analysis was forced to reduce its estimates for 2017 and 2018 for income tax revenue, sales tax revenue, and corporate tax revenue. Combined with union pressures to increase its contributions to their pension plans, the state is now running a \$5.1 billion deficit, and consequently has suffered three recent credit downgrades.

Connecticut Governor Dannel Malloy can't figure it out. In a letter he wrote last month to Aetna's CEO, he blamed the company's departure on the legislature's determination to raise taxes in order to close that deficit:

As a huge Connecticut employer and a pillar of the insurance industry, it must be infuriating to feel like you must fight your home state policymakers who seem blind to the future. The lack of respect afforded Aetna as an important and innovative economic engine of Connecticut bewilders me.

Bewildered or not, it was during Malloy's two terms as governor that he signed legislation raising taxes, including a massive hike on those making \$500,000 a year or more. Now he wants to distract attention



Written by [Bob Adelman](#) on June 6, 2017

away from himself and blame Aetna's departure on "those guys over there."

In the past five years 27,400 Connecticut residents have moved to no-income-tax Florida, and seven of the state's eight counties have lost population since 2010.

In its Best States ranking for 2017, *U.S. News & World Report* places Connecticut as the 12th best state. A close look at that study however reveals that it considered everything but taxes, regulations, or lack of ease of doing business in its calculation. Instead *U.S. News* considered healthcare, education, crime, infrastructure, opportunity, economy, and government services. On the contrary, the Tax Foundation ran its own numbers in determining each state's "Tax Freedom Day." Nationally, that day (including all taxes, federal, state and local) fell this year on April 23. For Connecticut, it was at the bottom of the list, with "Tax Freedom Day" for its citizens falling more than a month later, on May 21.

When *Chief Executive* magazine published its own ranking of best states in which to do business, Connecticut placed 46th out of the 50 states, barely ahead of New Jersey, Illinois, New York, and California.

It's no wonder that its citizens are leaving. Some commentators say they aren't leaving but escaping. State migration statistics put together by Governing Data show that 19 states had out-migration last year, with Connecticut's citizen exits behind only those escaping Illinois, New Jersey, and New York. Readers will notice the pattern here.

It's likely that any turnaround in state policies concerning taxation, ease of doing business, and infrastructure improvements will be too little, too late. The days of treating the wealthy and big corporations as milk cows to support union pension plans and the welfare system are rapidly coming to an end in Connecticut. Aetna's planned departure is only the next, not the last.

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