



DATE: Friday, March 3, 2017

TO: Finance, Revenue and Bonding Committee

FROM: Jeff Shaw, Director of Public Policy, The Alliance

RE: H.B. 6469, An Act Allowing Municipalities to Determine the Property Tax Treatment of Certain Properties

Good afternoon Senator Fonfara, Senator Frantz, Representative Rojas, Representative Davis and distinguished members of the Finance, Revenue and Bonding Committee:

My name is Jeff Shaw, Director of Public Policy at The Alliance. The Alliance is Connecticut's statewide association of community nonprofits, which serve over 500,000 people each year and employ almost 14% of Connecticut's workforce.

I offer testimony in opposition to H.B. 6469, An Act Allowing Municipalities to Determine the Property Tax Treatment of Certain Properties, which would allow municipalities to assess property tax on property purchased by nonprofits when that property previously was taxed. Make no mistake, this proposal would be a cataclysmic change in state policy. It would stop some nonprofits from expanding – put differently, it would prevent them from meeting a rising demand for life-sustaining services.

Connecticut rightly recognizes that nonprofit organizations earn their property tax exemptions through community impact. The benefits of serving the most at-risk individuals in our state, creating jobs, revitalizing neighborhoods and encouraging vibrant growth of host communities outweigh the forgone revenue lost by local governments. This proposal erodes the social compact between community nonprofits and government and fails to recognize the value nonprofits bring to local communities. Although municipalities may gain a short-term financial benefit, this legislation would harm communities in the long-term.

If nonprofits are not there to address community needs that responsibility would often fall to local governments, costing more in expensive emergency services, such as emergency rooms, homeless shelters and jails. Instead, municipalities need to realize the positive economic ripple effect that occurs when people in need are receiving services that keep them stable, safe and productive. Even if the property itself is exempt from taxation, nonprofit employees pay state and local taxes, and add to the local economy through purchasing food, gas, clothes, home goods and other consumer items.

As you have heard countless times this session and previous years, chronic underfunding, mid-term reductions in funding (rescissions), burdensome regulations and uncertainty caused by proposals like H.B. 6469 are making it increasingly difficult for nonprofits to operate. Nonprofits should be able to

focus on fulfilling their missions and not having to use scarce resources and time to fight over a foundational component of why nonprofits exist in the first place – to serve community needs that would otherwise fall into the responsibility of government.

Indeed, nonprofits exist for public benefit. In exchange for the property tax exemption and access to tax-deductible contributions from individuals and corporations, nonprofits are required to function differently from businesses. They must operate for the benefit of the public and for specific charitable, educational, or religious purposes.

The mission of all nonprofits is to improve the health and well-being of our local communities, enhance the quality of life and serve the public good. If property taxes are charged, the people who would suffer most are those nonprofits committed to serve, but who would not be able to serve those most in need because of the inability to expand.

We urge you to take no action on this bill.

Thank you for your time and consideration.

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