DATE: April 29, 2019
TO: Finance, Revenue and Bonding Committee
FROM: Gian-Carl Casa, President & CEO, The Alliance
RE: S.B. 1138 AN ACT CONCERNING COMMUNITY RESTORATION FUNDS.

Good afternoon Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis and members of the Finance, Revenue and Bonding Committee.

My name is Gian-Carl Casa, President & CEO, of the Connecticut Community Nonprofit Alliance (The Alliance). The Alliance is the statewide advocacy organization representing nonprofits, with a membership of more than 300 community organizations and associations. Nonprofits deliver essential services to more than half a million people each year and employ almost 14% of Connecticut's workforce.

The Alliance **opposes Section 5 of S.B. 1138, which would require nonprofits with "significant" savings accounts, endowments or pension funds** to pay, into a state "community development account", the equivalent of 25% of the property tax the organization would pay if it were not exempt from property tax.

The Alliance appreciates the difficulties faced by many of the communities in which its member organizations are located and we recognize that this bill is intended to address some of those stubborn problems. We believe the intention of the bill is for the deposit to be an investment by the entity being taxed, upon which they would receive an eventual return.

However, we cannot support the proposal because community nonprofits are struggling to meet ever-increasing, immediate needs and requiring the deposits would l divert revenue away from the provision of services to the communities it seeks to help.

We ask that the proposal for deposits in this bill be made an option available to community nonprofits rather than an annual requirement.

Nonprofits are key contributors to the quality-of-life in every community -- and they work every day to improve the cities, towns and regions in which they operate.

Nonprofits have long been exempted from state, federal and local taxes precisely because they provide services in their communities so that government does not have to. If nonprofits are not there to address community needs that responsibility would fall to government, at a substantially higher cost.

Like any tax or charge, the payment under this bill would take funds from services for people with developmental disabilities and homeless shelters, from people struggling with substance abuse, victims of domestic violence, arts and cultural programs, and other essential services that address community needs. At a time when nonprofits are experiencing a decade of state budget cuts and increasing demand for services, this proposal would damage Connecticut's quality-of-life.

Additionally, many community nonprofits have contracts with state government to provide those services. Requiring nonprofits to pay a 25% tax on property currently exempt means a portion of the money that you struggle to appropriate every year for services would be used for a different purpose.

Further, any governmental tax or charge would harm nonprofits' relationship with individual, corporate and philanthropic donors who want their financial contributions to help the organizations to which they contribute. Nonprofits are already struggling to find and retain new donors, and the proposal will only make those asks more difficult.

Nonprofits have endured a decade of budget cuts as demand for services has grown. More cuts are possible if the General Assembly does not support enough revenue and savings in the budget it adopts. Many nonprofits are barely surviving as it is and their ability to help people – your constituents – is at risk.

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.

We understand the good intentions of this proposal and look forward to working with the committee to find ways the State can help nonprofits to maximize their contributions to their communities.

I urge you to delete the requirement that community nonprofits make the deposit and make it an option.