



DATE: February 19, 2021  
TO: Planning & Development Committee  
FROM: Ben Shaiken, Manager of Advocacy & Public Policy, The Alliance  
RE: S.B. 870 An Act Concerning the Recommendations of the Office of Policy and Management.

Good morning Senator Cassano, Representative McCarthy Vahey, Senator Hwang, Representative Zullo and members of the Planning & Development Committee.

My name is Ben Shaiken, Manager of Advocacy & Public Policy at the CT Community Nonprofit Alliance (The Alliance). The Alliance is the statewide association of community nonprofits. Community nonprofits provide essential services in every city and town in Connecticut, serving half a million people in need and employing 117,000 people across the State. They are an important part of what makes Connecticut a great place to live and work and an important piece of our economy.

Thank you for the opportunity to testify regarding S.B. 870 An Act Concerning the Recommendations of the Office of Policy and Management. We would like to draw the Committee's attention to Section 10 of the bill, which proposes changes to C.G.S. Section 12-89 to require additional action on the behalf of assessors when denying property tax exemption.

Charitable nonprofits are exempted from local property tax by Section 12-81 of the Connecticut General Statutes. Subsection (7)(a), which exempts the property owned by "a corporation organized exclusively for... charitable purposes." But despite this statute, some tax assessors are taxing nonprofits for property that is exempt.

In a survey from May 2018, The Alliance found that at least 40 assessors had recently issued tax bills for property used for charitable purposes. Two-thirds of nonprofits who responded said their property is being assessed for taxes after a history of being exempt, without undergoing a change of use. And the problem has only gotten worse since 2018.

We support reform to C.G.S. Section 12-89, which governs the process assessors are required to adhere to when considering applications for property tax exemption.

Despite best practices, some assessors do not give nonprofits any details or reasoning for the denial of their exemption. The current situation leaves nonprofits no choice but to go through the appeals process, and in many cases file a lawsuit, to determine the reason for exemption denial. **Critical funding is diverted away from direct service provision to people in need** when nonprofits, burdened by years of state budget cuts, are forced to choose between costly litigation and paying taxes on property that is exempt by state law.

We appreciate that S.B. 870 would require assessors mail a notice of denial to those requesting a property tax exemption, **but the proposal doesn't go far enough**. The Alliance supports H.B. 6103, which also proposes changes regarding denial notice to Sec. 12-89, because it requires assessors tell

applications, in writing, why their application was denied. This change will allow nonprofits to evaluate, without being required to file an administrative or legal appeal, whether an exemption was denied because of a paperwork or clerical error, or whether there is a legitimate dispute about the use of their property.

We understand that assessors are concerned about adding grounds for litigation, but if they correctly apply the law to nonprofits, litigation would not be an issue. Rejection without reason encourages arbitrary decisions that tell applicants they must go to court at great expense to determine what it is that is wrong with their application.

We urge Committee to amend S.B. 870 to include the same provisions in H.B. 6103. Thank you for your consideration of this important issue.

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