



DATE: February 25, 2022
TO: Planning & Development Committee
FROM: Ben Shaiken, Director of Government Relations, The Alliance
RE: H.B. 5169 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, Director of Government Relations 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 115,000 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 H.B. 5169 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.

The Alliance has analyzed the exemption status of almost 300 properties owned by nonprofits and in charitable use across nearly 100 municipalities and found that **at least 44 charitable properties across 23 towns have been denied tax exemption by local assessors** as recently as this month. An additional 137 properties – 46% – have received no response at all yet from assessors, despite applying for exemption in November and the fact that Boards of Assessment Appeals begin meeting in March. Our members report that it is common practice for assessors to send nothing but a tax bill if the exemption is denied (and, to send nothing at all if it is approved). We are encouraged that Section 10 of H.B. 5169 addresses at least part of this challenge.

But the proposal does not go far enough. We support the language in H.B. 5168 that requires assessors provide a reason for the denial of an exemption application, rather than just provide notice of their decision. 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.

The Alliance also supports the other proposals in H.B. 5168, as well, and welcomes the Committee to refer to our detailed testimony on that bill if it plans to engage in process changes to the assessment and appeals processes with OPM.

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 H.B. 5169 to include the same provisions in H.B. 5168. Thank you for your consideration of this important issue.

Ben Shaiken
Director of Government Relations
bshaiken@ctnonprofitalliance.org