



To: Planning & Development Committee
From: Ben Shaiken, Director of Government Relations, The Alliance
Date: February 1, 2023
Re: S.B. 914 An Act Concerning the Recovery of Attorney's Fees in Actions for Wrongful Property Tax Assessment

Good morning Representative Kavros DeGraw, Senator Rahman, Representative Zullo, Senator Fazio and members of the Planning & Development Committee.

My name is Ben Shaiken and I am the Director of Government Relations at the CT Community Nonprofit Alliance (The Alliance). The Alliance is the statewide association representing community nonprofits. Community nonprofits provide essential services to over half a million individuals and families in Connecticut every year and employ 115,000 Connecticut workers, improving the quality of life in communities across the State.

Thank you for the opportunity to testify in support of S.B. 914 An Act Concerning the Recovery of Attorney's Fees in Actions for Wrongful Property Tax Assessment, which would allow attorney's fees to be awarded when property taxes were wrongfully assessed.

Nonprofits are explicitly exempt from federal, state, and local taxes for good reason: they provide essential services to residents, so government doesn't have to. Nonprofits feed the hungry, house the homeless, support people with intellectual/developmental disabilities, treat people with mental health and substance abuse needs, provide arts and culture that make our communities vibrant, and much more.

Unfortunately, over the last several years, some tax assessors have denied tax exemption applications for charitable property owned and operated by Connecticut's nonprofit organizations. Thankfully, last year this committee and the legislature passed P.A. 22-73, which made many strides to clarify existing exemption statutes to protect nonprofits from these wrongful denials.

Despite these changes, however, judges should be allowed to award attorney's fees if taxes are assessed without regard for statutory language.

Charitable nonprofits struggle to find the resources to fight these denials in court, and those who have been engaged in years-long legal battles report spending well over \$100,000. Even as they ultimately prevail, they are only compensated by a return of the taxes they paid under protest. Many other organizations choose to just pay taxes, because fighting a wrongly issued denial is not worth the legal fees.

For a municipality, under current law, the only downside to aggressively litigating these cases, even when denials have been issued on shaky legal grounds, is that if they ultimately lose, they no longer collect the tax.

That's why we support S.B. 914, which would, in the very small minority of cases where charitable property has been denied and that denial could not have been reached except by an assessor ignoring

the law, allow a judge to award a nonprofit the reimbursement of its costs pursuing the case, including their legal fees. We understand this proposal will be controversial, but we struggle to think of a solution short of this measure to disincentive municipalities from engaging in vexatious denials of tax exemptions.

Thank you for your consideration of this important issue.