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Testimony for the Planning & Development Committee  
From  
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**Committee Bill No 6107: AN ACT MODIFYING CERTAIN STATE GRANTS IN LIEU OF TAXES AND AUTHORIZING THE ASSESSMENT OF PROPERTY OWNED BY UNIVERSITIES AND HOSPITALS.**

On behalf of the member institutions of the Connecticut Conference of Independent Colleges (CCIC), I am submitting testimony in opposition to Bill 6107, AA Modifying Certain State Grants in Lieu of Property Taxes and Authorizing the Assessment of Property Owned by Universities and Hospitals. This bill changes the structure of the college and hospital PILOT by allowing towns to tax colleges and hospitals and having such towns share state PILOT payments with the colleges and hospitals.

The bill attacks the longstanding policy and principle of tax exemption of nonprofit higher education in Connecticut. Tax exemptions, given to colleges and universities as well as to non-profit hospitals, schools and cultural organizations, come about in recognition of the long-standing tradition that such institutions serve the public good by enhancing the education, health and general welfare of a state's citizenry.

The American tradition of creating voluntary associations to meet important public needs has been supported by laws granting an exemption from federal income tax to nonprofit organizations dedicating their resources not to individual profit but to public service. As old as the federal income tax, the result of this exemption has been a blending of independent nonprofit and governmental providers in a number of important service areas such as higher education, hospitals and human services.

While states have grappled over the years with ways to tax their citizens, the notion of granting a property tax exemption to nonprofit institutions of higher education has been in effect at least since the adoption of the U.S. Constitution. Over time, each state has developed some form of exemption for property owned by colleges and universities, either through specific charters, constitutional provisions or statutes. As with the federal tax exemption, the unifying concepts supporting this exemption are the public benefit derived from these educational activities and a belief that the government should not be the sole provider of such services.

Albertus Magnus College, Connecticut College, Fairfield University, Goodwin College, Mitchell College, Quinnipiac University, Rensselaer at Hartford, Sacred Heart University, Saint Joseph College, St. Vincent's College, Trinity College, University of Bridgeport, University of Hartford, University of New Haven, Wesleyan University, Yale University

*Tax-exempt status for institutions of higher education provides necessary and important support allowing colleges and universities to pursue their basic mission of teaching, research, and service. Because of such policies, universities are able to survive now and for future generations.*

While the tax exemption outlined above is common in all states, Connecticut's response to it is not. *Connecticut's payment in lieu of taxes program is one of a handful in the nation. In almost every other state, there is no state payment to towns for the revenue that would have otherwise come in from tax-exempt institutions. Additionally, it is the only PILOT program that mandates reimbursement at such a high level.*

Connecticut's PILOT program of grants to municipalities is an important recognition of the fact that colleges, universities and hospitals benefit everyone residing here and not just those who happen to live in the particular city or town in which such an institution is located. Although the State does not always pay the statutorily mandated amount to towns, funding levels do climb higher with the addition of the Pequot funds that are distributed according to the PILOT formula. This year, PILOT reimbursement is at 41.86% and the additional Pequot funds bring the reimbursement to towns up to 49%. Most states have no such funding mechanism for towns that host colleges and hospitals. *In other words, we are ahead of the curve as Connecticut goes the extra mile in providing revenue to towns in recognition of the statewide benefits provided by these institutions.*

This legislation would challenge the long-standing foundation of tax exemption and the unique Connecticut response. It would also serve to upend town-gown relations at a time that towns and non-profits that are major employers need to be working even closer together.

In considering this legislation, it is also important that you reflect on the fact that colleges and universities are just the kind of partners most towns seek to have. They are usually the largest employers in a town and they open their ball fields, meeting rooms and lecture halls to town residents. They open their museums to public school students each year along with theatrical and musical performances, host community arts and music events and bring visitors to town.

College and university students volunteer in area schools, health and social service agencies and in many towns, the colleges invest in key downtown properties to bring jobs and taxes to the area. Connecticut's private colleges and universities are true community partners

Rather than concocting new schemes that work against strong town-gown relationships and that fly in the face of established state policy, we should work together to ensure statutory funding of the PILOT program.