

Testimony of President Mary Ellen Jukoski
Planning & Development Committee
March 21, 2014

Good morning. I am here to testify against HB 5583, AAC the Payment of Real Property Taxes by Certain Institutions of Higher Learning and Hospital Facilities.

Mitchell College opposes the proposed legislation under consideration by the Connecticut General Assembly which would eliminate the real property tax exemption for colleges and hospitals and make them fully taxable for four reasons. First, Mitchell College's financial assets and revenues are not comparable to those maintained by some other large Connecticut institutions. Second, the College already voluntarily makes a substantial annual tax contribution to the City of New London. Third, the College provides many other benefits to the City and its residents through jobs, educational programs, recreational opportunities and use of its facilities. Finally, the College is troubled by any approach to taxation that breaks down the long established distinction between for profit businesses owned by private individuals, and non-profit institutions like colleges that are non-stock entities with a broader community mission.

Description of Mitchell College and It's Properties

Mitchell College is a small, private, liberal arts college located in New London, Connecticut, which is accredited by NEASC. The College offers 26 bachelor degree programs, 3 associate degree programs, 3 certificate programs and 16 minor programs, and is notable for its criminal justice, early childhood education, sports management, business administration and learning disability programs., The College serves approximately 500 residential students and 240 commuting students from more than 20 states and several countries. It is located on a 68 acre campus near the New London waterfront which includes a 22 acre woods and recreation area held in trust as a public park and recreation place. The College has constructed or upgraded many campus buildings in the past ten years.

What are Mitchell College's Resources?

Mitchell College does not have substantial financial resources. Its endowment is not \$20 billion or even \$20 million. The College has worked hard to gradually improve its campus facilities and transition from a two year institution to a four year institution through prudent financial management. The annual College budget of \$23 million publicly reported in our Form 990 does not include lavish salaries, corporate-type benefits or other expenses that are out of character with a non-profit's fundamental mission of providing educational services to its students and serving the community. So we feel that none of the assumptions and financial arguments being presented for reclassifying the tax status of colleges and hospitals applies to us.

What Tax Contributions Does Mitchell College Make at the Present Time?

Mitchell College has long recognized the obligation of leading institutions in the City of New London to assist the City as a good neighbor and in recognition of the occasional burdens placed on municipal services by the operation of large facilities. Notwithstanding the tax-exempt status

of the College's properties and activities, we have been making voluntary payments to the City since 2003 pursuant to a Tax Settlement Agreement. As of July 1, 2014, the College will have made a total of \$312,500 in voluntary payments to the City under this agreement. This is a substantial amount which compares favorably to many of the City's other private and institutional employers.

What Other Contributions Does Mitchell College make to the Community?

The other contributions which Mitchell College makes to the community are numerous. Mitchell provides a quality education, student scholarships and more than 118 full time and 94 part time jobs at living wages to area residents. Our scholarships include a free tuition program for City employees. We also provide numerous recreation opportunities to New London residents through College facilities and the Alfred Mitchell Woods. The College serves as the trustee for the Woods and administers that 24 acre parcel as a public park and recreation place. It features a new basketball court, tennis courts, two Little League baseball fields, a playground, volleyball court, walking trails and other amenities, which are administered and maintained by College personnel and trust funds.

What are Mitchell College's Recommendations?

Mitchell College has dealt with many financial issues and had to generate the resources needed to upgrade its facilities and move our institution forward during good times and bad times, so we appreciate the economic challenges which face the State of Connecticut each year to meet the needs of State residents and fund essential state functions and agencies. In evaluating possible options, Mitchell College has the following recommendations:

1. The Connecticut General Assembly should not precipitously cast aside the long standing real property tax exemption provided to Connecticut colleges and hospitals by statute, so we recommend that the proposed legislation be withdrawn.
2. Any review of these issues must recognize the great financial disparities and differences in business practices that exist between small independent colleges like Mitchell and some of the larger hospitals and universities in the state.
3. The appropriations made by the State for PILOT payments to the Towns should be increased and rebalanced as necessary to assist communities like New London who have a greater than usual percentage of tax exempt property.