



General Assembly

February Session, 2014

Raised Bill No. 5583

LCO No. 2622



Referred to Committee on PLANNING AND DEVELOPMENT

Introduced by:
(PD)

***AN ACT CONCERNING THE PAYMENT OF REAL PROPERTY TAXES
BY CERTAIN INSTITUTIONS OF HIGHER LEARNING AND HOSPITAL
FACILITIES.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 12-20a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2014, and*
3 *applicable to assessment years commencing on and after said date*):

4 (a) For purposes of this section:

5 (1) "Hospital facility" means any nonprofit general hospital facility
6 or freestanding chronic disease hospital or any urgent care facility that
7 operates for at least twelve hours a day and had been the location of a
8 nonprofit general hospital for at least a portion of calendar year 1996,
9 exclusive of any such facility operated by the federal government,
10 except a campus of the United States Department of Veterans Affairs
11 Connecticut Healthcare Systems, or the state of Connecticut or any
12 subdivision thereof;

13 (2) "Private nonprofit institution of higher learning" means any

14 institution, as defined in subsection (a) of section 10a-34, or any
15 independent college or university, as defined in section 10a-37, that is
16 engaged primarily in education beyond the high school level, and
17 offers courses of instruction for which college or university-level credit
18 may be given or may be received by transfer, the property of which is
19 exempt from property tax under any of the subdivisions of section 12-
20 81;

21 (3) "Nonprofit general hospital facility" means any facility that is
22 used primarily for the purpose of general medical care and treatment,
23 exclusive of any hospital facility used primarily for the care and
24 treatment of special types of disease or physical or mental conditions;

25 (4) "Freestanding chronic disease hospital" means a facility that
26 provides for the care and treatment of chronic diseases, excluding any
27 such facility having an ownership affiliation with and operated in the
28 same location as a chronic and convalescent nursing home; and

29 (5) "Municipality" means any town, consolidated town and city,
30 consolidated town and borough, borough, district, as defined in
31 section 7-324, and any city not consolidated with a town.

32 (b) (1) Any private nonprofit institution of higher learning or any
33 hospital facility shall be liable for the payment of real property taxes as
34 follows: (A) For the assessment year commencing October 1, 2014,
35 twenty per cent of real property taxes; (B) for the assessment year
36 commencing October 1, 2015, forty per cent of real property taxes; (C)
37 for the assessment year commencing October 1, 2016, sixty per cent of
38 real property taxes; (D) for the assessment year commencing October
39 1, 2017, eighty per cent of real property taxes; and (E) for assessment
40 years commencing on and after October 1, 2018, one hundred per cent
41 of real property taxes. Except as provided by subdivision (3) of this
42 subsection, nothing in this subsection shall apply to any private
43 nonprofit institution of higher learning or any hospital facility that has
44 entered into an agreement with the municipality in which it is located

45 for the payment of real property taxes for the current assessment year.

46 (2) On or before [January first, annually] September 1, 2015, and on
47 or before September first annually thereafter, the Secretary of the
48 Office of Policy and Management shall determine the amount due to
49 each [municipality] private nonprofit institution of higher learning or
50 hospital facility in the state, in accordance with this [section]
51 subsection and section 12-20b, as amended by this act, as a state grant
52 [in lieu] for reimbursement of taxes with respect to real property
53 owned by any private nonprofit institution of higher learning or any
54 [nonprofit general] hospital facility. [or freestanding chronic disease
55 hospital or an urgent care facility that operates for at least twelve
56 hours a day and that had been the location of a nonprofit general
57 hospital for at least a portion of calendar year 1996 to receive payments
58 in lieu of taxes for such property, exclusive of any such facility
59 operated by the federal government, except a campus of the United
60 States Department of Veterans Affairs Connecticut Healthcare
61 Systems, or the state of Connecticut or any subdivision thereof. As
62 used in this section "private nonprofit institution of higher learning"
63 means any such institution, as defined in subsection (a) of section 10a-
64 34, or any independent college or university, as defined in section 10a-
65 37, that is engaged primarily in education beyond the high school
66 level, and offers courses of instruction for which college or university-
67 level credit may be given or may be received by transfer, the property
68 of which is exempt from property tax under any of the subdivisions of
69 section 12-81; "nonprofit general hospital facility" means any such
70 facility which is used primarily for the purpose of general medical care
71 and treatment, exclusive of any hospital facility used primarily for the
72 care and treatment of special types of disease or physical or mental
73 conditions; and "freestanding chronic disease hospital" means a facility
74 which provides for the care and treatment of chronic diseases,
75 excluding any such facility having an ownership affiliation with and
76 operated in the same location as a chronic and convalescent nursing
77 home.] The grant payable to any private nonprofit institution of higher

78 learning or hospital facility under the provisions of this subsection in
79 the state fiscal year commencing July 1, 2015, and in each fiscal year
80 thereafter, shall be equal to seventy-seven per cent of such property
81 taxes, provided in any year in which the private nonprofit institution
82 of higher learning or hospital facility pays a percentage of taxes to a
83 municipality that is lower than seventy-seven per cent of such
84 property taxes, as provided in subdivision (1) of this subsection, the
85 grant amount payable to such institution or facility shall be equal to
86 the percentage actually paid, and any amount over such percentage
87 shall be paid to the municipality in which such institution or facility is
88 located as a grant in lieu of taxes. The amount of the grant payable to
89 each institution or facility in any year, or to the municipality, in
90 accordance with this section shall be reduced proportionately in the
91 event that the total of such grants in such year exceeds the amount
92 appropriated for the purposes of this section with respect to such year.

93 (3) Any private nonprofit institution of higher learning or any
94 hospital facility that has entered into an agreement with the
95 municipality in which it is located for the payment of real property
96 taxes for the current assessment year shall be eligible to receive a state
97 grant for reimbursement of taxes pursuant to subdivision (2) of this
98 subsection if such agreement requires such institution or facility to pay
99 an amount that exceeds the amount of the grant such institution or
100 facility would have received pursuant to said subdivision in the
101 absence of such agreement.

102 [(b) The grant payable to any municipality under the provisions of
103 this section in the state fiscal year commencing July 1, 1999, and in
104 each fiscal year thereafter, shall be equal to seventy-seven per cent of
105 the property taxes which, except for any exemption applicable to any
106 such institution of higher education or general hospital facility under
107 the provisions of section 12-81, would have been paid with respect to
108 such exempt real property on the assessment list in such municipality
109 for the assessment date two years prior to the commencement of the
110 state fiscal year in which such grant is payable. The amount of the

111 grant payable to each municipality in any year in accordance with this
112 section shall be reduced proportionately in the event that the total of
113 such grants in such year exceeds the amount appropriated for the
114 purposes of this section with respect to such year.]

115 (c) [Notwithstanding the provisions of subsection (b) of this section,
116 the] The amount of the grant in lieu of taxes payable to any
117 municipality [under the provisions of this section] with respect to a
118 campus of the United States Department of Veterans Affairs
119 Connecticut Healthcare Systems shall be [as follows: (1) For the fiscal
120 year ending June 30, 2007, twenty per cent of the amount payable in
121 accordance with said subsection (b); (2) for the fiscal year ending June
122 30, 2008, forty per cent of such amount; (3) for the fiscal year ending
123 June 30, 2009, sixty per cent of such amount; (4) for the fiscal year
124 ending June 30, 2010, eighty per cent of such amount; (5) for the fiscal
125 year ending June 30, 2011, and each fiscal year thereafter,] one
126 hundred per cent of [such amount] the property taxes that, except for
127 the exemption applicable to such campus, would have been paid with
128 respect to such exempt real property.

129 [(d) As used in this section and section 12-20b, the word
130 "municipality" means any town, consolidated town and city,
131 consolidated town and borough, borough, district, as defined in
132 section 7-324, and any city not consolidated with a town.]

133 Sec. 2. Section 12-20b of the general statutes is repealed and the
134 following is substituted in lieu thereof (*Effective October 1, 2014, and*
135 *applicable to assessment years commencing on and after said date*):

136 (a) Not later than April first in each year, any municipality to which
137 a grant is payable under the provisions of section 12-20a, as amended
138 by this act, shall provide the Secretary of the Office of Policy and
139 Management with the assessed valuation of the tax-exempt real
140 property as of the immediately preceding October first, adjusted in
141 accordance with any gradual increase in or deferment of assessed

142 values of real property implemented in accordance with section 12-62c,
143 [which] that is required for computation of such grant. Any
144 municipality [which] that neglects to transmit to the Secretary of the
145 Office of Policy and Management the assessed valuation as required
146 by this section shall forfeit two hundred fifty dollars to the state,
147 provided the secretary may waive such forfeiture in accordance with
148 procedures and standards adopted by regulation in accordance with
149 chapter 54. Said secretary may, on or before the first day of August of
150 the state fiscal year in which such grant is payable, reevaluate any such
151 property when, in his or her judgment, the valuation is inaccurate and
152 shall notify such municipality of such reevaluation. Any municipality
153 aggrieved by the action of said secretary under the provisions of this
154 section may, not later than ten business days following receipt of such
155 notice, appeal to the secretary for a hearing concerning such
156 reevaluation, provided such appeal shall be in writing and shall
157 include a statement as to the reasons for such appeal. The secretary
158 shall, not later than ten business days following receipt of such appeal,
159 grant or deny such hearing by notification in writing, including in the
160 event of a denial, a statement as to the reasons for such denial. If any
161 municipality is aggrieved by the action of the secretary following such
162 hearing or in denying any such hearing, the municipality may not later
163 than two weeks after such notice, appeal to the superior court for the
164 judicial district in which the municipality is located. Any such appeal
165 shall be privileged. Said secretary shall certify to the Comptroller the
166 amount due each municipality under the provisions of section 12-20a,
167 as amended by this act, or under any recomputation occurring prior to
168 September fifteenth [which] that may be effected as the result of the
169 provisions of this section, and the Comptroller shall draw his or her
170 order on the Treasurer on or before the fifth business day following
171 September fifteenth and the Treasurer shall pay the amount thereof to
172 such municipality on or before the thirtieth day of September
173 following. If any recomputation is effected as the result of the
174 provisions of this section on or after the January first following the
175 date on which the municipality has provided the assessed valuation in

176 question, any adjustments to the amount due to any municipality for
177 the period for which such adjustments were made shall be made in the
178 next payment the Treasurer shall make to such municipality pursuant
179 to this section.

180 (b) Not later than August first in each year, any private nonprofit
181 institution of higher learning, as defined in section 12-20a, as amended
182 by this act, and any hospital facility, as defined in section 12-20a, as
183 amended by this act, to which a grant is payable under the provisions
184 of said section, shall provide the Secretary of the Office of Policy and
185 Management with documentation showing (1) the assessed value of
186 the real property for which such institution or facility is liable to pay
187 taxes, and (2) the amount of the taxes paid by such institution or
188 facility for the assessment year commencing the immediately
189 preceding October first. Any institution or facility that neglects to
190 transmit to the Secretary of the Office of Policy and Management the
191 documentation required by this section shall forfeit two hundred fifty
192 dollars to the state, provided the secretary may waive such forfeiture
193 in accordance with procedures and standards adopted by regulation in
194 accordance with chapter 54. Said secretary shall certify to the
195 Comptroller the amount due each institution or facility under the
196 provisions of section 12-20a, as amended by this act, and the
197 Comptroller shall draw his or her order on the Treasurer on or before
198 the fifth business day following September fifteenth and the Treasurer
199 shall pay the amount thereof to such institution or facility on or before
200 the thirtieth day of September following.

201 [(b)] (c) Notwithstanding the provisions of section 12-20a, as
202 amended by this act, or subsection (a) of this section, the amount due
203 the municipality of Branford, on or before the thirtieth day of
204 September, annually, with respect to the Connecticut Hospice, in
205 Branford, shall be one hundred thousand dollars, which amount shall
206 be paid from the annual appropriation, from the General Fund, for
207 reimbursement to towns for loss of taxes on private tax-exempt
208 property.

209 [(c)] (d) Notwithstanding the provisions of section 12-20a, as
210 amended by this act, or subsection (a) of this section, the amount due
211 the city of New London, on or before the thirtieth day of September,
212 annually, with respect to the United States Coast Guard Academy in
213 New London, shall be one million dollars, which amount shall be paid
214 from the annual appropriation, from the General Fund, for
215 reimbursement to towns for loss of taxes on private tax-exempt
216 property.

217 Sec. 3. Subsections (c) and (d) of section 3-55j of the general statutes
218 are repealed and the following is substituted in lieu thereof (*Effective*
219 *October 1, 2014, and applicable to assessment years commencing on and after*
220 *said date*):

221 (c) Twenty million one hundred twenty-three thousand nine
222 hundred sixteen dollars of the moneys available in the Mashantucket
223 Pequot and Mohegan Fund established by section 3-55i shall be paid to
224 [municipalities] private nonprofit institutions of higher learning, as
225 defined in section 12-20a, as amended by this act, and hospital
226 facilities, as defined in section 12-20a, as amended by this act, eligible
227 for a state grant [in lieu] for reimbursement of taxes paid pursuant to
228 section 12-20a, as amended by this act, in addition to and in the same
229 proportion as the grants payable to such [municipalities] institutions
230 and facilities pursuant to section 12-20a, as amended by this act,
231 subject to the provisions of subsection (d) of this section. [Any eligible
232 special services district shall receive a portion of the grant payable
233 under this subsection to the town in which such district is located. The
234 portion payable to any such district under this subsection shall be the
235 amount of the grant to the town under this subsection which results
236 from application of the district mill rate to exempt property in the
237 district.]

238 (d) Notwithstanding the provisions of subsection (c) of this section,
239 no [municipality] private nonprofit institution of higher learning or
240 hospital facility shall receive a grant pursuant to said subsection

241 which, when added to the amount of the grant payable to such
242 [municipality] institution or facility pursuant to section 12-20a, as
243 amended by this act, would exceed one hundred per cent of the
244 property taxes [which, except for any exemption applicable to any
245 private nonprofit institution of higher education, nonprofit general
246 hospital facility or freestanding chronic disease hospital under the
247 provisions of section 12-81, would have been paid with respect to such
248 exempt real property on the assessment list in such municipality for
249 the assessment date two years prior to the commencement of the state
250 fiscal year in which such grants are payable] paid by such institution
251 or facility. In any year in which a private nonprofit institution of
252 higher learning or a hospital facility is liable for less than one hundred
253 per cent of real property taxes, any moneys remaining after making a
254 grant to any such institution or facility pursuant to subsection (c) of
255 this section shall be paid proportionately to the municipality in which
256 such institution or facility is located as a grant in lieu of taxes.

257 Sec. 4. Subdivision (7) of section 12-81 of the 2014 supplement to the
258 general statutes is repealed and the following is substituted in lieu
259 thereof (*Effective October 1, 2014, and applicable to assessment years*
260 *commencing on and after said date*):

261 (A) Subject to the provisions of sections 12-87, [and] 12-88 and 12-
262 20a, as amended by this act, the real property of, or held in trust for, a
263 corporation organized exclusively for scientific, educational, literary,
264 historical or charitable purposes or for two or more such purposes and
265 used exclusively for carrying out one or more of such purposes or for
266 the purpose of preserving open space land, as defined in section 12-
267 107b, for any of the uses specified in said section, that is owned by any
268 such corporation, and the personal property of, or held in trust for, any
269 such corporation, provided (i) any officer, member or employee
270 thereof does not receive or at any future time shall not receive any
271 pecuniary profit from the operations thereof, except reasonable
272 compensation for services in effecting one or more of such purposes or
273 as proper beneficiary of its strictly charitable purposes, and (ii) in 1965,

274 and quadrennially thereafter, a statement shall be filed on or before the
275 first day of November with the assessor or board of assessors of any
276 town, consolidated town and city or consolidated town and borough,
277 in which any of its property claimed to be exempt is situated. Such
278 statement shall be filed on a form provided by such assessor or board
279 of assessors. The real property shall be eligible for the exemption
280 regardless of whether it is used by another corporation organized
281 exclusively for scientific, educational, literary, historical or charitable
282 purposes or for two or more such purposes;

283 (B) On and after July 1, 1967, housing subsidized, in whole or in
284 part, by federal, state or local government and housing for persons or
285 families of low and moderate income shall not constitute a charitable
286 purpose under this section. As used in this subdivision, "housing" shall
287 not include real property used for temporary housing belonging to, or
288 held in trust for, any corporation organized exclusively for charitable
289 purposes and exempt from taxation for federal income tax purposes,
290 the primary use of which property is one or more of the following: (i)
291 An orphanage; (ii) a drug or alcohol treatment or rehabilitation facility;
292 (iii) housing for homeless individuals, mentally or physically
293 handicapped individuals or persons with intellectual disability, or for
294 victims of domestic violence; (iv) housing for ex-offenders or for
295 individuals participating in a program sponsored by the state
296 Department of Correction or Judicial Branch; and (v) short-term
297 housing operated by a charitable organization where the average
298 length of stay is less than six months. The operation of such housing,
299 including the receipt of any rental payments, by such charitable
300 organization shall be deemed to be an exclusively charitable purpose;

301 Sec. 5. Subdivision (8) of section 12-81 of the 2014 supplement to the
302 general statutes is repealed and the following is substituted in lieu
303 thereof (*Effective October 1, 2014, and applicable to assessment years*
304 *commencing on and after said date*):

305 (8) [The] Subject to the provisions of section 12-20a, as amended by

306 this act, the funds and estate which have been or may be granted,
307 provided by the state, or given by any person or persons to the
308 Trustees of the Berkeley Divinity School, the board of trustees of
309 Connecticut College for Women, the Hartford Seminary Foundation,
310 Sheffield Scientific School, Trinity College, Wesleyan University or The
311 President and Fellows of Yale College in New Haven, and by them
312 respectively invested and held for the use of such institutions, with the
313 income thereof; provided none of said corporations shall hold in this
314 state real estate free from taxation affording an annual income of more
315 than six thousand dollars. Such exemption shall not apply to any real
316 estate which said Trustees of the Berkeley Divinity School own, control
317 or hold in trust, and which is situated in the city of Middletown. No
318 other provision of this section concerning exemption of property used
319 for educational purposes shall be construed to affect any provision of
320 this subdivision;

321 Sec. 6. Subdivision (16) of section 12-81 of the 2014 supplement to
322 the general statutes is repealed and the following is substituted in lieu
323 thereof (*Effective October 1, 2014, and applicable to assessment years*
324 *commencing on and after said date*):

325 (16) Subject to the provisions of [section] sections 12-88 and 12-20a,
326 as amended by this act, all property of, or held in trust for, any
327 Connecticut hospital society or corporation or sanatorium, provided
328 (A) no officer, member or employee thereof receives or, at any future
329 time, shall receive any pecuniary profit from the operations thereof,
330 except reasonable compensation for services in the conduct of its
331 affairs, and (B) in 1967, and quadrennially thereafter, a statement shall
332 be filed by such hospital society, corporation or sanatorium on or
333 before the first day of November with the assessor or board of
334 assessors of any town, consolidated town and city or consolidated
335 town and borough, in which any of its property claimed to be exempt
336 is situated. Such statement shall be filed on a form provided by such
337 assessor or board of assessors;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-20a
Sec. 2	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-20b
Sec. 3	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	3-55j(c) and (d)
Sec. 4	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-81(7)
Sec. 5	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-81(8)
Sec. 6	<i>October 1, 2014, and applicable to assessment years commencing on and after said date</i>	12-81(16)

Statement of Purpose:

To make certain private institutions of higher learning and hospital facilities liable for the payment of real property taxes and to provide a mechanism for the state to provide grants in order to reimburse such institutions and facilities for such payments.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]