

Testimony by Susan Valentine, March 22, 2016, Finance Committee

Good Afternoon, Chairmen and members of the Finance Committee:

My name is Susan Valentine and I am a research analyst for UNITE HERE. I am here today to testify in support of SB 414. I'd like to clarify a few misconceptions about the bill.

First, SB 414 does not "tax Yale". Current CT statute has two sections under 12-81 that describe university tax exemptions:

§7 grants exemption to property "used exclusively" for "scientific, educational, literary, historical or charitable purposes." This applies to all universities and colleges.

§8 grants exemption to property not "affording an annual income of more than six thousand dollars" owned by 5 named institutions: Yale, ConnCollege, Hartford Sem, Trinity, & Wesleyan.

SB 414 does not affect the "normal" §7 tax-exempt status. Instead, it simply provides clarity regarding what sorts of income count towards §8's \$6000 threshold. All property that is tax-exempt under §7, remains tax-exempt if SB 414 passes.

§8 is a broader exemption than the normal §7. As a result, it is sometimes referred to as a "super-exemption". §8 is the result of an 1834 modification of an original exemption that was contained in the 1745 Yale Charter, and then incorporated into the state constitution in 1818.

Some have asked why not just remove §8 entirely. That was tried in 1977 and 1990. It would require amending the state constitution. However, even in the face of a constitutional amendment, Yale defended itself with the landmark 1819 U.S. Supreme Court "Dartmouth College" decision, which protects charters as legally binding contracts. Removing the \$6000 threshold in §8 is not an option.

The state legislature does, however, have full authority to clarify what sorts of income do or do not count towards the \$6000 threshold. Hence, SB 414 proposes that the following types of income count as "commercial" and hence count towards the threshold that renders a property taxable:

1. Leased commercial property
2. Event venues with audience/participants that aren't from the college
3. Commercial sale of products
4. Commercial sale of services

The goal of this bill is to allow the city to tax property used for commercial purposes that happens to be owned by Yale. It does not permit the taxation of academic property.

We urge your support.