



DATE: March 5, 2018
TO: Planning and Development Committee
FROM: Ben Shaiken, Manager of Advocacy & Public Policy
RE: H.B. No. 5288 An Act Concerning Attorney's Fees in Wrongful Property Tax Assessment Actions

Good morning Sen. Cassano, Sen. Logan, Rep. Lemar, Rep. Zawistowski and distinguished members of the Planning and Development Committee.

My name is Ben Shaiken, Manager of Advocacy & Public Policy at the CT Community Nonprofit Alliance. The Alliance is Connecticut's statewide association of community nonprofits. Our members deliver essential services to more than half a million people each year and employ almost 14% of Connecticut's workforce.

I am here to testify **in support of House Bill No. 5288** "An Act Concerning Attorney's Fees in Wrongful Property Tax Assessment Actions."

Connecticut's community nonprofits are partners with the State and municipalities to serve the people of Connecticut. They take care of people with disabilities, feed the hungry, provide behavioral health and substance abuse treatment, and help the formerly incarcerated transition to the community. Nonprofits also enrich the state with art and culture -- operating art galleries, giving public performances and more.

Charitable nonprofits are exempt from local property tax in Connecticut. Section 12-81 of the Connecticut General Statutes lists all of the property that is exempt from property tax; subsection (7)(a) exempts the property owned by "a corporation organized exclusively for... charitable purposes." However, some tax assessors issue nonprofits tax bills for property that is tax exempt by statute.

This forces nonprofits, burdened by years of state budget cuts, to choose between costly litigation and paying taxes on property that is exempt by state law. **Either of these options takes critical funding away from essential services for the State's most vulnerable.**

Chronic underfunding and budget cuts for essential services is making it almost impossible for nonprofits to fulfill their missions. While exempting property taxes for nonprofits does not solve the systemic funding crisis, it is a small but essential resource for nonprofit providers in an era of diminishing resources. Property tax exemptions for nonprofit organizations must be protected if they are to continue their mission driven work of strengthening communities by providing quality, cost effective, and life sustaining services for children and families.

H.B. 5288 proposes to amend Section 12-119 of the General Statutes, which provides remedy to property owners if property is wrongfully assessed. The proposal would allow a judge to award the costs of attorney fees to property owners whose assessment "was manifestly excessive and could not have been arrived at except by disregarding the provisions of the statutes for determining the valuation of such property."

We encourage the Committee to go further than the change proposed by HB5288. Because the tax bills "could not have been arrived at except by disregarding the provisions of the statutes," as § 12-119



contemplates, we urge the Committee to add language allowing a judge to award punitive damages, by amending the language as follows:

In all such actions, the Superior Court shall have power to grant such relief upon such terms and in such manner and form as to justice and equity appertains[, and costs]. The court may, in its discretion, award punitive damages and may provide such equitable relief as it deems necessary or proper. The court may award, in addition to the relief provided in this subsection, costs and reasonable attorneys' fees based on the work reasonably performed by an attorney.

We also encourage the Committee to add clarifying language to Section 12-81. Property owned by nonprofit corporations and used for charitable purposes to provide for Connecticut's most vulnerable citizens is clearly tax exempt by this section, but some assessors have interpreted § 12-81 differently than the plain meaning of the law.

Group homes operated by nonprofit providers highlight one troublesome example. Group homes allow people to live, with support, in communities across the State. They are an alternative to warehousing people in large institutions. Efforts to tax and litigate nonprofit group homes could have the effect of pushing them out of certain municipalities, resulting in de facto violations of state laws meant to prevent housing discrimination (such as § 8-3e, which prohibits municipalities from zoning community residences).

More globally, taxing property owned by nonprofits for charitable purposes erodes the social compact between community nonprofits and government. Nonprofits exist for public benefit and must operate for specific charitable, educational, or religious purposes. The mission of all nonprofits is to improve the health and well-being of our local communities, enhance the quality of life and serve the public good. In exchange, nonprofits are exempt from property, income and sales tax, and have access to tax-deductible contributions from individuals and corporations, and others.

It is important to note that nonprofit providers are always willing to work with municipalities and neighbors to ensure their properties and the people served in them are welcomed into their communities. They work closely with emergency services and others to assure proper planning and response. They also strive to be good neighbors, and many have negotiated individual, voluntary "PILOT" payments with cities and towns in recognition of the fact that they use municipal services, too.

But assessors issuing tax bills for property clearly exempted by statute violates that vital partnership and long-standing state policy. HB5288, with the amendments we have proposed, would send a strong message.

Thank you for your consideration and the opportunity to testify in support of HB5288. Please feel free to contact me with questions or for more information.

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