



Dear Members of the Finance, Revenue and Bonding Committee, 4-29-19

*I am a long time board member and President of the The Newtown Forest Association (CT's Oldest Private Land Trust) {"NFA"}. **I strongly oppose Section 1 of SB 1137 and Section 5 of SB 1138** both of which would require nonprofits, including land trusts, with "significant" savings accounts, endowments or pension funds to pay into a state "community development account" the equivalent of 25% property tax.*

The NFA owns and protects as open space for watershed protection, preservation of critically important ecological resources for wildlife and for passive recreation of our community and other visitors. We own and protect almost 1400 acres, mostly all within Newtown and are maintaining these lands for wildlife native plants and passive recreation all gratis and with volunteers.

The Negative Impact

This proposal would divert critical resources from our land trust's ability to acquire and manage open spaces and other natural resources that benefit our quality of life and local economy. It would penalize our land trust for our efforts to set aside funds to help secure our organization's long-term viability and to care for our land trust's properties and easements in perpetuity pursuant to best management practices (The Land Trust Standards & Practices). This proposal would also undermine relationships with donors who want their donations to support land conservation and not a state tax.

Dollars and Sense

Specific to the NFA we have an operating budget which is almost entirely dedicated to property management with our second largest expense being insurance. We have no paid administrative staff and we are run and managed by an all-volunteer board. Our operating income to support these property management activities is based predominantly on investment earnings from a portfolio of investment assets reserved specifically to care for our properties. We do not have the means to fund these costs through annual appeals and donations alone. We have committed, as part of our mission, to take on new preserves only if we have sufficient resources to maintain these

properties properly in perpetuity (FOREVER). We have built these investment reserves to care for the preserves we own and not for the purpose of paying taxes.

If our collective properties had an appraised value of \$25million @ 70% @ a mill rate of 34.77 @ 25% = \$147,744 of what our 2019 tax burden would represent. Our current budget is less than \$100,000, and this tax burden would bankrupt us and/or force us to hire professional fund raisers to meet these added costs. You would have to force us, and probably all land trusts, to fold and deed the property to the Towns who would be exempt from this tax. We know the Towns focus is not on protecting open space as well as the NFA and our other local land trusts do on a daily basis as we have for years.

The Real Picture

Administratively this is also a bad idea and not a great use of resources. The NFA, nor has the Town of Newtown, has ever focused on the accuracy of the appraised/assessed values of our preserves; since we are not taxed on them we do not care about the accuracy of the values. We know these currently do not reflect the effects of the deed restrictions and countless hours by the NFA, us hiring appraisers and the tax appeals boards having to deal with reconciling to what the true value of these encumbered preserves. The values currently are based on recent comparable transactions; however, most comparable transactions relate to unencumbered property that is not restricted from development. Accordingly, the appraised values are also overstated and once adjusted will be a fraction of what they currently are being reported. If your expectations are based on the values as currently reported, and not factoring the fact that these will be adjusted downward significantly, you are also developing an expectation for revenues much greater than will likely ever be realizable.

Please vote NO on these proposals that would tax land trusts.

Warm Regards,

Bob Eckenrode

President Newtown Forest Association

CT'S oldest Land Trust and 2018 winner of the Land Trust Alliance Award for best all volunteer land trust in the country .