

CONNECTICUT Land Conservation Council

Testimony on SB No. 1137 (Section 1) and SB No. 1138 (Section 5)
Finance, Revenue and Bonding Committee
Submitted by Amy Blaymore Paterson, Esq., Executive Director
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Co-Chairs Fonfara and Rojas and members of the Finance, Revenue and Bonding Committee:

Thank you for this opportunity to present testimony on behalf of the Connecticut Land Conservation Council in **strong opposition** to **Section 1 of SB 1137, An Act Concerning Deposits in Lieu of Taxes** and **Section 5 of SB 1138, An Act Concerning Community Restoration**, 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 proposal**").

The Connecticut Land Conservation Council (CLCC) advocates for land conservation, stewardship and funding, and works to ensure the long-term strength and viability of the land conservation community in Connecticut. CLCC's concerns with the proposal relate both specifically to its impacts on land trusts that would be subject to the new tax, as well as generally to the language of the bill.

The proposal would divert critical resources from land trusts' ability to uphold their mission.

There are approximately 137 land trusts in Connecticut, the third most per state in the country; together they have protected over 190,000 acres. What distinguishes land trusts from other nonprofits is the fact that they are created for the purpose of upholding their mission *in perpetuity* -- beyond our lifetime and for the benefit of generations to come.

The benefits of protected land are well documented - among them are ensuring clean drinking water, allowing healthy and accessible local food, providing places for people to recreate, and mitigating the impacts of climate change. Land trusts acquire and manage land, protect natural resources, and provide opportunities to connect with special places that would otherwise be inaccessible to the public.

The added financial burden of this proposal would divert essential resources away from land trusts, and threaten their ability to provide these critical services for the benefit of the public and future generations.

The proposal would penalize land trusts that set aside funds pursuant to best management practices.

Connecticut land trusts operate in accordance with *Land Trust Standards and Practices* - the national guidelines describing how to operate a land trust legally, ethically, in the public interest, with a sound



program of land transactions and land stewardship¹ (the Standards). Pursuant to Standard 6 (Financial Oversight) land trusts are responsible and accountable for how they manage their finances and assets -- this includes building and maintaining sufficient operating reserves to sustain the organization's operations as well as dedicated or restricted funds sufficient to cover the long-term costs of stewarding and defending the land trust's land and conservation easements.

To uphold this responsibility, many land trusts have set up endowments or other savings funds to be used to care for their protected lands and otherwise meet their obligations now and into the future. The proposal would penalize these land trusts for their efforts to operate in accordance with these best practices.

The proposal would undermine relationships with donors who want their donations to support land conservation and not a state tax.

Connecticut's land trusts vary in size, service area, number of members, number of volunteers, and capacity; some are staffed, but most are all-volunteer. Across the board, they operate on severely limited budgets, sustained by private donations, fundraising events, and grants. Donors contribute to their local land trust because they know that the funds will be used to support land conservation projects and programs in their community. Already an ongoing challenge, building and sustaining relationships with donors will be further complicated if the land trust is forced to set aside a portion of a donation to cover the tax imposed by the proposal.

Concerns related to the application and language of the proposal.

The proposal is overly broad in that it applies to all nonprofits, failing to distinguish between the different types of tax-exempt organizations, the nature of their services, and other factors which the proposal is intended to address. As alluded to above, building and setting aside financial reserves is essential to upholding a land trust's mission to protect land *in perpetuity*. The proposal is also vague in that it applies to nonprofits with "significant" savings accounts, yet fails to explicitly and definitely set forth what that means.

In conclusion, land trusts are recognized as nonprofits existing for the benefit of the public. For this reason, they are exempt from property, income and sales tax and able to accept tax deductible donations from individuals and corporations. This has been the law for decades.

On behalf of Connecticut's land trusts, we urge you to reject these sections of these bills and any other proposal that will undermine the ability of Connecticut's land trusts to carry out their vital mission for the benefit of generations to come.

Thank you for this opportunity to provide our comments. I would be happy to answer any questions you may have.

¹ The Land Trust Alliance drafted the first Standards and Practices in 1989. Most recently revised in 2017, adoption of the Standards is a requirement of each member of the Land Trust Alliance. Read more at: <https://www.landtrustalliance.org/publication/land-trust-standards-and-practices-revised-2017>