



Kimberlee Pita  
Board Chair

Luis B. Pérez, LCSW  
President & CEO

**Testimony in opposition of  
S.B. No. 1137 AN ACT CONCERNING DEPOSITS IN LIEU OF TAXES  
S.B. No. 1138 AN ACT CONCERNING COMMUNITY RESTORATION FUNDS  
Finance, Revenue and Bonding Committee**

**Public Hearing, April 29, 2019**

Good afternoon Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis and members of the Finance, Revenue and Bonding Committee.

Thank you for the opportunity to provide testimony. As President and CEO of Mental Health Connecticut (MHC), a 110-year-old nonprofit, and a board member of The Alliance: The Voice of Community Nonprofits, I strongly oppose Section 1 of S.B. 1137 AN ACT CONCERNING DEPOSITS IN LIEU OF TAXES and Section 5 of S.B. 1138, AN ACT CONCERNING COMMUNITY RESTORATION FUNDS, which would require nonprofits with a "significant" savings accounts, endowments or pension funds to pay into a state "community development account" the equivalent of 25% of the property tax the organization would pay if it were not exempt from property tax.

Human Services are not fixed costs in the budget and have historically taken on a disproportionate piece of the cuts over other departments that are funded through discretionary funding. With the proposals put forth in S.B. 1137 and 1138, not only do nonprofits still need to fight for whatever is leftover in the state budget, we would now be asked to dig deeper into our already thin pockets to help the state generate revenue.

Requiring community nonprofits to pay a 25% tax on property currently exempted from taxes erodes the social compact between community nonprofits and government. Nonprofits have long been exempted from state, federal and local taxes for good reason: we provide services so that government does not have to. If nonprofits are not there to address community needs that responsibility would fall to government, at a substantially higher cost.

Beyond the lack of "fairness" of this ask, this proposal is not a good business practice. Unlike most for-profits that can raise prices or cut expenses without impacting the health and wellbeing of people, we have few options. When our funding is cut – or we are asked to give up more dollars as reflected in these proposals – our options are to lay off staff and cut programs.

Community-based non-profits represent approximately 14% of Connecticut's workforce. Our staff often work at below living wage and most need to work 2 or 3 jobs to support their family.



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Endowments, pensions, and savings funds allow non-profits such as ours survive and plan for the future. This proposal would jeopardize our relationships with individual, corporate and philanthropic donors who want their donations to help people, not pay taxes. We are already struggling to find and retain new donors, and the proposal will only make those asks more difficult.

Nonprofits exist for public benefit. In exchange, we are exempt from property, income and sales tax and have access to tax-deductible contributions from individuals and corporations.

I urge you to take no action on this proposal.

Thank you for your time and for your service,

Luis B. Pérez, LCSW  
President and CEO