IN OPPOSITION TO

Section 5 of Bill 1138 – AAC COMMUNITY RESTORATION FUNDS and
Section 1 of Bill 1137 – AAC DEPOSITS IN LIEU OF TAXES.

On behalf of The Nature Conservancy, I would like to express our strong opposition to Section 5(a)(1) of Bill 1138, and Section 1 of Bill 1137, both of which would authorize the State to overturn decades of current law and practice and charge non-profit organizations, who maintain endowment or savings accounts, what constitutes a state-wide property tax. Many land trusts are not able to raise endowments or savings, but many do try, and are encouraged under best practices, to maintain some form of reserves or endowments. They would in effect be punished for their prudence under this proposal and subjected to this new tax.

Many property acquisitions by The Nature Conservancy and by local land trusts were done with the full encouragement and cooperation of the State and municipal governments. This legislation, however, would suddenly change very important factors the land trusts had weighed in considering whether to acquire and assume the management responsibilities for multiple parcels.

Even for successful land trusts, raising the funds to acquire conservation lands and to manage them in perpetuity is very challenging. Even small unforeseen emergencies, to say nothing of a new unforeseen annual tax, can create serious hardships. Most of these organizations are very frugal, and already pare their expenses as much as is feasible while still complying with legal obligations. They depend on significant numbers of volunteer hours. Land trusts do not have a set source of income or revenue; they do not charge for the use of their lands, and therefore have no prices or fees that they can increase to cover new expenses.

Furthermore, in many cases, once land trusts have acquired conservation lands, they are often constrained under the charitable trust doctrine from selling the lands unless they remain protected from development. Therefore, they frequently do not have the option, even if it was desirable, of selling part of their land to raise funds to cover a new financial burden.

The Nature Conservancy currently owns approximately 14,000 acres in 44 Connecticut towns. This legislation would subject us and many land trusts to a substantial new tax; possibly motivated by circumstances involving non-profits very different than our organizations. We urge you to reject these sections of these bills, which would at best, hamper the work of land trusts, and in some cases, could threaten the survival of some of these organizations. They would certainly discourage further land conservation.