

Finance, Revenue and Bonding Committee
Monday, April 29 at 11:30 a.m.

Public Hearing on:

S.B. 1137 AN ACT CONCERNING DEPOSITS IN LIEU OF TAXES
S.B. 1138 AN ACT CONCERNING COMMUNITY RESTORATION FUNDS

- Good afternoon Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis and members of the Finance, Revenue and Bonding Committee.
- **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.
- I am a current or past board member of The Watertown Foundation and the Easter Seals Rehabilitation Center of Greater Waterbury. This proposal would take funding away from necessary funding from organizations that help those in need on our communities.
 - If this tax was levied, these organizations would have materially less funds to meet the needs of those with disabilities, depriving them of a host of opportunities. Additionally, scholarship funding would also be curtailed, choking off investment in the next generation of leaders in the state.
- This proposal would be a major change in state policy. **Section 1 of SB 1137 would divert funding away from community services, leaving the people that depend on them with nowhere to turn.**
- 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.**
- We have contracts with state government to provide community services. Requiring us to pay a 25% tax on property currently exempt means a portion of the money appropriated to us by the State would be used for a different purpose.
- **The 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.
- After a decade of budget cuts, community nonprofits are barely surviving and our ability to serve people in need – your constituents – is at risk.
- 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. To change this social contract at any time is short sighted and self serving – to do it at this time is especially unconscionable.

- **I urge you to take no action on this proposal.**

Sincerely,

James S. Zoldy, Jr.

Jim Zoldy
President, Halsey Associates, Incorporated
Halsey Associates