

To: Members of the Finance, Revenue and Bonding Committee
From: Roberta J. Cook, President and CEO- BHcare
Re: S.B. 1137 AN ACT CONCERNING DEPOSITS IN LIEU OF TAXES
S.B. 1138 AN ACT CONCERNING COMMUNITY RESTORATION FUNDS
Date: April 29th, 2019

Good afternoon Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis, and from our service area, Senator Logan, Representative Candelora, Representative Klarides-Ditria, Representative Scanlon, Representative Perillo, Representative Yaccarino, and members of the Finance, Revenue and Bonding Committee, thank you for your consideration of my testimony. My name is Roberta Cook and I am the President and CEO of BHcare, one of seven private nonprofit Local Mental Health Authorities in CT dedicated to serving individuals with the most serious mental illnesses and substance use disorders.

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.

This proposal would divert critical resources – more than \$30,000 per year - from BHcare, an organization that provides mental health and addiction treatment, and domestic violence services for more than 9,000 Connecticut residents who live in the Greater New Haven, Lower Naugatuck Valley and Shoreline communities.

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.

Nonprofits exist for public benefit. Our mission is to provide comprehensive behavioral health, prevention and domestic violence services that improve the lives and health of the individuals, families and communities we serve. In exchange, we are exempt from property, income and sales tax and have access to tax-deductible contributions from individuals and corporations.

Since 2015, BHcare has suffered more than \$1 million in cuts to its DMHAS contracts, and our ability to serve people in need – your constituents – is at risk, we simply cannot withstand any further cuts or burdens.

I sincerely urge you to take no action on this proposal.