

Testimony in Opposition to

**S.B. 1137 AN ACT CONCERNING DEPOSITS IN LIEU OF TAXES
Finance, Revenue and Bonding Committee**

Monday, April 29, 2019



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Senator Fonfara, Representative Rojas, Senator Witkos,
Representative Davis and members of the Finance, Revenue and Bonding
Committee, thank you for this opportunity to provide testimony in
opposition to S.B. 1137, An Act Concerning Deposits in Lieu of Taxes,
as well as Section 5 of S.B. 1138, An Act Concerning Community
Restoration Funds.

While we applaud efforts to encourage community restoration and
revitalization programs and services, **it is counter-productive to fund
these accounts at the expense of other essential services provided by
cash-strapped nonprofit organizations; many already providing the
very same programs and services outlined in this bill.**

As part of our work to eliminate racism and empower women,
YWCA Hartford Region operates 5 Early Learning Centers serving nearly
800 infants, toddlers, and preschoolers, from predominantly low-income
families; an emergency shelter serving nearly 100 women per year, and a
48-unit supportive and affordable housing complex. We also provide
support to 52 women to help them finish a college education, which in
turn sets them on a path to a career and sustainable living wages for
themselves and their families. We also inspire more than 160 middle and

high school young women to develop skills to help them succeed in school
and in life.

S.B. 1137, as currently written, creates a “fee” on non-profits with a savings account, endowment or pension fund, equal to 25% of the property tax the organization would pay if it were not exempt from property tax. This proposed fee is essentially a tax by another name and would have unintended consequences for nonprofit organizations, such as the YWCA, and their ability to meet the ever-growing needs of the most vulnerable populations we serve throughout the state.



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Since most of our endowment and savings originated from bequests over our 150 years of existence, and are either restricted in perpetuity or restricted for specific uses, **these fees would have to come directly from the funds we currently use to support and expand our programs and services.**

Nonprofit organizations, including YWCA Hartford Region, build savings and endowment funds for the express purpose of ensuring our programs and services are sustainable. **We operate out of a building just across the street on Broad Street that is more than 40 years old and needs infrastructure repairs,** such as heat, hot water and other HVAC maintenance to provide a safe environment for our staff, program participants and residents of our supportive housing units, which are also located at the Broad Street location. **We have been saving over decades**

in order to afford these capital replacements and not allow our building to fall into disrepair and be a blight on the city.

Earnings from our savings are currently reinvested in our programs annually to ensure that we are able to provide critical services, including childcare services to low-income families at our five centers where the costs to operate them exceed the revenue, which has been exacerbated when the state has not increased its reimbursement rates for childcare.

We have also invested savings and endowment earnings to increase the capacity at our emergency shelter for homeless women, where we are currently operating at 50% more than what the state contracts us to do, and we stand ready to respond to other urgent and emerging community needs...precisely because we have reserves to do so.

In short, the earnings from savings and endowments are put to work every day to provide a safety net to our most vulnerable populations; the women, girls and families we support.

Imposing “fees” on savings and endowments will divert critical resources away from the programs and services we provide at the exact time when those programs and services are needed in our communities. Siphoning resources away from current programs, such as these bills propose to do, only to use those funds to provide the very same programs and services, is an exceptionally inefficient use of resources.



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Nonprofits provide the essential services that our state, cities and towns cannot provide, or that would be more expensive to provide. **We respectfully ask that you take no action on this proposal.**

Thank you.



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Sincerely,

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