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## OLR Bill Analysis

### sHB 6103

#### ***AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR PROPERTY USED FOR CHARITABLE PURPOSES.***

#### **SUMMARY**

This bill:

1. expands the type of housing owned by federally tax-exempt, charitable organizations that is exempt from property tax (§ 1);
2. specifies government payments for the treatment, support, or care of individuals housed in a property do not constitute government housing subsidies that disqualify the property for a tax exemption (§ 1);
3. requires assessors to record their reasons for denying property tax exemptions for certain nonprofit organizations (§ 2); and
4. requires assessors to post on their website the form that organizations must file every four years to claim a property tax exemption (i.e., tax-exempt filings) (§ 1).

It also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2021, and applicable to assessment years starting after that date.

#### **§ 1 – TAX-EXEMPT CHARITABLE HOUSING**

##### ***Temporary Housing***

Current law exempts from property tax temporary housing owned by, or held in trust for, federally tax-exempt organizations that are organized exclusively for charitable purposes. The exemption applies to structures used primarily for one or more of the following purposes:

1. an orphanage;

2. a drug or alcohol treatment or rehabilitation facility;
3. to house people who are homeless, have a mental health disorder or an intellectual or physical disability, or are domestic violence victims;
4. to house ex-offenders or participants in judicial branch- or Department of Corrections- sponsored programs; or
5. as short-term housing where the average stay is less than six months.

The bill eliminates the provision restricting the exemption to just temporary housing for such purposes, thus expanding the exemption for the first four purposes listed above to include all such housing regardless of the length of stay.

### ***Subsidized Housing***

Under existing law, housing that is partially or entirely funded by government subsidies is not a charitable purpose and, as such, is ineligible for the property tax exemption. The bill specifies government payments for the treatment, support, or care of individuals housed in a property described above (e.g., a drug treatment facility or housing for individuals with a physical disability) are not subsidies. As such, these payments do not make a property ineligible for the property tax exemption under the bill.

## **§ 2 – ASSESSORS’ DENIAL OF EXEMPTIONS**

Existing law requires boards of assessors (i.e., assessors) to determine what portion of the property, if any, owned by scientific, educational, literary, historical, charitable, agricultural, and cemetery organizations is exempt and assess any property they determine to be taxable. They must do so by inspecting the tax-exempt filing such organizations must file to claim their property tax exemptions.

If an assessor determines that property claimed to be exempt is taxable, the bill requires assessors to state their rationale in the records.

By law, any organization filing a tax-exempt return that is aggrieved by the assessor's action may appeal to the board of assessment appeals.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 26 Nay 0 (03/31/2021)