



House of Representatives

General Assembly

File No. 527

January Session, 2021

Substitute House Bill No. 6103

House of Representatives, April 20, 2021

The Committee on Planning and Development reported through REP. MCCARTHY VAHEY, C. of the 133rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (7) of section 12-81 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2021, and applicable to assessment years commencing on or after October 1,*
4 *2021*):

5 (7) (A) Subject to the provisions of sections 12-87 and 12-88, the real
6 property of, or held in trust for, a corporation organized exclusively for
7 scientific, educational, literary, historical or charitable purposes or for
8 two or more such purposes and used exclusively for carrying out one or
9 more of such purposes or for the purpose of preserving open space land,
10 as defined in section 12-107b, for any of the uses specified in said section,
11 that is owned by any such corporation, and the personal property of, or
12 held in trust for, any such corporation, provided (i) any officer, member
13 or employee thereof does not receive or at any future time shall not

14 receive any pecuniary profit from the operations thereof, except
15 reasonable compensation for services in effecting one or more of such
16 purposes or as proper beneficiary of its strictly charitable purposes, and
17 (ii) in 1965, and quadrennially thereafter, a statement shall be filed on or
18 before [the first day of] November first with the assessor or board of
19 assessors of any town, consolidated town and city or consolidated town
20 and borough, in which any of its property claimed to be exempt is
21 situated. Such statement shall be filed on a form provided by such
22 assessor or board of assessors. Such form shall be posted on the Internet
23 web site of such assessor or board of assessors, if applicable. The real
24 property shall be eligible for the exemption regardless of whether it is
25 used by another corporation organized exclusively for scientific,
26 educational, literary, historical or charitable purposes or for two or more
27 such purposes;

28 (B) On and after [July 1, 1967] October 1, 2021, housing subsidized, in
29 whole or in part, by federal, state or local government and housing for
30 persons or families of low and moderate income shall not constitute a
31 charitable purpose under this section. As used in this subdivision,
32 "housing" shall not include real property used for [temporary] housing
33 belonging to, or held in trust for, any corporation organized exclusively
34 for charitable purposes and exempt from taxation for federal income tax
35 purposes, the primary use of which property is one or more of the
36 following: (i) An orphanage; (ii) a drug or alcohol treatment or
37 rehabilitation facility; (iii) housing for persons who are homeless,
38 persons with a mental health disorder, persons with intellectual or
39 physical disability or victims of domestic violence; (iv) housing for ex-
40 offenders or for individuals participating in a program sponsored by the
41 state Department of Correction or Judicial Branch; [and] or (v) short-
42 term housing operated by a charitable organization where the average
43 length of stay is less than six months. The operation of such housing,
44 including the receipt of any rental payments, by such charitable
45 organization shall be deemed to be an exclusively charitable purpose.
46 For the purposes of this subdivision, payments made by federal, state or
47 local government for the treatment, support or care of individuals
48 housed in the real property described in subparagraphs (B)(i) to (B)(v),

49 inclusive, of this subdivision shall not constitute housing subsidies;

50 Sec. 2. Section 12-89 of the general statutes is repealed and the
51 following is substituted in lieu thereof (*Effective October 1, 2021, and*
52 *applicable to assessment years commencing on or after October 1, 2021*):

53 The board of assessors of each town, consolidated town and city or
54 consolidated town and borough shall inspect the statements filed with
55 it [and required by] pursuant to sections 12-81, as amended by this act,
56 and 12-87 from scientific, educational, literary, historical, charitable,
57 agricultural and cemetery organizations, and shall determine what part,
58 if any, of the property claimed to be exempt by the organization [shall
59 be] is in fact exempt, [and] The board of assessors shall place a valuation
60 upon [all] any such property [, if any, as is] found to be taxable, [,
61 provided any] Any property acquired by any tax-exempt organization
62 after [the first day of] October first shall first become exempt on the
63 assessment date next succeeding the date of acquisition. If the board of
64 assessors determines that property claimed to be exempt is taxable, the
65 board of assessors shall state upon its records the rationale for such
66 determination. Any organization filing a tax-exempt statement,
67 aggrieved at the action of the assessor or board of assessors, may appeal,
68 within the time prescribed by law for such appeals, to the board of
69 assessment appeals. Any such organization claiming to be aggrieved by
70 the action of the board of assessment appeals may, within two months
71 from the time of such action, make application in the nature of an appeal
72 therefrom to the superior court for the judicial district in which such
73 property is situated.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2021, and applicable to assessment years commencing on or after October 1, 2021</i>	12-81(7)

Sec. 2	<i>October 1, 2021, and applicable to assessment years commencing on or after October 1, 2021</i>	12-89
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PD *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Resources of the General Fund	GF - Savings	Approx. 1.9 million	Approx. 1.9 million

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	Revenue Loss	Approx. 1.9 million	Approx. 1.9 million

Explanation

The bill expands the property tax exemption to group homes to include those that are classified as non-temporary housing or receive state or federal subsidies.¹ This expansion results in a total revenue loss of approximately \$1.9 million to municipalities and a savings of approximately \$1.9 million to the General Fund.

Under current law, only group homes that provide temporary housing are exempt from the property tax. For group homes that are not eligible for the exemption, the state reimburses them for most of the taxes paid (reimbursement levels are currently frozen). The total amount of taxes paid, and the corresponding reimbursements provided by the state to group homes, was \$1.9 million in FY 20.

If all such group homes become exempt under the provisions of the bill, there would be no need for the state to reimburse the group homes

¹ Current law does not provide for an exemption if a group home receives partial or full funding from a government source.

for taxes paid, resulting in a savings to the General Fund.

It should be noted that due to the discretion of local assessors, some group homes that are taxable under current law are receiving an exemption and therefore not paying the associated taxes or receiving the corresponding reimbursement by the State. The \$1.9 million estimate takes this discrepancy into account.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of group homes in each municipality, their associated assessed property, and the municipality's mill rate.

Sources: Office of Policy and Management Survey of nonprofit Group Homes

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)