

OFFICE OF FISCAL ANALYSIS

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sHB-6103

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

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.

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

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 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