
OLR Bill Analysis

sHB 5168

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 state property tax (§ 1);
2. specifies that government payments for the treatment, support, or care of individuals housed in a property are not government housing subsidies that disqualify a property for a tax exemption (§ 1);
3. requires assessors to record their reasons for denying property tax exemptions for certain nonprofit organizations (§ 2);
4. standardizes the form that organizations must file every four years to claim a property tax exemption (i.e., tax-exempt filings) and requires assessors to post the form on their website (§§ 1 & 2); and
5. specifies that certain denials of tax exemptions for charitable properties can be appealed directly to the Superior Court, like other eligible appeals, and authorizes the court to award attorney's fees, in addition to other relief, in these actions (§ 3).

It also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2022, and applicable to assessment years starting on and after that date, except the provisions requiring a standard exemption form and assessors to record their rationale for exemption denials are effective July 1, 2022.

§ 1 — TAX-EXEMPT CHARITABLE HOUSING

Temporary Housing

Current law exempts from property tax certain housing owned by, or held in trust for, organizations that are exempt from federal income taxes and organized exclusively for charitable purposes. The exemption is for structures used mainly for one or more of these temporary housing 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 these purposes, expanding the exemption to the first four types of housing above regardless of how long people stay in them.

Subsidized Housing

Under existing law, housing that is partially or entirely funded by government subsidies is not a charitable purpose and 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. So, these payments do not, by themselves, make a property ineligible for the property tax exemption under the bill.

§§ 1 & 2 — EXEMPTION FILINGS AND DENIALS

Existing law requires boards of assessors (i.e., assessors) to determine what portion of a property, if any, owned by scientific, educational, literary, historical, charitable, agricultural, and cemetery organizations (i.e., charitable property) is exempt and assess any property they determine is taxable. They must do so by inspecting the tax-exempt filing these organizations must file to claim their property tax exemptions. If an assessor determines that property claimed to be exempt is taxable, the bill requires them to state their rationale in the records.

The bill also shifts responsibility for providing the tax-exempt filing form from each assessor to the Office of Policy and Management (OPM). Under the bill, OPM must develop the form by September 1, 2022, for use beginning in the next assessment year (i.e., October 1, 2022), in consultation with the Connecticut Community Nonprofit Alliance and Connecticut Association of Assessing Officers. The form must have instructions on how assessors determine whether a property is tax exempt and assessors must post the form on their websites.

§ 3 — ASSESSORS' DENIAL OF EXEMPTIONS

The bill specifies that a charitable property's owner can appeal a tax exemption denial directly to Superior Court, without first appealing to the board of assessment appeals, on the basis that the assessor's reasons for denying the exemption conflict with exemption eligibility laws.

Existing law allows taxpayers to bring certain property tax claims directly to Superior Court, including claims that taxes were wrongfully laid on property that is not taxable. As with these other claims, the bill authorizes the court to award relief in the form and manner justice and equity requires, including court costs at its discretion. However, for charitable property exemption denials, the court can also award attorney's fees under the bill.

Under both existing law and the bill:

1. appeals must be filed within one year from the town's last denial or determination,

2. service and returns must be done in the same manner as civil action summons,
3. appeals do not suspend any town action to collect the tax, and
4. towns must refund the taxpayer for any overpayments the court finds.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 26 Nay 0 (03/11/2022)