

# Planning and Development Committee

## JOINT FAVORABLE REPORT

**Bill No.:** HB-5168

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

**Vote Date:** 3/11/2022

**Vote Action:** Joint Favorable

**PH Date:** 2/25/2022

**File No.:**

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### SPONSORS OF BILL:

Rep. David Michel, 146<sup>th</sup> Dist.

### REASONS FOR BILL:

HB 5168 requires (1) the Office of Policy and Management to develop and provide a form for (A) filing certain tax exemption applications, and (B) making determinations on such applications, (2) specify that payments made by federal, state or local governments for the treatment, support or care of certain individuals shall not constitute housing subsidies for the purposes of determining what is a charitable purpose, (3) require assessors to state the rationale for the denial of a property tax exemption for charitable purposes on their records, and (4) authorize owners of certain property to apply for relief from the Superior Court in the event that such an exemption is wrongfully denied by assessors. In recent years, municipal assessors have denied tax exemption status for charitable housing run by not-for-profit organizations. The basis of many denials is that said nonprofit property allows for residency periods of more than six months, thereby exceeding a 'temporary housing' requirement for the exemption. Many nonprofits have filed for appeals and taken legal action against these denials, as their charitable properties were given tax exemption status in the past with very little change having occurred since. One such case recently was *Rainbow Housing Corp. v. Town of Cromwell*, 340 Conn. 501, 264 A.3d 532 (2021), ending with the CT supreme court clarifying that property owned or leased by a nonprofit and used for charitable residential purposes are exempt from municipal property taxes under the General Statutes. If this Bill is passed, it would clarify the language of exemption, and allow nonprofit organizations to be exempt from property taxes. This would, in turn, allow them to use their funding to provide further support and human services for their respective communities

### RESPONSE FROM ADMINISTRATION/AGENCY:

William Tong, Attorney General Attorney General William Tong voiced support for HB 5168, as it would clarify that residential facilities owned and operated by nonprofit entities are exempt from local property taxes, while also making some additional changes to the process by which local tax assessors determine that properties are exempt. Mr. Tong further cites the case *Rainbow Housing Corp. v. Town of Cromwell*, 340 Conn. 501, 264 A.3d 532 (2021) for his reasoning, as the Connecticut supreme court clarified that property owned or leased by a nonprofit and used for charitable residential purposes are exempt from municipal property taxes under the General Statutes.

## **NATURE AND SOURCES OF SUPPORT:**

**The following speakers voiced support for HB 5168, as it would take steps to ensure that nonprofit charitable property tax exemptions are protected, by clarifying what determines a charitable property for tax-exempt status. The speakers identify some, but not all, of said steps, such as; creating one statewide exemption form, removing the term 'temporary' from exemption statute, allowing nonprofits to recoup attorneys' fees if winning a tax exemption appeal, and requiring that when an assessor denies charitable exemption status, that they must give the reason for the denial in writing. The speakers note that recently many municipal assessors deny tax exemption status to nonprofit housing, even though said housing was exempt in the past.**

Becky Blazejowski, Chief Financial Officer, Midstate, Arc, Inc.

Michael Cischar, budget and financial analyst, Community Residences Inc.

Michelle Grant, Director of Finance, The Caring Community of Connecticut

Mag Morelli, President, LeadingAge of Connecticut.

Priya Morganstern, Esq., Director, Connecticut Program Pro Bono Partnership, Inc.

Daniel Osborne, CEO, Gilead Community Services.

Ben Shaiken, Director of Government relations, Connecticut Community Nonprofit Alliance.

Loraine Shea, President & CEO, Easterseals of Greater Waterbury

Stan Soby, VP Public Policy, Oak Hill

Sen. Heather Somers, S18, Connecticut State Senate, State of Connecticut

Tracey Walker, CEO, Journey Found, Inc.

**The following speakers voiced support on HB 5168, as it clarifies the rules around property tax exemptions, which benefits agencies by unburdening them from unexpected tax bills. The speakers believe this allows them to use their resources to better aid their respective communities and provide valuable services.**

The Jewish Community Relations Council, Jewish Federation of Greater Hartford

Sara LeMaster, Manager of Government Relations and Public Policy, Community Health Center Association of Connecticut.

Representative Catherine Abercrombie, Connecticut House of Representatives, State of Connecticut. Rep. Abercrombie voiced support for HB 5168, as it would take a number of steps to ensure that nonprofit charitable property tax exemptions are protected, thus ensuring that critical funding is being directed to direct service provisions for people in need. Rep. Abercrombie also notes that this law does not propose any additional exemptions or the expansion of existing exemptions, but only clarifies the current law and addresses process.

Daniel Casagrande, Attorney, The Caring Community of Connecticut, Inc.

Mr. Casagrande, on behalf of The Caring Community of Connecticut, voiced support for HB 5168, as it would remove the term 'temporary' as a qualifier for exemption when addressing housing used for charitable means. Mr. Casagrande also respectfully requests that, in adopting this bill, the legislature explicitly find that it is a clarification of an existing law, giving it a retroactive effect.

Kathy Flaherty, Executive Director, Connecticut Legal Rights Project

Ms. Flaherty voiced support for HB 5168 as it ensures that the nonprofit charitable property tax exemption of private nonprofit agencies is protected under the law by methods such as a single statewide exemption form.

Alyssa Goduti, President & CEO, Ädelbrook Behavioral and Developmental Services.

Ms. Goduti voiced support for HB 5168, as it would take steps to ensuring that nonprofit charitable tax exemptions are protected. She states that many properties are denied tax exemption by assessors, even though they previously had held tax exempt status. She further states that such protections would stop the assessors from denying exemption on the grounds of long-term housing and ensure that any funds saved are then used for charitable services.

Jennifer Pulse, Chief Financial Officer, Mental Health CT.

Ms. Pulse voiced support for HB 5168, as it would remove the term 'temporary' from the exemption statute, ensuring that the states human services residential programs, cited in the law, are exempt. Ms. Pulse states that the assessors still deny tax exemption status, even though the State Supreme Court, in September 2021, ruled that residential programs like group homes and homeless shelters are tax exempt even though they provide charitable housing longer than six months.

## **NATURE AND SOURCES OF OPPOSITION:**

Betsy Gara, Executive Director, Connecticut Council of Small Towns

Ms. Gara voiced opposition to HB 5168, as it would expand the current property tax exemption to include charitable buildings that provide permanent housing, as opposed to just temporary housing. She states this would result in a loss of property revenue for the municipalities, and this loss of revenue could result into a larger burden for the tax payers of said municipalities.

Donna Hamzy Carrocia, Advocacy Manager, Connecticut Conference of Municipalities

Connecticut Conference of Municipalities voiced opposition HB 5168, as it would (1) expand the mandated property tax exemption to all housing provided by charitable organizations, as opposed to just temporary housing and (2) authorize owners of certain property to apply for relief from the superior court in-the-event that exemption is wrongfully denied by assessors. They state that this bill will shift the burden to residential and commercial taxpayers, due to the loss of revenue for the municipalities. CCM further explains this loss of revenue by citing

the 2019 OFA in File 728, S.B. 928, and state that HB 5168 would create an incentive for organizations to file appeals when denied exemption and would treat one class of property owners differently than another.

**Reported by: Ben McSheehy**

**Date: March 28, 2022**