



PA 22-73—sHB 5168

Planning and Development Committee

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

SUMMARY: This act eliminates a restriction on a property tax exemption for certain charitable organizations, making various types of housing for vulnerable populations exempt even if the housing is not temporary. It also requires assessors to (1) record their reasons for denying property tax exemptions for certain nonprofit organizations and (2) post on their website the form that organizations must file every four years to claim a property tax exemption (i.e., tax-exempt filings).

The act also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2022, except for the provision on property tax denials, which is effective July 1, 2022, and applicable to assessment years starting on and after October 1, 2022.

TAX-EXEMPT CHARITABLE HOUSING

By law, certain property owned by, or held in trust for, a federally tax-exempt organization that is organized exclusively for charitable purposes is exempt from municipal property tax. Under prior law, housing partially or entirely funded by government subsidies or for low- and moderate-income people was generally not deemed a charitable purpose and was ineligible for this property tax exemption. But the law provided an exception for temporary housing, making it eligible for the exemption, if it was used mainly 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 act eliminates the provision restricting the exemption to temporary housing for these purposes. This expands the exemption to the first four types of housing listed above regardless of how long people stay in them.

The act also specifies that government payments to treat, support, or care for people living in these properties are not subsidies.

EXEMPTION DENIALS

Existing law requires boards of assessors (“assessors”) to determine what portion of a property, if any, owned by scientific, educational, literary, historical,

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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 submit to claim a property tax exemption. If an assessor determines that property claimed to be exempt is taxable, the act requires the assessor to state the rationale for the determination in its records.