
OLR Bill Analysis

sHB 5168 (as amended by House "A")*

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

SUMMARY

This bill:

1. eliminates a restriction on the type of housing owned by federally tax-exempt, charitable organizations that is exempt from the property tax, making various types of housing for vulnerable populations exempt even if it is not temporary housing;
2. requires assessors to record their reasons for denying property tax exemptions for certain nonprofit organizations; and
3. 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).

It also makes technical and conforming changes.

*House Amendment "A" removes from the underlying bill (1) a requirement that the Office of Policy and Management develop a standardized tax-exempt filing form, (2) authorization to appeal certain denials of tax exemptions for charitable properties directly to the Superior Court, and (3) the court's ability to award attorney's fees in those appeals.

EFFECTIVE DATE: October 1, 2022, except the provision on recording the rationale for a denial is effective July 1, 2022 (§ 2), and the bill's provisions are applicable to assessment years starting on and after October 1, 2022.

TAX-EXEMPT CHARITABLE 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. Under current law, housing that is partially or entirely funded by government subsidies or for low and moderate income people is not deemed a charitable purpose and is ineligible for the property tax exemption, unless it is specified temporary housing. The exemption is for property 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 listed above regardless of how long people stay in them.

The bill also specifies that 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.

EXEMPTION 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.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 26 Nay 0 (03/11/2022)