



House of Representatives

File No. 511

General Assembly

February Session, 2022

(Reprint of File No. 177)

Substitute House Bill No. 5168
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 18, 2022

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

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Subdivision (7) of section 12-81 of the 2022 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2022, and applicable to assessment years*
4 *commencing on or after October 1, 2022*):

5 (7) (A) Subject to the provisions of sections 12-87 and 12-88, the real
6 property of, or held in trust for, a corporation organized exclusively for
7 scientific, educational, literary, historical or charitable purposes or for
8 two or more such purposes and used exclusively for carrying out one or
9 more of such purposes or for the purpose of preserving open space land,
10 as defined in section 12-107b, for any of the uses specified in said section,
11 that is owned by any such corporation, and the personal property of, or
12 held in trust for, any such corporation, provided (i) any officer, member
13 or employee thereof does not receive or at any future time shall not

14 receive any pecuniary profit from the operations thereof, except
15 reasonable compensation for services in effecting one or more of such
16 purposes or as proper beneficiary of its strictly charitable purposes, and
17 (ii) in 1965, and quadrennially thereafter, a statement shall be filed on or
18 before [the first day of] November first with the assessor or board of
19 assessors of any town, consolidated town and city or consolidated town
20 and borough, in which any of its property claimed to be exempt is
21 situated. Such statement shall be filed on a form provided by such
22 assessor or board of assessors. Such form shall be posted on the Internet
23 web site of such assessor or board of assessors, if applicable. The real
24 property shall be eligible for the exemption regardless of whether it is
25 used by another corporation organized exclusively for scientific,
26 educational, literary, historical or charitable purposes or for two or more
27 such purposes;

28 (B) On and after [July 1, 1967] October 1, 2022, housing subsidized, in
29 whole or in part, by federal, state or local government and housing for
30 persons or families of low and moderate income shall not constitute a
31 charitable purpose under this section. As used in this subdivision,
32 "housing" shall not include real property used for [temporary] housing
33 belonging to, or held in trust for, any corporation organized exclusively
34 for charitable purposes and exempt from taxation for federal income tax
35 purposes, the primary use of which property is one or more of the
36 following: (i) An orphanage; (ii) a drug or alcohol treatment or
37 rehabilitation facility; (iii) housing for persons who are homeless,
38 persons with a mental health disorder, persons with intellectual or
39 physical disability or victims of domestic violence; (iv) housing for ex-
40 offenders or for individuals participating in a program sponsored by the
41 state Department of Correction or Judicial Branch; [and] or (v) short-
42 term housing operated by a charitable organization where the average
43 length of stay is less than six months. The operation of such housing,
44 including the receipt of any rental payments, by such charitable
45 organization shall be deemed to be an exclusively charitable purpose.
46 For the purposes of this subdivision, payments made by federal, state or
47 local government for the treatment, support or care of individuals

48 housed in the real property described in subparagraphs (B)(i) to (B)(v),
49 inclusive, of this subdivision shall not constitute housing subsidies;

50 Sec. 2. Section 12-89 of the general statutes is repealed and the
51 following is substituted in lieu thereof (*Effective July 1, 2022, and*
52 *applicable to assessment years commencing on or after October 1, 2022*):

53 The board of assessors of each town, consolidated town and city or
54 consolidated town and borough shall inspect the statements filed with
55 it [and required by] pursuant to sections 12-81, as amended by this act,
56 and 12-87 from scientific, educational, literary, historical, charitable,
57 agricultural and cemetery organizations, and shall determine what part,
58 if any, of the property claimed to be exempt by the organization [shall
59 be] is in fact exempt, [and] The board of assessors shall place a valuation
60 upon [all] any such property [, if any, as is] found to be taxable, [,
61 provided any] Any property acquired by any tax-exempt organization
62 after [the first day of] October first shall first become exempt on the
63 assessment date next succeeding the date of acquisition. For assessment
64 years commencing on or after October 1, 2022, if the board of assessors
65 determines that property claimed to be exempt is taxable, the board of
66 assessors shall state upon its records the rationale for such
67 determination. Any organization filing a tax-exempt statement,
68 aggrieved at the action of the assessor or board of assessors, may appeal,
69 within the time prescribed by law for such appeals, to the board of
70 assessment appeals. Any such organization claiming to be aggrieved by
71 the action of the board of assessment appeals may, within two months
72 from the time of such action, make application in the nature of an appeal
73 therefrom to the superior court for the judicial district in which such
74 property is situated.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022, and applicable to assessment years commencing on or after October 1, 2022</i>	12-81(7)

Sec. 2	<i>July 1, 2022, and applicable to assessment years commencing on or after October 1, 2022</i>	12-89
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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 23 \$	FY 24 \$
Various Municipalities	Grand List Reduction	None	Potential

Explanation

The bill expands the types of group homes owned by charitable organizations that are exempt from property taxes. This results in a grand list reduction in municipalities where these properties are located. A grand list reduction results in a revenue loss, given a constant mill rate. In FY 20, the cumulative statewide revenue loss was estimated to be \$1.9 million.¹

House "A" strikes the underlying bill and results in the above identified fiscal impact.

The Out Years

The ongoing above identified fiscal impact would continue into the future subject to changes in municipal mill rates and grand lists.

¹ Estimate derived from a 2019 survey of 775 group home properties around the state.

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)