Legislative History for Connecticut Act

Act Number:	270	2003
Bill Number:	1099	
Senate Pages:	3551-3554, 4068-4071, 4195-4219	**33**
House Pages:	6997-7007, 7102-7104	**13**
Committee:	Finance: 21-43, 45-54, 58-76, 83-91, 93-97, 98, 101-104, 106-107, 110-144	**108**

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return to a couple of items previously marked passed temporarily that now are, I believe, ready to go.

First is Calendar Page 4, Calendar 474, S.B. 1099, would mark that item Go.

And also, Mr. President, Calendar Page 14, Calendar 303, S.B. 1157 that was previously passed temporarily should also be marked Go.

THE CHAIR:

Without objection, so ordered.

Mr. Clerk.

THE CLERK:

Returning to Calendar Page 4, Calendar 474, File 725, Substitute for S.B. 1099 An Act Concerning A Property Tax Exemption For Charitable Housing. Favorable Report of the Committee on Finance, Revenue and Bonding. The Clerk is in possession of amendments.

THE CHAIR:

The Chair recognizes the lady from the 33rd District. Senator Daily, you have the floor.

SEN. DAILY:

Thank you very much, Mr. President. I move passage of the Joint Committee's, approval of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

The question before the Chamber is acceptance and

passage. Will you remark further?

SEN. DAILY:

Thank you very much, Mr. President. There are a number of amendments filed. I would ask that the Clerk call LCO6990.

THE CHAIR:

Would the Clerk please call LCO6990 to be designated Senate "A".

THE CLERK:

LCO6990 which will be designated Senate Amendment Schedule "A". It is offered by Senator Daily of the 33rd District.

THE CHAIR:

Senator Daily.

SEN. DAILY:

Thank you, Mr. President. I would move acceptance of the, passage of the amendment, and seek leave to summarize.

THE CHAIR:

Motion is adoption of Senate "A". Please proceed.

SEN. DAILY:

Thank you. This amendment is a strike everything and therefore becomes the bill.

The bill has been forged to put an end to the confusion caused by two different verdicts in two

different similar cases involving homeless shelters and homeless housing and it attempts to define what qualifies as homeless shelter and nonprofits for specific purposes so that they do qualify for property tax exemption.

THE CHAIR:

Thank you, Senator. Will you remark further on Senate "A". Will you remark further? If not, the Chair will try your minds.

All in favor of Senate "A" please indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

All opposed say "nay".

ASSEMBLY:

No.

THE CHAIR:

The ayes have it. Senate "A" is adopted. Will you remark further on the bill as amended?

SEN. DAILY:

Thank you very much. I've concluded. I would ask, though, that any other amendments under my name not be filed or called.

THE CHAIR:

Without objection, so ordered. Senator Looney.

SEN. LOONEY:

Yes, thank you, Mr. President. Mr. President, I would move to refer this bill as amended to the Committee on Planning and Development.

THE CHAIR:

Is there objection? Is there objection? Seeing none, so ordered.

Would the Clerk please return to the Call of the Calendar.

THE CLERK:

Turning to Calendar Page 14, Calendar 269, File 406, sorry, is that the right one? Correction. Calendar 303.

Calendar Page 14, Calendar 303, File 452 and 744, Substitute for S.B. 1157 An Act Concerning Minor Revisions To The Environmental Protection Provisions. Favorable Report of the Committees on Environment, Public Safety, Finance, Revenue and Bonding. When the matter was last before us, Senate Amendment Schedule "A" was designated LCO6989.

THE CHAIR:

Senator Williams.

SEN. WILLIAMS:

Thank you, Mr. President. If I understand that we

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THE CHAIR:

Without objection, so ordered.

THE CLERK:

Calendar Page 13, Calendar 474, File 725, Substitute for S.B. 1099 An Act Concerning A Property Tax Exemption For Charitable Housing. Favorable Report of the Committee on Finance, Revenue and Bonding and Planning and Development. The Committee recommends passage with Senate Amendment Schedule "A" and further recommends adoption of a new amendment, LCO7195.

THE CHAIR:

Senator Daily.

SEN. DAILY:

Thank you very much, thank you, Madam President. I move passage of the bill, approval of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

The question is on passage. Will you remark?

SEN. DAILY:

Thank you, Madam President. I would ask the Clerk to call LCO7284.

THE CLERK:

LCO7284 which will be designated Senate Amendment Schedule "B". It is offered by Senator Daily of the 33rd District.

THE CHAIR:

Senator Daily.

SEN. DAILY:

I move adoption of the amendment and seek leave to summarize.

THE CHAIR:

The question is on adoption. Please remark.

SEN. DAILY:

Thank you, Madam President. The adoption strikes all the previous language and narrows even further the definition that was in the underlying bill.

The purpose of this bill is to help clarify two conflicting court decisions in terms of property taxes for housing for orphanages, drug or alcohol treatment or rehab, homeless retarded or mentally ill individuals, people participating in correction or judicial branch recovery programs, and charitable organizations where the length of stay is less than six months.

THE CHAIR:

The question is on adoption of Senate Amendment "B". Will you remark? Will you remark? Senator Finch.

SEN. FINCH:

Madam President, the Clerk is in possession of amendment --

THE CHAIR:

Senator Finch, just a moment. (GAVEL)

I withdraw.

THE CHAIR:

Will you remark? If not, I will try your minds. All those in favor indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

Opposed, "nay"? The ayes have it. The amendment is adopted. Senator Finch.

SEN. FINCH:

Thank you, Madam President. The Clerk is in possession of LCO7410. I'd like him to call that at this time.

THE CLERK:

Madam President, the Clerk is not in possession of LCO7140.

SEN. FINCH:

I believe I read that wrong. 7410.

THE CLERK:

Not in possession of that one either, Madam President.

THE CHAIR:

Senator Finch.

The Chamber will stand at ease for a moment.

THE CLERK:

LCO7195 which will be designated Senate Amendment Schedule "C". It is offered by Senator Fonfara of the 1st District et al.

THE CHAIR:

Senator Finch.

SEN. FINCH:

I beg the indulgence of the circle and ask for this matter to be marked PT.

THE CHAIR:

Senator Finch, would you like to just leave that amendment designated or --

SEN. FINCH:

No, I think I need to withdraw that amendment, Madam President, because I believe we have the wrong number.

THE CHAIR:

We'll withdraw that amendment and PT the item.

THE CLERK:

Disagreeing Actions, Calendar Page 15, Calendar 417, File 640, Substitute for S.B. 1077 An Act Concerning The Apprentice Training Program as amended by Senate Amendment Schedule "A". Favorable Report of the Committees on Higher Education, Finance, Revenue and Bonding and Appropriations. The House ruled Senate

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this bill? Senator McDonald.

SEN. MCDONALD:

Thank you, Mr. President. With the gratitude deserving, and good will of Senator Kissel, I would urge that this matter be placed on the Consent Calendar.

THE CHAIR:

Is there objection? Senator Aniskovich.

SEN. ANISKOVICH:

Mr. President, I would just like to thank Senator DeLuca for granting suspension to bring this bill before us today.

THE CHAIR:

Seeing no objection to the motion to place the item on the Consent Calendar, so ordered.

Mr. Clerk.

THE CLERK:

Calendar Page 13, Calendar 474, File 725, Substitute for S.B. 1099 An Act Concerning A Property Tax Exemption For Charitable Housing. Favorable Report of the Committee on Finance, Revenue and Bonding and Planning and Development. When this bill was last before us, it was amended by Senate Amendment Schedules "A" and "B".

THE CHAIR:

The Chair recognizes the gentle lady from the 33rd

District, Senator Daily.

SEN. DAILY:

Thank you very much, Mr. President. It's my recollection that when this bill was last before us, I had moved the bill and Amendment LCO7284, and that that had been adopted and that Senator Finch had been recognized for the purpose of an amendment.

THE CLERK:

Mr. President, for clarification, LCO7195 was called and designated Senate Amendment Schedule "C" but then was withdrawn.

SEN. DAILY:

Then I would yield to Senator Finch for the purpose of an amendment.

THE CHAIR:

Senator Finch, do you accept the yield?

SEN. FINCH:

Yes, I do, Mr. President. And thank Senator Daily. I would like the Clerk to call LCO7195.

THE CHAIR:

Will the Chamber please stand at ease.

THE CLERK:

LCO7195 which was previously designated Senate Amendment Schedule "C".

THE CHAIR:

Will the Senate please come to order.

THE CLERK:

Offered by Senator Fonfara of the 1st District et al.

THE CHAIR:

Senator Finch.

SEN. FINCH:

Thank you, Mr. President. Has the Clerk called 7195?

THE CHAIR:

LCO7195 without objection is before us.

SEN. FINCH:

With my great track record of getting these LCOs straight, I just wanted to make absolutely clear that we were on 7195. Thank you, Mr. President.

Mr. President, this is a recommended amendment from the Planning and Development Committee. That's why it has the two Co-Chairmen's name on it.

The intent of this legislation brought to us by Senator Daily is noble and commendable.

THE CHAIR:

Excuse me, Senator Finch. Would you move adoption of the amendment.

SEN. FINCH:

I would move adoption, Mr. President.

THE CHAIR:

The question is adoption of Senate "C". Please proceed, Sir.

SEN. FINCH:

The purposes are noble and commendable but the implementation of this I believe is highly unfair. We are all in favor of the agencies that will be asked to pay taxes or not pay taxes by this bill.

We all believe in the good works of the AIDS homes and the homeless shelters and the YMCAs. We believe in that. There is a court case that emanated out of Bridgeport where the Fanny Cosby Home was collecting rents. It was the opinion of the court that that rent collection made them no longer tax exempt.

We know the terrible impact that excluding a large percentage of any municipality's land for taxation would have on that municipality's grand list. We have no way of sharing those expenses.

I would like to thank very much the Senate, the House and the State of Connecticut, for its continued support of all towns and cities. Most of the towns and the cities that are in serious financial shape could not survive if it were not for the help and the redistribution of income from the wealthier areas to the poorer areas. That's not in contention here.

The name of this bill, or the number of this bill 1099 is a little ironic, isn't it, because we all fill out a 1099. And on the 1099, we have what I believe to be a fair system of tax collection where those people who own homes are incentives to pay their taxes and those taxes are tax deductible.

In the State of Connecticut, was asked people paying unfair property taxes to not even get them exempt from state income taxes. We pay our state income taxes on our unfair local property taxes.

The situation with the property tax is really a perfect storm of unfairness. We ask those who make the least who own properties worth the least, to pay an increasingly high percentage of their incomes in property taxes. And those homes are worth less. So how could this be fair if this system were to continue and how could it be fair if under all of those various machinations of unfairness we then say to those people in those five or six towns where the preponderance of these particular properties are located, we've got just one more level of unfairness we want you to take.

All of these wonderful organizations, and mind you, these organizations never, or hardly ever face a NIMBY fight in Stamford, in Bridgeport, in Waterbury, in New Haven, we gladly open our arms to every social service

agency known to man, every social service agency that is working on the ills of society are located primarily in six or seven or a dozen towns and cities in this state.

Now, you all have not for profit properties, so this argument is really appropo to all of you. But we know the preponderance of those properties are all concentrated in the poorest towns.

And under the current system, we say to those towns and those property taxpayers in an unfair system, you will be the only ones that have the responsibility for making up the difference in your grand list by excluding all these great things on your grand list that we know are doing great work for people.

But everybody doesn't get the responsibility of paying for those losses. Now, I've already said, I thank you very much for the continued support that you give all of the poorer towns and cities. We couldn't do it without you. But that doesn't give this body or the House the excuse or the freedom to put an unfair system and make an unfair system even more unfair.

You know, it's going to require sacrifice to make the system fairer. The problem that I have with the property tax system is really clearly defined in this bill because we tell homeowners who are sometimes working two jobs, we tell those taxpayers work a little

bit harder because there's all these great things that are giving services that people need in your town but you're the only ones that can pay for it.

You know, Bridgeport Hospital is a perfect example. We love Bridgeport Hospital. Bridgeporters love their hospital. They support it like the people in Waterbury support their hospital, like the people in New Britain support their hospital. But that property would pay $7.2 million in taxes. It pays roughly half of that through the hospital tax.

And we're grateful for that money. And we're grateful for the aid that you give us. But, it still requires my neighbors to chip in to pay the other 50% that we don't get paid because the state says we cannot collect that money and you can't accept the PILOT. Is that fair? Of course, it's not fair.

Of course this system is unfair and we're all struggling for ways to make it fairer. But this doesn't make it fairer, does it? This does not make it fairer.

Fairness for the good of all I believe requires fair sacrifice form all. We have to be fair.

We had a great debate last night on the fairness of the magnet school system and how we all had to chip in to preserve the magnets and you couldn't say one thing and do another.

But that's what this bill is going to allow us to do. It's going to allow us to say one thing and do another. It's going to allow us to say we believe in the not for profits. It's going to allow us to say that we believe in fair taxation. And then what it's going to allow us to do is turn around and do just the opposite when nobody's looking, and that's sneak this into the tax bill of everybody who lives in Bridgeport.

Our cities in Connecticut are some of the smallest cities in the whole United States. They have no land. They have very little land. Much of our land is taken off the tax rolls by not for profit purposes. Much of our land is taken off the tax rolls for polluted properties. Much of our land is taken off the property and we can't, the property rolls and we can't do anything about it.

Senator McKinney and I represent adjoining areas. His town is fortunate to have a $4 billion grand list with about 50,000 people. My town is fortunate to have a $3 billion grand list with 137,000 people, most of whom are lower income and most of whom need more services.

So we know that there's a perfect storm of unfairness here with property taxes and I would ask the Senate to pass this amendment. This amendment will do,

it will go along way toward setting up a system where a pilot payment could be made to those poor towns and cities that are doing a yeoman's job, doing society's hard work and not being NIMBY about it. And I thank the Senate for its indulgence.

THE CHAIR:

Thank you, Senator Finch. Will you remark further on Senate "C". Senator Nickerson.

SEN. NICKERSON:

Thank you, Mr. President. If I may, through you, a question to the proponent.

THE CHAIR:

Please frame your question.

SEN. NICKERSON:

Thank you very much, Mr. President. Could I ask if you have a fiscal note for this amendment? Through you, Mr. President.

THE CHAIR:

Senator Finch.

SEN. FINCH:

It appears we have several, but the most recent one is entitled, I believe, addendum. They aren't timed by the hour and it appears as though there were two or three this evening given to us. This is the most recent. The last line says, thus, if no funds are

appropriated for this purpose, no grants will be made. Through you, Mr. President.

THE CHAIR:

Senator Nickerson.

SEN. NICKERSON:

Thank you, Mr. President. The fiscal note, with all candor, I appreciate that answer and I don't have any further questions.

Ladies and gentlemen of the circle, the fiscal note says a great deal more than that. The fiscal note says that because of the establishment of a new PILOT program under this amendment, the total costs are unknown and I'm going to read now, but it is anticipated to be significant.

The estimated cost that a PILOT program, that is for the homeless, that is one segment of the PILOT program in question would be $600,000 annually. The cost of providing a PILOT program to all other exempt housing is unknown but is anticipated to be significant.

So, while I understand the proponent has concerns and has expressed concerns about property tax reform, contaminated property, hospitals, municipal grand lists and a wide range of issues, that this is not the time, nor the place, nor the bill to tackle those. Rather, we have to focus on the specific amendment before us and on

its fact, the fiscal not is of such magnitude as to make it, of course, financially unsustainable and for that reason alone, I would urge rejection.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Nickerson. Will you remark further?

SEN. FINCH:

Mr. President, a point of clarification if I may.

THE CHAIR:

Senator Finch.

SEN. FINCH:

To be fair to the maker of the question, I would like to read what we believe to be the latest fiscal note, and I do apologize. I don't run Fiscal Analysis. The fiscal note on the amendment failed to identify potentially significant costs to the Office of Policy and Management to establish a payment in lieu of tax program for certain temporary housing exempted from property tax. The total extent of these costs is unknown but it is anticipated to be significant. It should be noted that the amendment provides that if the amount of the PILOT payment exceeds the appropriation, all grants are prorated accordingly. Thus, if no funds are appropriated for this purpose, no grants will be made.

So I read that to mean that if there is no PILOT payment for charitable housing appropriated in the budget, the towns would not be able to collect on it. And if at some point the state has enough money and we see fit to fund this, then we could institute what I believe would be a fair PILOT payment of paying for half of the lost taxes.

But this seems to imply to me that there is no fiscal impact unless there is a program and at this point in time there is no money for the program.

THE CHAIR:

Senator Nickerson.

SEN. NICKERSON:

Thank you, Mr. President. It is true there were actually three fiscal notes. There was an original one that was quite erroneous. There have been two succeeding it.

The one that the proponent has just read deserves a little more emphasis. The fiscal note that he has just read and I will repeat now, it says, it should be noted that the amendment provides that if the amount of a PILOT program exceeds the appropriation, there being none, all grants are prorated. That means all grants to all towns. All grants to all towns would be reduced by operation of this amendment. Is that quite clear to

everybody? All towns, all grants to all towns throughout this state would be reduced by operation of this amendment if it were to pass as is proposed by the proponent and if there were no funding attached to it and there is in fact no funding attached to it.

So that would be, of course, disastrous.

The earlier fiscal note would have an equally disastrous effect and provides what the costs would be if the amendment did provide for an appropriation to cover the cost contemplated therein. So either way you slice it, either there are, either there is no appropriation attached and by operation of the formula everyone's towns throughout the state would suffer a loss of grants, or if there were to be an appropriation, it would be to the tune of many hundreds of thousands of dollars or perhaps millions and would be unaffordable.

So either way you slice it, I respectfully suggest this is financially unsustainable. Thank you, Mr. President.

THE CHAIR:

Senator Sullivan.

SEN. SULLIVAN:

Thank you, Mr. President. And I always admire the manner in which my friend from Greenwich can construct an argument. Let me go to the fiscal note just so

everyone is sure of what it does say. Particularly on the point of everyone losing something as I believe my friend knows from his many years of working both on the Finance Committee and in the budget process, that there are a variety of PILOT grants. Each PILOT grant is individually funded. They are not fungible, they are not interconnected. One does not fund the other. The other does not fund one.

So as in that case, if, for example we have a law that says there's a PILOT payment in lieu of taxes on certain types of property and we are to pay 70% of all of that, but we only appropriate a dime, then it is that dime, not all other dimes in all other PILOT grants that are prorated.

So as in this case, as the fiscal note indicates, where no dollars are appropriated to this new pilot program, Senator Finch is absolutely right. The appropriation or the reduction is in this PILOT program, actually, for the first time, every town that qualifies will get exactly 100% of all of the appropriation, since there will be no appropriation and therefore no fiscal note.

THE CHAIR:

Without objection, Senator Nickerson.

SEN. NICKERSON:

Thank you. If there's not objection, speaking I guess for the third time.

I really won't take a lot more time. We go round and round and round in fiscal circles. It is now argued, and perhaps plausibly that the fact that this amendment contains no dollars, there is thus no appropriation, there is thus no fiscal burden by adopting this appropriation but by the same token there's no point in adopting this amendment.

Either there's money in the amendment to fund the grant that is proposed, which is not the case. There is no such money. Or, as the previous speaker has just said, there is no money in this amendment to fund the grant, in which case there's no purpose in having the grant.

I urge rejection.

THE CHAIR:

Without objection, Senator Finch.

SEN. FINCH:

Mr. President, I just wanted to ask that when the vote is taken it would be taken by roll call.

THE CHAIR:

The gentleman has made a request for a roll call vote. When the vote is taken, it will be taken by roll.

Senator Fonfara.

SEN. FONFARA:

Thank you, Mr. President. On the amendment. Mr. President, I rise in support of the amendment and I understand there has been considerable discussion regarding the fiscal potential impact or not, and while that's, I wish that were a more legitimate issue here, I really wish there were a fiscal impact and that we would be discussing the opportunities for municipalities that the PILOT would provide. Sadly, that's not the case.

But I do think it's still an important amendment. I think it speaks to the need that we have in our urban communities to not, as Senator Looney said earlier today, not have this continuing, ongoing pitting of interests, municipalities in their need to survive fiscally and the very important service that is being provided by the nonprofits in our urban communities.

And let's be honest. It is the urban communities that by far shoulder this burden. And it will continue to escalate as the financial conditions of urban communities worsens.

And I think until the state steps up and addresses is as Senator Looney said earlier today in the case of New Haven, where this ongoing battle between Yale and the City of New Haven and it wasn't resolved until the college and hospital PILOT was established.

I think that's the answer here, so that urban areas who will never shut their doors, who will never say no to addressing the needs that the nonprofits are servicing, but the urban communities need help.

This is a state responsibility, not the responsibility of four or five or ten communities in our state and I urge support for the amendment, Mr. President. Thank you.

THE CHAIR:

Thank you, Senator. Senator Genuario.

SEN. GENUARIO:

Thank you, Mr. President. I admire Senator Finch's passion and Senator Fonfara's sincerity in their promotion of this bill.

From an ideological point of view, I don't disagree with the comments that they make if they were making them in a vacuum.

I might preface my comments by saying that I, too, am an urban legislator. I represent the sixth largest city in the state that has many nonprofits providing many of the services in similar fashion to the way those services are provided in Hartford and Bridgeport.

However, bills such as this can't be decided in a vacuum. They have to be decided in the context of other needs of this state. We are probably about an hour away

from receiving a budget from the House, a proposed budget from the House, which while it increases spending some 3.5% this year and some 4.5% next year, does not have room in it for this program. Not a dollar in that budget is allocated for this program not withstanding the fact that in this year we received $250 million from the federal government as a windfall, notwithstanding the fact that it includes substantially increased taxes, notwithstanding the fact that it proposes a number of reductions which may or may not prove to have real fiscal savings.

So you can't look at every good and promising program in a vacuum. There are other PILOT programs from which Bridgeport and Hartford and Norwalk benefit that we have not fully funded. As a matter of fact in the budget that's coming up, they are funded at less than what we would expect them to be funded.

So we are not paying for the programs that we have already promised these municipalities, yet once again it seems like we want to make another promise. That's troublesome.

What we ought to do is, we ought to be in the business of making the promises that we can keep and we ought to keep them.

What this bill does is makes a promise that in the

foreseeable future there is no hope of keeping. As laudable as the promise is, we ought not to make it if we know we're not going to keep it.

I would oppose the amendment, Mr. President.

THE CHAIR:

Thank you, Senator. Will you remark further? Senator Daily.

SEN. DAILY:

Thank you, Mr. President. I rise to oppose the amendment as well and I don't want to go over all of the reasons that have been given before because I think they're valid.

To the extent that we try to pit cities against the rest of the state, we all lose. And when we cite a hospital in Bridgeport that's a tax drain, then you have to remember that my constituents have to go 30 miles to a hospital. So they're far from medical treatment and they're far from the center of industry and jobs that that provides.

Some of the larger cities have 53 and greater percent of their budget provided by the state. A municipality like mine is 6%. But those aren't the things that we should be focusing on.

The things we should be focusing on are the responsibilities that we all share, each and every

municipality. I think that we need, and I'm certain that we need to fulfill the promises that we have made, but even more importantly, not to make empty promises. And all the very valid reasons that Senator Finch gave for trying to share this burden are then diminished and dismissed by having a program that has no funding and says, we'll do this, but guess what? We won't. And the only reason we're considering the amendment is because we're saying we won't do it.

It really just doesn't make sense and I think we should address the underlying problem and give all of our efforts to rectifying the situation next year and years to come.

THE CHAIR:

Thank you, Senator. Senator McDonald.

SEN. MCDONALD:

Thank you, Mr. President. Mr. President, I rise just briefly to indicate my support of the amendment and to note that it may, in fact, be true that there is not an appropriation in place for this, to implement this PILOT.

However, Mr. President, that doesn't make it an inappropriate amendment and it doesn't mean that when times might change, there might be funds available to fund this type of PILOT. We're establishing in this

legislation, or in this amendment, we are proposing something that would fundamentally change the way we are currently doing business.

We might not be able to fund it now, but that is not to say we shouldn't take a stand and say that when times have changed and when circumstances allow, municipalities such as mine and others that have been mentioned, might be treated perhaps more equitably when it comes to distribution of these types of grants.

Thank you, Mr. President.

THE CHAIR:

Without objection, Senator Finch.

SEN. FINCH:

Mr. President, I want to just correct one thing here. And I think this is a very important point. When a fireman paid for by the City of New Haven or Waterbury or New Britain or Stamford or Hartford, responds to a fire, they do not check to see whether or not the building paid taxes.

The cities provide services to all, blindly and equally, regardless of whether or not they pay taxes.

The services to the not for profits in every town and city in this state will always be paid for. We are choosing here tonight either to hold out hope that some day there'll be a PILOT payment for half of those costs

that the firemen incur or, to not hold that hope out because until we are able to pay the towns and cities back at a rate of 50% for their expenses, until that time, 100% of all the expenses will be paid for and never, ever shirk our responsibility. One hundred percent of all those costs will always be paid and they will be paid by the taxpayers in that municipality. They are going to be paid. They will be paid fully and they will be paid by the taxpayers in that town. And that's what we decide in this building.

We decide to force the individuals who own properties in those towns to pay for services that we are not going to pay for. Until the time the state pays for half of those, all the people will get the same services that they deserve, fully paid for by the towns and cities. Thank you.

THE CHAIR:

Will you remark further? Will you remark further? I believe the gentleman requested a roll call vote.

SEN. PRAGUE:

Mr. President. Mr. President.

THE CHAIR:

I'm sorry. Senator Prague.

SEN. PRAGUE:

That's okay, Mr. President. Thank you. Briefly, I

just want to rise to support Senator Finch and his proposal.

As I think of my Town of Norwich and how high the property taxes are, and yes, we have a Y and I want that Y to be tax free because of the good work it does, it would be very appropriate to have 50% PILOT at least paid toward those expenses and sometime, some day in the future I'd like to see 100% pilot for those kind of properties.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Prague. Will you remark further? Will you remark further? If not, I believe a roll call was requested and ordered. I ask the Clerk at this time to announce that a roll call vote is in progress.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

The machine is opened.

Have all members voted? Please check the board and be sure that your vote is properly recorded. If all

members have voted, the machine will be locked and the Clerk please take a tally.

THE CLERK:

The motion is on adoption of Senate Amendment Schedule "C".

Total number voting, 36. Necessary for adoption, 19. Those voting yea, 17; those voting nay, 19. Those absent and not voting, 0.

THE CHAIR:

The amendment is rejected.

Would you remark further? Senator Daily.

SEN. DAILY:

Thank you very much, Mr. President. The underlying bill and the amendment have been accepted. I would ask for a roll call vote on the bill.

THE CHAIR:

Will you remark further on the bill as amended? Will you remark further? If not, would the Clerk please announce that a roll call vote is in progress.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

Have all members voted? Have all members voted? The machine will be locked. And I'd ask the Clerk to please take a tally.

THE CLERK:

Motion is on passage of Substitute S.B. 1099 as amended.

Total number voting, 36. Necessary for passage, 19. Those voting yea, 33; those voting nay, 3. Those absent and not voting, 0.

THE CHAIR:

The bill as amended is passed.

Senator Looney.

SEN. LOONEY:

Mr. President, I would move immediate transmittal of that item to the House of Representatives.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Calling from Senate Agenda No. 1, Matters Returned From Committee. Substitute S.B. 970 An Act Implementing The Recommendations Of The Legislative Program Review And Investigations Committee Relative To the Vending Operations Of The Board Of Education And Services For The Blind, as amended by Senate Amendment Schedule "A". The Senate referred this bill to Finance, Revenue and

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a bill. So I will recognize you after this. I do apologize. But I did ask for that and --

THE CLERK:

On Page 18, Calendar 619, Substitute for SB No. 1099, An Act concerning a property tax exemption for charitable housing. Favorable report of the Committee on Planning and Development.

SPEAKER LYONS:

With that, Representative Godfrey.

REP. GODFREY: (110th)

Madam Speaker, I move for the suspension of our rules for the immediate consideration of Calendar No. 619, which is on our calendar but not double-starred.

SPEAKER LYONS:

Thank you, sir. And I do appreciate that.

There is a question about suspension of the rules. Seeing no objection, the rules are suspended.

And I believe the bill has been called. And I would recognize the lady.

Representative Andrea Stillman.

REP. STILLMAN: (38TH)

Thank you, Madam Speaker. I move the Joint Committee's favorable report and passage of the bill, in concurrence with the Senate.

SPEAKER LYONS:

Thank you, Madam.

At this point, though, I would recognize Representative O'Rourke.

Sir, for what purpose do you rise?

REP. O'ROURKE: (32nd)

Thank you, Madam Speaker. I request permission to absent myself from the Chamber to avoid any possible potential appearance of a conflict on this bill.

SPEAKER LYONS:

Thank you, sir. The appropriate notation will be made. And that permission is given.

Representative Stillman.

REP. STILLMAN: (38th)

Thank you, Madam Speaker. I did move the bill. And with that, I'll give a short explanation. This bill addressed real property owned or held in trust for a corporation organized exclusively for charitable purposes and used exclusively for those purposes and not subject to local property taxes.

And that's just a quick, very quick, overview because, Madam Speaker, with that, I'd like to ask the Clerk to call Senate Amendment "B", LCO No. 7284, and that I be allowed to summarize.

SPEAKER LYONS:

I believe, Representative Stillman, just for

clarification of the Chamber, there had been the adoption of Senate Amendment "A". Would you care to help the Chamber in how you would like to handle that particular amendment?

REP. STILLMAN: (38TH)

Thank you, Madam Speaker. I apologize for the oversight. I will call Senate Amendment "A", LCO No. 6990, and that I be allowed to summarize?

SPEAKER LYONS:

The Clerk has in his possession LCO 6990, designated Senate "A". Would the Clerk please call? The lady has asked leave to summarize.

THE CLERK:

LCO No. 6990, Senate "A", offered by Senator Daily.

SPEAKER LYONS:

You have the floor, Madam.

REP. STILLMAN: (38th)

Madam Speaker, before we proceed -- because I'm going to move for rejection of this amendment, if that's appropriate. My concern, if I may raise it, is that it's my understanding that Senate Amendment "B" overrode Senate Amendment "A" when the bill went back up. So I don't want to put the bill in jeopardy and have to send it back up to the Senate. So I would like to ask for a clarification as to whether we actually have to reject

Senate "A".

SPEAKER LYONS:

My understanding, Madam, should we reject any amendment that the Senate has adopted, it would have to return to the Senate.

REP. STILLMAN: (38th)

Madam Speaker?

SPEAKER LYONS:

Representative Stillman.

REP. STILLMAN: (38th)

Thank you, Madam Speaker. I apologize for the confusion.

SPEAKER LYONS:

That's okay.

REP. STILLMAN: (38th)

If I may retrace my steps? I believe --

SPEAKER LYONS:

I think the lady is trying to get my attention and everybody else's. And I cannot hear a word that she is saying. I recognize that the hour is late and I appreciate the concerns of everybody. But I cannot understand what the lady is saying.

REP. STILLMAN: (38th)

Madam Speaker, I would like to ask the Chamber to adopt Senate "A". And in explanation, I will call

Senate "B" after that because Senate "B" strikes Senate "A", which is exactly what the Senate did. So that we do not have to send the bill up to the Senate if it should pass in this Chamber.

So, for now, I would like to ask the Chamber to adopt Senate "A".

SPEAKER LYONS:

Thank you, Madam.

The question before the Chamber is on adoption, on adoption of Senate "A".

Would you care to remark, Madam? Please proceed.

REP. STILLMAN: (38th)

Yes, Madam Speaker. This was an earlier amendment by the Senate. And I'd like to -- and I urge passage of Senate Amendment "A".

SPEAKER LYONS:

I believe, for the clarification of the Chamber -- please correct me if I'm wrong -- that the lady would like adoption of Senate "A".

REP. STILLMAN: (38th)

That is correct, Madam Speaker.

SPEAKER LYONS:

I believe that is the motion before the Chamber.

So, with clarification of that, all those in favor please signify by saying Aye.

VOICES:

Aye.

SPEAKER LYONS:

Those opposed, Nay?

The Ayes have it. The amendment is adopted.

Representative Stillman, you have the floor, Madam.

REP. STILLMAN: (38th)

Thank you, Madam Speaker. With that, I'd like to ask the Clerk to call LCO No. 7284, which has been -- was adopted by the Senate as Senate Amendment "B". And I would like to summarize.

SPEAKER LYONS:

The lady has asked us to call LCO 7284, designated Senate "B". Would the Clerk please call? The lady has asked leave to summarize.

THE CLERK:

LCO No. 7284, Senate "B", offered by Senator Daily.

SPEAKER LYONS:

Representative Andrea Stillman, you have the floor, Madam.

REP. STILLMAN: (38th)

Thank you, Madam Speaker. Just an explanation of Senate Amendment "B", which is a strike-everything amendment that was adopted by the Senate yesterday which clarifies which properties which are utilized for

transitional housing purposes shall be deemed non-taxable.

And with that, I move adoption of Senate "B".

SPEAKER LYONS:

Thank you, Madam.

The question before the Chamber is on adoption. It's on adoption. Will you remark? Will you remark on the amendment that is before us?

Representative Belden.

REP. BELDEN: (113th)

Yes. Thank you, Madam Speaker. Clearly, Senate "B" will become the file copy of the bill. I rise in support of it. Clearly, there's some questions in some municipalities about what is or is not taxable in the charitable institutions area. And this is our best attempt at this time to clarify that before all of the various municipalities change the approach they take to taxation.

Thank you, Madam Speaker.

SPEAKER LYONS:

Thank you, sir.

Will you remark further?

Representative Ken Green.

REP. GREEN: (1ST)

Thank you, Madam Speaker. A couple of questions to

the proponent of the amendment?

SPEAKER LYONS:

Please frame your question, sir.

REP. GREEN: (1ST)

Thank you. I am very much in support of our communities having the opportunity to provide these type of opportunities in terms of charitable housing. However, in the amendment here, in Section 2, which is new, it talks about compensation to municipalities for payment in lieu of taxes and it appears no more than 50 percent. Can you tell me whether or not that would decrease the amount of taxes that the municipalities currently receive from these charitable housing? Would that 50-percent payment in lieu of taxes -- what's the comparison towards loss or gain of revenue for the municipality?

SPEAKER LYONS:

Representative Stillman, you have the floor, Madam.

REP. STILLMAN: (38TH)

Thank you, Madam Speaker. Through you, to the Representative. It would increase it.

SPEAKER LYONS:

Representative Green.

REP. GREEN: (1st)

Thank you, Madam Speaker. Madam Speaker, another

question, through you, to the proponent? If --

Madam Speaker, I think I'm looking in the computer on the file copy for Senate Amendment "B". The print copy is a little different. So I'm going to just try to see if I could find out why the computer copy is different than the print copy. I think I'm -- I'm looking at Senate Amendment "C" on the computer. So I'm going to refrain until Senate Amendment "C" comes up.

SPEAKER LYONS:

Thank you, sir.

And with that, we are on Amendment "B". We're on Amendment "B". Would anyone like to remark on Amendment "B"?

Representative Metz. Sir, would you care to remark on Amendment "B"?

REP. METZ: (101st)

Yes. Thank you, Madam Speaker. It's very late in the session. And I know this would be a disruptive thing if I were to do it in view of the support for this bill or this amendment which will become the bill by Representative Belden. I'm not going to make a motion of any sort or call for action on this.

But I want to call the attention of the body to the fact that while there's a very confusing series of fiscal notes on this bill and the two amendments, it

starts out on the bill -- the amendment calls attention to a Grand -- effect on the Grand List of municipalities. Senate Amendment "A" is noted to be a mandate on municipalities. And Senate Amendment "B" is essentially the same as Senate Amendment "A" and so might be presumed to be a mandate on municipalities. And because of that, this bill should have gone to the Appropriations Committee. And I note that that has never happened.

I think that it's too bad that this bill is coming up at this point. I think it probably is a good bill and serves a useful purpose and probably would not have any trouble getting through the Appropriations Committee. But it disturbs me that our process has been avoided in this way. And I just wanted to register that disturbance.

Thank you very much, Madam Speaker.

SPEAKER LYONS:

Will you remark? Will you remark further on the amendment that is before us?

Representative Lydia Martinez.

REP. MARTINEZ: (128th)

Thank you very much. I just am standing up here to urge everyone to vote on this. This will help a lot of people that are sick that are on the streets. So it's a

bill that will help. And I will appreciate your support. Thank you.

SPEAKER LYONS:

Thank you, Madam.

Would you care to remark further?

Representative Bielawa. Thank you, sir.

Would you care to remark further? We are on the amendment, on an amendment.

Representative Jimmy Amann.

REP. AMANN: (118th)

Madam Speaker, I move that we pass temporarily.

SPEAKER LYONS:

The question before the Chamber is passing temporarily this piece of legislation. Hearing no objection to that, I believe, that motion carries.

Will the Clerk please call Calendar 613 -- but, prior to that, if I may, sir?

Representative Godfrey.

REP. GODFREY: (110th)

Madam Speaker, I move for the suspension of our rules for the immediate consideration of Calendar No. 613, SB No. 1148, which is on our calendar but not double-starred.

SPEAKER LYONS:

Thank you, sir.

upstairs? No.

Would the Clerk please call Calendar 619?

THE CLERK:

On Page 18, Calendar 619, Substitute for SB No. 1099, An Act concerning a property tax exemption for charitable organizations. As amended by Senate Amendment Schedule "A". Senate "B" has been designated.

SPEAKER LYONS:

Representative Andrea Stillman.

REP. STILLMAN: (38th)

Thank you, Madam Speaker. I move the bill again, as I did before.

SPEAKER LYONS:

The question before the Chamber is on acceptance and passage. Will you remark?

REP. STILLMAN: (38th)

I urge acceptance and passage, in concurrence with the Senate. And I -- we did not adopt Senate Amendment "B", LCO No. 7284. Would the Clerk call it again? And that I urge passage.

SPEAKER LYONS:

The Clerk has in his possession LCO 7284, Senate "B". Would the Clerk please call? The lady has asked leave to summarize.

THE CLERK:

LCO No. 7284, Senate "B", offered by Senator Daily.

SPEAKER LYONS:

Representative Stillman.

REP. STILLMAN: (38th)

Thank you, Madam Speaker. What this bill is just outlines the housing areas that will be -- will fall under the property tax exemption.

I move adoption of the amendment.

SPEAKER LYONS:

The question before the Chamber is on adoption. Will you remark? If not, let me try your minds.

All those in favor please signify by saying Aye?

VOICES:

Aye.

SPEAKER LYONS:

Those opposed, Nay?

The Ayes have it. The amendment is adopted.

Would you remark further on the legislation before us? If not, staff and guests come to the well. Members take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber. The House is voting by Roll Call. Members to the Chamber.

SPEAKER LYONS:

Have all the members voted? Have all the members voted? If all the members have voted, the machine will be locked and the Clerk will take a tally.

Clerk, please announce the tally.

THE CLERK:

SB No. 1099, as amended by Senate Amendment Schedules "A" and "B", in concurrence with the Senate,

Total number voting, 143;

Necessary for passage, 72;

Those voting Yea, 143;

Those voting Nay, 0;

Absent, not voting, 7.

SPEAKER LYONS:

The bill as amended passed.

Representative Godfrey.

REP. GODFREY: (110th)

Good evening, Madam Speaker. I move for the suspension of our rules for the immediate consideration of HR No. 36.

SPEAKER LYONS:

The question before the Chamber is suspension of the rules to consider HR No. 36. Hearing no objection, sir, the rules are suspended.

And, with that, I would ask the Clerk to call HR No. 36.

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The first person who has signed up is Ed Davies followed by the David Correll and Dr. Richard Schusler.

ED DAVIES: Good Morning, Senator Daily, Representative Stillman, members of the Finance, Revenue and Bonding Committee.

My name is Ed Davies and I serve as Executive Director of Isaiah 61:1, Incorporated in Bridgeport, Connecticut. With me today is Attorney Margaret Slez of Westport, who's a former member of our Board of Directors and as you're about to learn a loyal and dedicated supporter of our agency.

We're here today in support of S.B. 1099. We -- Isaiah is a federally funded -- and state funded -- excuse me -- a federally and state recognized nonprofit community justice agency. And we've been contracting with the Department of Correction to provide residential community release programs since 1983. Today the three programs we operate comprise nearly 100% of our agency operations.

Since 1999 we've been engaged in a legal battle to prevent the City of Bridgeport from levying real estate and personal property taxes on our halfway house programs. We've been blessed with the services of the dedicated and talented attorney Slez, who's generously represented us on a pro bono basis.

In May of 2002 our appeal went to trial in New Britain Superior Court, where we prevailed in our claim that our programs while they provide housing, in the literal sense, ought not to be taxed. In response to our victory in this matter the City Attorney's office has appealed this decision and we are heading to the Connecticut Supreme Court in the near future on this matter. This is an arduous task; it's taking a lot of time and attention. And it deflects from -- attention from the very important mission of our agency.

Ninety-two percent of our operational funding comes to us directly through the Department of Correction

contracts. The remainder is furnished by clients paying a minimal fee for service or rent which is determined on a sliding scale. We also have some small degree of support from private donors. If the city prevails in its appeal, I'll be forced to into the position of having to solicit charitable donations, in order to pay tax bills. I expect that each of you would hesitate to make donations to a charitable agency, only to have your dollars then routed to a local government. I know that when I give to a cause, I want my donation to directly benefit the mission of the organization I'm supporting. Recent state funding reductions have already made our job significantly more difficult. Paying charitable dollars to the city would be unpleasant icing on an already bitter cake.

I truly believe that the intent of Public Act 12-81 was never levy taxes upon transitional shelters and treatment programs. Harming nonprofits that provide services to those most in need, does not make sense in anyone's view. This is why the Internal Revenue Service and the State of Connecticut have granted tax-exempt status to us and to other charitable organizations.

I ask you today to support this very important bill. I would also ask that the language be clarified to leave no question that properties dedicated to residential treatment or rehabilitative programs shall be exempt from local taxation.

I thank you for your time and attention. Attorney Slez and I would be happy to answer any questions you may have on this matter. Thank you.

REP. STILLMAN: Thank you. Any questions from Committee members? Senator McKinney.

SEN. MCKINNEY: Thank you, Madam Chairman. Mr. Davies, thank you for being here, appreciate your taking your time out to testify on this bill. And I also want to thank Attorney Slez for being here as well. Perhaps most of my questions will be better for you to respond. You -- because we're going to here

from the rescue mission as well later. You were -- a tax -- did you have a tax lien put on the property or how did you get in the court with the City of Bridgeport?

ATTY. MARGARET SLEZ: Isaiah 61:1 received a tax bill and just brought it to my attention and said we're -- we should be exempt under the statute. Reading the statute I believed exactly the same way. And I filed a tax appeal based on that tax bill. Within the proper amount of time it was heard -- that first level appeal was heard by Board of Assessment Appeals in Bridgeport. We lost at the Board of Assessment of Appeals. After discussion with my client we then filed an appeal of that denial and that is when we went to the -- I -- I called the Tax Appeal Court. It's the Superior Court and -- and our case was heard by Judge Aaronson.

SEN. MCKINNEY: And was Judge Aaronson the same trial court judge in the Bridgeport Rescue Mission?

ATTY. MARGARET SLEZ: Yes. And -- and here's the -- here's the difference to distinguish -- distinguishing factor that -- that I make. Yes, it was the same Judge Aaronson. The Fanny Crosby case, in fact, was lost by the Fanny Crosby plaintiffs. In our case, Judge Aaronson found, as you may or may not know, in most of the cases, the hook is if rent is charged it must be housing. In -- in our decision Judge Aaronson said that it is the use of the rental income, not the fact that rent is charged. And we won at -- at the Superior Court. And as Mr. Davies stated, the City has appealed that decision and it will be decided by the Supreme Court.

SEN. MCKINNEY: It -- it seems to me that -- that -- are you familiar with the Supreme Court decision in the -- in the Rescue Mission case?

ATTY. MARGARET SLEZ: Yes, I am.

SEN. MCKINNEY: It seems that they didn't focus on the use of rent but rather the fact that rent was charged. Is that your interpretation of that case?

ATTY. MARGARET SLEZ: Exactly, yes.

SEN. MCKINNEY: Is it also your understanding if the very same people who were paying a "nominal rent" were to instead write out a check to charity as -- for example if it was solicited for a fundraiser, that that would make a difference in the way the Supreme Court looked at the case because it would be a charitable donation not a rent?

ATTY. MARGARET SLEZ: Possibly. Are you saying the persons who would in fact sleep that the Rescue Mission wrote a check toward --

SEN. MCKINNEY: Correct. If there was a process whereby people were asked, not required to give a charitable contribution for their night of their choosing; that that distinction between what we call it would've made the difference in the case of the Rescue Mission?

ATTY. MARGARET SLEZ: No, I don't. For one thing, I believe that in the Rescue Mission there is a great deal more the element of residing upon and that it was a choice of in a sense, as a statute. Some other places define a permanent abode, an established abode.

Certainly in the case of Isaiah 61:1, we are in no way an established abode under any definition under the general statutes. We are in fact -- our clients are there for a period of time that runs from maybe three to six months, maybe a year. It is not an established abode. In our case, of course our clients are in fact -- there's no other way to call it, they are inmates. They are -- they are incarcerated. They are just incarcerated in a different place. And, in fact, Attorney Liskoff, for the City of Bridgeport has said, "You're a prison. Face it, you're a prison." We're -- we're not a prison, we are a residential community.

SEN. MCKINNEY: And the statute under which the City Assessor's Office is claiming entitles them to tax you, is the -- is 12-81 (7), is that correct?

ATTY. MARGARET SLEZ: Correct.

SEN. MCKINNEY: And that statute hasn't changed since 1967, is that correct?

ATTY. MARGARET SLEZ: That's correct. And if I may point out to the Committee, I would urge you all to look at the legislative history to that, I call it -- I clarify it by saying the exception to the exemption. And -- and the legislative history to the exception to the exemption, I say -- my reading of it is, is that it was clearly intended to not allow the exemption for housing projects. And in fact, if you read that legislative history, there was a court case that was going on at that time that in fact had to do with a project I believe in Hartford here called Capital Towers. And -- and we can all envision what Capital Towers is.

In each of our respective cities, we're talking about a housing project where a family moves into a unit and that is an established abode for that particular family. We're not talking about transition housing, rehabilitative housing, in any way.

SEN. MCKINNEY: And -- and my last question, I appreciate the Committee's indulgence. What's frustrated me the most is that assessors have said that they have to, under law, assess property taxes on organizations such as yours. When the statute under which they're operating, never changed, and for over 25 years they never assessed your taxes, were you ever given an explanation under why, for 25 years, they never assessed your taxes, the law never changed, but one day they decided, we're going to tax you.

ATTY. MARGARET SLEZ: Well, we've not been an explanation. I think that all municipalities are -- I mean we can all understand, I can understand, despite my slant and my bias and where I want to put my work and energy, we certainly can understand that municipalities are in fiscal crisis in many ways and we can understand the need for added revenues in every town.

Nevertheless, I don't think that this is -- I think that the services that we provide by means of

Isaiah 61:1 or any of the other community justice or social programs that you're going to hear from today, we are providing in a -- in a large, large measure -- these kinds of organizations are providing services that in fact, offset in many ways services that might otherwise have to be provided by a municipality.

SEN. MCKINNEY: Thank you very much.

ATTY. MARGARET SLEZ: Thank you.

REP. STILLMAN: Any other questions? Representative Keeley.

REP. KEELEY: Thank you Madam Chairwoman. Good afternoon. Thank you for your testimony.

Do you find that -- or is it your hope S.B. 1099 will help you in your Supreme Court deliberations?

ATTY. MARGARET SLEZ: Well, as I -- as I read it, it won't be -- I -- it will have no effect on us in the immediate future in that it states that this act shall take effect as follows from passage inapplicable to assessment years commencing on or after October 1, 2003. So we still have a couple of years -- our years at issue will still be at issue.

REP. KEELEY: Right.

ATTY. MARGARET SLEZ: Now whether or not the passages of this law has any impact on Judge Aaronson's deliberations in terms on what is or might be, I certainly couldn't answer that question.

REP. KEELEY: Okay. Also, through you, Madam Chairwoman. You have opened ears from Bridgeport legislators, I know that. We -- I guess my question to you is, wouldn't you consider -- would you consider fundraising, maybe to piggy-back after Senator McKinney, where he was going -- I believe where he's going -- would you consider fundraising as an option so as to maybe get around, to spirit the intent of the tax assessor in Bridgeport?

ED DAVIES: I -- I think that like any non profit organization worth -- worth its salt, we certainly would consider fundraising. But our contract with the Department of Correction requires that our clients pay a fee-for-service. So, we're not in a position where we can say to them, "You don't have to pay rent anymore but we would like you to give us "x" amount per week as a donation." And I wouldn't feel that, that would be an appropriate direction for us to -- to follow ethically.

REP. KEELEY: And just one last question through you Madam Chairwoman. You're located on -- is it North Avenue?

ED DAVIES: No, no. We had -- we had a woman's program located on North Avenue until about two years ago. Currently we run three --

(GAP IN TESTIMONY. CHANGING FROM TAPE 1A TO 1B.)

REP. KEELEY: -- really coming after nonprofits in your estimation?

ED DAVIES: I am aware through our advocacy group, the Connecticut Association Nonprofits, which I refer closely with -- I'm aware of at least three other communities who have begun. New Haven, Windham, and now most recently, Hartford, to tax nonprofits. We also learned in an article from the Stamford Advocate a week ago that the City of Stamford is considering doing the same. So, it seems to be -- certainly the communities who are taking this approach are -- are in the minority, but it seems to be spreading.

REP. KEELEY: And do you have support from your nonprofit brothers and sisters in those other municipalities?

ED DAVIES: Oh absolutely. And I think you'll hear from representatives from some of those communities today.

REP. KEELEY: Thank you.

ED DAVIES: Thank you.

SEN. DAILY: Representative Beamon.

REP. BEAMON: Thank you, Senator Daily. I -- I realize that this basically is a lot larger than just Isaiah. It's fairly sad that as Senator McKinney had noted, that for 25 years the law has been on the book and the municipalities have never really enforced it. To follow up on Representative Keeley's question or inquiry regarding other cities. City of Waterbury also is now involved with taxing nonprofits.

On a personal level, as a CEO of a very small nonprofit, we woke up one day to find out our tax liability had totally changed. That the assessor was now taxing property that had been in agency hands for many, many years. Some private lots which were donated -- things that we really didn't have a hand in, in any way. They were donated ten years ago and -- for future housing later on. Could've been future housing like the types of housing that you provide. And we had went to the Assessor and talked with the Assessor, our attorneys as well. And they said, "Blame it on the Legislature." And you know, I put a big mirror in front of my face and I said, "It's my fault?" And I guess it is.

But I -- I would like to note that in your testimony you note that you want this to be clarified so there would be no question if I may quote, which properties would be dedicated to be exempt. But I know you're involved with a court case and it's quite narrow, but would you think that through the Connecticut Association of Nonprofits and other nonprofit providers that this should be, by our Committee expanded to include those nonprofits who do not provide the services that you provide?

ED DAVIES: I think that -- my understanding of the intent of the original legislation which is 25 years old is that family housing, low and moderate income family housing, that is established and operated by nonprofit entities could be on the tax rolls of communities. I think that was the intent

of the Legislature from my understanding of persons who've explained that history to me.

I -- our case clearly is -- is about our agency but I think that it's a disservice for any municipality to tax a nonprofit organization, the main mission and purpose of which is to provide treatment or support to people who are in need in their communities.

REP. BEAMON: So basically, you're saying just in terms of residential housing, treatment facilities only. Is that what I'm hearing here?

ED DAVIES: Well, no. I -- I mean -- I think that one could make an argument that a battered woman's shelter is not a treatment facility, maybe it is. But it's a -- it's clearly a charitable work with transitional housing and not family housing as I believe the intent of the original legislation was aimed at.

REP. BEAMON: Thank you. Good luck.

ED DAVIES: Thank you.

REP. BEAMON: Help us all.

REP. STILLMAN: Any other questions for Mr. Davies? Senator Nickerson and then Representative Boukus and then we'll get back to you Mr. Beamon.

SEN. NICKERSON: Thank you. I assume that you provide much than just a bed and a meal, that you provide a whole range of social services.

ED DAVIES: That's correct.

SEN. NICKERSON: So right there, that would seem to me a distinguishing factor from what the Legislature had in mind when it wrote that exemption in 1980 -- 1967. That the range of social services -- I guess a particularly intense range in your case, supervision and a vast array of programs and assistance would be to my mind, a very clear distinction between -- would provide the line to distinguish what the Legislature meant to provide

in the word housing. And I would hope we might want to use that word in future legislation to further clarify that important distinction.

ED DAVIES: I would agree. I think it's fairly clear.

SEN. NICKERSON: But I mean the fact that you provide social services, not just a bed or a meal but many, many other things.

ATTY. MARGARET SLEZ: Senator Nickerson, yes, certainly that is -- that is -- that theme is something that -- that we used in terms of our arguments before Judge Aaronson, is that we are a very large -- the -- the scope of the program is much larger than just a place to sleep, because it involves family -- family counseling, substance abuse counseling. There -- there is -- you know, there's -- you know, spiritual guidance components to it, job counseling and all of our clients must be employed. So, yes, indeed, that is a theme that we -- that we use with Judge Aaronson. And perhaps that was a factor in his -- his decision in our case.

SEN. NICKERSON: So that would seem much more important than whether there's a thing called "rent" or not a thing called "rent". What's important is the services you rendered and that creates a distinction and I hope we can make that law clear.

ATTY. MARGARET SLEZ: Thank you.

SEN. NICKERSON: Thank you.

ED DAVIES: And if I may just clarify that a little bit more. It's only 8% of our budget that is accommodated by our rental income. So, 92% of what we do in the social service arena is not paid by the clients. Rent doesn't pay our cost by any stretch of the imagination.

REP. STILLMAN: Representative Boukus.

REP. BOUKUS: Thank you, Madam Chair. That's exactly what my question was going to be. Eight percent comes from the rent or fee-for-service. Could you tell me what the range is for this rent or fee-for-

service?

ED DAVIES: Sure. Our clients who are employed part-time or less than 30 hours per week are required on a sliding scale to pay a minimum of $10.00 per week. Our full-time clients pay a maximum of $100.00 a week.

Please bear in mind that -- our folks are in jobs that are not high paying jobs, typically. They're in food service, manual labor industries. There are exceptions to that but by enlarged most of our clients are -- are earning well below the poverty level.

REP. BOUKUS: So in a -- in a -- in one of your -- you have three programs going on. Are those three different buildings or is that one building that the three programs --

ED DAVIES: Three separate buildings.

REP. BOUKUS: Three separate buildings. So just for explanation, one building would be taxed at how much?

ED DAVIES: Currently, one building is getting real estate tax bills in the vicinity between 4 and $5,000.

REP. BOUKUS: And at the end of the year, based on that 8% that are being paid, what do you bring in for that?

ED DAVIES: That's about $90,000 altogether.

REP. BOUKUS: Thank you.

ED DAVIES: Thank you.

REP. STILLMAN: Representative Keeley.

REP. KEELEY: Thank you, Madam Chairwoman. Just a couple of questions. Between favor of a -- of supporting and lobbying for a (INAUDIBLE, MICROPHONE NOT ON) for municipalities to house facilities such as yours --

ED DAVIES: Absolutely. As a matter of fact, we were here along with Ken supporting a bill that did just that, recommender that was introduced a year ago, that would've authorized PILOT payments for Department of Correction Halfway Houses. Again, it's a small piece of the overall picture but it would've been very helpful to us.

REP. KEELEY: Thank you. I'm glad to here that answer. Also, this legislation, as you know, you're in Bridgeport everyday, we have a lot of facilities. We have another jail on North Avenue, as you know where that is, and the Governor wants to build another one right on our waterfront, very ill advised. But, you, know that's his game.

Is there any reason why all your facilities are in Bridgeport and not maybe say in Easton or Trumbull or Greenwich -- Westport?

ED DAVIES: Our agency is a pretty small community justice agency. We started in 1983 with a single halfway house on Clinton Avenue. We've grown to three houses but with a staff that's shared. So by virtue of proximity that's been the history of our agency and it works well for us. The lion's share and I don't have figures for you today, but probably 80% of the clients that come through us are in fact Bridgeport residents. So it's convenient for them, it's close to employment; it's close to public transportation. Our sighting works very well for the type of work that we do.

REP. KEELEY: Would you be open to being on the bus line in a suburb or not?

ATTY. MARGARET SLEZ: Well, certainly in -- you actually just -- you just said the word -- one word certainly that is a key word in this whole thing. Is that our program and in there are other programs like it, is key to it, is designed to assist our clients and we have wonderful success rate, assist our clients in becoming, going back into the community as responsible stable individuals.

Paying rent is a sign of stability, so that's a good thing that they pay rent, no matter what it

is. Even if it's in a token amount. But -- but certainly one of the reasons that we are located in Bridgeport and in Waterbury and in -- in the major -- in Stamford -- in the major cities, is that not only that is where most of our clients come from, but if they are close to transportation, that's where their families.

If we want the stability that families provide to each other, can provide to each other, we want them near the transportation lines and near their families, near where there is work that they can be gainfully employed on a regular basis.

REP. KEELEY: See the reason I ask this, is that I live right near you, And all the other facilities. And I know exactly where most of all your -- not just Isaiah, but all the other facilities. And I'm paying huge taxes. And I'm going to be paying higher this coming July and higher the following July. And I'd like to see the nonprofit world step up, to help maybe offset these higher taxes with regard to a property tax or a PILOT payment. I think it's very important not just to come up here because you have open ears from Bridgeport legislators. I've spoken with them and from -- Senator Mc Kinney, but we also need -- we need more help when it comes to PILOT payments, because the middle class is being run out of Bridgeport. We're getting run out, we're getting run out. We just can't afford it.

And sometimes people say we're smart because we're leaving Bridgeport, because we can't afford the higher taxes. And it's not -- it's not so much that we are sharing the nonprofit -- the brunt of the nonprofit responsibilities -- we're proud to do that, and we're going to continue to do that. But we need some help from the nonprofit world to with the state in putting together a PILOT payment.

Otherwise, Bridgeport is going to end up in receivership and it's going to affect as nonprofits and myself too as a resident, and all of us. So we need to do -- I think we need to step up more in the political community, the nonprofit community and maybe expand this fight -- to a more state

level type of fight for a PILOT payment.

ED DAVIES: Representative Keeley, I'd more than happy to work with you on any effort to secure PILOT funding. I understand not only the fiscal situation of the City of Bridgeport but that of the State of Connecticut. And if there are funds available for PILOT funding to the City for our programs I'd be -- I'd work diligently in order to make that happen.

REP. KEELEY: Thank you.

REP. STILLMAN: Any other questions? Senator Gaffey.

SEN. GAFFEY: Thank you, Madam Chair. Just picking up from where Representative Keeley left off. I do have a concern that the urban area has become a magnet for much of the nonprofit activity that occurs. Particularly in the usage -- usage that are enumerated under this proposed bill. And representing a district that is at the epicenter of many of, these types of facilities. I do have a concern that we become flooded with this type of activity.

I acknowledge that many of the clients do come from the urban areas and there are issues of transportation, there are also issues of you though, that you're paying far less in rent in the urban areas than you would have to pay elsewhere. And I know that's got to be, as you look at your cost, a motivating factor upon where you locate.

I'll also opine that nonprofit is a very interesting term. And that although you don't generate profits in the typical sense, relative to what the IRS considers to be profits under the tax code; profits often have an interesting way of finding their way back into increased compensation for the people who are running the program.

So with that, I would just say that you prevailed in the lower court. This is being pursued in the higher court. But I'm not convinced that the law has to change based upon the fact that you put your case on to the lower court and you prevailed. And I'm a little concerned that we are opening up the

statute a little bit too much with this language and that it will further perforate -- perforate, the urban area becoming magnets for these types of uses which are noble, certainly, but do carry a cost. A significant cost to our urban areas because they otherwise would not be putting commercial usage, or other uses that can be taxed.

REP. STILLMAN: Thank you. Any other comments? Thank you very much.

SEN. GAFFEY: Thank you.

REP. STILLMAN: Thank you. The next three speakers are David Correll, Dr. Richard Schusler, and Tom Erichetti.

DAVID CORRELL: Good afternoon, Senator Daily, Representative Stillman and distinguished members of the Finance, Revenue and Bonding Committee.

My name is David Correll and I'm the Volunteer Treasurer of the Board of Directors at Perception Programs. A nonprofit organization with facilities located in Willimantic, Brooklyn and Danielson, Connecticut.

We serve people with substance abuse offender, and HIV problems. Our agency was formed in 1970 and has grown to a sixteen program organization with a $5.8 million annual budget. We serve over 6,000 clients annually and employ over 150 people. We are funded by DMHAS, CSSD, DCF, DOC, DSS, DPH, the United Way and client fees.

Beginning with the grand list October 1, 1999, both the towns of Windham and Brooklyn have denied us property tax exempt status under Connecticut state statute 12-81 subsection (7) on properties that we own in both Willimantic and Brooklyn that house some of our programs. Prior to this date, we were granted tax exempt status under the same statute. We've been informed because we charge in the town's words "rent", we are no longer eligible for this status.

The rent we charge is actually a client fee

mandated by our funding sources as part of the treatment and case management compensations of the program. The money from this rent or fee is less than 5% of our budgets for most programs.

Currently, we are paying over $35,000 in property taxes under protest. We believe that the town Assessors are interpreting the State's statute incorrectly and are missing the spirit intent of the State's statute supporting nonprofits and providing a service that the state or the towns would otherwise have to provide.

As a nonprofit organization this places a big burden on our budget. It takes away money for program staffing and supplies and makes our already tight budget even tighter. Numerous state agencies categorize property taxes as unallowable costs based on the assumption that a nonprofit agency should not be taxed. Because of the state's current budgetary issues, even those agencies that would allow the reimbursement of -- of property taxes will not have the funding to cover these costs.

We fully support the clarification language, the State's statute 12-81 as presented in raised S.B. 1099 and would suggest one minor revision. As presently written, the language could be interpreted as a change in the intent of the law rather than a clarification of existing law, and might not provide relief during the current year. We request clarification of the bill's language to make it clear that this is a clarification and not a change in intent. Thank you for your time and I'm available to answer questions.

REP. STILLMAN: Thank you, Mr. Correll. May I ask who's joined you at the table there?

DAVID CORRELL: Yes, sitting with me at the table is David Fowler who is the CFO of Perception Programs.

REP. STILLMAN: Thank you. I'd just like to say that number one, we thank you for being here. And I will tell the members of the Committee that this bill has -- people that have signed up to testify -

- S.B. 1099 seems to be the hot ticket today. So, if you don't get an opportunity to ask a question now there will be others later, you can ask a question of. I'm -- can you tell us -- you're paying $35,000 in property taxes?

DAVID CORRELL: Yes, Ma'am.

REP. STILLMAN: Can you tell us how many -- are we talking about one piece of property? How large is the property? Can you give us a little background on that, please?

DAVID CORRELL: We're talking six different properties.

REP. STILLMAN: And they are all in Windham?

DAVID CORRELL: Five of them are in Windham, one is in Brooklyn.

REP. STILLMAN: One in Brooklyn, okay. Okay. Thank you, anyone else have any questions of Mr. Correll? Senator Fonfara, followed by Senator Guglielmo.

SEN. FONFARA: Briefly Madam Chair, thank you. Are they in Windham or are they in Willimantic?

DAVID CORRELL: They're in Willimantic.

SEN. FONFARA: Thank you.

SEN. GUGLIELMO: Thank you Madam Chair. Have -- have you actually paid the taxes or have you put them in escrow pending, you know, the outcome of all of this.

DAVID CORRELL: They've been paid, sir.

SEN. GUGLIELMO: They have been paid.

DAVID CORRELL: If we -- if we were to put them in escrow, then we would be subject to liens on the part of the town and other penalties on top of it.

SEN. GUGLIELMO: Okay, thank you.

REP. STILLMAN: In terms -- if I could just follow up to

Senator Guglielmo's question there. A previous speaker had mentioned about how unusual it would be to -- to donate to a nonprofit and then find out that your money is going to pay for taxes. In light of the fact that you have 1,2,3,4,5 -- probably about eight agencies that actually support your organization, state agencies, should we assume that the monies you are able to put together to pay for property taxes were probably from donations as opposed to state monies?

DAVID CORRELL: I would say that, yes, that would be a fair assumption. If fact, we -- we currently do run a fundraising organization -- every single year, it's something called the Steeple Chase, that the agency runs in conjunction with the Windham area Interfaith Ministry.

REP. STILLMAN: And do you charge fees or is this all strictly a non-fee organization?

DAVID CORRELL: We are required under the conditions of our state contracts to charge fees for the -- for the work that we do.

REP. STILLMAN: You are or are not?

DAVID CORRELL: Are. It is -- it is a requirement of -- it's a contractual requirement.

REP. STILLMAN: Could you give us a sense as to what your fee structure is like and --

DAVID CORRELL: For our non-residential program, we may charge the clients $5.00, a $5.00 co-pay. For the residential programs specifically, that we're talking about, we're required to charge I believe it is %30? It's a sliding scale based on client income. Dave -- I'm going to allow Dave to answer that if that's alright.

REP. STILLMAN: Go right ahead. Would you just state your name for the record, please?

DAVID FOWLER: Sure. My name is David Fowler. I'm the Chief Financial Officer of Perception Programs. Depending on the program, we have -- we're talking

several residential programs, we run programs similar to the previous speaker to us, they are funded by the Department of Corrections.

Department of Corrections requires us to charge 30% of the -- of the income that the residents earn that are employed. A couple of programs are work release programs verses substance abuse programs. That 30% is split up most -- comes to us -- a portion of -- 30% of their take home pay and from that 30% they have to pay, I think it's 2% or 3% into the Commission on Victim Services Fund that's administered by the State. And the other say, 27% comes to us. The resident himself or herself, gets to keep the balance as -- to pay for personal needs and to save up for when they are released into the community. That's the purpose of the program.

The other programs -- substance abuse and the two substance abuse programs, we don't charge any fees. What Dave was alluding to was we get clients in that have -- that may be on Medicaid Managed Care, SAGA or something like that and we do charge fees through that mechanism.

REP. STILLMAN: Thank you. Any other questions? Thank you very much. Next, Dr. Richard Schusler followed by Tom Erichetti and Herbert Opalek. Excuse me, it's Schuster.

DR. RICHARD SCHUSTER: Schuster.

REP. STILLMAN: I apologize.

DR. RICHARD SCHUSTER: Madam Chairwoman and honorable members of the Committee, I'm the Reverend Richard Schuster, Executive Director of St. Luke's Community Services. We do business as St. Luke's LifeWorks based in Stamford, Connecticut. I'm also a resident taxpayer in the City of Stamford.

I'm appearing before you today on behalf of the over 1,200 different persons served by St. Luke's LifeWorks and its' Board of Directors.

We're a not-for-profit organization with a traceable history of 124 years. St. Luke's

LifeWorks provides shelter of last resort for families and individual woman who have become homeless in the Greater Stamford area, as well as shelter of last resort for persons with AIDS and persons with psychiatric disabilities. We also provide transitional and permanent housing for some of these populations. We do this -- do this through eight properties which we own -- we own and -- and two properties which we lease.

St. Luke's LifeWorks and its Board of Directors strongly supports the proposed changes in this legislation i.e. S.B. 1099, affecting the property tax exemption for transitional housing.

As we speak, the City of Stamford is considering whether to tax our properties in conformance with the current statutes. If this were to occur, the cost of the organization could exceed $250,000. This will mean that we would be forced to reduce or eliminate services to these populations.

Our provision of housing and services is not structured to result in a profit, but is purposely designed to meet the needs of these populations in a way that is both healthier and more productive for the client and at a cost savings to both the state and local government.

The short-sighted taxation of not-for-profits providing critical services may generate additional tax revenues, but the money needed to provide those services by state or local government would then basically, almost triple, because somebody is going to have to pay the tab.

In a study undertaken by our Board of Director about four years ago, we determined that if we did not provide shelter for families who were homeless the direct cost to the City of Stamford, to -- which would have to provide the service would be conservatively $900,000 a year in operating costs. This did not include the capital cost associated with building or renovating suitable property for this purpose. This is just one of the ten different housing programs we offer.

Please set the highest priority possible on seeing to it that this legislation that modifies the language is enacted. Thank you very much. Be happy to answer questions.

REP. STILLMAN: Thank you, sir. Questions? Senator Nickerson.

SEN. NICKERSON: Thank you for being here, ??Dick. What is the status of the picture between your agency and the City of Stamford as of right now?

DR. RICHARD SCHUSTER: We've been asked by the Assessor to basically provide all of our not-for-profit records by laws and to basically give a detailed description of how we use each of the properties we own, types of services that are being offered. We've also been advised to be certain we bring legal counsel with us when we meet with the Tax Assessor. So -- and -- we've been listed in a recent article in the Stamford Advocate along with the Italian Center, Jewish Community Center and a couple of other services as being one of those that they're singling out for possible taxation.

SEN. NICKERSON: And the question -- let me ask the question, I think I know the answer, it's the same question I asked the individuals from Bridgeport. Namely, that you don't just provide a bed and a meal. You provide a whole range of other services throughout your -- the programs that you're discussing this morning.

DR. RICHARD SCHUSTER: Absolutely. We're providing supportive services of all kinds to help people help themselves reach their full potential. Get back on their feet, get back out in society.

We do charge a fee on a sliding scale. The purpose of the fee ironically is a motivational tool because we really believe that people need to basically contribute to the service that they receive. However, if a person cannot provide -- make a contribution, we don't kick them out. So it's a tough love approach.

SEN. NICKERSON: Well all of that makes it crystal clear

that we need to clarify the law so that an agency that does the work you do, very valuable work does not find itself burdened with a tax that the Legislature never intended.

REP. STILLMAN: Any other questions? Representative Boukus.

REP. BOUKUS: Yes, thank you very much. I think the point is well taken, that if you're going to return people to a community, that you make them aware of what is required to be a good citizen, to contribute to the community. So I absolutely agree that you need to charge and I thoroughly agree that you probably do not move people out if they cannot pay for whatever the reason.

You presently own eight properties. You lease two of them. The two that you lease, the people that own the building pay taxes. Is that correct?

DR. RICHARD SCHUSTER: The two properties we lease -- one is an old church building in the south end of Stamford. Which we have a 99 year lease with a dollar a year from St. John's Episcopal Church. And the other property we lease is in Fairfield. Actually it's not a lease, there is no lease intended. We operate from McKinney Resident Program For Persons With AIDS in Fairfield on behalf of the McKinney Foundation. That -- there is no money that changes hands for that property.

REP. STILLMAN: I think it's important that that be known. Thank you.

DR. RICHARD SCHUSTER: You're welcome.

REP. STILLMAN: Thank you, Representative. Any other questions? Senator Defronso.

SEN. DEFRONZO: Good afternoon. Question. In the history of operation, has the organization ever entered into any agreement with the City for partial payment of services or any -- or do you provide any support at all towards the municipal services that helps support your operation?

DR. RICHARD SCHUSTER: We've never been asked by the City to do so. We -- however we do pay something to the Water Authority for sewer use tax, obviously, which never has been contested. Also, ironically our -- we have two (inaudible) for housing projects, which we do pay taxes to the City. But basically, it's permanent housing, rents are charged we -- in good faith in the statute, we do pay property taxes on both those properties.

The other interesting thing is, most recently had asked us to enter into a venture with them to provide -- to acquire property through a lead safe house, which basically is a relocation program, on behalf of the City. And if you read the statute narrowly, one would -- if other properties are taxable, that property would be taxable. If our Board had known that that was going to be the case, we'd probably would not have been willing to do that on behalf of the City of Stamford.

So there's -- there's certainly a lot of ambiguity, but we have -- in principle we're -- particularly the two properties we developed, you know, we do pay property tax. So we're not trying to duct our civic responsibility. But the other side of it is, you know 40% of our budget comes from philanthropic support. And people want their dollars to go to direct services. And this would have, I'm certain, a direct affect on our ability to raise money.

SEN. DEFRONZO: Thank you very much.

REP. STILLMAN: Questions from members of the Committee? Thank you very much.

Tom Erichetti followed by Herbert Opalek and Rudy Feudo. And if I botch anybody's names, I apologize.

TOM ERICHETTI: Good afternoon and I'd like thank you for getting my name correct. It's not the easiest name.

Senator Daily, Representative Stillman and Members of the Committee, thank you for the opportunity to submit comments on raise H.B. 6627, dealing with

as I say, would put on a part on an even level with other businesses within town. But we clearly believe that our water mains and service lines should be given a longer life.

Additionally, we would ask that the effective date for compliance be October 1, 2005, to allow utilities to comply with the new provisions. Most of us have been around for over 100 years and -- and pulling together some of these records on a town by town basis takes some time, requiring us to go through a lot historic records.

I would be pleased to take any questions at this point?

REP. STILLMAN: Thank you. Did you submit written testimony?

TOM ERICHETTI: Yes, I left them on the table.

REP. STILLMAN: Okay, because I was looking for it and didn't find it, so we'll -- we'll see it later. Does -- do any committee members have questions? Thank you very much.

TOM ERICHETTI: Thank you.

REP. STILLMAN: Herbert Opalek, Rudy Feudo and then Greg Pugatch -- Putgatch, I'm not sure how to pronounce it.

HERBERT OPALEK: Good afternoon Senators. My name is Herbert Opalek. I am a Chief Operating Officer of the Bridgeport Rescue Mission and I'm here to speak today in favor of S.B. 1099.

The Bridgeport Rescue Mission is a faith based addictions rehabilitation center that provides men and woman with a 12 month program that is meant to transition into a productive societal life. In addition, the men's division also provides overnight shelter for homeless men in the Bridgeport area.

Another component of the Mission is its' in house and mobile soup kitchen that goes out six nights a

week providing fresh hot meals to children and
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Chartered ten years ago, there's no charge for any of our services and all of our income derives from our own fundraising efforts. We neither receive nor solicit Federal, State or municipal funding.

The Mission is housed in the former Fanny Crosby Home. Fanny Crosby, the noted hymn writer, left money in her will for the sheltering of senior males who had no other place to live. These men were to pay a nominal fee to the home for their living expenses. As far as surviving records indicate, at no time was anyone ever discharged from the Home for failure to pay this minimal amount.

In 1996, when we took over the Fanny Crosby Home the rules were immediately changed to in consonance with our By-Laws, that there be no charges for any of our services.

When Bridgeport decided to tax not-for-profit institutions, it used the Fanny Crosby Home as its loophole and assessed a lien of some $300,000 on the Bridgeport Rescue Mission property. We have pursued all avenues of judicial remedy through the highest courts of this State and have not been granted relief from our tax burden.

Institutions like ours -- if we were to close for lack of money and half of our yearly income would have to go to pay this tax raising bill, would not benefit the City of Bridgeport. Not only do we feed, clothe and shelter, not only do we provide 24/7 meals, not only do we outreach to the community but we also train our people, give them the wherewithal to go back and live a productive life and even allow them to transition from our Home for three months after they begin to work.

The Bridgeport Rescue Mission strongly encourages the passage of S.B. 1099. It would be impossible for cities such as Bridgeport to function without drug and substance abuse centers, rehabilitation facilities, shelters for the homeless and battered,

as well as orphanages. Unless the General Assembly passes S.B. 1099, it will be impossible for any not-for-profit to continue to exist. We at the Mission ask that you favorably consider S.B. 1099. Thank you.

REP. STILLMAN: Thank you, Sir. Anyone have any questions? Senator McKinney.

SEN. MCKINNEY: Thank you, Madam Chair. Thank you for testifying today. Let me ask you a question. There's -- there's been a suggestion today and -- and I'm sure others will testify to that fact, cities like Bridgeport and New Haven are magnets for nonprofits because properties are less expensive than in some of the more affluent suburbs. And the suggestion is sort of that you are there in Bridgeport simply because the property is cheaper and not because there is a need to be served. Not because there is a community of people who need soup kitchens or who need abuse counseling or addiction services. Not because there's a need to be served but simply because it's a cheaper place to buy property. Would you explain why you're in Bridgeport?

HERBERT OPALEK: Thank you, Senator. The Bridgeport Rescue Mission is a component of a group of rescue missions, 300 of them across this country; The Association of Gospel Rescue Missions. The first national office of The Association of Gospel Rescue Missions was in Bridgeport, Connecticut, because at that time there was a huge need in Bridgeport.

We are in Bridgeport to serve a clientele on a faith based operation. We are not here for any other fact for property. We saw the need to come in to use our Biblically-based principles and to rehabilitate men and woman and bring them back to a productive life in the community.

SEN. MCKINNEY: And I'm pretty familiar with the neighborhood where you're located. But for the rest of the Committee, could you explain? Has the neighborhood that you're located in been negatively impacted by your presence there or would you say it's been positively impacted?

HERBERT OPALEK: I think it's been positively impacted. We provide food, shelter, Christmas gifts for people in the area who can't afford them. We run a socks campaign that we give out. We have served 120,000 meals in the last 12 months. We've given out countless amount of clothing, we provide text books, school books and even fairytale books for the young children of the area.

SEN. MCKINNEY: And you are aware of any potential commercial development or developer or buildings that have decided not to go into that neighborhood because of the presence of the Rescue Mission of the Fanny Crosby Home?

HERBERT OPALEK: No, we have not.

SEN. MCKINNEY: Thank you.

REP. STILLMAN: Senator Fonfara and then Representative --

SEN. FONFARA: Thank you, Madam Chairman. Senator McKinney has caused me to have to respond to that line of questioning. And I think it misses the point that whether or not the location of the facilities or facility such as the one being discussed here is located in a -- in an urban area, has anything to do with the ability to afford such a structure verses somewhere else.

The issue is that number one, that they're located there because the need is there but it's a self-fulfilling prophesy. That people then know that the facility is there, who are in need and therefore locate exclusively in those areas.

The second issue is that the burden of having to service any facility in any municipality has to be born by someone. And in the case of a nonprofit such as this, not one, not two, but several that I -- that locate in urban areas because the ability to -- to site such a facility is often much easier in an urban area, irrespective of cost. The zoning allows for it, the type of structure allows for it and so the path of least resistances on top of the

fact that the clientele may be there, is why these facilities are located.

If there are those that want to support this initiative, the answer -- one answer would be to include some nonprofits in the PILOT -- State PILOT reimbursement. I wonder if Mr. -- Senator McKinney would be supportive of that or any of those that are proponents of this particular initiative.

I dare say that there'd be far less interest on the part of urban Legislators in seeking to tax these facilities if there were another means in which to generate the revenue, to -- to manage the burden that any operation, profit or nonprofit brings in running a community.

Thank you, Madam Chairman.

REP. STILLMAN: Representative Keeley.

REP. KEELEY: Thank you, Madam Chairwoman. Thank you for your testimony. My first question is would you be in support of an amendment to attach a PILOT payment to S.B. 1099?

HERBERT OPALEK: The Bridgeport Rescue Mission would be in support of such an amendment.

SEN. KEELEY: Excellent. I'm glad to hear that. I've been first of all, I'm very happy that the Rescue Mission is there. I grew up in Bridgeport, live near you. And I've been in and out your place several times; I've been at tag sales, we have a travel agency right on North Avenue and a home.

I said before that we're -- at least I'm open, very much open. And the reason why I'm -- I'm open to it, is that I know the City never went after you until recently. The City also has not gone after many, many, many other well-connected, well-healed private business people in Bridgeport until my agency took them to court. And we've recouped probably $100,000 in the last six or twelve months because the City has been neglectful and negligent in not going after people. I don't know why they don't because it's money that's due the City, so we

went after them where I work, to get money. Who -- back-taxes that were owed. So, that is one reason why as a matter of historical perspective, why I'm open to S.B. 1099. Thank you.

REP. STILLMAN: Thank you. Any other members have questions? Thank you, Sir. Rudy Feudo, Greg Pugatch and Robin Hettrick are the next three speakers.

RUDY FEUDO: Good afternoon. I will be sharing my 20 minutes with my colleague from Bridgeport, Mr. Spinelli, so I will be speaking quickly. As nonprofits we do that a lot, we share. We share our time and our resources.

My name is Rudy Feudo and I am the Executive Director of the Greater Bridgeport Adolescent Pregnancy Program.

One of our programs that we operate is called the MI CASA/MY HOME Program. It's a second chance home. It's one of two licensed maternity homes in the State of Connecticut. The other licensed home is in West Hartford. We get charged taxes, the other one does not, in West Hartford.

Now the State statute is supposed to be consistent throughout the State but let me tell you it's not. So we'd -- I really don't agree the way that the City Assessor's Office in Bridgeport is interpreting the State statute. It's been around for 27 years but in the past three years -- and we received a tax bill without warning and -- and it was a -- it was a big surprise to me, that's for sure.

We -- we serve adolescents -- homeless pregnant adolescents, ages 12 to 17. Adolescents who would ordinarily be in the streets pregnant, not getting prenatal care, not getting social services, not getting the opportunity to go to school.

In the last year, we -- we've served 34 of these homeless pregnant adolescents in the City of Bridgeport. And some of them have gone to college. They graduated from the program. Some have gone

into successful independent living, that's what it's all about. We pa_ approximately $10 000 in taxes; they also charge us for our van that's used to transport these young kids -- the babies to the medical clinics.

And a few years ago they even tried to -- to charge us taxes -- personal property taxes on -- on our terrific --

(GAP IN TESTIMONY. CHANGING FROM TAPE 1B TO 2A)

RUDY FEUDO: -- but they did go back three years and levy that tax for -- for -- for the three years. Thank you very much.

MR. SPINELLI: I'm also -- Spinelli of the -- Director of the Bridgeport Community Health Center. We are -- we are not a transitional housing, but we've also been threatened by the City Tax Assessor. We're a federally qualified health center and we are required by Federal Law to -- to charge a fee based on ability to pay. And the City Tax Assessor has threatened us with taxation of that revenue. I just represent also the Healthway Organization with many organizations who are affected. And we are very much in support of S.B. 1099. Thank you.

REP. STILLMAN: Thank you, sir. Representative Belden.

REP. BELDEN: Thank you Madam Chair. Mr. Feudo, you indicated you'd served 37 clients in the past year.

RUDY FEUDO: Thirty-four clients.

REP. BELDEN: Pardon me.

RUDY FEUDO: Thirty-four.

REP. BELDEN: Thirty-four. You indicated these are normally homeless people. They -- were they all formerly residents of Bridgeport or did they come from various areas around the outside of Bridgeport.

RUDY FEUDO: They can come from various areas outside of Bridgeport but many of them do live in Bridgeport.

REP. BELDEN: Thank you.

REP. STILLMAN: Thank you, any other questions from Committee members. Senator Fonfara.

SEN. FONFARA: Just briefly, Madam -- Madam Chair. I think that there may be a misunderstanding here in terms of the intent of the legislation. Or -- or shouldn't say the intent of the legislation, I should say why there would be an interest on the part of a municipality to pursue this.

It's not a matter of questioning the worth or the value that any of these organizations are providing. And I -- and I hear repeatedly here today by those seeking to testify, speaking almost exclusively about what value the -- their organizations are bringing to the community. I think that is unquestioned. The issue is how can a municipality survive, not just in tough economic times but urban communities that are overwhelmed. Overwhelmed by the cost of running a city and with very limited and shrinking revenue sources. It's not a matter of -- of suggesting that your organizations are not doing good work -- valuable work. That is understood. Cities have been the -- have welcomed your -- these organizations with open arms forever. And that's not going to stop. But there has to be an understanding of why something like this would even be initiated by a -- by a community, in the first place.

Thank you, Madam Chair.

RUDY FEUDO: I appreciate that comment. But if you take the nonprofit sector as a -- as a whole what would happen if we were to leave Bridgeport, let's say. Because we bring in millions and millions of dollars of Federal, State funding and also private funding. And -- and we -- we also hire people from the City. Almost 99% of my staff is from Bridgeport and we hired them from job training programs. So we give them opportunities, we give them health insurance for the first time probably in their lives. So we bring in quite a lot financially and also the value of our programs. It

just -- it just -- having one preemie, that we say -- one premature baby because the mother has received prenatal care can save the State a half a million to a million dollars. So, it's -- it's more than that. I do respect what you're saying but the nonprofit sector does a lot more than that. Thank you.

SEN. FONFARA: Madam Chair, if I could just say that -- that's the point when you say it could save the State a half a million dollars, it saves the State a half a million dollars. But fortunately or unfortunately we have 169 individual municipalities that are charged with paying their bills. The State helps out in varying degrees with each of those municipalities. But as I think you understand, being in a very poor community that reimbursement, that compensation, that assistance is limited in terms of the overall demands. And so while you're helping the State, you're employing people -- it's not helping the bottom line with respect to that -- to that municipality. And that's the issue here.

REP. STILLMAN: Thank you, Senator.

SEN. FONFARA: Thank you.

REP. STILLMAN: Representative Keeley.

REP. KEELEY: Thank you, Madam Chairwoman. Thank you for your testimony. I want to get right to it, get real straight with you two.

You've been involved in Bridgeport for a long time, we want you in Bridgeport. I know GBAP 34 women who they've worked with very closely. They've shared for many years. The pregnancy problem can happen just as much in Greenfield Hill as it can in Bridgeport, as well as Westport, as well as wherever.

I'm getting to the point where you know, when I see people questioning urban motives, that upsets me a little bit. I'd like to get right to the direction of a PILOT payment, again. Every time I hear this -- I was -- I'm just wondering if you would be in

favor of the PILOT payment and then also lobby legislators on this Finance Committee for that PILOT payment. Because we in Bridgeport want to work with you. We want you to stay in Bridgeport. And I know you have people coming in from Trumbull and everywhere else. That's the nature of the game, we understand that.

But will Legislators on this Committee support a PILOT payment -- State Funded PILOT Payment so that we in Bridgeport can benefit by that you know as Legislators and municipal officials to keep working with you? Would you -- would you go the mile on lobbying Legislators from wherever they are to come out in favor of that, because that would help urban Legislators an awful lot to keep working with you, which we want to do. But will these other Legislators step up to the plate and put the State's money where the mouth should be?

RUDY FEUDO: My organization has been in Bridgeport for 22 years and yes, we will support the PILOT Program. And I've said that in the past and we will lobby for it as well. We don't like to see Bridgeport in distress. Just like we don't like to see nonprofit in distress and yes, we will support it.

REP. STILLMAN: Thank -- thank you, Representative Keeley. Any other questions from members of the Committee? Thank you, sir and thank you for the fine work that you do.

Greg Pugatch, Robin Hettrick and Jennifer Nacewicz.

GREGORY PUGATCH: Good afternoon, Representative Stillman, Representative Belden, other distinguished members of the Committee. My name is Gregory Pugatch. I am the Manager of Property Taxes for Northeast Utilities Service Company that provides service to Northeast Utilities System operating companies.

Thank you for the opportunity to provide comments to you on raised H.B. 6627, AN ACT CONCERNING THE ASSESSEMENT OF THE PERSONAL PROPERTY OF CERTAIN PUBLIC SERVICE COMPANIES.

In UI's case, the approved service lives average 41 years for transmission plant and 30 years for distribution plant as opposed to the assessors' schedules which depreciate to twenty or thirty percent of value in eight or nine years. Municipalities would maintain a stable level of revenue for a longer period of time using the Original Cost Less Depreciation method with the DPUC's approved depreciation rates.

According to raised H.B. 6627, these potentially higher property tax payments would be recovered by the utilities by requesting the DPUC to review revenue requirements on a limited basis due to changes in the state law.

Once again, The United Illuminating Company strongly supports the intent of raised H.B. 6627 on the basis of consistency, simplicity, and predictability across the municipality. I would again like to thank the Committee for the opportunity to speak, and would be happy to entertain any questions.

SEN. DAILY: Thank you very much -- (INAUDIBLE, MICROPHONE NOT ON)

JENNIFER NACEWICZ: Thank you.

SEN. DAILY: (INAUDIBLE, MICROPHONE NOT ON)

JENNIFER NACEWICZ: Good afternoon, Senator Daily and other members of the Committee. My name is Jennifer Nacewicz. I'm the Legislative Liaison for the City of Bridgeport. I'm joined by Russell Liskou, City Attorney for the City. And we're here today to discuss the negative impact of S.B. 1099, AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR TRANSITIONAL HOUSING.

Basically, the time when cities are faced with dramatic cuts in state-aid we're basically faced with a challenging budget outlook. The intent of S.B. 1099 will only foster the financial burden municipalities already faced by housing a majority of these tax-exempt properties: hospitals, churches, synagogues, government owned property and

nonprofit organizations.

As Senator Keeley stated earlier, he's probably faced with a tax increase in July -- the following July, well about 33% of property owners in Bridgeport will again be tax-exempt. Right now the mill rate in Bridgeport is one of the highest. It's at 62.4 which is 33% higher, due to the fact that we have these tax-exempt properties in the City.

The surrounding towns in the Greater Bridgeport area are not home to the jails, the hospitals, drug rehabilitation centers, homeless shelters or battered women shelters. However, some of these very residents utilize these facilities without any cost to their towns. Not only do these facilities increase the local property tax in Bridgeport, they also increase the police and fire services at an additional cost to Bridgeport.

While the City of Bridgeport understands that these organizations provide basic support services to the disadvantaged residents, who might otherwise be requesting this assistance from the city, but these services come at a huge cost to the local taxpayer. One facility in the city adds about $50 in property taxes, additional to a taxpayer's bill. The taxes in these other towns don't increase at all. They don't directly subsidize any of these tax exempt properties. Only our Bridgeport -- Bridgeport taxpayers do.

There's no question that these nonprofits are beneficial, but it's fundamentally unfair to create a ghetto of the poorest and most needy in an already poor community. They need to be spread out in all the communities or we need to institute some PILOT programs so we can recoup some of these tax-exempt properties or the valuable property that's taken off the tax rolls. PILOT program must be instituted to assist the municipality that provides these services.

Supporting S.B. 1099, will only propagate more facilities. Nonprofit organizations gravitate to less expensive real estate markage -- markets,

which are easier to acquire and maintain, making Bridgeport a magnet for more tax-exempt organizations. In a time when the state is telling municipalities they have to do more with less, S.B. 1099 will only add to the financial burden faced by urban areas and those least able to bear the responsibility. Thank you.

SEN. DAILY: Thank you, very much. Are there questions? Senator McKinney.

SEN. MCKINNEY: Thank you, Madam Chair. Jennifer, the $2,000,000,000 in tax-exempt property that you cite, does that include hospitals, churches --

JENNIFER NACEWICZ: That includes everything, yes.

SEN. MCKINNEY: Okay. And prisons?

JENNIFER NACEWICZ: Yes.

SEN. MCKINNEY: So, if we were to eliminate prisons which get a PILOT payment from the state at 100%, churches, hospitals which get a PILOT payment, albeit not 100%, colleges and universities which get a PILOT payment, and we're just speaking about the Rescue Mission -- all -- places like that. You know, Center for Woman and Families. What number are we talking about there, roughly?

JENNIFER NACEWICZ: I don't have a percentage but I do have an approximate tax roll figure of 7.4 million. There's about 455 parcels of property in Bridgeport that are now considered tax-exempt based on -- they -- just charitable nonprofits.

SEN. MCKINNEY: And -- and does that include religious organizations as well?

JENNIFER NACEWICZ: That 455 does include religious organizations.

SEN. MCKINNEY: Do you know what the number would be without the 455 -- without the religious organizations?

JENNIFER NACEWICZ: I don't, but I can find out.

SEN. MCKINNEY: The reason why I ask that is because, you know, we talked about this issue before last year, when I worked on it with Senator Finch and he and I had a disagreement on how to do it. But, clearly the legislation that's been proposed last year and this year only deals with 12-81 subsection 7. and other sections in the statute -- section -- subsection 8, subsections 12 through 16 deal with hospitals, deal with religious organizations and colleges. So, certainly it's not my intention as one of those pursuing the legislation, to in any way impact or make tax-exempt anything in those fields.

The other question I had for you is -- I'm somewhat confused by the argument that allowing places like the Rescue Mission to be tax-exempt will make Bridgeport a magnet for more tax-exempt organizations -- more of a magnet than it already is. And I certainly agree that it is. Because for twenty-some-odd years, the city never taxed these organizations. The statute was the same, the Rescue Mission has existed for years, it was never assessed a tax until recently. So I'm just -- if all of these organizations were tax-exempt under the prior assessor or somebody's interpretation of the exact same statute, how does continuing the practice of the last 20 years, make places like Bridgeport more of a magnet than they already are?

ATTY. RUSSELL LISKOU: Let me interject. My name is Russell Liskou and I'm an Associate City Attorney for the City of Bridgeport. I'm familiar with the Fanny Crosby case because I'm the one who tried it all the way up through the Supreme Court.

The Fanny Crosby case -- The Bridgeport Rescue Mission has only been at the Fanny Crosby house for the last four or five years. Before that it was Fanny Crosby. The Bridgeport Rescue Mission used to rent property from places, they didn't own property. Fanny Crosby has now "given" The Bridgeport Rescue Mission the entire premises and the facility that was once part of the Fanny Crosby "estate", we'll call it. So, that -- that area doesn't apply. I would like to analogize it more

to the Isaiah case where I am involved in right now in the Appellant Court.

Isaiah House, does good work. They take people who have jail pending over their heads still, prison time. They let them out because they think they're a lower risk, and they allow them to go into the community and work. Well, people do not like to live next to people who still have jail time hanging over their heads. They have some people who are dangerous, some people who have significant time hanging over their heads, still. Some people who go back for a significant period of time. You've had violent offenders in there, you've had non-violent offenders there -- in there. You've had drug people -- people with drug problems in there, you've had non-drug people in there.

Isaiah House -- if this bill is to pass, Isaiah House can buy up as much property as they want to in the zones where they're permitted. There is no caveat on them to stopping them from taking as many pieces of property off the Bridgeport rent rolls as they want to. So long as they comply with the zone.

Isaiah House brings in over $1,000,000 a year from the Department of Correction in fees. And they also bring over $100,000 a year in the rents from their inmates or their clients or their tenants, however they wish to categorize that.

I was doing a little calculation while I was listening Mr. Davies talk about how Isaiah House only brings in $100,000 a year and that's only 8% of their budget. I just ran a quick number in my head. If you had a four family house, that had four two-bedroom apartments in that and you were getting $700 a month for each of those apartments, Isaiah House would outstrip the rent that someone would get for a normal four family house in the City of Bridgeport, just on the rent that the inmates or the clients are paying to Isaiah House for the programs. Meanwhile, they were paying nothing to the City of Bridgeport in taxes.

Where can a landlord go to buy -- get into this

deal. This is a wonderful deal. You can get $1,000,000 from the state as part of the Department of Correction and you can pick up fair market rents, maybe in excess and not pay any taxes to the state -- to the city where you're using the services.

There has to be some type of containment mechanism where the cities do not contain to be impoverished by nonprofits taking valuable pieces of property off of the rent. You all have a very good handle on what the -- what -- what the vice is here. Representative -- Senator McKinney you've hit it right on the nose, Senator Keeley you've hit it right on the nose, Senator Fonfara -- I'm sorry Fonfara, you've hit it right on the nose.

You're all struggling with the problem. There' -- there's people who need help, the municipalities need help. The burden is not spread out wide enough to assist the municipalities which are being burdened by the nonprofits. I -- I mean just listening to the debate here, you all know what the story is, get the fashion of mechanism where no one gets hurt.

SEN. MCKINNEY: Well -- let me -- let me -- maybe I asked the question the wrong way then. Because I understand that. I guess -- I guess I'm just -- maybe it's semantics. I don't see what we're trying to do, making any place more of a magnet for nonprofits than it already is. I see the taxation of some of these organizations, which had not been taxed previously under the same law as a way of making cities and towns less of a magnet.

And so, if -- if -- let's just be honest about what we're trying to do here. I mean we can debate whether or not Isaiah House can come in and take over all the non -- all the properties in the City of Bridgeport.

The fact is, we've gone through one of the greatest economies in my lifetime, perhaps in the last century. Development did not you know, run to Bridgeport. There's no evidence, absolutely no evidence that the location of these nonprofits

taking property off the tax rolls has prevented further development or tax -- of taxable property in the City of Bridgeport. Or -- or other cities, that are doing this. It's not you know -- it's not just Bridgeport.

I mean I know you're from Bridgeport but New Haven is doing it. New Haven is foreclosing on an agency that provides homeless shelter. I said and -- and to answer Senator Fonfara's point, I said last year, I've been on this issue for a long time. I need the help, welcome aboard.

I'll support a PILOT program. But the way to get a PILOT program is not to put homeless shelters, soup kitchens out of business. The way to get a PILOT payment is not to foreclose on these agencies which I would say to you, I think we all agree, save the City of Bridgeport, save the City of New Haven, save the State of Connecticut money.

These are people that provide services based on private donations. If those services weren't being provided by private donations, they would be being provided by Government. And it would cost Government a lot more money to do it. That's the debate here. If you want to fight for a PILOT program, put me in it. But what I'm saying to you now is don't tax these organizations. You didn't tax them for a long time, let's not tax them now. Let's work at another way of solving the problem.

ATTY. RUSSELL LISKOU: I want to respond to this quickly. You're asking us prove a negative. You're saying, you can't prove to me that these organizations made all this development go by the City of Bridgeport. Likewise, you can't prove to me that the City of Bridgeport -- that these nonprofits cause them -- cause us to miss that. It's -- it's both side of the coin. There's no data one way or the other saying, oh, this person didn't develop here because of a homeless shelter and there's no data saying, oh they did develop here because of a homeless shelter.

SEN. MCKINNEY: Do you honestly think that -- that commercial development and -- and the economic boom

we went through, passed Bridgeport because Bridgeport is home to a lot churches and nonprofit organizations, honestly? Do you believe that?

ATTY. RUSSELL LISKOU: I'm not even talking about that. It's partially -- the answer is yes, because of our high mill rate. That -- it's definitely there because of our high mill rate. A developer is not going to come and develop if they can go up the five miles up the road and pay half the taxes. So -- so those -- all those nonprofits in there do, just by their existence, of raising the mill rate cause developers to go to other municipalities where lower tax -- with lower mill rates.

SEN. MCKINNEY: But -- well let's get our numbers straight, then. Because the $2,000,000,000 assessment you talked about is significantly lower with what we're dealing with here in this legislation. That $2,000,000,000 includes the jails; you've got a PILOT payment for that. It includes the hospitals, you've got a PILOT payment for that; it's not 100% admittedly. But that's not the issue we're dealing with here, Sir. That is not the issue we're dealing with. Those are nonprofit organizations -- those are colleges, universities, hospitals -- those are a different statute, different subsection. We're not addressing those.

The -- the amount of money that the city would gain in taxable revenue from places like The Rescue Mission, I would argue, pales in comparison to the amount of money it would cost Government to provide those services. And I think there are a lot people who would testify today that that's the case.

ATTY. RUSSELL LISKOU: Well, they may -- they may be able to say that and they may be right but I have a feeling that they have data to back it up one way or the other. It's good to be able to say that but I haven't seen the data either to be able to say that. But also --

SEN. MCKINNEY: Well, actually there -- there is -- but, there is. There's absolutely data that -- that

shows that it costs the city a lot more for -- or the State Government, let's just say Government, a lot more to take care of someone who's homeless, someone who is going to be in an emergency room at a hospital, rather than to provide them housing and care for whatever their illnesses. There's absolutely empirical data on that.

ATTY. RUSSELL LISKOU: Once again -- now you're saying Government again and I think the Senator from Hartford hit it on the nose. It's not Bridgeport, its Government, its' the state that is going to bear the cost of those things, not the municipalities. Once again, there's no equity being dealt back to the City of Bridgeport for these properties.

Likewise, I think that the plethora of the nonprofits being there such as a -- such as a -- well, I'm going to call -- I'm going to call Isaiah House a jail because it basically is a jail. They're all people who have time hanging over there head and have been incarcerated for crimes. So it's basically a low security jail. They drive down the property values in those neighborhoods.

There is a ripple affect from facilities like Isaiah House being in those neighborhoods that cause property to be devalued and by property being devalued; every other taxpayer in the City of Bridgeport has to pay a higher tax on their property because of the lower depressed values in the neighborhoods where these nonprofits are going.

Granted they do, do good work. God willing they rehabilitate people. God willing people have roofs over their head and they have food in their stomach. But they also lower the value of a neighborhood and the middle class, as Representative Keeley was talking about, they're not going to go to those neighborhoods. If you have a choice of living two blocks away where there's not a Halfway House or you have a chance of living next to a Halfway House, I know where you're going, you're going not next to a Halfway House. It's common sense. Just plain old common sense. You're not going to imperil your family by putting

them next to a jail. Well it's a jail with no bars; people can come and go as they please on a somewhat schedule. But you're not going to put your family in harms way if you don't have to.

SEN. MCKINNEY: And -- I guess just two more questions. One is, how long has Isaiah House been in the City of Bridgeport?

ATTY. RUSSELL LISKOU: I believe from the testimony in the court, they started out as drug and alcohol treatment program about a dozen years ago in different areas.

SEN. MCKINNEY: And can -- can you explain to me, if you can, maybe it's in the court records, I don't know, but why the City did not assess them taxes and then decided to assess them taxes when there was no change in the state law? What -- what was the -- was there -- was there some awakening? Was there some reinterpretation of the law? Was there some, you know, we've always known that we should've taxed them but we didn't want to but now that money is tight, we will? What -- what was the --

ATTY. RUSSELL LISKOU: No, Isaiah was taxed from the day they acquired the property that we're in court from. But over the period of time, the Bridgeport Assessors have become far more professional than what they were in the 70's and in the early 80's. We now have assessors who are MAI appraisers who were certified back 20 years ago -- 25 years ago and I don't -- I don't get in too much trouble because the assessors who were back then are -- are deceased now.

They weren't professional assessors. They didn't have the qualifications that candidates do now. They didn't have college degrees. They didn't go to school to learn assessing. They didn't learn different methods of appraisal. They were more of a -- it was more of a countrified atmosphere even back 20-25 years ago.

But now, with the advent of computers. With the advent of numbers, being able to compile better data, getting people who have better educational

background with regards to appraising, we have true appraisers who can go and look at the statutes, apply the statutes to the properties and come up with values that are the actual values. And the -- the attorneys that we have on our staff now have the time and the ability to go and look at tax issues that at one time, they didn't have.

When you're -- when you're struggling for your economic life, as Bridgeport did back in the late '80's early '90's, whether a piece of property -- whether one piece of property is assessed wasn't as big a deal as it was, boy, we've got to make sure that people are paying their taxes. You need to -- you need to refocus.

Government morphs over time. It goes through transitions, it goes through phases. You know, times -- one area will outreach to one point at a time, another area will outreach to another point in time. Sometimes there's more economic development. Sometimes there's more things that are done with the beautification of a city. It's -- it's a gradual and ever changing incremental process with Government. That's the only thing I can tell why things gotten better look at now in the mid '90's to late '90's regarding to tax-exempt entities. Thank you.

SEN. DAILY: Senator Defronzo followed by Senator Fonfara.

SEN. DEFRONZO: Thank you, Madam Chairman. Quick question. Through the bankruptcy period when (inaudible), I think it was 1991-1992, probably '91 I guess it was, filed for bankruptcy and the City of Bridgeport was going through these excruciating difficulties at that point, about a decade ago. At that point, none of these -- these agencies were being taxed, right?

ATTY. RUSSELL LISKOU: Some were being taxed, some weren't being taxed. It was A matter of being able to scrutinize them to see whether or not they -- you have to apply for a tax-exemption every four years under the quad-annual returns. So it's a matter of ability to scrutinize the returns and

make a determination by asking for appropriate documentation as to whether exemption are granted or not granted. It's on an individual fact by fact basis.

SEN. DEFRONZO: I appreciate the -- the difficult financial situation the city's in and most cities are in that circumstance, right now. But it is -- I think Senator McKinney makes a good point that over -- throughout some very difficult financial times in our recent past, most cities have been able to avoid taxing these types of -- these types of agencies.

However, there are, in my recollection, a number of agencies in various communities that enter into voluntary agreements with municipalities. And that 450 -- what is it 455 organizations you reference?

JENNIFER NACEWICZ: Four-hundred and fifty parcels of property.

SEN. DEFRONZO: Parcels of property. Do any of those organizations have voluntary agreements with the city to pay any property taxes or payments in lieu of taxes?

ATTY. RUSSELL LISKOU: Yes, they do. 3030 Park which was -- which is a very large senior facility, at one time was not taxed and that was picked up. And they have a full -- they pay full taxes, with a PILOT agreement on the nursing home section of the building.

We have a -- we have a -- we have a settlement with Holbrook, which is a drug treatment facility. They own several houses. They pay -- they pay taxes on the residential area. Gunster, which Senator Finch used to be affiliated with at one time, they pay taxes on their residential component. And the YMCA pays full taxes with regard to their residential and with regard to their -- to their programs when they charge a fee for.

SEN. DEFRONZO: And they --

ATTY. RUSSELL LISKOU: I'm sorry there are several

others, I just didn't think of them at the top of my head.

SEN. DEFRONZO: That's -- that's alright. I'm just getting a sense. But in the case of residential clients, most of -- probably the -- confirm this thought, if you will or not. In most of those cases the State or some other agency will -- will provide some type of a subsidy for that individual's spot in whatever facility it may be. So, in a sense it does become more of a financial transaction for the operation of that facility. I mean there -- there is some significant subsidy being paid to the agency in those cases, aren't there? And so, they can afford --

ATTY. RUSSELL LISKOU: There can be or there cannot be. I know that in Hallbrook they have -- they have patients from the State of Connecticut, as well as private pays, as well as people who have their own insurance for drug treatment programs. The same with Gunster. And the Y as far as I know is, if you want to stay at the Y, it's open. If they have a room you can pay to stay.

SEN. DEFRONZO: Thank you very much.

SEN. FONFARA: Thank you, Madam Chair. Very briefly. First of all I would like to thank you for coming up today and testifying and for bringing to light these issues. I think its, for anyone frighteningly naïve to suggest or to believe that -- that the factors at play in a -- in a -- in our previously strong economy, that -- that issues or -- or facilities such as jails or even hospitals, to a degree, shelters, social service agencies of all kinds, would not serve as a disincentive for developers or anyone interested in development to find their ways into urban areas where property values are lower.

There has to be other factors that would -- that would cause people not to find their way into the urban area. And I think we know what those are. And I think it's just, as I've said frighteningly naïve to suggest that that -- those issues are not playing a role in the advancement of our urban

centers.
Secondly, I would say that as Senator McKinney talks about that nonprofits are saving cities and saving the State money. But -- but what -- what's happening here is the State is doing it on the cheap. It would be similar to Senator Nickerson -- if the State were to say to Senator Nickerson, "You must drive Senator McKinney to the Capital everyday and back again. We're not going to compensate you for that but we're going to make you do it." And that's what's happening here with respect to these facilities. Is that the State is saying, "Yes, we need these facilities" and you know, the -- as I said earlier, no city is going to stop playing the role that it plays with respect to the needs of our -- of our neediest.

I dare say that the towns that Senator McKinney and others in this building like him, where if they to try to site jails, hospitals, shelters, social service agencies within the towns that he represents, that there'd be an enormous level of opposition. That's not what's happening here. That's not what this debate is about. What this debate is saying is, we understand our role in the State of Connecticut but lets not do it on the cheap because now the -- the camel's back is broken. Thank you, Madam Chairman.

SEN. DAILY: Senator McKinney. Oh, I'm sorry -- (INAUDIBLE, MICROPHONE NOT ON.)

SEN. KEELEY: I was just kidding.

SEN. DAILY: Oh, okay.

SEN. KEELEY: Thank you, Madam Chairwoman. Maybe there's some common ground here, a little bit of compromise. In Bridgeport we're on the verge of a $12 million project downtown called, "Art's Space". Sixty-two units of artists moving in. And its State funded, CHFA and other various sources of funding. The Art's Space has already come to an agreement with the City to pay a PILOT payment. And it's probably not as much as they would normally pay if it wasn't a nonprofit taking over the Reeds Department Store, old Reeds Department

Store.
So with that in mind, maybe we can move in that direction with others around the state where they can happily come together and come up with some kind of compromise. If they do have two and three and $4 million budgets, why shouldn't some kind of compromise be worked out, or at least attempted to be worked out? What do you think of that?

ATTY. RUSSELL LISKOU: We have tried -- I don't have that many more tax appeals pending for the City of Bridgeport regarding tax-exempt issues. The ones that I have had I've been able to resolve by doing proation of the housing verses a soup kitchen. Certainly, a soup kitchen under any one -- under the statutory scheme, would be exempt. They're not charging for it, people can come in and get a meal, they come and they go.

The statutes clearly talk about housing. The statutes go back some almost 30 years and I've had the occasion to talk to George Levine, who is the speaker back when they did the 12-81 -- 12-81 sub 7. He's the Judge that tries my tax appeals at the New Britain Court. And he was the one who met with me -- we never intended to exempt housing as an element of this back in -- when I -- when I was a lobbyist for this bill back for the City of Hartford, some -- you know over 20 years ago.

The ability to exempt parts of a building, we have not had a problem with. But the way that law is devolving is that a property must exclusively used for charitable purposes. As I said, Isaiah House -- they could pull in $35,000 rent on, basically, a -- a four family house. They're doing a great business. I mean that's -- that's wonderful, I mean -- a regular landlord wouldn't be getting a million dollars in their pocket from the State of Connecticut, Department of Correction. Would love that opportunity to be able to get you know, the money is basically guaranteed because if the people don't pay, they're going to fail at the program, they're going to go back to jail. And they have people who are just waiting to get into this program to be out from behind bars.

I mean they -- they do good numbers, they do good work. But they are degrading the neighborhood in my opinion, I don't -- as I said, once again, you wouldn't want to live next to 20 to 25 people who have jail time hanging over their head with no bars. And -- you know, they have -- they do have a supervisor but, you know, you can only supervise people in the house. Once, they're out of the house they're free in the general public.

So, the economics of it -- if they're making that type of money, they should be paying taxes for the property, for the police, for the fire, for -- for everything else that it costs the City to give them.

SEN. MCKINNEY: Thank you, for the last time.

First, just a comment. I guess when you speak of Isaiah House and the money they make it -- it sort of implies that they're actually making -- making money like a business makes money. And that's certainly not the case, you would agree. Nobody there is taking home money. The people that work there are getting paid about fifty cents to sixty-five cents on the dollar of what they could make doing similar work in the for-profit world. At least that's my understanding in talking to the people that run Isaiah House.

If you have evidence to show me, that you know the people that run Isaiah House are spiking up their salaries, I'd love to see it. I'll come down as hard on them as I am on this issue. That's not my understanding. But be that as it may.

With the Supreme Court decision, where they talk about "rents" and "incomes", do you think that a fair extension of that decision in the Rescue Mission would apply to hospitals who charge -- who make money off of surgeries or -- or hospital room stays?

ATTY. RUSSELL LISKOU: I would say if there was not a statute that gave a hospital an exemption, which is something which is a -- which is an element of grace from the State. They recognize the benefits

of a hospital. They would most certainly be taxable but for that exemption.

SEN. MCKINNEY: I know, I understand that. I'm just trying to find out how -- how far the -- the Supreme Court decision in the -- in the Rescue Mission case could go. And, you know, clearly, there's no intention of anybody who's come before us to start using it to go after hospitals.

YMCA's in other parts of the state will say that they're going after them saying that charging, you know, a membership fee which they use to fulfill their charitable purpose, is actually "rents" or "income" and therefore, they don't come under that tax exemption. I'm just curious if you think that the Supreme Court decision itself could be used to go beyond what the statute implies.

I mean clearly, you and I agree that 12-81 (7) clearly does not provide for tax-exemptions for housing. Where we disagree is what we define as "housing". I define permanent housing as "housing". I don't define staying in a drug or rehabilitation center for 60 days as "housing".

ATTY. RUSSELL LISKOU: Well, if you go to Black's Dictionary or any other dictionary, housing has a broad term. Housing is where you -- where you sleep at night.

SEN. MCKINNEY: But -- and -- but that's exactly why I'm asking you then -- then under that -- under that definition of housing, then if you spend a night in a hospital, you've -- you have housing.

ATTY. RUSSELL LISKOU: You would be right except for the hospital exemption. You'd be right except for the hospital exemption.

SEN. MCKINNEY: Right. But what I'm trying to get at is that the Supreme Court decision in -- in -- in the Rescue Mission didn't -- my reading of it -- it didn't revolve around the definition of "housing". It revolved around the portion of the statute which talks about "rents" or "incomes". And wouldn't that part which goes after their charitable purpose

also apply to the hospitals or no, it wouldn't?

ATTY. RUSSELL LISKOU: It -- it would not apply to hospitals because of the clear exemption for hospitals. But in the Fanny Crosby case revolved around both rent and housing. It was a -- it was a dual purpose. They actually filed a motion to the Supreme Court to be heard once again, to determine whether or not the housing was an issue and the Supreme Court didn't rule on it because -- I felt you know, I think the Supreme Court felt that they clearly answered everybody's question as to the reason why they didn't rule.

SEN. MCKINNEY: Okay. Let -- let me just -- I -- I want to thank you, I know that -- I'm -- I'm somewhat saddened that this is developed into a "city verses suburbs" debate. I would say to my friend, Senator Fonfara, I take it a little more personally because my Town of Fairfield is home to the first suburban homeless shelter in the State of Connecticut.

Meghan Lowney, our Executive Director will be up here. She will testify that over 300 people a month, come through its' doors. No fewer than 60% are from the City of Bridgeport.

The City of Fairfield is home to the first suburban AIDS residence which has my family's name on it. So, I'm very proud of what our Town has done. Clearly, we don't have the level of nonprofit organizations that the City of Bridgeport does, but I think it's also clear that we don't have -- we have very dissimilar communities that -- with different needs.

But, I -- I -- if this becomes a "suburbs verses cities" issue, we're never going to get a PILOT payment and we're never going to help these nonprofits because they're going to get taxed out of business. Because a lot of the people that contribute to the nonprofits, come from the suburbs and the cities as well.

And I've talked to a lot of people. I'm on the Board of several nonprofits. And a lot of people have said to me, with all -- with all the great

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nonprofits -- with all -- from the American Cancer Society down to the Operation of HOPE Homeless Shelter in Fairfield. And all of the people want my money as charitable gifts. I'm not going to give to an organization where 20% or 30% or 50% is going to pay off town or city property taxes when I can go to --

(GAP IN TESTIMONY. CHANGING FROM TAPE 2A TO 2B. 2B BLANK. TESTIMONY PICKED UP ON TAPE 3A.)

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DAVID SUTHERLAND: -- of the credits they can get so, yeah, there's certainly a lot of motivations and in a lot of cases any tax-reads are merely one motivation. But I've certainly seen cases where they are the primary motivation.

SEN. DAILY: Representative Stillman.

REP. STILLMAN: Thank you, Senator Daily. I find it interesting that you happen to pick on Waterford as a place to --

DAVID SUTHERLAND: Not pick on just -- just arbitrary choice of a town out there.

REP. STILLMAN: -- as a place to emphasizing your testimony. Oh, I know but it is a beautiful piece of property and it's near Harkness and the whole thing so -- so, I -- I thank you for reminding everyone how beautiful Southeastern Connecticut is.

DAVID SUTHERLAND: Waterford specifically. (LAUGHTER)

REP. STILLMAN: Yeah, exactly. And that's right, keep laying it on. (LAUGHTER)

And that I also appreciate your -- your comments and throw -- and opportunity to throw in some comment about the bonding. And -- because as you know we don't hear bond bills before this Committee. But be that as I may, do you have any idea if -- if the credit is not restored to 100% or --

DAVID SUTHERLAND: To 50% but, yeah.

such as CAIS would have its' withholding numbers multiplied several times. And the gusher of paperwork would really benefit Connecticut not at all.

Last year the average sum that we paid a presenter was under $1,500. And we didn't pay one presenter enough to make them qualify for the threshold of income-taxation.

We would appreciate your support for this. I would be happy to answer further questions.

SEN. DAILY: Thank you very much. Are there any questions? (INAUDIBLE, MICROPHONE NOT ON)

PHILIP DWYER: My name is Philip Dwyer, I'm with the Central Connecticut Coast YMCA. The YMCA would like to testify as a panel. With me is Tom Steen from Stamford, and if within five and half minutes, if Kevin Washington walks through that door he'll join us in this seat, if not we'll just proceed with two of us.

I would like to address the S.B. 1099. 1883, I'll take you back there. This legislative body created my YMCA and said it was for the purpose of promoting Spirit, Mind and Body and that the real and personal property and the income thereof was tax-exempt.

That language came out of our articles of -- of incorporation over time because over time the rules of 501-C-3 organizations in custom and practice in other law assured that we were exempt from real estate taxes.

Nothing has changed but 25 years ago there was a law that was passed, it said housing -- affordable housing is not necessarily tax-exempt. And nobody thought the Y would eventually be taxed.

But now I take you to the Fanny Crosby Home court case and shortly after that case was decided people were saying any rent or income -- if you collect -- if I collect $8 a month for a youth membership that means I'm no longer exempt.

I'm hoping that this Legislature did not intend for their work to be misinterpreted by local tax assessors and local courts and that you won't look ten years from now and say that we didn't fix this issue when it was up before us and now Boy's Clubs and YMCA's across the state are being taxed and therefore having to go out of business.

I want to correct two issues. The speaker from Bridgeport said that our Y pays full taxes. That's not factually correct. When our building was 70 years old and needed renovation we secured low income housing tax credits and other funds to put an $11,000,000 investment in this -- in the project. We got a tax abatement; we paid $10,000 a year. That's certainly not full taxes on an $11,000,000 investment.

If, the City of Bridgeport had said, "After the investment we will want you to pay full taxes", I will tell you, we would have not afforded to do it. The operating cost would've said, "This is not a viable project" and the Y would've been closed down.

Ten years ago, when I assumed responsibility for the family shelter in Bridgeport, the City was running it. Losing $150,000 a year and they were about to be taken to court by Legal Services for the conditions in that shelter. Nobody said to me, will you take this over and by the way we're going to start charging you taxes as soon as you do it. If they had, I probably would've said, "No, you can keep the family shelter and run it at a loss."

There's a principle, that we provide services to the Government at less cost and relieve them of that burden. And in return for that, you relieve us of real estate taxes. It's a tried and true principle and while the speaker said there's no evidence of that, there is clear evidence of it just in the one example I gave.

Across the state, when the State supported housing program was created an independent analysis was done, what has happened to property tax values

around those supportive housing developments. In every instance, according to this Arthur Anderson study and The University of Pennsylvania study, the taxes in the real estate value in the immediate neighborhood of those buildings went up at a faster rate than the town they were located in.

There is empirical evidence that not-for-profits help neighborhoods. There's empirical evidence that not-for-profits serve Government needs. And I hope that the intent of this body as they say -- we see a need to clarify -- is clear because I think it is -- is very evident by what's happening down the road. Thank you.

THOMAS STEEN: Madam Chair and Representatives and Senators, I want to echo all my colleagues' responses. We too have a charter of 1881 that explicitly says that we are tax exempt and over the years as Mr. Dwyer has explained to you, has changed. But recently we were one of the five not-for-profits in Stamford to receive a letter from our local Tax Assessor asking us -- requesting from us documentation to support our continuation of a property tax exemption.

Stamford YMCA has had this type of -- has had affordable housing, has served families and children since 1881 and I don't see what has changed, over that time. We currently serve three out of every five of our youth have -- get some sort of financial assistance. We do -- we open our YMCA to teens down -- inner city teens every Saturday night at no charge. And we continue to provide affordable child care programs for many of the inner city families and kids.

If our YMCA is taxed and I personally rethink the reason we ended up on the list of five, as our YMCA is in Downtown, Stamford and when it was constructed in 1974 and Stamford was under urban redevelopment there wasn't anything in Stamford. There were huge empty lots. But now, because our YMCA is in Downtown, it's worth millions of dollars. And the Tax Assessors looked upon it as a resource.

Currently, our Board and -- our Board of Directors, our volunteers and our supporters look upon this tax challenge, if you will, to the point where if -- if property taxes are levied against our YMCA, it -- it would definitely affect the services that we provide. It would eliminate a good many of them and I think would eventually eliminate the Stamford YMCA. Thank you.

PHILIP DWYER: Timing -- timing is everything and so let me introduce Kevin Washington, the head of the Hartford YMCA.

KEVIN WASHINGTON: Thank you. Thank you and thank you for allowing me to address this body today. Sorry for my lateness, I just finished a Board meeting so I ran over. I had to make sure I had a job before I came over. (LAUGHTER)

I want to address today the bill that is contemplating taxing the YMCA's specifically around the transitional housing issues that came out as a result of the case -- out of the Bridgeport case.

The YMCA, as you -- many of my colleagues have probably said, specifically in Hartford we've been in business 151 years; we celebrated our 150th year last year. And I think we earn our tax exemption every day. I think that this particular bill does pose significant hardships -- could pose significant hardships to not only my YMCA but as you heard from our colleagues the YMCA sitting here and the many others around the state of Connecticut.

You have my testimony before you. I'll just talk a little bit about how that would affect us. We do, do residential housing in our YMCA. And we currently have about 130 residents that live there and they pay relatively low -- low dollars in comparison. But, a tax that would be passed on to us, because we have quite a particular size facility that will be taxed at pretty high rates for the City of Hartford which would significantly impact our ability to serve all the other programs and services that we provide.

As you look in our numbers, we talk about the fact that we have 2,700 young people in day care every day, in this -- in our YMCA. As part of this contingency, we are the largest provider of day care in the state of Connecticut, meaning YMCA's. And at that number 40% of those individuals receive some kind of support through the Child Care grants or through a direct reduction -- reduction in fees that we provide as an organization. So taxing us would cause us to really rethink what our capabilities would be in that particular area.

In addition to that, in the summer when we know that idle time is one of main contributors to delinquency behavior, we get 5,000 plus kids in our Day Camps in our Resident Camps across this particular community. And of that we gave away over 1,100 scholarships which valued over half a million dollars to our folks in that particular area. This tax would significantly impact our ability to deliver those services to the many the families that we serve on a regular basis.

And like me, many young folks in the Y learn to play basketball, learn to play -- or learn to swim, learn to shoot a bow and arrow and learn the opportunity to interface with a number of young people who stood for the kind of character values that we espouse as an organization. Those being caring, honesty, respect and responsibility.

And many of our younger youth programs, particularly our Youth Sports Programs, we charge little or nothing for those because we really -- our goal in those is to ensure that we provide structured activity for young people. And get them connected with good role models. This bill would seriously impact our ability to do that.

As I said earlier, our YMCA based on the works that we do -- and I'll speak for all the YMCA's in the State of Connecticut, earn their tax exemption every day, and have been earning it over and over. And have been a part of this Committee -- Committee in this state for a long time. We'd hope that you will reconsider and clearly specify that the YMCA will remain tax-exempt as relates to those issues

in this particular bill, so that we can continue to partner with you, each and every one of you, to continue to deliver the services that are so much needed in our community. Especially, in the era when the Government has some significant challenges to provide services. The YMCA will be there, has always been there, and we hope that you will reconsider and remedy this situation so that we can continue to be a partner in delivering good services to our kids, families and communities. Thanks.

SEN. DAILY: Are there questions? -- (INAUDIBLE, MICROPHONE NOT ON) Representative Belden.

REP. BELDEN: Let me just if I can, just clarify that -- that your concern really is that this bill doesn't protect YMCA's, is that correct?

PHILIP DWYER: Yes. The judge in the Fannie Crosby case had a phrase in their decision that said, "If you collect rents income then you are no longer charitable." And while that -- it might be a stretch for some of you in this panel to read that into the decision, local tax assessors have.

So -- so what will happen is that if -- that if we charge any fee for any service, then by that decision we are no longer tax-exempt. And we need clarifying language that essentially says that if you are collecting income for your charitable purpose, that in it itself does not make you not charitable.

REP. BELDEN: To go back to your original testimony, Mr. Dwyer, if I can. You indicated that, you know some of clients pay a certain amount of money for -- like if you change that definition to you expect a donation rather than a fee, do you think that would help you in your current -- I just throw that out because you know --

PHILIP DWYER: I'll allow the Attorney to say that when somebody says income, that's a pretty broad phrase and --

REP. BELDEN: You mentioned charge a fee and that's why

--

PHILIP DWYER: But its rent, income or profit is the phrase and -- and I think no matter what you called it, a local Tax Assessor would say, "Well, I don't care whether you call it a charitable donation or a membership fee or a program fee or whatever, it's income."

REP. BELDEN: Just thought I'd ask.

PHILIP DWYER: So -- so I -- I think it needs to be clarified for a variety of purposes.

SEN. DAILY: Thank you very much.

REP. BELDEN: Thank you.

PHILIP DWYER: Thank you.

SEN. DAILY: (INAUDIBLE, MICROPHONE NOT ON)

JERALD ROSS: Good afternoon ladies and gentlemen. Thank you for the opportunity to testify today. My name is Jerry Ross, I am Executive Director of ALSO-CORNERSTONE a private nonprofit agency in New Haven that provides mental health and substance abuse services.

Cornerstone, which lurked with Alcohol Services Organization two years ago, that's the ALSO in our name has for over 30 years provided group residences and rehabilitative housing for individuals with severe mental illness. Our residential settings integrate therapeutic services with a supportive living environment, helping those who have been homeless or have a behavioral health disability return to stable and productive lives.

The agency is organized as a nonprofit, nonstock Connecticut Corporation and has been classified under section 501-C-3 of the Code since its creation. And we are entirely dependant upon public support. We ended the last two fiscal years in deficit and this year again we are struggling to make ends meet.

For years we were routinely exempted from municipal property taxes. Three years ago, under our local assessor's new interpretation of Section 12-81 (7) of the Connecticut General Statutes, we were suddenly reclassified as taxable. After months of dialogue, filing of appeals and an exhaustive review of the statutes, the Corporation Counsel of the City of New Haven ultimately concluded we were indeed charitable and restored our tax exemption. I attached to my written testimony a copy of Counsel's letter.

Last year we were informed by the New Haven Department of Assessments that we were again reviewed and determined taxable. Despite extensive efforts to have this matter resolved, two weeks ago I received a foreclosure -- a foreclosure notice for failure to pay taxes on one of our properties in question. Likewise, I have attached a copy of that lawsuit.

I ask you, how can I be tax exempt one year -- or for 40 -- or for 30 years for that matter, and the next year be taxable? What changed in the law? How can a nonprofit that is wholly dependent upon public support, suddenly be expected to raise $35,000 in taxes? Some would say that we are consumer of public services and therefore need to pay for them. I would point out, we bring over 3 million dollars of state, federal and charitable dollars each year into the City of New Haven to serve individuals who live in New Haven. For these services to its citizens, the City of New Haven pays not one penny. Not one penny.

The foreclosure of this property, if it proceeds, would result in a default on our mortgage, the loss of our credit line, and a financial train wreck for the agency. We would have no choice but to close, and the 3 millions of dollars of services we provide would go away. I do not need to tell you the impact that would have on the individuals who are dependent upon those services.

Thank you and I hope you'll support S.B. 1099.

SEN. DAILY: Thank you -- Maria.

MARIA RIOS: Good evening -- good afternoon members of the Board. My name is Maria Rios and I'm a consumer of mental health and substance abuse services in Connecticut. These are services that are very important to the consumers. There are a variety of agencies and organizations throughout the state that are offering recovery to the consumers in need.

I was one of these people in need of recovery. I started by staying in the Columbus House shelter and working with Case Managers regarding my case. Through Columbus House, I was able to participate in exceptional programs like ALSO-CORNERSTONE, Incorporated. I then got involved with other programs at Fellowship, which is a day program that has group therapy and Connecticut Mental Health Centers. They helped me to accept my illness and take care of it slowly. With a lot of work and a lot of help, things got better. The most important thing and event in my life was I joined The Mayor's Homeless Commission in New Haven. I served on the Homeless Advisory Commission for four years. These are things that would not be possible without the help and support of nonprofit programs.

These programs really do help -- the needy. They save lives. They can't pay taxes when they don't have the money. I urge you as a consumer and for others like me who feel the same way I do, please do the right thing. Thank you.

REP. STILLMAN: Any questions? Anyone have any questions? Thank you.
SEN. DAILY: Thank you.

REP. STILLMAN: And next we have Ellen Scalettar, Meghan Lowney, Gian-Carl Casa and then Brent Coscia -- Coscia. I apologize for butchering that name. Ellen.

ELLEN SCALLETAR: Thank you. Good afternoon, Senator Daily, Representative Stillman, Representative Belden and members of the Committee. My name is Ellen Scalletar and I'm the Director of Advocates

On section 15 of H.B. 6624 is actually a proposal that does expand accountability. It would allow the Commissioner of Revenue Services to make public the name and address of companies that may be subject to the petroleum products gross earnings tax. We would urge the Committee to expand the concept of Section 15 and make available to the people of Connecticut, company specific tax and tax credit information for all publicly traded companies.

Today Wisconsin, Arkansas, West Virginia and Massachusetts have laws providing for various degrees of state level disclosure of corporate taxes owed and paid and corporate tax credit enjoyed. Again, this is for publicly traded corporations.

In addition, the -- the information is available with respect to the federal taxes and aggregate state taxes.

In conclusion, we would urge the Committee in considering these bills and all the bills this session, to keep in mind the 3 billion dollars of deficit mitigation actions that have already taken place and to note that for every dollar of ongoing tax increases, we have cut $1.54 in spending. So, it's really time to look very closely at the revenues and hopefully increase them. Thank you.

REP. STILLMAN: Meghan Lowney followed by Gian-Carl Casa.

MEGHAN LOWNEY: Good afternoon. Thank you Senator Daily, Representative Stillman and hello to Senator McKinney, distinguished Committee members. I am Meghan Lowney, I'm Executive Director of Operation HOPE, a nonprofit based in Fairfield which serves the Greater Bridgeport area. With tremendous support from our community, Operation HOPE provides support services to people who are homeless and at risk of homelessness so that they may increase their self-reliance and stability.

We offer individualized assistance to children and adults through our emergency shelters, soup kitchen

and food pantry, through our comprehensive counseling and outreach program geared to prevent homelessness and in our housing program.

I'm here today to testify regarding raised S.B. 1099, AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR TRANSITIONAL HOUSING. I want to thank Senator McKinney for his leadership on this issue. Specifically, on behalf on my Board I support exemption of certain housing programs such as homeless shelters as proposed.

If the purpose of the bill is to provide a property tax exemption for certain facilities that temporarily house certain social service clients, then properties included should include Operation HOPE's facility which is a service enriched housing program. I request that you expand the list of exempt housing therefore to include services like ours.

Operation HOPE's housing program includes seven scattered site properties, six of which are duplexes in Fairfield, where formally homeless people reside. Our residents are only formerly homeless because of this housing and some federal programs still recognize them as homeless.

Our main objective is to provide supportive counseling to these men, woman and children so that they may increase their self-reliance and stability. Most have a mental health or addiction disorder and all are extremely low income. While they live in our housing they work to become better parents, better employees, better citizens. They achieve personal objectives with regards to stabilizing their mental health symptoms and staying clean.

Our social workers visit them in their homes to provide individual and group counseling. Our daily living skills coach, provides training in areas such as budgeting, medication management and cooking. We help with transportation, child care expenses and food. Some of our tenants work while most are disabled.

The project is set up so that each resident holds a lease with us, an opportunity to establish increased independence. They pay 30% of their income for rent, sometimes as low as $50 a month. I know that the fact that we collect rent is what causes our housing to fall into a non-charitable category according to the current statute. In fact, we expend an average of $5,700 a month per property and take in only $403.

My Board of Directors, most of them spend their days in the for profit community, most definitely call this charity. We pay our bills by raising public and largely private funds. Our entire purpose is charitable.

Another point I'd like to emphasize is that our program, which is really part of an extended continuum of services is not just a charitable service for the most vulnerable among us. It's also a service to Fairfield and the surrounding area. And that we help stabilize people transitioning out of homelessness.

Currently, we're taxed on our property in Bridgeport and now Fairfield has started to process -- process to tax our properties there. We've received assessments of five Fairfield properties totaling almost $900,000. The tax expense would be more than $20,000. We're struggling now to raise funds and as I mentioned in my written testimony, this would be an additional burden on us. I might add that our donors are not interested in paying taxes to the Town of Fairfield on our behalf.

In conclusion, I request that you carefully construct the language of this bill so that community-based nonprofits can direct resources to those most in need.

Any questions, I'll take them. Thank you.

REP. STILLMAN: Questions anyone? Senator McKinney.

SEN. MCKINNEY: Thank you. First, I want to thank you for coming up, Meghan. The purpose of the -- the MICA Housing Projects not the operation -- not the

homeless shelter, all of the people who reside in those residences are people who were either homeless or at risk of homelessness and the purpose for -- the purpose is to have those people transition to where they can be self-sufficient in their own homes, correct?

MEGHAN LOWNEY: Yes. However long it takes our hope is that as they stay with us they improve their quality of life and really increase their skills so that at some point they are able to do things more independently, including living on their own.

SEN. MCKINNEY: What's -- what's the average stay in the success rate of transitioning people who were at one point homeless into being able to live on their own independently?

MEGHAN LOWNEY: Well, we're happy to say that in our outreach programs in general, 89% of those with us stayed in their housing last year and that is a real measure of success for people who have been formerly homeless.

In our housing programs we see a stay average which ranges from a year to three years in the housing and then some of the folks move on to their own homes. We're happy to say that 100% of the people who move -- move on from our housing, move on to a place that they consider to be better for them and more stable and more independent.

SEN. MCKINNEY: My last question is has the -- the fact that -- that the court decision may deem your housing non-charitable, has that in any way jeopardized or do you think it will jeopardize your 501-C-3 status?

MEGHAN LOWNEY: I'm not aware that it'll jeopardize the 501-C-3, but it certainly flies in the face of what 501-C-3 means. In that we are established as a charitable organization, we have not changed what we do. In fact, have extended our charity to the community in the last few years in growing to meet an increase that has absolutely spiked. We haven't changed what we're doing but it seems as though around the property -- property tax issue, the

concept of charity has changed.

SEN. MCKINNEY: Thank you. Thank you, Madam Chair.

REP. STILLMAN: Anyone else? Thank you very much.

MEGHAN LOWNEY: Thank you.

REP. STILLMAN: And our last person that's signed up is Gian-Carl Casa.

GIAN-CARL CASA: Good afternoon. Thank you, Madam Chairman, Senator Daily, members of the Committee. My name is Gian-Carl Casa, I'm Director of Legislative Services for the Connecticut Conference of Municipalities. And I'm here to speak on two bills before you today. Both of them are evidence of the difficulties that municipalities and Connecticut have with its overdependence on property taxation as the sole mechanism or the -- the major mechanism to fund the workings of local government.

CCM is here to oppose S.B. 1099, the one you've heard much testimony on today. And we urge you to instead establish an interim study commission to really examine this issue but which would involve legislatures, representatives of the nonprofits and municipal officials.

Clearly, this is a very sticky issue. The siting of these agencies is already a cause of controversy in many municipalities. Those that feel they're unfair -- that they unfairly shoulder the burden of hosting facilities that serve entire regions. The ones that are most effected are those that are already facing the sharpest edges of the budget ax.

And despite the agreement of most municipal leaders that it's desirable to have transitional housing facilities to serve people in need. And there's also a -- a need to -- to raise revenue. And we think it would be important to have a study commission to look at the complex issues such as the tax ability question and compensation for host towns. And the question of over concentration of facilities in a limited number of communities.

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We're also here to oppose H.B. 6627 AN ACT CONCERNING THE ASSESSMENT OF PERSONAL PROPERTY OF CERTAIN PUBLIC SERVICE COMPANIES. Representative Belden and CCM have had many conversations on this over the past three or four years. Our opposition is based on -- on our belief that if municipal assessment is legal and accurate, the utility company should be obliged to pay what they owe. Just as any other taxpayer is.

For virtually every other property, municipal assessors can choose among three options to come up -- to come to what they believe is the fair market value of the property. And they can use what's called a market sales approach, an income approach or a depreciated cost or original cost approach.

What the bill would do is it would eliminate two options from the assessors. Say -- say the municipalities could only use the original cost approach, which we think gives a special advantage to one class of property owners and one that we think would be inappropriate.

We ask that you take no action on either of these two bills. Well, take no action on H.B. 6627, but to amend S.B. 1099 as I've indicated. Thank you.

SEN. DAILY: Thank you very much.

REP. STILLMAN: Any questions? Oh, Representative Belden.

REP. BELDEN: Yes. Good afternoon. Do you know of any municipality right now that is essentially using a different assessing criteria for public utilities?

GIAN-CARL CASA: I don't know.

REP. BELDEN: So currently, there are all using the same general concept of appreciation, etc. or -- I can't quite understand why somebody's upset over limiting it to that standard.

GIAN-CARL CASA: You're correct, Representative Belden that traditionally and as far as I know at present

else that paid for that deal in that town. Do you think that's what we ought to -- the kind of policy we ought to be espousing in the State of Connecticut?

GIAN-CARL CASA: My guess is when municipalities are trying to entice companies to come into their community that they'd be more tempted to give tax breaks to different kinds -- to the -- to the entity, in order to get them to locate in their community. And that then, because it'd be a lower tax bill for that entity, that the -- that the impact on rate payer statewide would be lower than it would be had they not been given some sort of tax break.

REP. BELDEN: Thank you, Madam Chair.

REP. STILLMAN: Senator McKinney.

SEN. MCKINNEY: Thank you, Madam Chair. Gian-Carl, on S.B. 1099 clearly I picked up from your statement here, we're in agreement as to what the statute says. It says that housing is not exempt from property taxation. Where we disagree, and where I try to ask some questions for the attorney from Bridgeport is, what is housing? And what did the legislature mean in 1967 when it said housing is not tax-exempt?

And I guess what has troubled me so much about this discussion is that even by your statement, you know it's the position of many that homeless shelters, shelters for battered woman are housing. And I just -- I just fundamentally don't think that was ever the intent of the legislature in 1967 to say that homeless shelters, were housing. I -- I don't even know what the landscape was in '67, vis-à-vis, shelters for battered woman, there may not have been any.

So I have a fundamental disagreement with your reading and others reading that homeless shelters are housing. But having said that I have -- I have two proposals for you. Because I don't know if this legislation or anything like it has a chance of passing. But I do know that if CCM is opposing

it, it's less likely to pass than if you were supporting it.

So I would make two offers to you. One is, and I mention to the folks in Bridgeport, I'm certainly willing to sit down tomorrow and any other day for the rest of this session, to see if we can come to some conclusion as to how to do this that makes everybody, maybe not perfectly happy but can come up with the best solution.

The second thing I would ask you is if -- if there is an insistence to try to go ahead with some kind of a legislative study commission, if you would urge your municipalities, if we're going to have a study commission that would last say, 12 months and put off the issue, that you would urge your municipalities to put off their tax liens for that time period, to not foreclose on places like ALSO-CORNERSTONE.

The reason why I'm somewhat frustrated and emotional about this is because there are real agencies that are going to go out of business. Services that will not be provided unless we as a legislature, in whatever fashion address the issue. So that's why I get afraid of a study commission because that just says you know, we're not going to deal with the issue now we need to study it. We should study but lets' study it informally for the next two months or however long we're in this session.

But if you want to pursue a formal commission, I would say to you that in fairness the municipalities should hold off their tax liens and lawsuits and foreclosures for the period that commission until something is resolved.

GIAN-CARL CASA: I'm assuming we'd be happy to talk to you, at any time about any kind redrafting or middle ground. I think the difficulty here is that you -- you're not going to find any municipal officials who want to go out and tax these -- these kinds of facilities, because they're facilities and -- and organizations that provide valuable services.

But I think that you'll also find that those communities that are -- the ones who are looking to either -- looking into whether or not to tax these kinds of facilities will have already gone forward with taxing them, are those that are the most desperate for revenue and the ones that are most up against it. When it comes to -- to revenue -- raising revenue on their own -- from their own stretched residents and businesses but, also have been the victims of state budget cuts and are the biggest targets for cuts because they're the biggest recipients of State-aid.

SEN. MCKINNEY: I don't necessarily disagree with that. I guess my disagreement with that philosophical argument is that -- is that the way to come up here and protest our property tax system, the way to come up here and protest against cuts in aide to municipalities whether it's the, you know, the Mohegan Sun or other things, is not foreclose on homeless shelters.

The way to do that is not to -- to -- the fact is that our -- our large urban centers are -- have the most need for homeless shelters. And should we address that? Yes. But the way to make your point that our property tax system may be unfair is not in foreclosing on some of these agencies. I -- I think it actually makes -- just for one legislator, I think it puts municipalities in a horrible light to be seen as foreclosing on these agencies.

And the argument is because we've gone through severe economic down turns, they haven't done this in the past and now they're doing it. I -- I would hate to think that they're doing this to point out that there's -- there's an unfairness in the property tax system or unfairness in the cuts to municipal aid.

GIAN-CARL CASA: No, I'm sorry if I -- if I led you to believe that was I was trying to say. My point was that they're sort of forced by the system that we're in to tax entities that they probably would rather not -- not tax. Not that they're making a philosophical point, I don't know of any

municipality that would try to do that. But it does -- it just happen to be coincident that there are two bills -- two bills before you today for people from different -- completely different kinds of entities.

One, large nonprofit -- for profit utilities and one for small nonprofit charitable organizations. And they, like many other groups that come before this -- this Committee want out. And they want out the property tax system. And unfortunately, it's the system that cities and town are stuck with and because of the shortcomings of that system, some communities have deemed it appropriate and necessary really to -- to -- to look to tax the facilities that you're talking about in S.B. 1099.

SEN. DAILY: Thank you, Madam Chair.

REP. STILLMAN: Thank you. Anyone else? Senator Fonfara.

SEN. FONFARA: Thank you, Madam Chair. Madam Chair, I have to say that I am encouraged by Representative Belden's remarks as it related to H.B. 6627 in his -- in his questioning a minute ago and the use of the analogy of whether a -- a -- I believe it was a telephone pole in one town should be taxed differently than a telephone pole in another town. Which is precisely the issue that many of us have argued regarding the need for uniform taxing structures that relates to automobiles in this state. And I -- I think that the analogy applies there as well, Representative Belden, and I'm glad to see that we have a convert as it relates to that issue. Thank you, Sir.

Thank you, Madam Chair.

REP. STILLMAN: Thank you. Anyone else? Is there anyone else that has -- thank you Gian-Carl. Is there anyone else that has signed up and not testified? Is there anyone that would like to testify that has not signed up? Well -- except for members of this Committee. Well, that concludes the public hearing. Thank you all for much for your patience and input.

TO: Representative Andrea Stillman and members of the Finance Revenue and Bonding Committee

FROM: Kevin Washington, President/CEO YMCA of Metropolitan Hartford

RE: Senate Bill 1098 An Act Concerning a Property Tax Exemption for Transitional Housing SB1099

Thank you for giving me the opportunity to appear before this body and speak on this issue of vital concern to the YMCA and the state of Connecticut.

The YMCA has served in the towns and communities of Connecticut for over 150 years. In many communities, especially those most in need, the YMCA is the only option for children and families needing services like childcare, summer camp, after school tutoring where they can participate regardless of their ability to pay. We are able to provide these services because of our donors and our 501 C 3 tax exempt status. However, a recent court ruling by the Supreme Court in the Fannie Crosby vs the City of Bridgeport case would seriously affect our ability to serve.

The YMCA has been providing short term housing as a part of its charitable mission for over 100 years. YMCA's providing this service provide a relief to municipalities, who would have to find housing or temporary shelter for people unable to pay the full cost of a traditional hotel room.

If the provisions of this bill were enacted, YMCA's around the state would face several choices, all potentially affecting the number of children and families to be served. If taxed a YMCA:

- Would be forced to raise the cost of a room rental, impacting any people who are least able to afford this increase.
- Would have to reduce the amount of services offered.
- Would have to increase overall membership rates, again, leading people who can least afford this increase to be affected. This higher price would lead to an increase in the number of people seeking financial assistance, a burden a YMCA may not have the resources to afford.

The YMCA of Hartford has over:

- 2,600 children in child care daily with over 40% receiving aid of some type
- 5,353 children in summer camp and in FY 2002 1,167 children received subsidy worth $588,168
- 3,500 children in youth sports

The YMCA's proposal will not increase the class of tax exempt entities. It would, however, validate an over 150 year history of tax exemption for the work of the YMCA.

Thank you for your thoughtful consideration of the YMCA's position. The YMCA looks forward to working with the Legislature to meet human needs no matter where they exist in our state.

WRITTEN TESTIMONY
OF
LUDWIG SPINELLI, CEO
BRIDGEPORT COMMUNITY HEALTH CENTER, INC.
AND CHAIR HEALTH WAY BOARD OF DIRECTORS
Tuesday, March 18, 2003

Raised Bill No. 1099, An Act Concerning A Property Tax Exemption For Transitional Housing

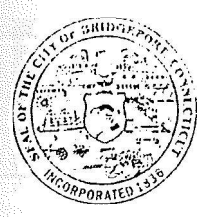
Good Morning members of the Committee on Finance Revenue and Bonding. I am in support of **Bill 1099** and the relief it will bring to nonprofits in Connecticut.

During recent years some municipalities have looked at legitimate non-profit agencies providing various services including housing, as a potential cash cow to assist the tax collector or tax assessor. Agencies that provide legitimate services to local residents should maintain their tax- free status so long as they are within their mission and are providing needed services. Municipalities are able to review the IRS Filing 990 forms and the audits of nonprofits to assess their operation.

Non-profit agencies should not be at the whim of city attorneys and tax assessors who are seeking ways to improve the local tax collection rates. Nonprofits provide a vital service to the local towns in which they operate from and they need to maintain their current tax protection. Oftentimes nonprofits are required to collect fees to offset operating cost. So long as these fees are charged equitably to all and are subsequently returned into the operation to provide care or services for those unable to pay, they should remain tax-exempt.

This bill when approved will not cost the State of Connecticut any revenue and will ensure that the level of nonprofit services being offered will continue at a time when unemployment is rising and our economy is soft. It will also ensure that all municipalities approach the matter of transitional housing in a uniform matter. No longer should nonprofits need to spend precious resources on legal fees to defend their non-profit existence that has already been approved by the Federal and State Governments.

Thank you for your attention to this important matter.



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Mayor

TESTIMONY OF JENNIFER NACEWICZ, LEGISLATIVE LIAISON FOR THE CITY OF BRIDGEPORT

TO THE

FINANCE, REVENUE AND BONDING COMMITTEE

TUESDAY, MAR. 18, 2003
RE: SB 1099

Good morning, Senator Daily and Representative Stillman, vice chairs, ranking members and members of the Finance, Revenue and Bonding Committee.

My name is Jennifer Nacewicz, Legislative Liaison for the City of Bridgeport. I am here today to discuss the negative impact of Senate Bill 1099: An Act Concerning a Property Tax Exemption for Transitional Housing.

Connecticut's cities have made great strides in recent years. Budgets have grown at a reasonable rate, tax collection rates are up and bond ratings have been steadily upgraded. However, with the dramatic cuts in state aid our cities are left with a challenging budget outlook. The intent of Senate Bill 1099 is to foster the financial burden urban areas already face by housing the majority of tax-exempt hospitals, churches, synagogues, government-owned property and non-profit organizations.

While local taxpayers are facing the fact that they will probably see their taxes increase next year, another thirty-three (33%) percent of property owners in the City of Bridgeport will again be exempt from this tax. The mill rate in Bridgeport, one of the highest in the State of Connecticut at 62.4 is 33% higher because of these exempt properties. A homeowner paying $6000 in taxes could see their bill reduce to $4000 if these properties were not tax-exempt. The total value of these exempt properties is $2 billion. While I do not want to make this into an urban vs. suburban issue, factually it is. Towns such as Fairfield, Trumbull, Easton and Monroe are not home to jails, hospitals, drug rehabilitation centers, homeless shelters, or battered women shelters. However, these very residents utilize such facilities, without cost to their towns. Not only do these facilities increase the local property tax, they increase police and fire services at an additional cost to Bridgeport.

The City of Bridgeport understands that these organizations provide basic support services to disadvantaged residents who might otherwise be requesting this assistance from the city. However, these services come at a huge cost to the local taxpayer. Just one facility adds about $50 in property tax/unit of housing in Bridgeport. The taxes in other towns do not increase at all; they do not directly subsidize tax-exempt property, only Bridgeport taxpayers do. There is no question that non-profits are beneficial, but they need to be spread out to all communities or their needs to be compensation paid by the state at least at 100% for the taking of valuable property off of the tax roles. It is fundamentally unfair to create a ghetto of the poorest and most needy in an already poor community. A PILOT program must be instituted to assist the municipality that provides these services. Legislation proposing that only Bridgeporters pay for their good intentions is not fair. The good intentions of all should not be paid for by the higher taxes of just a few.

The City of Bridgeport is home to several tax-exempt, non-profit organizations. Supporting SB 1099 will only propagate more facilities. Property owners with derelict buildings will make minor alterations to their buildings to claim tax-exempt status. Additionally, non-profit organizations gravitate to less expensive real estate markets, which are easier to acquire and maintain, making Bridgeport a magnet for more tax-exempt organizations. In a time when the State of Connecticut is telling municipalities that they have to do more with less, SB 1099 will only add to the financial burden faced by urban areas and those least able to bear the responsibility

Thank you for your time today.

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Executive Director
Meghan K. Lowney, MSW

Testimony By Meghan Lowney, MSW, Executive Director
Operation Hope of Fairfield, Inc.
before the Finance, Revenue and Bonding Committee

March 18, 2003

Good Afternoon Senator Daily, Representative Stillman and distinguished Committee members. I am Meghan Lowney, Executive Director of Operation Hope, a non-profit based in Fairfield which serves the Greater Bridgeport area. With tremendous support from the community, Operation Hope provides support services to people who are homeless and at-risk of homelessness so that they may increase their self-reliance and stability. We offer individualized assistance to children and adults through our emergency shelters, soup kitchen and food pantry, a comprehensive counseling and outreach program geared to preventing homelessness, and a housing program.

I am here today to testify regarding Raised Bill No. 1099, An Act Concerning A Property Tax Exemption for Transitional Housing. Specifically, I support exemption of certain housing programs, such as homeless shelters, as proposed. And, if the purpose of the Bill is "to provide a property tax exemption for certain facilities which temporarily house certain social service clients," then properties included in Operation Hope's housing project should be tax exempt. Thus, I request that you expand the list of exempt housing to include projects like ours.

Operation Hope's housing program includes 7 scattered-site properties, 6 of which are duplexes in Fairfield, where formerly homeless people reside. Our residents are only "formerly" homeless because of this housing, and some federal programs still recognize them as homeless. Our main objective is to provide supportive counseling to these men, women and children so that they may increase their stability and self-reliance. Most have a mental health or addiction disorder and all are extremely low-income. While they live in our housing, they work to become better parents, better employees, better citizens. They achieve personal objectives with regard to stabilizing their mental health symptoms and staying clean. Our social workers visit them in their homes to provide individual and group counseling. Our Daily Living Skills Coach provides training in areas such as budgeting, medication management, and cooking. We help with transportation, childcare expenses and food. Some of our tenants work, while most are disabled.

The project is set up where each resident holds a lease with us, an opportunity to establish increased independence. They pay 30% of their income for rent, sometimes as low as $50 per month. Now, I know that the fact that we collect rent is what causes this housing to fall in the "non-charitable" category with regard to this tax exemption. In fact, we expend an average of $5700 each

month, and take in $403. My Board of Directors, most of whom spend their days in the for-profit world call this charity! We pay our bills by raising public and private funds. Our entire purpose is charitable.

Another point I would like to emphasize is that our housing, which is a part of an extended continuum of services, is not just a charitable service for the most vulnerable among us. It is also a service to Fairfield and the surrounding area, in that we are helping stabilize people as they transition out of homelessness.

Currently we are taxed on our property in Bridgeport and now Fairfield has started the process to tax our properties. We have received assessments of five Fairfield properties totaling more than $800,000. The tax expense based on the current mill rate would be more than $20,000.

We are already struggling to raise funds to meet operating costs during a time when requests for our services has spiked. Additional housing programs are needed to help people end homelessness and find stability in their lives. The expense of taxes will take funds from our service programs and from our future efforts to end homelessness. And I might add, that our donors will not be interested in making charitable contributions to pay our tax bill.

In conclusion, I request that you carefully construct the language of this bill so that community based non-profits like Operation Hope can direct resources to those most in need.

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Bridgeport, CT 06607

Shore Area Community
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Bridgeport, CT 06605

Sound View Family YMCA
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Guilford, CT 06437

Stratford YMCA
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Stratford, CT 06615

YMCA Camp Hi Rock
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Branch Extension Sites
Camp Mt. Laurel
Crescent Apartments
Fairfield Apartments
Fairfield Child Care Center
Families-In-Transition
Hamden Program Center
PALS I, II & III Child Care Centers
Trumbull Program Center

A United Way
Member Agency

To: **Representative Andrea Stillman and Members of the Finance, Revenue and Bonding Committee**

From: **Philip J. Dwyer, President/CEO**

Re: **SB 1099 – An Act Concerning A Property Tax Exemption for Transitional Housing**

Date: **March 18, 2003**

I appreciate the members of the Finance, Revenue and Bonding Committee responding to the need to clarify the long standing definition of charitable tax exempt organizations. As you know, by tradition and practice, local, state and federal governments have long recognized the tax exempt status of 501-c-3 organizations. However, a recent "strict constructionist" decision by the CT Supreme Court, in the Fannie Crosby v. City of Bridgeport case, requires a legislative remedy.

In the past, it was assumed not-for-profits could earn rent, income and profits that are reasonably needed to carry on its charitable activities. However, since that phrase was missing from section 12-88, the CT Supreme Court took a narrow view of what constitutes a tax exempt property. Immediately following this decision, several not-for-profits received notices from local tax assessors. Instead of spending time on meeting individual and community needs, my organization, and others, are having to respond to this court decision. An immediate clarification is required to prevent wasted time and resources on this issue.

Without clarification the following are likely results:

1. The YMCAs property in urban and suburban cities and towns will be treated differently, depending on the interpretation given to this Court decision. Thus will likely result in those Y's serving urban, low income constituents being assessed real estate taxes, while suburban towns without revenue pressure will continue to view the Y as a tax exempt organization, as they have for over 150 years.

2. Increased costs, resulting from imposition of real estate taxes will result in increased deficits, since those costs can not be passed on to a largely low income service population. This will result in a cut back of services. By example, in 2002

a. The CCC YMCA delivered free, or a scholarship services to over 10,000 youth and families. We offer services to people regardless of their ability to pay. Real Estate taxes on just our Bridgeport and New Haven properties would be greater than our entire scholarship budget.

b. Over 40% of our 2,000 youth enrolled in child care was provided on a sliding scale basis, serving low income neighborhoods. With the State of Connecticut closing the Care 4 Kids program, the state needs all the sliding scale child care slots currently available. The imposition of reaql estate taxes could result in elimination of the most highly subsidized child care, which may mean a 10% or 20% reduction, i.e. 200 to 400 children who need child care services so their parents can maintain employment in Bridgeport or New Haven.

c. The CCC YMCA served 64,600 people, of which 38,700 were youth. All youth programs are operated at break even, or at a deficit. Real Estate taxes imposed on the CCC YMCA cannot be "passed on" to these programs, and even a 10% reduction of services would mean 4,000 children are denied much needed help.

For over 150 years, the YMCA has delivered charitable services to people in need. Some have been given those services for free. Others have been provided to all enrollees at less than cost and still more have been provided with individual scholarships. The CCC YMCA has collected income from our members and constituents to help defray the cost of operations. We have done so with the sole purpose of carrying out our tax exempt, charitable purposes.

We are not asking the Legislature to expand the definition of tax exempt organizations. We simply ask that you clarify a long standing interpretation, that was unduly narrowed by the CT Supreme Court decision.

If you need additional information I can be contacted at:

Philip J. Dwyer

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Testimony of Edward Davies, Executive Director, Isaiah 61:1
In support of Proposed Bill 1099
An Act Concerning A Property Tax Exempt Status for Transitional Housing
March 18, 2003

Good morning members of the Finance, Revenue and Bonding Committee. My name is Ed Davies and I serve as the Executive Director of Isaiah 61:1, Inc. in Bridgeport. With me is Attorney Margaret Slez of Westport, a former member of our Board of Directors. We are a federally and state recognized nonprofit community justice agency and have been contracting with the Department of Correction to provide residential community release programs since 1983. Today the three programs we operate comprise nearly 100% of our agency operations.

Since 1999 we have been engaged in a legal battle to prevent the City of Bridgeport from levying real estate and personal property taxes on our halfway houses. We have been blessed with the services of the dedicated and talented attorney Slez, who has generously represented us on a pro bono basis.

In May of 2002 our appeal went to trial in New Britain Superior court where we prevailed in our claim that our programs, while they provide "housing" in the literal sense, ought not be taxed. In response to our victory in this matter the City Attorney's office has appealed this decision and we are heading to the Connecticut Supreme Court in the near future. This is an arduous task, which deflects attention from the very important mission of our agency.

92% of our operational funding comes to us directly through our Department of Correction contracts. The remainder is furnished by clients paying a minimal fee-for- service, or "rent." We also have some small degree of support from private donors. If the City prevails in its appeal I will be forced into the position of having to solicit charitable support to pay tax bills. I expect that each of you would hesitate to make donations to charitable agencies, only to then have your dollars routed to local government. I know that when I give to a cause I want my donation to directly benefit the mission of the organization I support. Recent state funding reductions have already made our job significantly more difficult. Paying charitable dollars to the City would be the unpleasant icing on this bitter cake.

I truly believe that the intent of Public Act 12-81 was never to levy taxes upon transitional shelters and treatment programs. Harming nonprofits *that* provide services to those most in need does not make sense in anyone's view. This is why

the Internal Revenue Service and State of Connecticut grant tax-exempt status to charitable organizations.

I ask you today to support this very important bill. I would also ask that the language be clarified to leave no question that properties dedicated to residential treatment or rehabilitative programs shall be exempt from local taxation.

I thank you for your time and attention. Attorney Slez and I would be happy to answer any questions you may have.

TESTIMONY
STATE OF CONNECTICUT
LEGISLATIVE FINANCE, REVENUE AND BONDING COMMITTEE
TUESDAY MARCH 18, 2003

BY: THE REV. RICHARD L. SCHUSTER,
EXECUTIVE DIRECTOR, ST. LUKE'S COMMUNITY SERVICES
(dba ST. LUKE'S LIFEWORKS), STAMFORD, CONNECTICUT,
ALSO RESIDENT AND TAXPAYER STAMFORD, CT.

RE: Raised Bill No. 1099 – An Act Concerning a Property Tax Exemption for Transitional Housing.

I am appearing before you today on behalf of the over 1,200 different persons served by St. Luke's LifeWorks and its' Board of Directors. We are a not-for-profit organization with a traceable history of nearly 124 years. St. Luke's LifeWorks provides the shelter of last resort for families and individual women who become homeless in the greater Stamford area, as well as shelter of last resort for persons with AIDS and persons with psychiatric disabilities. We also provide transitional and permanent housing for some of these populations. We do this through 8 properties, which are owned by the organization, and 2 properties, which are leased.

St. Luke's LifeWorks and its Board of Directors strongly supports the proposed changes in this legislation.

As we speak, the City of Stamford is considering whether to tax our properties in conformance with the current statutes. If this were to occur the costs to the organization could exceed $250,000. This will mean that we would be forced to reduce or eliminate services to these populations.

Our provision of housing and services is not structured to result in a profit but is purposely designed to meet the needs of these populations in a way that is both healthier and more productive for the client and at a cost savings to state and local government. The short-sighted taxation of non-profits providing critical services may generate additionally tax revenue, but the money needed to provide those services by state or local government would then triple.

In a study undertaken by our Board of Directors about four years ago, we determined that if we did not provide shelter for families who were homeless, the direct cost to the city, who would have to provide this service, would be conservatively $ 900,000 per year. This did not include the capital costs associated with building or renovating suitable property for this purpose. This is for just 1 of the 10 different housing programs we offer.

We would also strongly urge that if legally possible you make the effect of this legislation retroactive to July 1, 1967. The date at which the language seemed to create this dire situation.

Please set the highest priority possible on seeing to it that this legislation is enacted.

Thank you.

Remarks of
Dr. Herbert A. Opalek
Director of Administration and Planning
The Bridgeport Rescue Mission
1088 Fairfield Avenue
Bridgeport CT 06605

Re: Raised Bill No. 1099
Before the Committee on Finance, Revenue and Bonding
March 18, 2003

The Bridgeport rescue Mission is a faith based addictions rehabilitation center that, in two separate divisions, provides men and women with a twelve-month program that is meant to transition our graduates into a productive societal life. At present there are some forty men and women in our joint program. In addition the men's division provides overnight shelter for those looking for a safe environment that nourishes their spiritual and physical needs. The women's division, in its own building, is a haven of hope for abused, addicted, and remanded women. A most important component of the Mission is its Mobile Soup Kitchen that goes out 6 nights a week to varied Bridgeport areas providing fresh hot meals, clothing, and encouragement to the children and parents of the inner city.

Chartered 10 years ago, the Bridgeport Rescue Mission operates 24 hours a day seven days a week without fail. There is no charge for our services and all of our income derives from our own fund raising efforts. We neither receive nor solicit Federal, State, or municipal funding! During the past twelve-month period we have been privileged to serve some 110,000 meals, distribute countless amounts of clothing, and graduate fourteen men and women from our program. There have been noticeable success stories [as you may see from the attached addenda].

The Mission is housed at the Former Fanny Crosby Home at 1088 Fairfield Avenue in Bridgeport. Fanny Crosby, the noted hymn writer, left money in her will for the sheltering of senior males who had no other place to live. These men were to show responsibility by paying a nominal fee to the Home for their living expenses. As far as

surviving records indicate; at no time was anyone ever discharged from the Fanny Crosby Home for failure to pay this minimal amount. In 1996 when The Bridgeport Rescue Mission took over the Fanny Crosby Home the rules were immediately changed to be in consonance with our By-Laws that there be no charges for any of our services! The City of Bridgeport, in its quest to raise monies, decided to tax not-for-profit institutions and using the Fanny Crosby Home as its loophole has assessed a lien of some $300,000 on the Bridgeport Rescue Mission property and thus, in point of fact, has put the operation of the Mission in dire jeopardy. The Bridgeport Rescue Mission has pursued all avenues of judicial remedy through the highest courts of the State and has not been granted relief of its tax burden. Short of appealing to the Supreme Court of the United States and/or coming to amicable terms with the City of Bridgeport the only remedy available to not-for-profits that face our situation is legislation such as Raised Bill No. 1099.

Think of the consequences for Bridgeport and environs if the Bridgeport Rescue Mission were to shut its doors because of this tax burden. Who would provide rehabilitation services for these men and women? Who would shelter and clothe the homeless male population that we serve? Who else in the area serves meals three times a day 24/7 without charge? Who else goes into the inner city six times a week feeding the young and old; also providing clothing and encouragement? And all at no cost! In addition The Bridgeport Rescue Mission raises a considerable amount of money that is spent in Bridgeport itself; thus, stimulating the local economy. In the next twelve-month period we can envision spending even more money in the community! Our closing would be a calamity for the city of Bridgeport!

The Bridgeport Rescue Mission strongly encourages the passage of Raised Bill No. 1099 "An Act Concerning A Property Tax Exemption For Transitional Housing". It would be impossible for cities such as Bridgeport CT to function without drug and substance abuse centers, rehabilitation facilities, shelters for the homeless and battered, as well as orphanages. Unless the General Assembly passes 1099 it will be impossible for any not-for-profit to continue to exist! It is imperative for the good of our citizenry, the welfare of those in need, and the functioning of a society true to its democratic roots that this Act be reported favorably out of this Committee.

A Life In Ruins...Rebuilt by God

000122

SB 1099

My name is Letitia. I'm 32 years old and for 15 years of my life drugs and alcohol had control of me. My addiction took me places I never thought I would go. But today I can truly say I am a miracle.

I grew up with an alcoholic father and he was a mean drunk. As a child I became very bitter and angry. I grew up in the church because of my mother. My mother was, and still is, a Christian. I'm proud to have a praying mother in my life. I believe that her prayers saved me.

I am also a survivor of domestic violence. About eight years ago I was severely beaten by someone I thought I loved. I was cut over my right eye and had severe head trauma. The doctors told my family that if I came out of it alive I would have some brain damage and I would be blind. But today I am able to see and think with a clear, sound mind. God had mercy on me. You would have thought I would have turned my life around then, but I didn't. About four years ago I was arrested once again. I had just had a miscarriage and postpartum depression set in really bad. I was angry with God for taking my baby and thought God had finally had enough of saving me. So I gave up on myself. I felt my life had no purpose. So I hung myself in the medical unit at the York Correctional Institution. But God intervened once again. He sent Officer Kelly to do another check. I had one more minute of breath and she was able to cut me down and give me CPR.

I realized on that day that God had a plan for me. So while in York Correctional Institution, I sought God out and he heard my cry. He sent me to the Bridgeport Rescue Mission through the Women's Offenders Program.

On arriving at the Mission I had a desire to change my life. It was a struggle in the beginning, but Jesus Christ wouldn't allow me to give up. I knew that I could do it. I am here, one year later a woman of integrity. I am also a manager at the Einstein Brothers Bagel Company. Through my classes at the Mission I gained confidence in myself. I have found true love and peace through Jesus Christ. "I was once bound, but now I am free. I no longer have chains holding me." With Jesus as the center of my life, I reach for the stars. I have been adopted into the Kingdom of God. There is nothing I can't do. Please know that it is because of Jesus that I live.

THE GREATER BRIDGEPORT ADOLESCENT PREGNANCY PROGRAM, INC.
200 Mill Hill Avenue, Bridgeport, CT 06610
(203) 384-3629 / Fax (203) 384-4034

Robyn Oliver
Chairman of the Board

Rudy Feudo, PhD
President/Executive Director

Testimony for the Finance, Revenue and Bonding Committee on Tuesday, March 18, 2003.

Good Morning. My name is Rudy Feudo and I am the Executive Director of the Greater Bridgeport Adolescent Pregnancy Program, Incorporated (GBAPP). I am here this morning to speak on behalf of Raised Bill 1099, An Act Concerning a Property Tax Exemption For Transitional Housing.

For the last three years, the City of Bridgeport has levied property taxes on a GBAPP sponsored initiative called the MI CASA/MY Home program. MI CASA is a licensed maternity home, one of two in Connecticut – the other is in West Hartford and does not pay any property taxes - that serves homeless pregnant teens and their children in Bridgeport and surrounding towns. Last year MI CASA served a total of 34 teen moms and their children with supportive housing, access to prenatal and postnatal care, medical care, day care, educational and job training opportunities, substance abuse counseling, and life skills. MI CASA prepares teen moms for parenthood and independent living. Many of our residents have graduated from the program and gone to college and successful independent living. MI CASA is staffed 24 hours a day, seven days a week, by full time and part-time staff including a manager, social worker, nurse, dietician, and residential counselors.

While I empathize with the plight of the City of Bridgeport, today many housing and social providers are in a budget crisis and are struggling to maintain and deliver vital services as funding dollars continue to shrink. Currently, MI CASA is operating in a deficit mode and the immediate future faces uncertainty and immense challenges. Despite the decline in funding from our funding sources, we will not turn our back on homeless pregnant teens and their babies who have no place to go except in the street or homeless shelters, or remain in abusive relationships. As a non-profit we will continue to stretch our budget and ask staff to take on more responsibilities. The alternative to second chance homes like MI CASA is not an option. As a non-profit we earn our tax exemption every day. Please provide support for all non-profits across the state and sign on this bill and let all of us know that non-profits matter.

Thank you.

Member of Health Way

Connecticut Association of Nonprofits

Testimony on Raised Bill Number 1099

AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR TRANSITIONAL HOUSING.

To The Finance, Revenue and Bonding Committee
Public Hearing Date: March 18th, 2003
Submitted by Nora Duncan

The Connecticut Association of Nonprofits (CAN) represents over 530 nonprofit organizations. There are over 11,000 nonprofits in Connecticut, employing over 156,000 people and impacting the lives of every Connecticut resident. These nonprofits are crucial to the economic, social and cultural health of our state. For this reason, CAN members support Raised Bill 1099 in an effort to fairly interpret and strengthen existing laws that provide nonprofit transitional housing services with a tax exemption.

Nonprofits operate for the public good and relieve government burden. Many services provided by nonprofits, such as hospitals, alternatives to incarceration, homeless shelters, substance abuse treatment, group homes and private schools are services that the local or state government would otherwise be responsible for providing. The long-standing tradition of tax exemption for nonprofits is the signature piece of the public/private partnership. Local government directly benefits from the service of its community nonprofits. Nonprofits need to be allowed to use all funds raised and grant payments for capital improvement, programming and related services.

Taxing nonprofits is counterproductive. Taxation has adverse effects on worthwhile corporations. Connecticut nonprofits have lost hundreds of thousands of dollars in private funding because of liens on property that they cannot pay. The ability of nonprofits to solicit funds from individual donors is greatly hampered when the donors learn funds might be used to pay taxes. *It is not until recently that some of Connecticut's largest cities and towns started taxing nonprofits providing transitional housing to our most vulnerable citizens. We are not asking the Committee to cut off a consistent stream of revenue to cities and towns.* Individuals and coalitions have been fighting the taxation, but the cost has already been high. Nonprofits have been to court and paid excessive legal fees fighting tax bills in an effort to prevent future burdens. One nonprofit has been to the Connecticut Supreme Court and another is on its way soon. As the policy of broad-based nonprofit taxation of transitional housing, *on property and personal property*, winds its way through Connecticut's cities and towns, the cost will multiply. The result is money spent on legal battles and taxes, rather than on services to the community.

The investment the state makes in a nonprofit service network will be compromised badly if this Raised Bill Number 1099 does not pass. CAN is sympathetic to the fiscal struggles of cities and towns, but does not see the cost benefit in taxing nonprofits out of business and leaving vulnerable citizens on the street. Please help preserve the partnership between the state and nonprofits in serving the people of Connecticut. Thank you for your support of Connecticut's nonprofits.

Attached you will find arguments against municipal taxation of nonprofits from the National Council of Nonprofit Associations and 2 articles from other states in situations similar to CT.

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National Council of Nonprofit Associations

National Voice • State Focus • Local Impact
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SB 1099

DRAFT

Arguments Against Municipality's Challenge to Property Tax Exemptions

- ✓ Nonprofits who cannot pay property taxes may shut down; reduce services and/or staff; or increase the cost of their services. Municipality will lose valuable community resources and may have to re-create certain services, likely at higher costs than those borne by nonprofits. The ultimate cost to taxpayers will exceed the revenue lost through tax exemptions.
- ✓ Nonprofits—great sources of employment and income tax revenue—may choose not to locate in municipalities that do not grant exemptions. This could cost the municipality more than the revenue generated through property tax exemptions.
- ✓ Hard for charities to raise philanthropic funds to pay tax bills. If nonprofits have to pay property taxes, contributions to them may decrease, as donors do not want their contributions being used to pay taxes.
- ✓ The potential legal uncertainties of the proposal will create great administrative expense for the government and nonprofits. Such money can be better spent on mission-related services.
- ✓ More can be accomplished when nonprofits and the government work together on matters of mutual interest and concern.
  - ✓ The government's challenge will generate ill will among nonprofits, at a time when it is so important for all community citizens to work together to create livable communities and feasible solutions.
- ✓ While government fiscs are tight, they cannot be balanced on the backs of nonprofits.

COMMENTARY • ANN MITCHELL SACKEY

Colorado Election Is Pivotal For All Nonprofits In The Nation

Nonprofits in Colorado are facing a huge challenge -- a challenge that could threaten the very viability of the state's nonprofit sector. On Nov. 5, Colorado's voters are being asked to decide a constitutional amendment which, if enacted, would repeal the property tax exemption for most of the state's nonprofits and religious organizations.

Money now going to programs that feed the hungry, care for the sick, solve community problems and provide opportunities for countless Coloradans could end up in the tax assessor's coffers. If this punitive measure passes; it could effectively put 10,000 Colorado religious and nonprofit organizations out of business and dramatically diminish the effectiveness of those left standing.

A lot of people believe the proposed Amendment is the first step in a systematic campaign to repeal all of Colorado's nonprofit and religious tax exemptions.

Right now, you may be saying, that's a real shame for Colorado, but I've got enough of my own problems to think about right here at home, thank you. No doubt. But I want you to know that if the backers of Amendment 11 are successful, Colorado's big challenge could very well become your big challenge.

The domino effect

Think of Colorado as the first in a long line of dominos. If this Amendment passes, I guarantee you similar initiatives will find their way to a ballot box near you.

The sponsors of these initiatives may be motivated by contempt for nonprofits or religious institutions, political ideology or just plain old misguided thinking, but the bottom line is, they will be motivated to do something similar in your state. They'll be encouraged to grab the precious dollars nonprofits stretch everyday to serve individuals.

It's true. If the Colorado vote goes badly for nonprofits you could find yourself facing a similar measure in your state. John Michael Patrick Murphy, who heads up the Colorado proposal's supporters, warned us in the July issue of *NonProfit Times*: "[The Colorado initiative] is an example when people lead, leaders will follow. Other states like Nebraska, Texas, California and New York have been calling me. Citizens are tired of being strapped because these nonprofits aren't taxed."

What you can do

The most immediate and important action you can take is to send a contribution to the committee responding to this initiative. You can send your check to: Citizen Action for Colorado Nonprofits, 4582 S. Ulster Way, Suite 407, Denver, Co. 80237.

Citizen Action was created by the Colorado Association of Nonprofit Organizations (CANPO), which is one of 34 state and regional nonprofit associations comprising the National Council of Nonprofit Associations (NCNA). Collectively our members work with us to increase understanding of the nonprofit sector and positively impact on public policy decisions such as block grants, accountability and oversight issues and challenges to nonprofit tax exemption, like the one we're facing in Colorado.

Another critical move you can make is to stay informed on this initiative and other state tax trends. Call, e-mail or write our office and we'll send you a fact sheet on the Colorado campaign and put you in touch with your own state's association of nonprofits. We'll also send you information on State Tax Trends, an NCNA publication which tracks important legislation, regulation, initiatives and court cases in all 50 states.

The time for action is now. Because if we act quickly and wisely, we can increase the odds that Colorado's big challenge stops at its borders November 5.

Ann Mitchell Sackey is executive director of the National Council of Nonprofit Associations (NCNA), an umbrella alliance comprising more than 20,000 individual nonprofits. For further information contact the NCNA at: 1001 Connecticut Avenue, NW, Suite 900, Washington, DC 20036, 202/833-5740, hm3905@handsnet.org (e-mail).

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SB1099

NONPROFITS Lobbying, implementation costs, slowing economy prompt decision to withdraw proposals

Ventura drops nonprofits tax changes

By Sarah Brouillard
Editorial intern

Gov. Jesse Ventura's proposals to impose sales taxes on Minnesota nonprofit organizations and allow cities to charge them public safety fees based on the value of their property have been scrapped.

Ventura administration officials say the measures were largely withdrawn because of concerns over implementation costs, but concede the move last month was also influenced by weeks of lobbying by nonprofit interests.

"This was being watched around the country," said Marcia Avner, public policy director at the Minnesota Council for Nonprofits, St. Paul. The plans threatened a long-standing tradition in the state and in the nation, she said. "People saw this as the beginning of the erosion of the tax-exempt status [for nonprofits]."

The proposals would have required Minnesota's 4,431 nonprofits to pay sales taxes on goods and services, including tickets for arts and cultural events, fund-raising sales over $25,000 and memberships to YMCAs, YWCAs and Jewish community centers.

Local governments also would have had the option to impose a "local option public safety fee" on nonprofits, with the amount based on property value. As a trade-off, the Governor planned to expand the range of nonprofits that could take advantage of certain sales and use tax exemptions, and expand the scope of those exemptions.

The package, said Revenue Commissioner Matt Smith, was part of Ventura's plan to make the tax system more simple and fair.

Citizens and local officials at state-sponsored meetings last year supported such a proposal, Smith said. "There's a widespread belief that taxes are more fair the more evenly and equitably they're applied," Smith said. Making nonprofits pay sales taxes as others do, he added, was one way to give the system balance.

Smith

The net effect of the new nonprofits sales tax and exemptions actually would have cost the state $11.8 million a year, officials estimated, though the public safety fees might have added up to $3.2 million to local government coffers. Facing a slowing economy and a smaller-than-anticipated surplus, officials decided to pull the proposals.

But, Smith said, public opinion also had a hand in the proposals' demise.

The Minnesota Council for Nonprofits was one of the most vocal opponents of the package. In January, when Ventura introduced his budget, the council launched a letter-writing campaign to eliminate the proposals. It also held a rally at the State Capitol in February.

The council's Avner and other nonprofit leaders criticized the governor and the revenue department for what they felt was a dipping by the state into sacrosanct funds. She said donors don't want part of their gifts skimmed for taxes. "What nonprofits provide to the community is essential," she said. "People don't want this kind of taxation so they can get their rebates."

Passing legislation that taxed nonprofits would be rare among states, said Avner Ben-Ner, a professor at the University of Minnesota's Carlson School of Management who researches nonprofit organizations.

Nonprofits in the United States, Ben-Ner said, take care of services that are customarily provided by the government in other countries. "There's a long history [in the U.S.] of providing services through voluntary action," he said. "Individuals get together and decide to [directly] provide a public good, rather than through the state." It's a tradition with which few policy-makers want to tamper.

Nonetheless, Minnesota isn't the first to propose taxing nonprofits.

In 1996, Colorado tried to strip property-tax exemptions from churches and most nonprofits in a statewide ballot initiative. Citizens voted 83 percent against the proposal. A campaign to rouse public support, similar to that in Minnesota, was headed by CitizenAction for Colorado Nonprofits, a subsidiary of the Colorado Association for Nonprofits.

Other states have varying exemptions, or may tax nonprofits but allow them to apply for a refund of those taxes, said Sheri Brady, project director for public policy at the National Council of Nonprofit Associations in Washington, D.C.

The Minnesota Center for Survey Research at the University of Minnesota found in 1997 that 88 percent of Minnesota citizens supported the continuation of nonprofits' tax-exempt status.

The results are proof, Avner said, that the government didn't do its homework.

"The whole proposal really ignored or was ignorant of ... the value citizens place on nonprofits," she said. "Once you open the door to tax nonprofits, where do you stop?"

SB 1089

000127

Connecticut Community Providers Association

a unified voice for community human service providers

March 18, 2003

To: Finance Committee Members

From: Terry Edelstein, President/CEO

Re: **S.B. 1099 AAC a Property Tax Exemption for Transitional Housing**

Please accept this testimony with regard to S.B. 1099 AAC a Property Tax Exemption for Transitional Housing.

The Connecticut Community Providers Association (CCPA) represents providers of services for children and adults with mental illness, addictions, developmental disabilities, physical disabilities and special needs throughout Connecticut. Most of our members are private nonprofit organizations and many provide residential services for people with disabilities and special needs.

We support the proposed tax exemption for transitional housing as proposed in S.B. 1099. Clarification of this exemption will greatly assist private providers as they work with their local municipalities to support people with disabilities and in need of added support in the community.

We ask that you consider amending the proposed bill to assure that *homes* for people with mental illness and people with mental retardation qualify as "housing" under the provisions of this bill.

The proposed amendment:

23 income shall not constitute a charitable purpose under this section. As

24 used in this subdivision, "housing" shall not include a transitional

25 housing facility such as an orphanage, a drug or substance abuse

26 treatment or rehabilitation facility or a shelter, **OR HOME** for **PERSONS WHO ARE**

[the] homeless,

27 mentally or physically handicapped **[persons]** or battered women.

Thank you for your consideration.

35 Cold Springs Road, Suite 522, Rocky Hill, Connecticut 06067-3165 · Tel. (860) 257-7909
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Perception Programs, Inc.

LEAVE A LEGACY CONNECTICUT

•substance abuse, offender, and AIDS prevention and housing services

March 18th, 2003

Testimony to the Finance, Revenue and Bonding Committee

Good afternoon Senator Daily, Representative Stillman and distinguished members of the Finance, Revenue and Bonding Committee.

My name is David Correll and I am the Volunteer Treasurer of the Board of Directors at Perceptions Programs, a non-profit service organization with facilities located in Willimantic, Brooklyn and Danielson Connecticut. We serve people with substance abuse, offender and HIV+ problems. Our agency was formed in 1970 and has grown to a 16-program organization with a 5.8 million dollar annual budget. We serve over 6,000 clients annually and employ over 150 people. We are funded by DMHAS, CSSD, DCF, DOC, DSS, DPH, United Way and client fees.

Beginning with the grand list of October 1, 1999 both the Town of Windham and the Town of Brooklyn have denied us property tax exempt status under Connecticut state statute 12-81 subsection (7) on properties we own in both Willimantic and Brooklyn that house some of our programs. Prior to this date we were granted tax-exempt status under the same statute. We have been informed because we charge, in the Town's words, "rent" and are no longer eligible for this status. The "rent" we charge is actually a client fee mandated by our funding agencies as part of the treatment and case management components of the programs. The money from this "rent" or "fee" is less that 5% of our budget for most programs. Currently we are paying over $35,000 in property taxes under protest. We believe that the town assessors are interpreting the state statute incorrectly and are missing the spirit and intent of the state statute, supporting non-profits in providing a service that the State or the towns would otherwise have to provide.

As a non-profit organization this places a big burden on our budget. It takes away money for program staffing and supplies and makes our already tight budget even tighter. Numerous state agencies categorize property taxes as unallowable costs, based on the assumption that a non-profit agency should not be taxed. Because of the State's current budgetary issues, even those agencies that would allow the reimbursement of property taxes will not have the funding to cover these costs.

We fully support the clarification language to state statute 12-81 as presented in raised bill no.1099, and would suggest one minor revision. As presently written, the language could be interpreted as a change in the intent of law, rather than a clarification of existing law, and might not provide relief during the current year. We request clarification to the bill's language to make it clear that this clarification takes effect for the current tax year.

Thank you for your time and consideration.

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Monroe, CT 06468

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Milford, CT 06460

New Haven
Youth Center YMCA
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New Haven, CT 06511

Ralphola Taylor
Community Center/YMCA
790 Central Avenue
Bridgeport, CT 06607

Shore Area Community
Development Corp.
387 Clinton Avenue
Bridgeport, CT 06605

Sound View Family YMCA
1919 Boston Post Road
Guilford, CT 06437

Stratford YMCA
3045 Main Street
Stratford, CT 06615

YMCA Camp Hi Rock
RD 3, Box 49
Mt. Washington, MA 01258

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A United Way
Member Agency

To: **Representative Andrea Stillman and Members of the Finance, Revenue and Bonding Committee**

From: **Philip J. Dwyer, President/CEO**

Re: **SB 1099 – An Act Concerning A Property Tax Exemption for Transitional Housing**

Date: **March 18, 2003**

I appreciate the members of the Finance, Revenue and Bonding Committee responding to the need to clarify the long standing definition of charitable tax exempt organizations. As you know, by tradition and practice, local, state and federal governments have long recognized the tax exempt status of 501-c-3 organizations. However, a recent "strict constructionist" decision by the CT Supreme Court, in the Fannie Crosby v. City of Bridgeport case, requires a legislative remedy.

In the past, it was assumed not-for-profits could earn rent, income and profits that are reasonably needed to carry on its charitable activities. However, since that phrase was missing from section 12-88, the CT Supreme Court took a narrow view of what constitutes a tax exempt property. Immediately following this decision, several not-for-profits received notices from local tax assessors. Instead of spending time on meeting individual and community needs, my organization, and others, are having to respond to this court decision. An immediate clarification is required to prevent wasted time and resources on this issue.

Without clarification the following are likely results:

1. The YMCAs property in urban and suburban cities and towns will be treated differently, depending on the interpretation given to this Court decision. Thus will likely result in those Y's serving urban, low income constituents being assessed real estate taxes, while suburban towns without revenue pressure will continue to view the Y as a tax exempt organization, as they have for over 150 years.

2. Increased costs, resulting from imposition of real estate taxes will result in increased deficits, since those costs can not be passed on to a largely low income service population. This will result in a cut back of services. By example, in 2002

a. The CCC YMCA delivered free, or a scholarship services to over 10,000 youth and families. We offer services to people regardless of their ability to pay. Real Estate taxes on just our Bridgeport and New Haven properties would be greater than our entire scholarship budget.

b. Over 40% of our 2,000 youth enrolled in child care was provided on a sliding scale basis, serving low income neighborhoods. With the State of Connecticut closing the Care 4 Kids program, the state needs all the sliding scale child care slots currently available. The imposition of reaql estate taxes could result in elimination of the most highly subsidized child care, which may mean a 10% or 20% reduction, i.e. 200 to 400 children who need child care services so their parents can maintain employment in Bridgeport or New Haven.

c. The CCC YMCA served 64,600 people, of which 38,700 were youth. All youth programs are operated at break even, or at a deficit. Real Estate taxes imposed on the CCC YMCA cannot be "passed on" to these programs, and even a 10% reduction of services would mean 4,000 children are denied much needed help.

For over 150 years, the YMCA has delivered charitable services to people in need. Some have been given those services for free. Others have been provided to all enrollees at less than cost and still more have been provided with individual scholarships. The CCC YMCA has collected income from our members and constituents to help defray the cost of operations. We have done so with the sole purpose of carrying out our tax exempt, charitable purposes.

We are not asking the Legislature to expand the definition of tax exempt organizations. We simply ask that you clarify a long standing interpretation, that was unduly narrowed by the CT Supreme Court decision.

If you need additional information I can be contacted at:

Philip J. Dwyer

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Email: pjdwyer@cccymca.org

YMCA
We build strong kids,
strong families, strong communities.

To: **Representative Andrea Stillman and Members of the Finance, Revenue and Bonding Committee**

From: **Thomas J Steen, CEO**

Re: **SB 1099 – An Act Concerning A Property Tax Exemption for Transitional Housing**

Date: **March 18, 2003**

On May 5, 1868, a handful of young men got together to organize a Young Men's Christian Association in Stamford. Over the following one hundred and thirty four years, the Stamford YMCA has served thousands of individuals, providing essential services under an exemption from taxes. This exemption, justified by our charitable purpose, was given to institutions such as ourselves because we provide essential services that the government might otherwise have to assume . A recent Connecticut Supreme Court Ruling (Cosby Memorial vs. City of Bridgeport) on Section 12-81(7) has prompted our local tax assessor to question the YMCA's property tax exemption and has requested documentation from the YMCA supporting a continuation of our property tax exemption. A lost of our current property tax exemption would drastically effect the way we provide these services by imparting a substantial financial burden that we would be hard pressed to overcome.

The Stamford YMCA has operated three different locations in Downtown Stamford over its long history and has been in its present location since 1974. The organization owes its longevity to the fact that its programs directly reflect the needs of the community it serves.

YMCA of Stamford • 909 Washington Boulevard • Stamford, Connecticut 06901 203-357-7000 • fax: 203-425-8060 www.stamfordymca.org

YMCA MISSION

The Stamford YMCA is a nonprofit community service organization that builds strong kids, strong families and a strong community. We do this by instilling, fostering and developing our values: honesty, respect, caring and responsibility.

YMCA VISION

The Stamford YMCA will be a multi-location association with financial strength, committed volunteers and a quality staff working to expand program opportunities for the youth, families and adults within the Stamford area.

A paid and volunteer staff of over three hundred provides service to more than 6,000 people, 4,000 of which are youth. **Currently, three out of every five youth served at our Y receive some sort of financial assistance.** At the center of the YMCA's culture has been a commitment to providing skill building programs and activities that help Stamford's inner city youth develop their personal values, including respect for themselves and their peers, and regard for all adults and property. Programs range from early childhood skill building and socialization, to after-school enrichment programs, swimming lessons, as well as a state licensed after school child care program. Every Saturday evening our Y opens it's facilities to the teens of Downtown Stamford, affording these young people a safe place to meet and socialize. **Many of these programs would be reduced or eliminated if the Stamford YMCA was forced to pay property tax.**

In addition, the Y operates a transitional housing program for both men and women working in the Stamford area, with 132 rooms on six floors. The majority of the almost 1,000 guests which we serve annually make less than $22,000 per year and are employed in service-related jobs such as clerical, sales, restaurant work, post office, public works, domestic, hairstyling, trucking, mechanics, and landscaping. **A property tax levied against the Y would more than certainly push the cost of this program beyond affordable, denying this valuable service to those that need it most.**

Today, the YMCA continues to address many of the same community program needs and services but we are now faced with this potentially devastating property tax payment, which if implemented, would greatly effect the way we service our community. I am here today requesting you consider a clarification of the law governing property taxes as they relate to Charitable Organization like the YMCA to ensure the continued level of service the YMCA presently provides our community. What we are proposing does not broaden the class of tax exempt entitles, it only clarifies that YMCAs, which have been tax exempt, remain tax exempt to the extent that their operations are consistent with carrying out their charitable purpose. Maintaining the status quo law will seriously jeopardize the current programs and services at the Stamford YMCA and potentially eliminate the organization completely. We would like to be here for another one-hundred and thirty-four years to do what we do best: Build strong kids, strong families and strong communities.

Thank you for your consideration and action in regards to this matter.

There is no testimony for pages 135-136.
The next page is 137.

TESTIMONY IN SUPPORT OF RAISED BILL NO. 1099: AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR TRANSITIONAL HOUSING

Tuesday March 18, 2003

Maria Rios, Consumer
ALSO-CORNERSTONE, INC.
527 Whalley Ave.
New Haven, CT 06511

My name is Maria Rios and I am a consumer of mental health and substance abuse services in Connecticut. These are services that are very important to the consumer. There are a variety of agencies and organizations throughout the state that are offering recovery to the consumers in need.

I was one of those people in need of recovery. I started by staying in the Columbus House shelter and working with case managers regarding my case. Through Columbus House, I was able to participate in some exceptional programs like ALSO-Cornerstone, Inc. I then got involved in other programs at Fellowship House, which is a day program that has group therapy, and the Connecticut Mental Health Center helped me to accept my illness and take care of it. Slowly, with a lot of work and a lot of help, things got better. The most important event in my life was when I joined The Mayor's Homeless Commission in New Haven. I served on the H.A.C. for four years. These things would not have been possible without the help and support of these nonprofits programs.

These programs help the needy. They save lives. They can't pay taxes when they don't have the money. I urge you, as a consumer, and for others like me who feel the same way I do, please do the right thing!

CONNECTICUT CONFERENCE OF MUNICIPALITIES
900 Chapel St., 9th Floor, New Haven, CT 06510-2807 • Phone (203) 498-3000 • FAX (203) 562-6314

TESTIMONY OF THE

CONNECTICUT CONFERENCE OF MUNICIPALITIES

TO THE

FINANCE, REVENUE AND BONDING COMMITTEE
March 18, 2003

Although sympathetic to its intentions, CCM opposes SB 1099, **"AAC A Property Tax Exemption for Transitional Housing."**

We urge you to instead establish an interim study commission to examine this issue, involving legislators, representatives of non-profits and municipal officials. This tax issue is more complicated than it appears and one that is not easily addressed through legislation.

This bill, which arises because of a recent CT Supreme Court decision, would create a new property tax exemption for (a) orphanages, (b) drug or substance-abuse rehabilitation facilities, (c) shelters for the homeless people, mentally or physically handicapped people or battered women.

These types of establishments clearly provide important services to Connecticut residents, particularly in urban areas.

Background

State statutes provide a property tax exemption for most of types of charitable providers, other than housing [CGS 12-81(7)]. In 2002 the state Supreme Court upheld a lower court ruling (*Fanny May Crosby Memorial, Inc. vs. City of Bridgeport*) that such organizations are tax-exempt as long as they use the property exclusively for "charitable purposes." The Crosby organization had been renting out rooms to low - and moderate - income people.

The Court ruled that for a property to be tax exempt it must (1) belong to or be held in a trust for an organization exempt from taxation" under CGS 122-81, (2) be held for one of the purposes stated in the list of exemptions under CGS 12-81, and (3) *"it must produce no rent, profits or income."*

This bill would overturn the court's careful decision and instead would grant a tax exemption at a time when Connecticut's municipalities -- especially the distressed municipalities in which the facilities tend to be congregated -- can least afford it.

recycled paper

Municipal concerns

The siting of these agencies is already a cause for controversy in many municipalities that feel they unfairly shoulder the burden of hosting facilities that serve entire regions.

The communities that would be most affected are those that are already facing the sharpest edges of the budget ax.

Further, there is a technical problem in the bill: it is possible that the definition of 'transitional housing' in the bill is drafted in such a way that for-profit entities could gain a property tax exemption.

CCM and municipal leaders agree that it is desirable to have transitional housing facilities that serve people in need. We recognize the difficulty facing the Committee in trying to find ways to help charities cope with their own precarious revenue situations while avoiding the revenue impacts on a handful of communities that already have an over-concentration of social-services agencies. But this is not the time to rush to grant a blanket exemption to certain facilities when case law has been carefully crafted to be responsive to the difference between the profit and non-profit functions of a given entity.

CCM urges you to delete the language in the bill and instead establish a study commission to examine the many complex and important issues for municipalities and charities – for instance taxability, compensation for host towns and the over - concentration of facilities in a relatively small number of places.

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For more information, please contact Gian-Carl Casa or Jim Finley at (203) 498-3000.

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TESTIMONY IN SUPPORT OF RAISED BILL NO. 1099: AN ACT CONCERNING A PROPERTY TAX EXEMPTION FOR TRANSITIONAL HOUSING

Tuesday March 18, 2003

Jerald P. Ross
Executive Director
ALSO-CORNERSTONE, INC.
527 Whalley Ave.
New Haven, CT 06511

Ladies and Gentlemen:

My name is Jerald Ross and I am Executive Director of ALSO-CORNERSTONE, INC., a private nonprofit agency in New Haven that provides mental health and substance abuse services. Cornerstone, which merged with Alcohol Services Organization two years ago, has for over 30 years provided group residences and rehabilitative housing for individuals with severe mental illness. Our residential settings integrate therapeutic services with a supportive living environment, helping those who have been homeless or have a behavioral health disability return to stable and productive lives. The agency is organized as a nonprofit, nonstock CT corporation, has been classified under Section 501 (c) (3) of the Code since its creation, and is entirely dependent upon public support. We ended the last two fiscal years with a deficit and this year are again struggling to make ends meet.

For years we were routinely exempted from municipal property taxes. Three years ago, under our local assessors "new" interpretation of Section 12-81 (7) of the CGS, we were suddenly reclassified as taxable. After months of dialogue, filing of

appeals, and an exhaustive review of the statutes, the Corporation Counsel of the City of New Haven ultimately concluded we were indeed charitable and restored our tax exemption. I have attached for your information a copy of counsel's letter. Last year, we were informed by the New Haven Department of Assessments that they had again reviewed our documentation and determined were taxable once more! Despite extensive efforts to have this matter resolved, two weeks ago I received a foreclosure notice for failure to pay taxes on one of the properties in question. I likewise have attached to my testimony a copy of that notice.

I ask you, how can I be tax exempt one year, or for 30 years, and the next year be taxable? What changed in the law? How can a nonprofit that is wholly dependent upon public support, suddenly be expected to raise $35,000 a year in taxes? Some would say we are a consumer of public services and therefore need to pay for them. I would point out we bring over 3 million dollars of state, federal, and charitable dollars each year into the City of New Haven to serve individuals who live in New Haven. For these services to its citizens, the city pays not one penny. Not one penny.

The foreclosure of this property, if it proceeds, would result in a default on our mortgage, the loss of our credit line, and a financial trainwreck for the agency. We would have no choice but to close, and the 3 millions of dollars of services we provide would go away. I do not need to tell you the impact that would have on the individuals who are dependent upon those services for their very survival. Nor do I need to describe the impact on the city that would set off this chain of events to collect taxes on a

nonprofit that has no ability to pay. This unfortunate and dangerous situation is possible because of the confusion generated by, and the arbitrary interpretation permitted, under the language of CGS 12-81-7. Proposed Bill No. 1099 will correct this situation. I urge you to support it.

Thank you.

000143

JAN 6 2000

CITY OF NEW HAV_N

DEPARTMENT OF ASSESSMENTS
165 Church Street
New Haven, CT 06510
(203) 946-4800

John DeStefano Jr.
Mayor

Bill O'Brien, MAI, CCMA
Acting City Assessor

Biagio A. Fronte, CCMA-II
Deputy Assessor

To: Mr. Jerry Ross
Executive Director
Cornerstone, Inc.
566 Whalley Avenue, Suite 9
New Haven, CT 06510

Re: 127-129 Pendleton Street - 352 1128 02600
98 Park Street – 279 0201 11vv
104 Park Street – 279 0201 01000

December 29, 1999

SB1099

Mr. Ross:

The Department of Assessments, together with the City of New Haven Office of the Corporation Counsel, has reviewed pertinent data relevant to your request for consideration of Exempt Property Status. I am pleased to inform you that after careful consideration of all supporting evidence and documentation, the Department of Assessments is granting your request for Exempt Property Status for Exempt property status for property located at 127-129 Pendleton Avenue for the Grand List effective October 1, 1999.

Further, we are also granting Exempt status for properties located at 98 Park Street and 104 Park Street for the Grand List effective October 1, 1998.

Please be advised that we have made the appropriate corrections for the Park Street properties in accordance with Section 12-60 of the Connecticut General Statutes. These corrections have been forwarded to the City of New Haven Office of the Tax Collector in order that any accounts may be reconciled accordingly. Photocopies of the technical corrections are enclosed with this communication.

This communication may serve as your formal notification of Assessment Department granting of Exempt status as described above. As with all property in this category, personal or real, filing applications are done on a quadrennial basis; review of Exempt status is done on an annual basis.

If you have any questions, please call anytime.

Respectfully,

Bill O'Brien, MAI, CCMA
Acting City Assessor

00-0144 SB1099

S_MMONS - CIVIL

(Except Family A ti--s)

JD-CV-1 Rev. 1-2000
C.G.S. § 51-346, 51-347, 51-349, 51-350, 52-45a, 52-48, 52-259, P.B. Secs 3-1 thru 3-21, 8-1

STATE OF CONNECT CU
S''PERI^^ COURT
www.jud.state.ct.us

INSTRUCTIONS

1. Type or print legibly: sign original summons and conform all copies of the summons
2. Prepare or photocopy conformed summons for each defendant.
3. Attach the original summons to the original complaint, and attach a copy of the summons to each copy of the complaint. Also, if there are more than 2 plaintiffs or 4 defendants prepare form JD-CV-2 and attach it to the original and all copies of the complaint.
4. After service has been made by a proper officer, file original papers and officer's return with the clerk of court.
5. The party recognized to pay costs must appear personally before the authority taking the recognizance.
6. Do not use this form for actions in which an attachment, garnishment or replevy is being sought. See Practice Book Section 8-1 for other exceptions.

"X" O FOLLOWING:
Amount, legal interest or property in demand, exclusive of interest and costs is:
☐ less than $2,500
☒ $2,500 through $14,999.99
☐ $15,000 or more
("X" if applicable)
☒ Claiming other relief in addition to or in lieu of money or damages.

TO: Any proper officer; BY AUTHORITY OF THE STATE OF CONNECTICUT, you are hereby commanded to make due and legal service of this Summons and attached Complaint.

RETURN DATE (Mo., day, yr.) (Must be a Tuesday) 3-25-03

☒ JUDICIAL DISTRICT ☐ HOUSING SESSION ☐ G.A. NO. ____
AT (Town in which writ is returnable) (C.G.S. 51-346, 51-349) NEWHAVEN
CASE TYPE (See JD-CV-1c) Major P Minor 00
ADDRESS OF COURT CLERK WHERE WRIT AND OTHER PAPERS SHALL BE FILED (No., street, town and zip code) (C.G.S. 51-346, 51-350)
235 CHURCH STREET, NEW HAVEN, CT 06510
TELEPHONE NO. (with area code) 203-503-6800

PARTIES	NAME AND ADDRESS OF EACH PARTY (No., street, town and zip code) — NOTE: Individuals' Names: Last, First, Middle Initial — ☒ Form JD-CV-2 attached	PTY NO.
FIRST NAMED PLAINTIFF	CITY OF NEW HAVEN 165 CHURCH STREET, NEW HAVEN, CT	01
Additional Plaintiff		02
FIRST NAMED DEFENDANT	CORNERSTONE RESIDENCES, INC. C/O ROBERT F. COHN, AGENT FOR SERVICE, 582 HAWKINS ROAD, ORANGE, CT	50
Additional Defendant	WATER POLLUTION CONTROL AUTHORITY OF THE CITY OF NEW HAVEN 129 CHURCH STREET, NEW HAVEN, CT	51
Additional Defendant	SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY 90 SARGENT DRIVE, NEW HAVEN, CT	52
Additional Defendant	STATE OF CONNECTICUT, DEPARTMENT OF MENTAL HEALTH C/O ATTORNEY GENERAL, AGENT FOR SERVICE, 55 ELM STREET, HARTFORD, CT	53

NOTICE TO EACH DEFENDANT

1. YOU ARE BEING SUED.
2. This paper is a Summons in a lawsuit.
3. The Complaint attached to these papers states the claims that each Plaintiff is making against you in this lawsuit.
4. To respond to this Summons, or to be informed of further proceedings, you or your attorney must file a form called an "Appearance" with the Clerk of the above-named Court at the above Court address on or before the second day after the above Return Date.
5. If you or your attorney do not file a written "Appearance" form on time, a judgment may be entered against you by default.
6. The "Appearance" form may be obtained at the above Court address.
7. If you believe that you have insurance that may cover the claim that is being made against you in this lawsuit, you should immediately take the Summons and Complaint to your insurance representative.
8. If you have questions about the Summons and Complaint, you should consult an attorney promptly. The Clerk of Court is not permitted to give advice on legal questions.

DATE 2-18-03 | SIGNED (Sign and "X" proper box) ☒ Comm. of Superior Court ☐ Assistant Clerk | TYPE IN NAME OF PERSON SIGNING AT LEFT ALFRFO J. ONORATO

FOR THE PLAINTIFF(S) PLEASE ENTER THE APPEARANCE OF:

NAME AND ADDRESS OF ATTORNEY, LAW FIRM OR PLAINTIFF IF PRO SE (No., street, town and zip code): ALFRED J. ONORATO, ESQ., 389 ORANGE STREET, NEW HAVEN, CT 06511
TELEPHONE NUMBER 203-787-5797
JURIS NO. (If atty. or law firm) 44615

NAME AND ADDRESS OF PERSON RECOGNIZED TO PROSECUTE IN THE AMOUNT OF $250 (No., street, town and zip code): JUNE ONORATO, 389 ORANGE STREET, NEW HAVEN, CT 06511
SIGNATURE OF PLAINTIFF IF PRO SE

# PLFS.	# DEFS.	# CNTS	SIGNED (Official taking acknowledgment; "X" proper box)	☒ Comm. of Superior Court ☐ Assistant Clerk
1	5	1		

For Court Use Only
FILE DATE

IF THIS SUMMONS IS SIGNED BY A CLERK:
a. Th igning h been d ne so that the Plaintiff(s) will not be denied access to the courts.
b. It is the responsibility of the Plaintiff(s) to see that service is made in the manner provided by law.
c. Th Cl rk is n t p rmitted t giv any l gal advic in c nn ct n with any lawsuit.
d. The Clerk signing this Summons at the request of the Plaintiff(s) is not responsible in any way for any errors or omissions in the Su... ons, any allegations contained in the Complaint, or the service thereof.

A TRUE COPY ATTEST:
T. JERRY JULIANO
STATE MARSHAL
NEW HAVEN COUNTY
AN INDIFFERENT PERSON

I hereby certify I have read and understand the above. | SIGNED (Pro Se Plaintiff) | DATE SIGNED | DOCKET NO