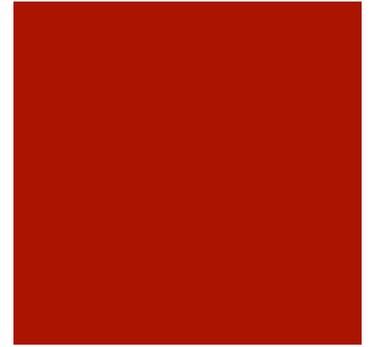


Nonprofit Tax Exemption Public Forum

May 21, 2018 Otis Library

Co-Hosts

- Southeastern CT Cultural Coalition
- The Alliance
- Community Foundation of Eastern CT



Speakers

- Eric J. Garofano, Esq., Conway, Londregan, Sheehan and Monaco, P.C.
- Mark Shipman, Esq., Shipman, Shaiken & Schwefel, LLC
- Gian-Carl Casa, President & CEO, The Alliance
- Ben Shaiken, Manager of Advocacy & Public Policy, The Alliance
- Wendy Bury, Executive Director, Southeastern CT Cultural Coalition



Origin of Forum

- City of Norwich
- 2017 Quadrennial Filing (M-3)
- 3 dozen nonprofits denied tax exemption



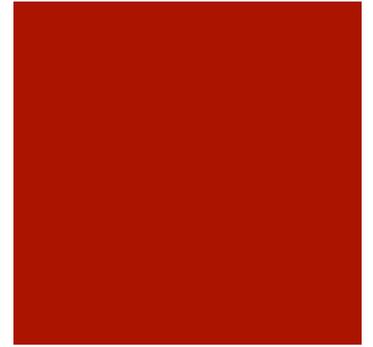
Overview of Issue

- Gian-Carl Casa, President & CEO, The Alliance

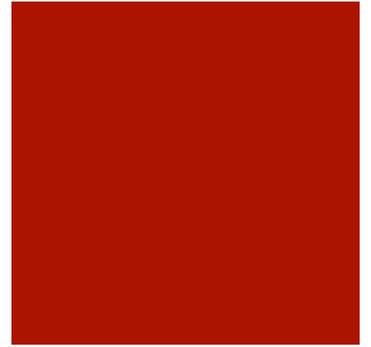


Statewide Perspective

- Mark Shipman, Esq., Shaiken & Schwefel, LLC

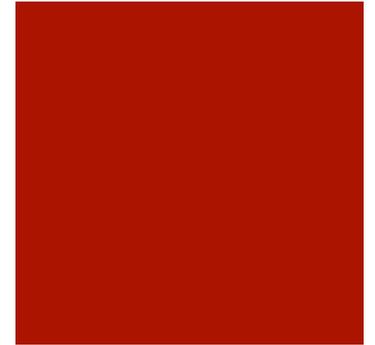


Statute Overview



St. Joseph's Living Center vs. Town of Windham

- Eric Garofano, Esq., Conway, Londregan, Sheehan and Monaco, LLC



St. Joseph's Living Center v. Windam

290 Conn. 695 (2009)

- St. Joseph's application for exemption was denied.
- Supreme Court adopted broad view of exemptions, but burden is still on party claim exemptions.
- Fact intensive inquiry into three factors in determining exception
 - (1) (most important factor) organized to carry out exclusively the purpose for which it is claiming an exemption;
 - (2) the entity is not self-supporting; and
 - (3) whether an organization's activities serve to relieve a burden on the state.

Organized exclusively for a charitable purpose



FACTOR #1.

- For what purpose was the corporation organized?
 - Look at corporate documents
- Is that purpose “charitable”?
- General Statute § 12-88 allows for apportioning taxes between the parts of the property used for charitable purposes and parts used for noncharitable activities
 - But the facility was not so divided in *St. Josephs*

Not Self-Supporting



FACTOR #2

- Charitable organization needs some private charitable support; must seek out and receive such support.
- Do not need to lose money to be a charity.
- What the gain is used for is the relevant inquiry.
- A charity can take in surplus revenue, but it needs to use the money for its charitable purpose.
- Look to the overall nature of the institution, as opposed to its specific activities to determine its charitable nature.

Activity Relieves a State Burden



FACTOR #3

- Furnishing services to the elderly who cannot afford such services is charitable despite State and federal funding because it is deficient to cover all expenses
- Need to show that it relieves its patients from disease, suffering or constraint
- The aged in need of medical care of legitimate objects of charity, **THEREFORE**, the aged not in need of medical care would not be an object of charity

FIVE CRITERIA



1. Review of the purpose of organization and if it is charitable, review of sources of income (cannot be self-sustaining), and review of organization's ability to alleviate the state of a burden. Organization must be organized **exclusively** for charitable purposes and must be intended to function with aid from some private charitable support and must seek out and receive such financial support.
2. Review that the property is used exclusively for the purposes intended. In general, most towns/cities allow for partial determinations in which a portion of property is taxable and portion is exempt. CGS 12-88 allows for partial exemptions.
3. Review of use of property to determine that it is being used exclusively for intended purposes. Exempt org may rent/lease to another exempt org and property remains exempt. Exempt org may rent/lease to a for profit and property is taxable.
4. No subsidized housing is exempt.
5. No low-income housing is exempt.

Sample Information & Documentation to Provide



A. 501(c) or 501(d) letter of exemption

B. Income/Expense Statements and Asset/Liabilities Statements

C. A copy of the corporation's bylaws, minutes and its mission statement regarding the purpose of the corporation

D. Form 990s and a 990-T

E. Corporation's brochures, advertising, and promotions

Other Case Studies

- Shipman and Garofano



Town by Town At-A-Glance

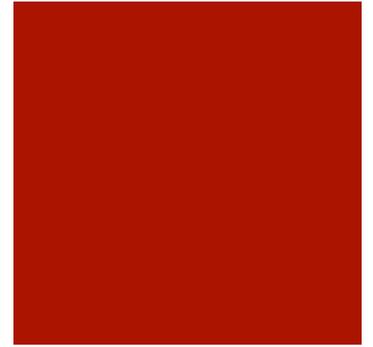


In general,

- Notifications are sent to nonprofits
- Outreach, clarifications & additional info sought
- Ability to pay \$35 and file late
- If denied, may file with board of assessment appeals
- If denied appeal, only recourse is legal action

Policy Update

- Ben Shaiken, Manager of Advocacy & Public Policy, The Alliance



Future Legislative Actions

- Gian-Carl Casa, President & CEO, The Alliance



Q & A

- Information, resources, ppt are available at:

www.CultureSECT.org

Resources Tab, Nonprofit Property Tax Exemption

