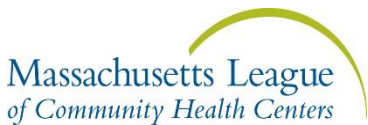




The Alliance of Massachusetts YMCAs



The leading voice for hospitals.



July 19, 2016

Dear Conferees:

Thank you for your historic support of the nonprofit sector in Massachusetts.

Our organizations write to you in opposition to Section 127 of House Bill 4483, *An Act relative to job creation, workforce development and infrastructure investment*. Language in this section would force nonprofit, tax-exempt charitable organizations to pay property taxes. We urge you to omit this section from the final bill, as it would both directly contradict already existing state and federal laws and shatter the social compact that the nonprofit sector and government have worked for so long to build.

The undersigned 17 associations represent nonprofit organizations in the Commonwealth that oppose Section 127 and any other attempts to force tax-exempt nonprofit organizations to pay property taxes. This section would cause irreparable harm to the nonprofit community – it would significantly impede the operations of nonprofits, harm their fiscal solvency and threaten access to essential programs for residents across the state.

This section would clearly have a negative impact on Massachusetts nonprofits, yet it never received a public hearing nor has it been vetted in any manner. If included in the final bill, we feel it would directly endanger access to the wide range of services provided by our collective member organizations.

Nonprofit organizations, as you know, are classified as charitable, tax-exempt nonprofit organizations under state law (M.G.L. Chapter 59, Section 5, Clause 3) and under federal law (section 501(c)(3) of the Internal Revenue Code). These organizations, therefore, receive exemptions from paying local property taxes. Section 127 directly violates these laws, stating that tax-exempt nonprofit organizations “shall pay property taxes on the assessed value of said property for a period of 4 years after the purchase...”

**We urge you to omit Section 127 from the final conference bill for the following reasons:**

- 1. *Nonprofits are tax-exempt entities.*** Our nation and our communities have a long-established compact that nonprofits will serve our residents in our communities and contribute to the public good without regard to personal benefit. The trade-off is that these organizations are exempt from the property tax.
- 2. *Unclear funding mechanism for tax payments.*** This section does not specify how nonprofits should make these tax payments. In some nonprofit subsectors, such as the human services sector, the largest funder of community-based nonprofits is the Commonwealth of Massachusetts itself. Would these nonprofits, which are tax-exempt under state and federal law and have fixed state contracts to provide services, receive a reimbursement from the Commonwealth for making local property tax payments?
- 3. *Foundations and other grant-making organizations may consider making tax payments a violation of donor intent.*** Many nonprofit organizations do private fundraising to diversify their revenue streams and attempt to generate additional dollars to cover operating expenses. Expecting nonprofits to engage in private fundraising to pay property taxes – from which they are exempt – is a violation of donor intent and would most likely distribute funds in a way incongruous with the donors’ desires.

While nonprofits don’t pay property taxes, the impact they make on our communities is immeasurable. For example, the nonprofit sector had nearly 530,000 jobs in 2015 that produced well over \$30 billion in wages for employees. Nonprofit jobs in Massachusetts account for 17 percent of the state’s workforce, making the Commonwealth’s nonprofit sector the sixth largest in the nation. And while many employers lost jobs during the Great Recession, the Massachusetts nonprofit sector actually added positions.

In closing, **we again urge you to omit Section 127 from the final conference bill.** The section seeks to force these community-based nonprofit organizations to make tax payments when they already provide so much more to cities and towns through their social missions and their economic impact. While this section seeks to increase revenue for cities and towns, it could have the adverse effect of allowing nonprofits to serve fewer residents living in the communities in which they are located.

We hope the Conference Committee agrees that the social and economic value provided by community-based nonprofit organizations far outweighs any potential benefit municipalities would gain through demanding a tax payment and shattering the social compact for which we have worked so long to build.

Sincerely,



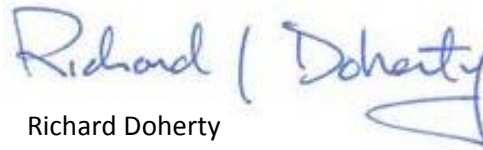
Gary Blumenthal  
President/CEO  
Association of Developmental Disabilities  
Providers (ADDP)



Brenda J. Clement  
Executive Director  
Citizens Housing and Planning Association  
(CHAPA)



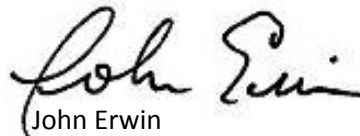
Vicker V. DiGravio III  
President/CEO  
Association for Behavioral Healthcare  
(ABH)



Richard Doherty  
President  
Association of Independent Colleges and  
Universities in Massachusetts (AICUM)



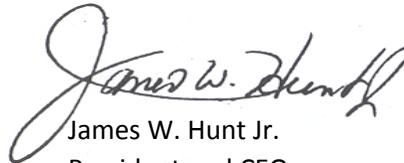
Peter R. Doliber  
Executive Director  
Alliance of Massachusetts YMCAs



John Erwin  
Executive Director  
Conference of Boston Teaching Hospitals  
(COBTH)



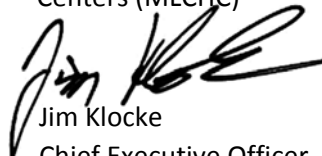
Jim Goodwin  
President and CEO  
Center for Human Development



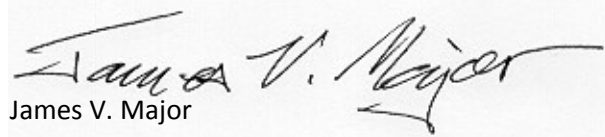
James W. Hunt Jr.  
President and CEO  
Massachusetts League of Community Health  
Centers (MLCHC)



Patricia Kelleher  
Executive Director  
Home Care Alliance of Massachusetts



Jim Klocke  
Chief Executive Officer  
Massachusetts Nonprofit Network



James V. Major  
Executive Director  
Massachusetts Association of 766 Approved Private  
Schools (maaps)



Christine McMichael  
Executive Director  
Hospice & Palliative Care Federation of  
Massachusetts (HPCFM)



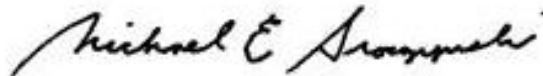
Marci Sindell  
Chief Strategy Officer and Senior VP, External Affairs  
Atrius Health



Steve Walsh  
President and CEO  
Massachusetts Council of Community Hospitals



Michael Caljouw  
Vice President, Government and Regulatory Affairs  
Blue Cross Blue Shield of Massachusetts



Michael E. Sroczynski  
Vice President, Government Advocacy  
Massachusetts Hospital Association



Michael Weekes  
President/CEO  
Providers' Council