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June 13,2017

The Honorable Michael Brady
Chairman, Joint Committee on Revenue
State House, Room 519
Boston, MA 02133

The Honorable Jay Kaufman
Chairman, Joint Committee on Revenue
State House, Room 236
Boston, MA 02133

Dear Chairmen Brady and Kaufman:

On behalf of the Conference of Boston Teaching Hospitals (COBTH) I am writing to voice our strong opposition to **HB2594**, "An relative to the sale of tax-exempt property sold by religious and charitable organizations."

HB2594 would allow municipalities the right of first refusal over the sale or conversion of tax-exempt property to taxable residential, industrial or commercial use. Such right could adversely impact the ability of non-profits and charitable organizations to dispose of or convert the tax-exempt status of its property in a fair and timely manner.

While non-profits and charitable organizations do not often sell or convert their tax-exempt property, when they do it is often to improve the organization's financial status or in furtherance of its charitable mission. For some non-profits the sale or conversion of tax-exempt property may include expansion or enhancement of services, partnerships with commercial research organizations, or investments to improve the delivery of care to local residents.

The delay and uncertainty **HB2594** would instill into the conversion process could potentially chill developments which would not only benefit the non-profit organization but also the local municipality. Furthermore, protections and procedures already exist under state and federal law to regulate and review conversions of a non-profit to a for-profit. COBTH respectfully urges the committee to reject **HB2594** for the negative impact it would have.

If enacted, H2594 would:

- treat private, nonprofit organizations unlike any other business sector of the Massachusetts economy by unilaterally changing its property rights

- adversely impacts a nonprofit's ability to appropriately dispose of property assets in a fair and timely fashion
- result in an immediate diminution of the value of any property owned by a nonprofit organization because of the uncertainty, delays, and added costs it would introduce for any buyer interested in a potential real estate transaction
- have a chilling effect on economic development projects at a time when we see so many innovative companies seeking to partner with the Commonwealth's supercluster of nonprofit medical and academic research facilities
- allow a municipality to take property owned by a nonprofit solely as a result of the organization's desire to change a use, with compensation determined only by appraisals that are often unreliable for determining the value of a special purpose institutional facility
- create uncertainty as to whether a nonprofit would be able to secure the financing necessary to complete a real estate transaction

H2594 ignores the fact that existing state and federal law already provide for the review and regulation of conversions of non-profit to for-profit. Additionally, the Attorney General's Office has the authority to review the transactions and other activities undertaken by nonprofits

Massachusetts is rightly known for its innovation economy, and new and expanding companies from around the globe are looking for ways to partner with our hospitals and universities. We should be enacting policies that encourage such collaborative efforts and partnerships, rather than introducing uncertainty and delays. Enactment of H2594 would run counter to those efforts and should be rejected.

Thank you for your consideration and please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "John Erwin". The signature is written in a cursive, flowing style.

John Erwin
Executive Director