

HOUSE-APPROVED TAX VIOLATES "SOCIAL COMPACT," MASS. NON-PROFITS SAY

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JULY 20, 2016.....Larger non-profits in Massachusetts are urging lawmakers to reject a House-approved measure to force their tax-exempt charitable organizations to pay property taxes, a directive they say would "shatter the social compact that the nonprofit sector and government have worked for so long to build."

Leaders from 17 organizations with health care, housing, human services and education missions wrote a letter Monday to economic development bill negotiators asking them to reject a section of a House bill (H 4483) that they claim 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," the officials wrote in a letter obtained by the News Service. "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," they added, saying the section "directly violates" state and federal laws governing tax exemptions for non-profit organizations.

While non-profits tout their major role in local economies and vast community benefits, supporters of taxes on non-profits have argued over the years that cities and towns that host non-profits need to supplement their property tax bases with payments from non-profits in order to ensure adequate local government programs and services.

The section that has drawn opposition states that any charitable non-profit organization or educational institution exempt from the payment of property taxes that purchases property that was subject to taxation under state laws governing the assessment of local taxes at the time of the purchase, "shall pay property taxes on the assessed value of said property for a period of 4 years after the purchase."

"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," the officials wrote.

The letter was signed by the leaders of the Association of Developmental Disabilities, Citizens Housing and Planning Association, the Association for Behavioral Healthcare, the Association of Independent Colleges and Universities in Massachusetts, the Alliance of Massachusetts YMCAs, the **Conference of Boston Teaching Hospitals**, the Center for Human Development, the Massachusetts League of Community Health Centers, the Home Care Alliance of Massachusetts, the Massachusetts Nonprofit Network, the Massachusetts Association of 766 Approved Private Schools, the Hospice & Palliative Care Federation of Massachusetts, Atrius Health, the Massachusetts Hospital Association, the Massachusetts Council of Community Hospitals, the Providers' Council, and Blue Cross Blue Shield of Massachusetts.

Non-profit officials in Massachusetts say the sector was responsible for 530,000 jobs in 2015 that produced more \$30 billion in wages for employees and accounted for 17 percent of the state's workforce.

The six-member conference committee charged with reconciling House and Senate economic development bills (S 2435 and H 4483) that were approved this month met for the first time Wednesday and immediately voted to close their meetings. The panel is expected to agree on a bill soon since formal sessions are set to close on July 31.

Rep. Joseph Wagner is the lead House conferee. Sen. Eileen Donoghue is heading up the Senate team. The other conferees are Sens. Karen Spilka and Vinny deMacedo and Reps. Brian Dempsey and James Kelcourse.

The Massachusetts Hospital Association over the weekend flagged the tax in their weekly newsletter, saying non-profit entities had been "thrown for a bit of a loop" recently when the House added the measure to its economic development bill during floor deliberations.

The association said the House language was stripped from the bill before the Senate put its bill up for debate, and a Senate amendment reinserting the language was withdrawn.

According to the association, hospitals engage with host communities over payments in lieu of taxes while also providing other community benefits. In fiscal 2015, Massachusetts hospitals provided more than \$577 million in community benefits programs, the association said, including free cancer screenings, nutrition programs, mental health services, youth programs, and support for health and social services.

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