



Washington Snapshot

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Nonprofit and Foundation Property Tax Exemptions Under Review

While decisions at the federal level are causing [states to revise their income and sales taxes](#), numerous bills are also pending in legislatures across the country to revise or undermine the exemption from property taxes that foundations and charitable nonprofits receive in all 50 states. A very troubling bill introduced in [Montana](#) last week seeks to delay for ten years the effective date of any newly recognized property tax exemption, thereby forcing a nonprofit or foundation purchasing property in the state, or a new nonprofit startup, to pay property taxes for a decade. The [Montana Nonprofit Association](#) is actively opposing that measure, as well as a bill that would revoke the property tax exemptions of [nonprofits and foundations that pay executives](#) more than \$250,000.

Legislation in [Connecticut](#) would allow municipalities to impose service charges on nonprofits and foundations, apparently in a constitutionally suspect attempt to circumvent property tax exemptions. Two bills in the Rhode Island Legislature look to impose property taxes on larger nonprofit institutions in the state. One measure would [authorize municipalities to tax nonprofit properties](#), including all property of nonprofit hospitals, colleges, or universities within a city or town that is vacant, used for parking, or not “wholly and exclusively utilized for the purposes set forth in their respective charter, or applicable provisions of general or public laws.” Separately, a legislator is seeking to impose a municipal payment, or fee, equal to 65 percent of property taxes, on a [nonprofit hospital that has converted from a for-profit hospital](#).

Not all legislative action is hostile to nonprofits and foundations. [Arizona](#) lawmakers are considering a constitutional amendment to clarify, but not alter, the property tax exemption for foundations, charitable nonprofits and other organizations. A [Georgia](#) legislator is proposing a ballot question to extend the *ad valorem* tax exemption to buildings used by a nonprofit charitable institution for primary or incidental purposes. Legislation in [Maryland](#) would extend the property tax exemption to nonprofit museums that are open to the public and do not charge an admission fee. A reform bill in [Tennessee](#) would, among other things, expand the nonprofit property tax exemption to apply to properties of specific educational institutions and children’s hospitals.

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