

Tax-Exempt Organizations

This is the year the quadrennial tax-exempt application (M-3) is due. The attached application must be filled out in its entirety and all required documents, listed below and in the application, are to be included and returned to our office on or before November 1. Failure to file by the due date will result in a removal and/or denial of tax-exempt status. If an extension is required, a 60-day extension may be requested prior to the due date, and is subject to the approval of the assessor. If the extension is approved, a late filing fee of \$35 is due to the Town.

Included are the corresponding statutes, answers to frequently asked questions and the application.

CHECKLIST OF DOCUMENTS TO BE INCLUDED WITH YOUR TAX-EXEMPT APPLICATION:

- IRS document (most recent) recognizing the organization as tax-exempt under 26 USC Sec. 501(c) or 501(d).
- State of Connecticut Sales Tax Exemption.
- Evidence that corporation has timely filed its biennial return naming officers and directors with the Secretary of State.
- Certificate of Need from Connecticut Office of Health Care Access.
- Certified copy by authorized officer of corporate charter and by-laws, or good-faith equivalent if applicant is not a corporation.
- Signed Federal and/or State income tax returns, with all schedules attached for most current year (**MUST** include Form 990).
- Audited financial statements for the latest available year.
- Description of each source of revenue – e.g. rents, fees, grants, charges, gifts, donations and the like – generated by or for each use of real and/or personal property.
- List of top ten highest paid employees and their salary/compensation.
- Description of all uses of real and/or personal property, owned or leased, of which an exempt activity is a part, whether or not exemption is requested for any such use or uses.
- Copies of funding requests made to public institutions or private parties in the current tax year and prior tax year of the applicant.
- Evidence of compensation in money or in-kind paid to officers, directors and/or employees of the applicant.
- Evidence that the property is used as claimed.

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FREQUENTLY ASKED QUESTIONS

1. What state statutes govern exemptions?

Including, but not limited to, §12-81 to §12-94 (inclusive).

2. Are there any filing requirements?

Yes, including but not limited to §12-81, §12-87, §12-87a, and §12-89

3. Who determines if someone or an organization is eligible for an exemption?

The assessor (See §12-89).

4. Is a property automatically exempt?

No. An organization seeking exempt status must file with the assessor, no later than the November 1st immediately following the October 1st assessment date, a properly completed Tax Exempt Application for each property.

5. When will the property become exempt?

If an organization completes a properly filed Tax-Exempt Application and it is *approved by the assessor*, then the property will be exempt as of that October 1st prior to the filing date of November 1st.

6. What happens if an organization does not file a Tax -Exempt Application by November 1st for property it owned on October 1st?

Failure to timely file for such an exemption shall be considered a waiver of one's right to that exemption.

Only an organization claiming an exemption pursuant to §12-81(7), §12-81(10), §12-81(11), or §12-81(16), may request a filing extension from the assessor. The assessor may grant an extension of up to sixty (60) days – if it is the assessor's opinion that the organization has made a substantial compliance with the filing requirements and the organization pays a late filing fee of \$35.00 to the Town.

7. Is the property automatically 100% exempt?

No. (See §12-88)

8. What happens if a tax-exempt organization acquires taxable property between October 2nd and September 30th?

Per CGS §12-89, property acquired by a tax-exempt organization may first become exempt on the assessment date following the acquisition

of the property. A properly filed Tax-Exempt Application must be filed by November 1st following that assessment date of October 1st. Failure to timely file a Tax-Exempt Application shall be considered a waiver of one's right to that exemption.

9. What happens if a taxable organization acquires a tax-exempt property between October 2nd and September 30th?

Per CGS §12-81a, the purchaser of a property subject to a tax exemption shall be liable for taxes on the property from the date on which the conveyance is placed on the land records. Time limits for filing the conveyance and notifying the assessor of the transfer are required. Penalties apply for failure to file the conveyance or notify the assessor. See the local assessor for more information. The provisions of the statute do not apply to a purchaser who has already qualified for tax-exempt status.

10. Once approved, must a tax-exempt organization re-file for exempt status?

The following tax-exempt organizations must re-file quadrennially for exempt status for all properties for which exempt status is sought. The properly completed Tax-Exempt Application – Quadrennial Report must be received by November 1st following the October 1st assessment date.

Agricultural Societies	§12-81(10)
Cemetery Use	§12-81(11)
Charitable Organizations	§12-81(7)
Educations Organizations	§12-81(7)
Historical Organizations	§12-81(7)
Horticultural Organizations	§12-81(10)
Hospitals	§12-81(16)
Literary Organizations	§12-81(7)
Sanatoriums	§12-81(16)
Scientific Organizations	§12-81(7)

Other pertinent statute references:

Exemptions	§12-81
Additional Report	§12-87
Extension of Time to File	§12-87a
Completely/Partially Exempt	§12-88
Assessors Determine Exemption	§12-89
Evidence of Fed. Inc. Tax Exemption	§12-89a

Sec. 12-81. Exemptions. The following-described property shall be exempt from taxation:

(7) Property used for scientific, educational, literary, historical, charitable or open space land preservation purposes. Exception. (A) Subject to the provisions of sections 12-87 and 12-88, the real property of, or held in trust for, a corporation organized exclusively for scientific, educational, literary, historical or charitable purposes or for two or more such purposes and used exclusively for carrying out one or more of such purposes or for the purpose of preserving open space land, as defined in section 12-107b, for any of the uses specified in said section, that is owned by any such corporation, and the personal property of, or held in trust for, any such corporation, provided (i) any officer, member or employee thereof does not receive or at any future time shall not receive any pecuniary profit from the operations thereof, except reasonable compensation for services in effecting one or more of such purposes or as proper beneficiary of its strictly charitable purposes, and (ii) in **1965, and quadrennially thereafter**, a statement shall be filed on or before the first day of November with the assessor or board of assessors of any town, consolidated town and city or consolidated town and borough, in which any of its property claimed to be exempt is situated. Such statement shall be filed on a form provided by such assessor or board of assessors. The real property shall be eligible for the exemption regardless of whether it is used by another corporation organized exclusively for scientific, educational, literary, historical or charitable purposes or for two or more such purposes;

(B) On and after July 1, 1967, housing subsidized, in whole or in part, by federal, state or local government and housing for persons or families of low and moderate income shall not constitute a charitable purpose under this section. As used in this subdivision, "housing" shall not include real property used for temporary housing belonging to, or held in trust for, any corporation organized exclusively for charitable purposes and exempt from taxation for federal income tax purposes, the primary use of which property is one or more of the following: (i) An orphanage; (ii) a drug or alcohol treatment or rehabilitation facility; (iii) housing for homeless individuals, mentally or physically handicapped individuals or persons with intellectual disability, or for victims of domestic violence; (iv) housing for ex-offenders or for individuals participating in a program sponsored by the state Department of Correction or Judicial Branch; and (v) short-term housing operated by a charitable organization where the average length of stay is less than six months. The operation of such housing, including the receipt of any rental payments, by such charitable organization shall be deemed to be an exclusively charitable purpose;

(10) Property belonging to agricultural or horticultural societies. Subject to the provisions of sections 12-87 and 12-88, property belonging to, or held in trust for, an agricultural or horticultural society incorporated by this state which is used in connection with an annual agricultural fair held by a nonprofit incorporated agricultural society of this state or any nonprofit incorporated society of this state carrying on or promoting any branch of agriculture, provided (A) said society shall pay cash premiums at such fair amounting to at least two hundred dollars, (B) said society shall file with the Commissioner of Agriculture on or before the thirtieth of December following said fair a report in such detail as the commissioner may require giving the names of all exhibitors and the amount of premiums, with the objects for which they have been paid, which statement shall be sworn to by the president, secretary or treasurer of the society, (C) any officer, member or employee thereof does not receive or at any future time shall not receive any pecuniary profit from the operations thereof except reasonable compensation for services in the conduct of its affairs, and (D) in **1965, and quadrennially thereafter**, a statement shall be filed on or before the first day of November with the assessor or board of assessors of any town, consolidated town and city or consolidated town and borough in which any of its property claimed to be exempt is situated. Such statement shall be filed on a form provided by such assessor or board of assessors. For purposes of this subsection, "fair" means a bona fide agricultural exhibition designed, arranged and operated to promote, encourage and improve agriculture by offering premiums and awards for the best exhibits of two or more by the following branches of agriculture: Crops, livestock, poultry, dairy products and homemaking;

(11) Property held for cemetery use. Subject to the provisions of section 12-88, tangible property owned by, or held in trust for, a religious organization, provided such tangible property is used exclusively for cemetery purposes; donations held in trust by a municipality, an ecclesiastical society or a cemetery association, the income of which is to be used for the care or improvement of its cemetery, or of one or more private burial lots within such cemetery. Subject to the provisions of sections 12-87 and 12-88, any other tangible property used for cemetery purposes shall not be exempt, unless (a) such tangible property is exclusively so used, and (b) no officer, member or employee of the organization owning such property receives or, at any future time, shall receive any pecuniary

profit from the cemetery operations thereof except reasonable compensation for services in the conduct of its cemetery affairs, and (c) in **1965, and quadrennially thereafter**, a statement on forms prepared by the assessor shall be filed on or before the last day required by law for the filing of assessment returns with the local board of assessors of any town, consolidated town and city or consolidated town and borough, in which any of its property claimed to be exempt is situated;

(12) **Personal property of religious organizations devoted to religious or charitable use.** Personal property within the state owned by, or held in trust for, a Connecticut religious organization, whether or not incorporated, if the principal or income is used or appropriated for religious or charitable purposes or both;

(13) **Houses of religious worship.** Subject to the provisions of section 12-88, houses of religious worship, the land on which they stand, their pews, furniture and equipment owned by, or held in trust for the use of, any religious organization;

(14) **Property of religious organizations used for certain purposes.** Subject to the provisions of section 12-88, real property and its equipment owned by, or held in trust for, any religious organization and exclusively used as a school, a daycare facility, a Connecticut nonprofit camp or recreational facility for religious purposes, a parish house, an orphan asylum, a home for children, a thrift shop, the proceeds of which are used for charitable purposes, a reformatory or an infirmary or for two or more of such purposes;

(15) **Houses used by officiating clergymen as dwellings.** Subject to the provisions of section 12-88, dwelling houses and the land on which they stand owned by, or held in trust for, any religious organization and actually used by its officiating clergymen;

(16) **Hospitals and sanatoriums.** Subject to the provisions of section 12-88, all property of, or held in trust for, any Connecticut hospital society or corporation or sanatorium, provided (A) no officer, member or employee thereof receives or, at any future time, shall receive any pecuniary profit from the operations thereof, except reasonable compensation for services in the conduct of its affairs, and (B) in **1967, and quadrennially thereafter**, a statement shall be filed by such hospital society, corporation or sanatorium on or before the first day of November with the assessor or board of assessors of any town, consolidated town and city or consolidated town and borough, in which any of its property claimed to be exempt is situated. Such statement shall be filed on a form provided by such assessor or board of assessors;

(49) **Nonprofit camps or recreational facilities for charitable purposes.** Subject to the provisions of subdivision (7) of this section and section 12-88, real property and its equipment owned by or held in trust for any charitable corporation exclusively used as a nonprofit camp or recreational facility for charitable purposes; provided at least seventy-five per cent of the beneficiaries of its strictly charitable purposes using such property and equipment in each taxable year were bona fide residents of the state at the time of such use. During the month preceding the assessment date of the town or towns where such camp or facilities are located, such charitable corporation shall submit to the assessors of such town or towns a statement under oath in respect to such residence of such beneficiaries using such facilities during the taxable year ending with the month in which such statement is rendered, and, if the number of such beneficiaries so resident in Connecticut did not equal or exceed such seventy-five per cent, such real property and equipment shall not be exempt during the next ensuing taxable year. This subdivision shall not affect the exemption of any such real property or equipment of any such charitable corporation incorporated under the laws of this state granted prior to May 26, 1961, where such property and equipment was actually in use for such recreational purposes prior to said date;

Sec. 12-87. Additional report. Property, when taxable. During any year for which a report is not required by subdivisions (7), (10) and (11) of section 12-81, a report shall be filed during the time prescribed by law for the filing of assessment lists next succeeding the acquiring of property not theretofore made exempt by said subdivisions. Property otherwise exempt under any of said subdivisions and this section shall be subject to taxation until the requirements of said subdivisions and of this section have been complied with.

Sec. 12-87a. Quadrennial property tax exemption statements; extension of time to file. Whenever any organization claiming exemption from property tax under the provisions of subdivision (7), (10), (11) or (16) of section 12-81 has not filed within the time prescribed, a quadrennial statement concerning such claim for exemption as required in said subdivisions, the assessor or board of assessors of the municipality in which the property is situated, upon receipt of proof of substantial compliance by such organization with the requirements concerning submission of such statement, may allow an extension of time not exceeding sixty days within which such statement may be filed, provided whenever an extension of time is so allowed, such organization shall pay a fee of thirty-five dollars for late-filing to the municipality in which the property with respect to which such statement is submitted is situated.

Sec. 12-88. When property otherwise taxable may be completely or partially exempted. Real property belonging to, or held in trust for, any organization mentioned in subdivision (7), (10), (11), (13), (14), (15), (16) or (18) of section 12-81, which real property is so held for one or more of the purposes stated in the applicable subdivision, and from which real property no rents, profits or income are derived, shall be exempt from taxation though not in actual use therefor by reason of the absence of suitable buildings and improvements thereon, if the construction of such buildings or improvements is in progress. The real property belonging to, or held in trust for, any such organization, not used exclusively for carrying out one or more of such purposes but leased, rented or otherwise used for other purposes, shall not be exempt. If a portion only of any lot or building belonging to, or held in trust for, any such organization is used exclusively for carrying out one or more of such purposes, such lot or building shall be so exempt only to the extent of the portion so used and the remaining portion shall be subject to taxation.

Sec. 12-89. Assessors to determine exemptions. The board of assessors of each town, consolidated town and city or consolidated town and borough shall inspect the statements filed with it and required by sections 12-81 and 12-87 from scientific, educational, literary, historical, charitable, agricultural and cemetery organizations, shall determine what part, if any, of the property claimed to be exempt by the organization shall be in fact exempt and shall place a valuation upon all such property, if any, as is found to be taxable, provided any property acquired by any tax-exempt organization after the first day of October shall first become exempt on the assessment date next succeeding the date of acquisition. Any organization filing a tax-exempt statement, aggrieved at the action of the assessor or board of assessors, may appeal, within the time prescribed by law for such appeals, to the board of assessment appeals. Any such organization claiming to be aggrieved by the action of the board of assessment appeals may, within two months from the time of such action, make application in the nature of an appeal therefrom to the superior court for the judicial district in which such property is situated.

Sec. 12-89a. Certain organizations may be required by assessor to submit evidence of exemption from federal income tax. Any organization claiming exemption from property tax in any municipality in which real or personal property belonging to such organization is situated, which exemption is claimed with respect to all or a portion of such property under the provisions of any of the subdivisions (7), (8), (10), (11), (12), (13), (14), (15), (16), (18), (27), (29), (49) or (58) of section 12-81, may be required upon request, at any time, by the assessor or board of assessors in such municipality to submit evidence of certification from the Internal Revenue Service, effective at the time of such request and in whatever form is then in use under Internal Revenue Service procedure for purposes of such certification, that such organization has been approved for exemption from federal income tax as an exempt organization under Section 501(c) or 501(d) of the Internal Revenue Code.