

**Statement of Linda M. Czipo
President & CEO, Center for Non-Profits
to the Assembly State and Local Government Committee
The Honorable Troy Singleton, Chairperson
September 19, 2016**

Re: A-3888

To Chairman Singleton and members of the Assembly State and Local Government Committee,

The Center for Non-Profits, New Jersey's statewide umbrella organization for the charitable non-profit community, supports A-3888. This bill would provide much-needed protections for non-profit property owners against arbitrary challenges to their property tax-exemptions by third parties.

A-3888 would address a significant concern that has arisen in light of the pending property tax challenge to Princeton University, which could have significant implications for charitable organizations of all sizes across the state.

Unlike most property tax cases in which the challenge is brought by the municipality, in the Princeton case, a challenge to the property tax exemption of Princeton University has been brought by a small group of residents who disagree with the exemption already granted by the municipality. The municipality has been named a defendant in that suit.

Late last year in a procedural ruling, a Tax Court of New Jersey judge held not only that the residents have legal standing to challenge the municipality's determination that the university is tax exempt, but the judge also ruled that the non-profit (in this instance, the university) has the burden of **re-proving its eligibility for tax-exemption**, even when the municipality has been satisfied and the challenge is brought by third parties. This ruling leaves thousands of non-profit property owners of all sizes – supportive housing organizations, homeless shelters, schools for people with developmental disabilities, shelters for victims of domestic violence, drug treatment centers, mental health facilities or countless others that could be considered unpopular or controversial – vulnerable to arbitrary legal challenges by residents that would be extremely costly and time-consuming to defend, diverting scarce resources away from essential programs and services.

Non-profit organizations are already straining under the weight of skyrocketing demand for services and resources that have not kept pace with the steadily escalating costs of providing programs and services that our communities need. Amending the existing statute to limit the ability of third parties to challenge non-profit property tax exemptions (while retaining that authority for local governments) would help to protect organizations from being arbitrarily forced to re-prove their exemptions repeatedly and from needlessly siphoning resources away from charitable purposes.

A-3888 would preserve accountability while providing needed assurance and protection for thousands of community organizations throughout New Jersey.

We ask that you give this measure your full support. Thank you for your consideration.

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