

**Statement of Linda M. Czipo
President & CEO, Center for Non-Profits
to the Senate Community and Urban Affairs Committee
The Honorable Jeff Van Drew, Chairperson
February 27, 2017**

Re: S-2212

To Chairman Van Drew and members of the Senate Community and Urban Affairs Committee,

The Center for Non-Profits, New Jersey's statewide umbrella organization for the charitable non-profit community, supports S-2212. This bill would provide much-needed protections for non-profit property owners against arbitrary challenges to their property tax-exemptions by third parties.

S-2212 would address a significant concern that has arisen in light of the recent property tax challenge to Princeton University, which could have significant implications for charitable organizations of all sizes across the state. Although the plaintiffs and Princeton University settled their lawsuit before going to trial, several previous actions by the presiding Tax Court judge in the case have left non-profit property owners of all sizes vulnerable to arbitrary and costly litigation by third parties.

Unlike most property tax challenges which are usually brought by the municipality, in the Princeton University case the lawsuit was filed by a small group of residents who disagreed with the determination made by the municipal tax assessor. In a procedural ruling in the case, the 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 also 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. The judge's action 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.

S-2212 would preserve accountability while providing needed assurance and protection for thousands of community organizations throughout New Jersey.

We thank Senator Singer for sponsoring this important bill and ask that you give it your full support. Thank you for your consideration.

www.njnonprofits.org

Tel 732.227.0800 | Fax 732.227.0087 | 3575 Quakerbridge Road, Suite 102, Mercerville, NJ 08619

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