

Testimony to Ways and Means  
Friday January 27, 2023  
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For the record, Rep. Laura Sibilila, independent, representing Dover, Jamaica, Stratton, Somerset and Wardsboro.

## [H. 113 An act relating to the public, pious, or charitable uses property tax exemption](#)

This bill does two things:

1. **Clarifies** that churches and other public, pious, or charitable organizations are not eligible for the State property tax exemption if those organizations engage in any lobbying or other political activity on their property.
2. Churches and nonprofits will also be required under this bill to **certify annually** to the Vermont Department of Taxes that the organization does not conduct any lobbying or political activity on the property that would disqualify the organization from the exemption.

Why is this necessary?

This past election I began to notice and gather multiple advertisements, letters to the editor and social media posts being deployed to promote partisan candidate gatherings at churches throughout Vermont. Small churches and large churches. Churches in Chittenden County, churches in the Kingdom and Southern Vermont, churches in our largest towns and churches in rural and small town Vermont.

These promotions all had one thing in common - they were promoting partisan or single candidate events. That is not necessarily a problem, UNLESS, the church has sought and received state property tax exemption as a public, pious, or charitable non profit organization.

We need to remember that all Vermonters, of all political persuasions are picking up the property tax payments being exempted by these community service organizations. There is no room for partisan political activity to be supported in these establishments if they are asking all Vermonters to support their organization.

Exempt public, pious, or charitable non profit organizations can also participate in some political activities as outlined in <https://www.irs.gov/charities-non-profits/charitable-organizations/the-restriction-of-political-campaign-intervention-by-section-501c3-tax-exempt-organizations>

“Under the Internal Revenue Code, all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. Contributions to political campaign funds or public statements of position (verbal or written) made on behalf of the organization in favor of or in opposition to any candidate for public office clearly violate the prohibition against political campaign activity. Violating this prohibition may result in denial or revocation of tax-exempt status and the imposition of certain excise taxes.

Certain activities or expenditures may not be prohibited depending on the facts and circumstances. For example, certain voter education activities (including presenting public forums and publishing voter education guides) conducted in a non-partisan manner do not constitute prohibited political campaign activity. In addition, other activities intended to encourage people to participate in the electoral process, such as voter registration and get-out-the-vote drives, would not be prohibited political campaign activity if conducted in a non-partisan manner.

On the other hand, voter education or registration activities with evidence of bias that (a) would favor one candidate over another; (b) oppose a candidate in some manner; or (c) have the effect of favoring a candidate or group of candidates, will constitute prohibited participation or intervention.”

My sense is that most Vermonters are not deliberately flouting the law and the requirements for the public, pious or charitable organizations, but that they are simply unaware of these federal requirements. Putting these requirements into state law and requiring those benefiting from the tax exemption that all other Vermont property taxpayers are paying for to certify their activities are compliant will help us honor the purpose of this tax exemption.