

Pennsylvania State Alliance of YMCAs
House Local Government Committee
Wilkes-Barre, PA
February 20, 2008



This written statement will discuss the potential impact of House Bill 2018 to make state funds available to municipalities with large tax exempt land holders and, more importantly, explain how YMCAs serve Pennsylvanians across the state every day. With more than 150 locations in Pennsylvania, YMCAs are collectively one of the largest tax exempt land owners in the state.

About the YMCA

Almost 45% of our nearly 1.2 million members and program participants are children and youth under the age of 18 and that one in every ten members is over the age of 55. For some it is tempting to think of the YMCA as merely a non-profit fitness center. While it is true that YMCAs offer health and wellness programs – in fact we pioneered the field more than 150 years ago – physical fitness programs are just one part of the community service work housed in our facilities statewide. The YMCA fulfills its commitment to building individuals, families and communities with a balance of a healthy spirit, mind and body.

YMCAs are non-profit organizations providing access to everyone – no one is turned away for inability to pay. Through membership and program fees, general and capital contributions, volunteer services, fundraising event income, bequests, foundation grants and United Way support, YMCAs are able to scholarship individuals and families so that all have the opportunity to be a part of the YMCA family and benefit from our programs and services. In total, Pennsylvania YMCAs collectively raise \$50 million to be used for scholarships, subsidies and other community services each year. At this time, I would like to share with you a few of the programs that we offer every day across the state of Pennsylvania.

117 YMCAs in the state offer some form of child care. YMCAs are serving your communities by providing full day child care for infants and toddlers and preschool, as well as after school care for school-age children. There are 9 YMCA run Head Start programs across the state. YMCAs also offer mentoring, anti-drug and alcohol education, day camps, water safety, teen leadership and civic engagement, tutoring programs, structured family activities and a variety of programs for children, youth and seniors.

The YMCA mission is to “put Christian principles into practice through programs that build a healthy spirit, mind and body”. All of our programs and services are created to serve the needs of the immediate community in which they reside. In many cases, these programs and services stem from community health assessments that identify the gaps between what exists and what residents want and need. Therefore, you’ll find YMCA health and wellness programs that offer everything from promoting cardiovascular health, to addressing childhood obesity to providing arthritis therapy.

According to the Center for Disease Control and Prevention, 20-24% of adults in Pennsylvania report themselves as being obese. People who are obese are at increased risk for heart disease, high blood pressure, diabetes, arthritis-related disabilities and some

cancers. The estimated annual cost of obesity in the United States in 2000 was about \$177 billion. The cost to individual states like Pennsylvania will be in tens of millions of dollars. The CDC says promoting regular physical activity and healthy eating and creating an environment that supports these behaviors are essential to reducing this epidemic of obesity. In fact, a few YMCAs in Pennsylvania have been chosen to participate in leading-edge programs to develop community solutions to our nation's growing health crisis.

Steps to a Healthier US is an initiative of the US Department of Health and Human Services designed to build strong partnerships with local communities and promote better health and prevent disease among all Americans. YMCAs in Philadelphia, Pittston, Uniontown, Williamsport, Wilkes-Barre and Hazelton will work with their Steps community team to develop programs and services to reduce the burden of diabetes, overweight, obesity and asthma by addressing the three related risk factors of physical inactivity, poor nutrition and tobacco use.

The YMCA of Greater Pittsburgh and the YMCA of Brandywine Valley have been designated to be Pioneering Healthier Communities – pilot sites site in YMCA Activate America Initiative. The initiative was started in June 2004 with local YMCA testimony and a commitment to the US Senate Finance Committee that Activate America would seek to improve the health and wellness of all Americans by equipping YMCAs to become dramatically more effective in working in collaboration with community partners to directly help individuals and families to live healthier lives and help lead their communities, and the nation, to reduce barriers and increase support for healthy living.

As a community-based organization, YMCAs are volunteer founded, volunteer based and volunteer led. More than 30,000 Pennsylvanians serve as coaches, mentors, program leaders, instructors and board members. YMCAs do not make a profit and our board members receive no compensation. All net income remains in the YMCA and is used to provide financial assistance to those that aren't able to pay. Every YMCA is open to everyone – all ages, abilities, incomes and faiths. We are very concerned that an assessment of sales tax on membership fees will increase costs for YMCA memberships and programs leading to less participants which would deplete resources for those community members who aren't able to pay.

In fact, YMCAs are already great economic contributors to the state economy. We employ over 1,100 full-time staff across the state and another 16,000 who work part-time. YMCAs generate \$341.6 million in operating expenses and pay our staff nearly \$130 million in wages and benefits. Even though YMCAs are tax-exempt organizations, we still make a significant contribution in state and local taxes. We generate \$15.1 million in indirect business taxes and \$6.5 million in personal taxes, for a total tax impact of almost \$22 million annually.

Position on PILOTs

The YMCA is NOT exempt from almost every tax imposed on businesses in PA. As a non-profit we however exempt from paying property taxes. However, the YMCA like many other non-profit organizations believes strongly that we earn our tax exemption by relieving government of a variety of burdens. Therefore the State Alliance of YMCAs opposes any effort by state or local taxing authorities to collect Payments in Lieu of Taxes from legitimate nonprofit organizations regardless of their voluntary nature. The State Alliance of YMCAs

does not support nor does it oppose HB 2018 but does applaud Rep. Freeman's attempt to ease the pressure on both the municipalities and the tax exempt landholders. Our reluctance to support the bill is two-fold:

1. We are concerned that if this bill passes it will not be enough to quench the thirst of the municipalities which will sooner than later seek additional sources of revenues including returning to non-profits for additional PILOTs.
2. We reiterate that YMCAs earn their tax exemption by relieving government of burden. If the Commonwealth passes this bill, it will be implicit that it has taken this action on behalf of non-profits which therefore must owe the taxes in the first place. We think this is a dangerous position to take and are not willing to cede that point without legislative assurances that our tax exempt status will not be in jeopardy.

This statement is presented on behalf of over one million members and program participants to share with you how our YMCAs utilize property tax exemptions to better fulfill our mission in each and every community that we serve in Pennsylvania. PILOTs have the potential to decrease the number of people served by health and wellness programs at their local YMCA which will negatively impact our ability to provide programs and services to the community, most importantly, decreasing the amount of financial assistance that we provide through scholarships and subsidies. In addition, considering the current obesity epidemic, there are already many challenges for individuals to join health and wellness programs; unfortunately, even a minute increase in the cost will inhibit their participation which, of course, is contrary to what is needed to combat the continued rise in obesity and improve Pennsylvanians' long-term health.

Respectfully submitted,

Barry M. Martin,
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Taxes and the YMCA

I. Taxes Exempted

- A. Income Tax
- B. Property Tax
- C. Sales tax

II. Taxes Paid by the YMCA (based upon taxes paid during 2004)

- A. Payroll taxes paid on an estimated \$129.9 million of payroll
 - 1. State Income Taxes \$4.01 million
 - 2. FICA \$9.9 million
 - 3. Unemployment \$1.35 million
 - 4. Worker's Compensation \$2.7 million

III. Other Fees Generated by YMCAs in 2004

- A. Indirect Business Taxes - \$15.1 million
- B. Personal Taxes as result of YMCA Business - \$6.6 million
- C. License fees
 - 1. Vehicle Tags
 - 2. Child Care Licenses

IV. Why Some Taxes are Exempted for the YMCA

- A. Traditionally the YMCA does not make a profit
- B. Our Board of Directors receive no compensation for their services
- C. All net income over expense is reinvested into the community, not as payment to individuals either volunteer or staff
- D. The YMCA provides financial assistance to enable people to participate through YMCA membership and programs
- E. We serve the entire community

V. Key Points to Remember

- A. The YMCAs of Pennsylvania were created by the community- to serve the community
 - 1. The YMCA is volunteer founded, volunteer based, and volunteer led
 - 2. All net income remains in the YMCA- no profits are paid to shareholders
 - 3. The assets of the YMCA belong to the community
- B. The YMCA is open to everyone – all ages, abilities, incomes, and faiths
 - 1. YMCA policy states that no one is turned away because of inability to pay fees
 - 2. In total, Pennsylvania YMCAs collectively raise \$50 million to be used for scholarships, subsidies and other community services each year.
 - 3. PA YMCAs serve more than one million Pennsylvanians (almost 45% of our members and program participants are children and youth under the age of 18 and one in every ten members is over the age of 55 – a growing trend, nearly 34% of all served are not members)