CHABAD LUBAVITCH OF WESTERN AND SOUTHERN NEW ENGLAND, INC. *v.* MOSHE SHEMTOV ET AL.

(SC 20787)

Robinson, C. J., and McDonald, D'Auria, Mullins, Ecker, Alexander and Dannehy, Js.

Syllabus

The plaintiff organization sought to recover possession of certain commercial property occupied by the defendants S, C Co., and G Co. by way of a summary process action. Chabad Lubavitch (Chabad) is a hierarchical religious movement of Hasidic Judaism. D, the founder and former president of the plaintiff, had served the Chabad community in the city of Stamford as the shliach, or ecclesiastical leader, until 2014, when he entered into a written agreement to transfer his responsibilities to S. The 2014 agreement provided that, going forward, S would serve as the shliach for Stamford and assume various responsibilities in connection with that position, but it made no express reference to the plaintiff's property, which served as the central site for various services for the local Chabad community. S thereafter took possession of, and operated C Co. and G Co. out of, the property, and began making regular mortgage payments in connection with its possession of the property. When D and S's relationship deteriorated, S stopped making mortgage payments. D thereafter sent a letter to S, on the plaintiff's letterhead and in his capacity as the plaintiff's authorized representative, ordering him to vacate the property and purporting to remove him from his position as shliach. D and S then entered into an arbitration agreement, pursuant to which they agreed to resolve their various disagreements before a Bais Din, which is a rabbinical tribunal authorized to adjudicate disputes in accordance with Jewish law. D and S signed the arbitration agreement individually and on behalf of their respective institutions. The Bais Din ruled that S would continue to serve as shliach and ordered S to make the mortgage payments but that D would retain ownership of the property for three years, after which the issue of the ownership of the property

would be reviewed. The Bais Din subsequently reaffirmed that ruling. When D and S were summoned to return to the Bais Din to adjudicate the ownership issue, D did not comply. Instead, D sought, and was granted, permission from a different rabbinical tribunal to bring the dispute before a civil court. Thereafter, the plaintiff served the defendants with a notice to quit, and, when the defendants failed to quit possession of the property, the plaintiff initiated this summary process action. The defendants moved to dismiss the action for lack of subject matter jurisdiction. The trial court denied the motion but ordered a three month stay of the proceedings to allow the parties to arbitrate before the Bais Din. In reaching its decision, the court found that D had signed the arbitration agreement with the intent of binding the plaintiff and that the parties had intended the issue of ownership of the property to be adjudicated by the Bais Din. Following the stay period, the defendants filed a motion to stay the proceedings and to compel arbitration. The trial court, without making additional findings that a change in circumstances had rendered the arbitration agreement unenforceable, denied the defendants' motion, concluding that the plaintiff was not a party to any arbitration agreement and that the parties could still seek religious remedies in the appropriate forum while the court resolved ownership and landlord-tenant issues. The trial court subsequently rendered judgment of possession in favor of the plaintiff, from which the defendants appealed.

Held that the trial court erred in failing to enforce the arbitration agreement, and, accordingly, this court reversed the trial court's judgment and remanded the case with direction to grant the defendants' motion to stay the proceedings and to compel arbitration:

In its initial ruling, the trial court concluded that the parties were bound to arbitrate the issue concerning the ownership of the property before the Bais Din on the basis of its finding that, when D signed the arbitration agreement, he did so in a representative capacity with the intent to bind the plaintiff, and that finding was substantially supported by the record, insofar as D, as the plaintiff's founder and then president, signed the agreement on his own behalf and on behalf of the Chabad institutions, the two rulings of the Bais Din dealt with issues relating to the ownership of the property, the arbitration agreement was signed subsequent to the defendants' taking possession of the property, and D wrote the letter ordering S to vacate the property in D's capacity as the plaintiff's authorized representative and on the plaintiff's letterhead.

The trial court, however, improperly denied the defendants' subsequent motion to stay the proceedings and to compel arbitration, as it had already concluded that the parties were bound to the arbitration agreement, it made no findings that there was a change in circumstances that rendered the parties' arbitration agreement unenforceable, and, accordingly, in

the absence of any legal basis for not enforcing the agreement, the trial court erred in declining to stay the proceedings.

Moreover, the plaintiff's action fell within the scope of the arbitration agreement, which provided that the parties would submit all of their arguments in the case between them to arbitration, the plaintiff's claim that the defendants were no longer entitled to possess the property for failure to make mortgage payments was clearly such an argument, and, therefore, the plaintiff's action was arbitrable.

Argued December 14, 2023—officially released July 12, 2024*

Procedural History

Summary process action, brought to the Superior Court in the judicial district of Stamford-Norwalk, Housing Session at Norwalk, where the court, *Spader*, *J.*, denied the motions to dismiss, to stay the proceedings, and to compel arbitration filed by the named defendant et al.; thereafter, the case was tried to the court, *Spader*, *J.*; judgment for the plaintiff, from which the named defendant et al. appealed. *Reversed*; *further proceedings*.

L. Martin Nussbaum, pro hac vice, with whom were *Brenden P. Leydon* and, on the brief, *Andrew Nussbaum*, pro hac vice, for the appellants (named defendant et al.).

Gerard N. Saggese III, with whom were *Juliette Taylor* and, on the brief, *Trevor J. Larrubia*, for the appellee (plaintiff).

Opinion

ALEXANDER, J. This appeal requires us to determine the enforceability of an agreement to arbitrate before a Jewish rabbinical court called a "Bais Din" to resolve a dispute between the parties concerning the possession of certain real property. The defendants Rabbi Moshe Shemtov, Chabad of Stamford, Inc., and Gan Yeladim

* July 12, 2024, the date that this decision was released as a slip opinion, is the operative date for all substantive and procedural purposes.

of Stamford, Inc.,[1] appeal from the trial court's judgment granting possession of a commercial property to the plaintiff, Chabad Lubavitch of Western and Southern New England, Inc. On appeal,[2] the defendants claim that the trial court erred in failing to enforce an arbitration agreement that the plaintiff was bound by and refused to honor. We agree and reverse the judgment of the trial court.

The record reveals the following relevant facts and procedural history. Chabad Lubavitch (Chabad) is a hierarchical religious movement of Hasidic Judaism led by its spiritual leader, known as the "Rebbe." Rabbi Yisrael Deren, founder and former president of the plaintiff, served the Chabad community as the shliach, or ecclesiastical leader, of Stamford[3] until August, 2014, when he entered into a written agreement (2014 agreement) to transfer his responsibilities as shliach to Shemtov. Pursuant to the 2014 agreement, Shemtov would serve as the shliach of Stamford going forward and would be responsible for "the vision for Chabad of Stamford, its implementation, institutions, programming, staffing, marketing, [public relations] and everything else related to Chabad of Stamford." The 2014 agreement made no express reference to the plaintiff's commercial property located at 752, 760, and 770 High Ridge Road in Stamford, known as the Chabad Center (property), which served as the central site of religious education, programming, and services for the Chabad

[1] The plaintiff also named John Doe 1, John Doe 2, John Doe 3, John Doe 4, John Doe 5, and John Doe 6 as defendants in this action. Those defendants have not participated in this appeal. For convenience, we refer to Shemtov, Chabad of Stamford, Inc., and Gan Yeladim of Stamford, Inc., collectively as the defendants and individually by name when appropriate.

[2] The defendants appealed to the Appellate Court, and we transferred the appeal to this court pursuant to General Statutes § 51-199 (c) and Practice Book § 65-1.

[3] In his capacity as shliach, Deren served as the Rebbe's "emissary" for the Chabad community in Stamford.

community in Stamford. The 2014 agreement provided that any "misunderstandings or disputes" would be mediated before a "Vaad," which is a designated tribunal of select shluchim[4] empowered to resolve disputes arising out of the agreement.

Subsequently, Shemtov took possession of, and operated Chabad of Stamford, Inc., and Gan Yeladim of Stamford, Inc., out of, the property. The relationship between Shemtov and Deren deteriorated, however, and Shemtov stopped making the regular mortgage payments on the property. In May, 2016, Deren and Shemtov went before the Vaad to resolve "areas of serious disagreement . . . as to what the obligations of the other party are [under the 2014 agreement]." The Vaad specifically considered the following question: "Must [Deren] turn over ownership (or control of the [c]orporation that has ownership) of [the property] to [Shemtov]?" The Vaad concluded that "neither the [2014] agreement nor its intent requires [Deren] to cede control of the [property's] ownership. . . . As such, [Shemtov's] obligation to pay the mortgage is . . . part of his obligation to fund the Chabad activities in Stamford akin to paying rent for use of the [property]." In June, 2016, Deren sent a letter ordering Shemtov to vacate the property and terminating him from his position as shliach. Deren wrote the letter on the plaintiff's letterhead and in his capacity as the plaintiff's authorized representative.

On July 15, 2016, Deren and Shemtov entered into an arbitration agreement pursuant to which they agreed to resolve their various disagreements before a Bais Din, which is a panel of rabbinical judges that serves as a tribunal to adjudicate a particular dispute in accordance with Jewish law. The arbitration agreement, which was in Hebrew with a separate English transla-

[4] Shluchim is the plural form of shliach.

tion, established that the "jurisdiction of this [B]ais [D]in . . . shall be in force until its ruling is carried out in full, and [it is] empowered to make a decision on every disagreement about how the ruling should be carried out, or about the meaning of the ruling. [It] also retain[s] jurisdiction to come to a decision if it happens that one of the [parties] has arguments or [proof] to contradict the ruling, and likewise if in the ruling [it does] not make a decision (for whatever reason) on all issues . . . ." The arbitration agreement was signed by both Deren and Shemtov individually and on behalf of their respective Chabad institutions.[5]

In August, 2016, the Bais Din issued a ruling[6] in which it determined as follows: "(a) [Shemtov] remains in the full power of his function as [shliach] . . . and according to the conditions of the [2014] agreement.

"(b) [Concerning] all differences of opinion between [the parties] about the meaning of the [2014] agreement, they shall turn to the committee of three shluchim agreeable to both of them, and . . . [the committee] shall give the opportunity to the . . . parties to properly present and express their opinions about this.

"(c) [Shemtov] has to pay the . . . mortgage, and he has to return to [Deren] the sum of money that [Deren] has already paid in his stead. That means that [Shemtov] has to pay ten equal payments, one payment every month, to [Deren] for what [Deren] has paid for the mortgage.

"(d) The [property] shall remain for the time being, as it has been until now, under [Deren's] ownership.

[5] Although the translated version of the arbitration agreement that was admitted into evidence was not signed, it was undisputed that the original, untranslated version was signed by both Deren and Shemtov.

[6] The Bais Din's ruling was in Hebrew with a separate English translation that included bracketed language "added by the translator for clarification of the original [Hebrew] text."

"(e) After a period of three years, the discussion concerning the transfer of the [property] to [Shemtov] shall be reviewed again by the committee of three shluchim (or by the Central Committee of Chabad-Lubavitch Rabbis if one of the parties so desires), obviously in the hope that the agreement between them is fulfilled.

"(f) [Shemtov] should not be dismissed from his position as [shliach] except after bringing the issue before a [B]ais [D]in, as is customary . . . .

"(g) Both parties have to work together in an appropriate manner to arrange refinancing of the mortgage.

"(h) Neither party should arrange on his own to raise the mortgage [obligation] or [to take] equity loans [on the property] or the like without agreement of the other [party]; if it is agreed and done for the benefit of one of them, it is his responsibility to pay the extra payment that results from this."

In the course of its ruling, the Bais Din observed that, "[a]lthough the [2014] agreement does not state explicitly that [Shemtov] is obligated to pay the monthly mortgage payments . . . there is the assumption and assessment that since he is the person responsible for the institutions . . . it is taken for granted that he is obligated to pay also the mortgage for the [property where] the institutions [are located]." In June, 2017, the Bais Din reconvened and issued another ruling concerning certain financial disagreements between the parties. In its ruling, the Bais Din reaffirmed its previous ruling.[7]

Three years after the Bais Din's initial ruling, Rabbi Nochum Schapiro, secretary of the Central Committee

[7] The Bais Din's 2017 ruling included the following directive: "[Shemtov] must pay from now . . . on the mortgage in full every month, and cannot avoid it with claims that he is owed money or other claims. . . . [I]f he has other claims, he should present [them] to the Vaad, but he must pay the mortgage."

of Chabad-Lubavitch Rabbis, issued a series of summonses instructing Deren to return to the Bais Din to adjudicate the issue of ownership of the property. Deren did not comply but, instead, sought, and was granted, permission from a different rabbinical court located in Monsey, New York, to bring the dispute to civil court for resolution. The validity of that permission is disputed by the parties; Schapiro declared the decision to be of "no value . . . ."

In November, 2019, the plaintiff purported to terminate the defendants' right to occupy the property through proper service of a notice to quit. When the defendants failed to quit possession of the property, the plaintiff filed a three count complaint, alleging that the defendants' right or privilege to occupy the property had terminated, nonpayment of rent, and lapse of time. The defendants moved to dismiss the action for lack of subject matter jurisdiction, claiming equitable ownership of the property and that the parties were subject to arbitration agreements that provided for binding arbitration of their dispute. The trial court denied the motion to dismiss, observing that it maintained exclusive jurisdiction over landlord-tenant matters. The court, however, ordered a stay of the proceedings to allow the parties to conclude the arbitration proceedings pending before the Bais Din. The court found that Deren's signature, which "indicated [that] he was signing on his own behalf *and* on behalf of the '[Chabad] [i]nstitutions,' " bound the plaintiff to the arbitration agreement. (Emphasis in original.) The court also noted that the plaintiff was "representing itself [in the action] as the owner of the [property]" and that "[t]he factual issue of ownership . . . was agreed to be the subject of . . . arbitration [before] the Bais Din."

After the conclusion of the stay period, the plaintiff filed a motion for default for failure to plead and judg-

ment for possession (motion for judgment),[8] and the defendants filed a motion to stay the proceedings and to compel arbitration (motion to stay). The trial court reversed course from its initial ruling and, without making any new factual findings regarding the obligatory terms of the arbitration agreement, denied the motion to stay and ordered use and occupancy payments.[9] In denying the defendants' motion to stay, the court explained that the parties could "still seek religious remedies in the appropriate forums while [the] court resolves ownership and landlord-tenant issues, as it is the proper forum for said issues." This was in direct conflict with the court's previous finding that the parties intended that the issue of ownership be adjudicated by the Bais Din. Without further explanation, and despite its previous conclusion that the plaintiff was bound by the arbitration agreement, the court expressly concluded that, "as an entity, [the plaintiff] is not a party to any arbitration agreement."[10]

The defendants filed an answer in which they acknowledged receipt of the notice to quit but claimed a present

[8] The plaintiff submitted an affidavit of Rabbi Yoseph Deren in support of its motion for judgment in which he averred that he had spoken to Rabbi Nochem Kaplan, who confirmed that "there is nothing to be done and nothing more that the [Bais] Din can do. The parties had two arbitrations, and two rulings, there is nothing more the [Bais] Din can do." The defendants filed an opposition to the motion and, in support thereof, attached affidavits of Shemtov and Rabbi Moshe Bogomilsky in which they averred that the Bais Din would continue to exercise jurisdiction.

[9] The defendants appealed from this interlocutory ruling to the Appellate Court, claiming that General Statutes § 52-407bbb (a) (1) permitted an appeal from the denial of a motion to stay the proceedings and to compel arbitration. The plaintiff filed a motion to dismiss, contending that a motion to stay made pursuant to General Statutes § 52-409 is an unappealable interlocutory order. The Appellate Court granted the motion to dismiss and dismissed the appeal. That order is not at issue in this appeal.

[10] The trial court stated this conclusion in its order denying the defendants' motion to compel arbitration, which the defendants acknowledged was redundant to their motion to stay and was filed "solely to preserve their appellate rights . . . ."

right or privilege to occupy the property and asserted seven special defenses, including that the plaintiff's claims were subject to the arbitration agreement.[11] Subsequently, the defendants filed another motion to dismiss, claiming that the religion clauses of the first amendment to the United States constitution and article first, § 3, of the Connecticut constitution deprived the trial court of subject matter jurisdiction. The trial court denied the motion but allowed the defendants to file four additional special defenses that asserted that the plaintiff's claims could not succeed on constitutional grounds.

The trial court found for the plaintiff on all three counts of its complaint. The court found that the plaintiff was the owner of the property. Thus, although the defendants had been given permission to enter and occupy the property, this right or privilege had been terminated with the proper service of a notice to quit. The court further found that Shemtov, after agreeing to pay the monthly mortgage payments, had failed to make payments since at least the fall of 2019, which led to the initiation of a foreclosure action against the property. Finally, the court found that the time the defendants were permitted to be in possession of the property had lapsed.

The trial court next considered each of the defendants' special defenses. As for the constitutional defenses, the court concluded that the resolution of the matter would not "do anything other than [return] a property owner into possession of a premises it owns from a nonpaying tenant." Acknowledging that it had "encouraged" the parties "to continue engaging in mediation with church leadership," the court determined that "this

[11] The defendants also asserted several contractual and equitable special defenses, including unclean hands, breach of the duty of good faith and fair dealing, estoppel, and equitable ownership.

is a possession of property dispute and *not* a matter of faith or church doctrine." (Emphasis in original.) The court then rejected the defendants' contractual special defenses, finding that the plaintiff did not act in bad faith and could pursue the summary process action. The court similarly rejected the defendants' equitable special defenses, finding that, although the defendants had made improvements to the property, those investments could have been protected by making payments on the mortgage and that the defendants had no equitable interest in the property. Finally, the court rejected the arbitration special defense, or the "Bais Din defense," that the plaintiff was bound by the arbitration agreement and that it had refused to participate in ongoing proceedings before the Bais Din in bad faith. The court reasoned that the parties had attempted, but failed, to resolve the dispute in the Bais Din and that there was no pending arbitration proceeding known to the court. Accordingly, the court rendered judgment in favor of the plaintiff. This appeal followed.

On appeal, the defendants raise several claims, including that the trial court's judgment violates the ecclesiastical abstention doctrine.[12] However, we need address only the defendants' contention that the underlying dispute regarding possession of the property must be resolved through arbitration because it is dispositive of the defendants' appeal. See, e.g., *Mueller* v. *Tepler*, 312 Conn. 631, 649 n.17, 95 A.3d 1011 (2014) ("[t]his court has a basic judicial duty to avoid deciding a consti-

[12] The ecclesiastical abstention doctrine was first articulated by the United States Supreme Court in *Watson* v. *Jones*, 80 U.S. (13 Wall.) 679, 727, 20 L. Ed. 666 (1871). See *Tilsen* v. *Benson*, 347 Conn. 758, 773, 299 A.3d 1096 (2023). The doctrine "recognizes that the [e]stablishment [c]lause of the [f]irst [a]mendment precludes judicial review of claims that require resolution of 'strictly and purely ecclesiastical' questions." *McRaney* v. *North American Mission Board of the Southern Baptist Convention, Inc.*, 966 F.3d 346, 348 (5th Cir. 2020), cert. denied, U.S. , 141 S. Ct. 2852, 210 L. Ed. 2d 961 (2021).

tutional issue if a nonconstitutional ground exists that will dispose of the case" (internal quotation marks omitted)).

The defendants claim that the trial court failed to recognize that the plaintiff's complaint was preempted by the arbitration agreement. They contend that, although the plaintiff is not an express signatory to the arbitration agreement, it is nonetheless bound to arbitrate because Deren acted in a representative capacity for the plaintiff by (1) transferring ownership and control over the plaintiff's finances in the 2014 agreement with Shemtov, (2) terminating Shemtov from his position as shliach in his capacity as authorized representative of the plaintiff, and (3) signing the arbitration agreement on behalf of the Chabad institutions. The plaintiff responds that it is not bound by any agreement to arbitrate, and, in the alternative, the dispute over possession of the property is not covered by any arbitration agreement. We agree with the defendants that the plaintiff is bound by the arbitration agreement. The trial court, therefore, erred in denying the defendants' motion to stay the proceedings for the parties to participate in arbitration before the Bais Din.

As a preliminary matter, we set forth the standard of review. "The scope of our appellate review depends [on] the proper characterization of the rulings made by the trial court. To the extent that the trial court has made findings of fact, our review is limited to deciding whether such findings were clearly erroneous. When, however, the trial court draws conclusions of law, our review is plenary and we must decide whether its conclusions are legally and logically correct and find support in the facts that appear in the record. . . . Therefore, the trial court's conclusions must stand unless they are legally or logically inconsistent with the facts found or unless they involve the application of some erroneous rule of law material to the case." (Cita-

tion omitted; internal quotation marks omitted.) *MSO, LLC* v. *DeSimone*, 313 Conn. 54, 62, 94 A.3d 1189 (2014). "Whether a contractual commitment has been undertaken is ultimately a question of the intention of the parties. Intention is an inference of fact, and the conclusion is not reviewable unless it was one that the trier could not reasonably make." (Internal quotation marks omitted.) *Otto Contracting Co.* v. *S. Schinella & Son, Inc.*, 179 Conn. 704, 709, 427 A.2d 856 (1980).

We begin with the defendants' contention that the trial court erred in failing to enforce the parties' arbitration agreement. Connecticut has established a clear public policy in favor of arbitrating disputes between parties that have agreed to do so. See, e.g., *Nussbaum* v. *Kimberly Timbers, Ltd.*, 271 Conn. 65, 71, 856 A.2d 364 (2004). "The issue of whether the parties to a contract have agreed to arbitration is controlled by their intention. . . . The parties' intent is determined from the language used interpreted in . . . light of the situation of the parties and the circumstances connected with the transaction." (Citation omitted; internal quotation marks omitted.) *State* v. *Philip Morris, Inc.*, 289 Conn. 633, 642, 959 A.2d 997 (2008). "When parties have a valid arbitration agreement, the courts are empowered to direct compliance with its provisions." (Internal quotation marks omitted.) *MCO, LLC* v. *DeSimone*, supra, 313 Conn. 63.

An agreement to arbitrate "shall be valid, irrevocable and enforceable, except when there exists sufficient cause at law or in equity for the avoidance of written contracts generally . . . ." General Statutes § 52-408. "A party's claim that it is not a signatory to a contract and therefore not bound by the agreement is clearly 'sufficient cause . . . for the avoidance of [written] contracts generally.' " *Total Property Services of New England, Inc.* v. *Q.S.C.V., Inc.*, 30 Conn. App. 580, 588, 621 A.2d 316 (1993). Our Appellate Court has recognized

that "[t]here are five theories for binding nonsignatories to arbitration agreements: [1] incorporation by reference; [2] assumption; [3] agency; [4] [veil piercing]/alter ego; and [5] estoppel." (Internal quotation marks omitted.) *Henry* v. *Imbruce*, 178 Conn. App. 820, 841, 177 A.3d 1168 (2017); see also *Thomson-CSF, S.A.* v. *American Arbitration Assn.*, 64 F.3d 773, 776 (2d Cir. 1995) (recognizing same theories and concluding that "such agreements must not be so broadly construed as to encompass claims and parties that were not intended by the original contract").

We note the lack of consistency in the trial court's conclusions with respect to its determination of whether the plaintiff was bound by the arbitration agreement. The court initially concluded that the parties were bound to arbitrate before the Bais Din and issued a three month stay of the proceedings to allow the parties to arbitrate.[13] In support of this conclusion, the court found that Deren signed the arbitration agreement with the intent of binding the plaintiff. The court explained: "[Because] . . . Deren indicated [that] he was engaging in the arbitration process on behalf of himself *and* the [plaintiff] in 2016, and the Bais Din anticipated a further hearing regarding ownership of the [property] that has not yet occurred, the ownership issue is still subject to the . . . arbitration [agreement]." (Emphasis in original.) Yet, six months later, in September, 2020, the court denied the defendants' subsequent motion to stay the proceedings and concluded that the parties "can still seek religious remedies in the appropriate forums while [the] court resolves ownership and landlord-tenant issues, as it is the proper forum for

[13] The defendants also contend that the plaintiff was bound to arbitrate because of a provision in the 2014 agreement that required the parties to mediate their disputes before a Vaad. Because we conclude that the plaintiff is bound by the arbitration agreement, we need not decide whether the plaintiff was also bound to resolve the parties' dispute before a Vaad pursuant to the 2014 agreement.

[those] issues." The court made no additional findings to indicate any change in circumstances that would render the parties' arbitration agreement unenforceable.

The trial court's initial finding that "Deren represented in the arbitration agreement that the plaintiff . . . was also subject to the arbitration," is substantially supported by the record. See, e.g., *Rund* v. *Melillo*, 63 Conn. App. 216, 222, 772 A.2d 774 (2001) (concluding that "[trial] court had before it sufficient evidence to find that the intent of the parties was to bind both the individuals and the corporate entities"). Deren, the founder and, at the time, the president of the plaintiff, signed the arbitration agreement on his own behalf and "on behalf of the [Chabad] [i]nstitutions." Although the "Chabad institutions" is not defined in the arbitration agreement, the court found that "the plaintiff is such an implied 'institution,' as it is representing itself [in the present case] as the owner of the [property], and one of the issues in the arbitration was ownership of the [property]." The court, therefore, expressly considered the actions of the plaintiff in finding that Deren acted in a representative capacity to bind the plaintiff to the arbitration agreement. See, e.g., *Coppola Construction Co.* v. *Hoffman Enterprises Ltd. Partnership*, 309 Conn. 342, 353, 71 A.3d 480 (2013) ("apparent authority is to be determined, not by the agent's own acts, but by the acts of the agent's principal" (internal quotation marks omitted)). The two rulings of the Bais Din similarly support the trial court's finding that the parties understood the plaintiff to be bound by the arbitration agreement because both rulings dealt with issues relating to the ownership of and mortgage payments for the property.

As the trial court found, the parties agreed to arbitrate before the Bais Din "subsequent to the defendants' taking possession" of the property. The arbitration agreement was executed shortly after Shemtov received the

letter from Deren ordering him to vacate the property.[14] The letter was written by Deren in his capacity as the authorized representative of the plaintiff and sent on the plaintiff's letterhead. See, e.g., 2 Restatement (Third), Agency § 6.01, p. 3 (2006) ("[w]hen an agent acting with actual or apparent authority makes a contract on behalf of a disclosed principal . . . the principal and the third party are parties to the contract"). This letter further supports the trial court's implied finding that the plaintiff held Deren out as having the authority to bind it to an arbitration agreement relating to this dispute and that the parties intended for the plaintiff to participate in the arbitration. The court, therefore, correctly concluded that the plaintiff was bound to arbitrate before the Bais Din and issued a stay of the proceedings in accordance with the terms of the arbitration agreement.

The trial court subsequently erred, however, in failing to grant the defendants' motion to stay after the plaintiff filed its motion for judgment. General Statutes § 52-409 provides in relevant part that a court "shall, on motion of any party to the arbitration agreement, stay the action or proceeding until an arbitration has been had in compliance with the agreement, provided the person making application for the stay shall be ready and willing to proceed with the arbitration." The defendants moved to stay the proceedings and indicated that they were willing to proceed with arbitration before the Bais Din, and the plaintiff opposed the motion. Section 52-409 "provides relief when a party to a contract that contains an arbitration clause [or an arbitration agreement] desires arbitration of a dispute, and the other party,

[14] The letter states in relevant part: "In light of your refusal to meet with me and as per the . . . letters from the Vaad ruling and confirming that your failure to pay . . . the mortgage on the [property] is your irrevocable abrogation of our . . . 2014 agreement and it is your [de facto] resignation as director of Chabad in Stamford, and as per my . . . letter to you revoking your status as [s]hliach . . . you . . . are . . . [p]rohibited from entering the [property]."

instead of proceeding with arbitration, institutes a civil action to resolve the dispute." (Internal quotation marks omitted.) *MCO, LLC* v. *DeSimone*, supra, 313 Conn. 63. Having already concluded that both parties were bound by the arbitration agreement, in the absence of any legal basis for not enforcing the agreement, the trial court erred in denying the defendants' motion to stay under § 52-409.[15] See General Statutes § 52-408 ("an agreement in writing between two or more persons to submit to arbitration any controversy existing between them at the time of the agreement . . . shall be valid, irrevocable and enforceable, except when there exists sufficient cause at law or in equity for the avoidance of written contracts generally"); see also *Morgan* v. *Sundance, Inc.*, 596 U.S. 411, 418, 142 S. Ct. 1708, 212 L. Ed. 2d 753 (2022) ("a court must hold a party to its arbitration contract just as the court would to any other kind [of contract]"); *Success Centers, Inc.* v. *Huntington Learning Centers, Inc.*, 223 Conn. 761, 767, 613 A.2d 1320 (1992) ("the court, on motion of any party to the agreement, shall stay the action until arbitration has been had in compliance with the agreement").

We now address the defendants' contention that the plaintiff's action falls within the scope of the arbitration agreement. The plaintiff argues, in response, that any proceedings required by the agreement have been completed. "It is well established that, [in the absence of]

[15] The only ground on which the plaintiff opposes the enforceability of the arbitration agreement is its claim that it "is not now . . . nor has [it] ever been, a party to an arbitration agreement with [Shemtov] or any of the defendants." The parties never argued, and the trial court never concluded, that the arbitration agreement is otherwise "void for reasons that involve the formation of [the] agreement, such as duress, misrepresentation, fraud or undue influence." *Nussbaum* v. *Kimberly Timbers, Ltd.*, supra, 271 Conn. 74. The parties also do not argue that "an ordinary procedural rule—whether of waiver or forfeiture or what-have-you—would counsel against enforcement of [the] arbitration contract . . . ." *Morgan* v. *Sundance, Inc.*, 596 U.S. 411, 418, 142 S. Ct. 1708, 212 L. Ed. 2d 753 (2022).

the parties' contrary intent, it is the court that has the primary authority to determine whether a particular dispute is arbitrable, not the arbitrators." *New Britain* v. *AFSCME, Council 4, Local 1186*, 304 Conn. 639, 647, 43 A.3d 143 (2012). Moreover, "[i]t is a long-standing principle of consensual arbitration that the nature and scope of an arbitration panel's authority is determined by the language of the arbitration [agreement]." *Lupone* v. *Lupone*, 83 Conn. App. 72, 75, 848 A.2d 539, cert. denied, 270 Conn. 910, 853 A.2d 526 (2004).

The arbitration agreement provides in relevant part: "[The parties] have accepted upon us (in the most effective manner possible according to our holy Torah) to set *all our arguments in the case between us* (including all the [counterclaims] of the [parties]) before the [specified Bais Din] . . . . The jurisdiction of this [B]ais [D]in . . . shall be in force until its ruling is carried out in full, and [it is] empowered to make a decision on every disagreement about how the ruling should be carried out, or about the meaning of the ruling. [It] also *retain*[*s*] *jurisdiction* to come to a decision if it happens that one of the [parties] has arguments or [proof] to contradict the ruling, and likewise *if in the ruling* [*it does*] *not make a decision (for whatever reason)* . . . [*it is*] *empowered to come to a decision* . . . *later*. . . . An explicit condition is hereby made that *no* [*B*]*ais* [*D*]*in in the world shall have power to cancel or change the ruling* even if, in their opinion, this [B]ais [D]in has erred." (Emphasis added.)

Although the parties have not manifested an intent to reserve the issue of possession for the Bais Din, the expansive language of the arbitration agreement leaves us with no question that this dispute is arbitrable. The arbitration agreement provides that the parties agreed to "set all [their] arguments in the case between [them]" to arbitration. The plaintiff's claim, therefore, that the defendants are no longer entitled to possess the prop-

erty for failure to make mortgage payments is without question an "argument in the case between [them]" and, as such, falls squarely within the bounds of the arbitration agreement. Indeed, the parties entered into their agreement to submit the case to the Bais Din shortly after Deren purported to revoke Shemtov's access to the property. The actions of the parties and the Bais Din confirm our reading of the arbitration agreement. The parties have made, and the Bais Din *has already considered*, arguments relating to Shemtov's obligation to make mortgage payments in two previous arbitrations. The Bais Din, moreover, expressly reserved adjudication of ownership of the property after three years. We, thus, conclude that the present action is arbitrable.

The judgment is reversed and the case is remanded with direction to grant the defendants' motion to stay the proceedings and to compel arbitration.

In this opinion the other justices concurred.

THE WILLIAM W. BACKUS HOSPITAL *v.* TOWN OF STONINGTON (SC 20805)

Robinson, C. J., and McDonald, Mullins, Ecker, Alexander, Dannehy and Elgo, Js.

Syllabus

Pursuant to statute (§ 12-66a), the following property may be taxed by a municipality provided such property is "held by or on behalf of a health system, as defined in section 19a-508c," even if it is otherwise exempted from taxation: (1) real property that "is acquired by a health system on or after October 1, 2015, that, at the time of such acquisition, is subject to taxation"; and (2) "any personal property incident to the rendering of health care services at the real property described in subdivision (1) . . . ."

The plaintiff hospital appealed to the trial court from the decision of the defendant town's board of assessment appeals. The board had upheld

the town assessor's denial of the plaintiff's applications for personal property tax exemptions in connection with the town's 2020 and 2021 grand lists. In those applications, the plaintiff claimed that certain personal property that it used for the provision of outpatient rehabilitation services was exempt from taxation pursuant to the statutory (§ 12-81 (7) or (16)) charitable or hospital tax exemptions. Although the plaintiff, which is owned by B Co., has its principal location in the city of Norwich, the personal property at issue was located at a rehabilitation facility that the plaintiff operated in the town. The sole member of B Co. is H Co., which is a health system, as defined by statute ((Supp. 2024) § 19a-508c (a) (5)). The plaintiff's rehabilitation facility is located in a suite that it subleased from H Co., and the suite is in a building that H Co. leases from the building's owner. The parties filed separate motions for summary judgment. Although the plaintiff claimed that the personal property at issue was exempt from taxation under § 12-81 (7) or (16), the town claimed that it was taxable pursuant to § 12-66a. The trial court agreed with the plaintiff and disagreed with the town. The court reasoned that, although the plaintiff is part of a health system, the personal property at issue was located at a rehabilitation facility that was leased, rather than owned, and, therefore, the real property at which the personal property at issue was being used had not been "acquired" by a health system within the meaning of § 12-66a. Accordingly, the court granted the plaintiff's motion for summary judgment and rendered judgment thereon, from which the town appealed.

Held that the personal property owned by the plaintiff and used "incident to the rendering of health care services" at the rehabilitation facility, even if otherwise exempt from taxation under § 12-81 (7) or (16), was taxable under § 12-66a, and, accordingly, this court reversed the trial court's judgment and remanded the case with direction to deny the plaintiff's motion for summary judgment and for further proceedings:

Whether the personal property at issue was taxable turned on whether the suite in which the rehabilitation facility was located had been "acquired by a health system" for purposes for § 12-66a, and, because the statutory scheme did not define the word "acquired," this court consulted dictionary definitions and determined that § 12-66a was ambiguous as to whether real property acquired by a health system excluded leased property from the operation of the statute, insofar as the definitions of "acquire" refer to possession and control, as well as ownership.

Because there were limited extratextual sources regarding the meaning of "acquired," as used in § 12-66a, this court applied the relevant principles of statutory construction and concluded that, if the legislature had intended to cabin the method of acquisition to real property that is purchased, rather than leased, by a health system, it would have conveyed its intent expressly by using more specific language, especially when the legislature has, in the context of other tax exemptions, used specific

language to limit the application of a tax exemption to property that is acquired in specific ways.

Moreover, the plaintiff's construction of § 12-66a, limiting the statute's application to real property that is acquired by purchase, would invite parties to structure transactions in a way that would frustrate the apparent purpose of the statute, which is to shield municipalities from the loss of tax revenue caused by the proliferation of takeovers by larger, tax-exempt health-care systems of smaller hospitals and private medical practices that are otherwise subject to property tax.

Furthermore, contrary to the plaintiff's argument that § 12-66a does not apply to it because it is not a "health system," § 12-66a incorporates the definition of health system from § 19a-508c (a) (5), that definition includes both the parent corporation of one or more hospitals and any hospitals or entities affiliated with the parent through ownership, governance, or membership, the plaintiff was affiliated with H Co., the parent corporation of one or more hospitals by virtue of H Co.'s status as the sole member of the plaintiff's owner, B Co., and a definition of "health system" that includes affiliated hospitals and entities furthers the statutory purpose by preventing health systems that would otherwise be subject to § 12-66a from rearranging their corporate structure to avoid its application.

Argued February 14—officially released July 12, 2024*

Procedural History

Appeal from the decision of the defendant's board of assessment appeals upholding the denial of the plaintiff's application for a tax exemption with respect to certain personal property, brought to the Superior Court in the judicial district of New London and transferred to the judicial district of New Britain, where the court, *Cordani*, *J.*, granted the plaintiff's motion for partial summary judgment, denied the defendant's motion for summary judgment and rendered judgment thereon, from which the defendant appealed. *Reversed*; *further proceedings*.

Lloyd L. Langhammer, for the appellant (defendant).

* July 12, 2024, the date that this decision was released as a slip opinion, is the operative date for all substantive and procedural purposes.

Alison P. Baker, with whom were *Jessica M. Signor* and *John P. D'Ambrosio* for the appellee (plaintiff).

Marilyn B. Fagelson, *Kari L. Olson* and *Rachel Snow Kindseth* filed a brief for the Connecticut Conference of Municipalities as amicus curiae.

Opinion

ROBINSON, C. J. This tax appeal requires us to consider whether General Statutes § 12-66a, which the legislature enacted in 2015 to address the property tax implications of major health-care systems' taking over hospital based medical facilities and medical practices in municipalities around the state, applies to personal property located on real property that was not purchased by a health-care system but was leased by that health-care system. The plaintiff, The William W. Backus Hospital, brought a tax appeal to the trial court from the decision of the Board of Assessment Appeals of the town of Stonington (board), denying the plaintiff's application for a tax exemption for certain personal property that the plaintiff uses to provide outpatient medical rehabilitation services at a facility (rehabilitation facility) located in the Mystic section of the defendant town of Stonington (town). The town now appeals[1] from the judgment of the trial court rendered for the plaintiff on all counts of its complaint. On appeal, the town contends, among other things, that the trial court incorrectly concluded that the rehabilitation facility—which was located on real property that the Hartford Healthcare Corporation (Hartford Healthcare) had leased, and then subleased to the plaintiff—had not been "acquired" by Hartford Healthcare for purposes of rendering it "held by or on behalf of a health system" under § 12-66a. We agree with the town's argument

[1] The town appealed from the judgment of the trial court to the Appellate Court, and we transferred the appeal to this court pursuant to General Statutes § 51-199 (c) and Practice Book § 65-1.

that the rehabilitation facility had been "acquired" by Hartford Healthcare for purposes of § 12-66a, thus negating the charitable and hospital tax exemptions provided by General Statutes § 12-81 (7) and (16),[2] respectively, that otherwise would be applicable to the personal property at issue. Accordingly, we reverse the judgment of the trial court.

The record reveals the following undisputed facts and procedural history. The plaintiff is a general hospital licensed by the state Department of Public Health (department), with its principal location in Norwich. It is a registered public charity in this state. The plaintiff is a wholly owned subsidiary of Backus Health Care, Inc., which is a corporate entity that is formed for charitable purposes under § 12-81 (7) and recognized by the Internal Revenue Service as a tax-exempt charitable organization pursuant to 26 U.S.C. § 501 (c) (3) of the Internal Revenue Code.[3] The sole member of the plaintiff is Hartford Healthcare, which is itself a § 501 (c) (3) charitable organization.

The plaintiff operates the rehabilitation facility in a suite located on real property located at 100 Perkins Farm Drive in the Mystic section of the town. The Mystic Health Center, LLC, owns the building in which the rehabilitation facility is located and leases it to Hartford

[2] Although § 12-81—and subdivision (7), specifically—has been amended by the legislature since the events underlying this case; see Public Acts 2022, No. 22-73, § 1; see also, e.g., Public Acts 2023, No. 23-71, § 11; those amendments have no bearing on the merits of this appeal. In the interest of simplicity, we refer to the current revision of the statute.

[3] The plaintiff maintains a financial assistance policy pursuant to 26 U.S.C. § 501 (r) (4) of the Internal Revenue Code under which it offers a significant amount of services to indigent patients for free or at substantially discounted rates. In 2020 and 2021, the plaintiff provided approximately 10 percent of its services to Medicaid patients. During those two years, it provided approximately $5 million worth of charitable care annually to financially eligible patients and wrote off approximately $12 million annually in bad debt for nonpayment for the provision of medical services.

Healthcare. Hartford Healthcare, in turn, subleased to the plaintiff the suite in which the plaintiff operates the rehabilitation center for a period of ten years, commencing January 1, 2020.

The rehabilitation facility is a satellite hospital facility offering outpatient rehabilitation services, including physical therapy, occupational therapy, speech therapy, and sports medicine.[4] The plaintiff owns a variety of personal property—including computer and telephone systems, furniture, and fixtures, along with medical equipment and durable medical equipment, such as upright and recumbent bicycles, a bariatric chair, and a ramp and curb training set—which it keeps at the rehabilitation facility and uses exclusively to provide those services in connection with its charitable and hospital purposes.

On October 27, 2020, the plaintiff filed an application for a tax exemption with the town assessor, asking that the personal property at the rehabilitation facility be exempted from taxation on the October, 2020 grand list pursuant to subdivision (7) or (16) of § 12-81. The assessor denied that tax exemption on November 12, 2020, stating that the rehabilitation facility was a "[c]linic" and that "no certificate of need" had been presented. Following a hearing, the board upheld that denial in April, 2021. The plaintiff renewed its request in connection with the town's 2021 grand list, and the board subsequently upheld the assessor's decision to deny relief on the ground that the property was ineligible for exemption under § 12-81 (7). The plaintiff paid the taxes for its personal property located at the rehabil-

[4] The plaintiff operates the rehabilitation facility under a single state license from the department that applies to its multiple satellite facilities, which render them a single "hospital facility" for purposes of their federal tax exemption. 26 C.F.R. § 1.501 (r)-1 (b) (17) (2023). The rehabilitation facility is an "[o]utpatient rehabilitation facilit[y]," as contemplated by General Statutes § 19a-638 (b) (8).

itation facility for both years under protest, reserving all rights.

The plaintiff appealed from the decisions of the board to the trial court pursuant to General Statutes §§ 12-89, 12-117a and 12-119, claiming, among other things, that the personal property at the rehabilitation facility was tax-exempt, either as property used for charitable purposes or as hospital property under subdivision (7) or (16) of § 12-81, respectively. The parties then filed separate motions for summary judgment. The trial court first concluded that the personal property at the rehabilitation facility was "exempt from taxation pursuant to § 12-81 (7) because the property is owned by an entity organized exclusively for charitable purposes, namely, the plaintiff, and it is used by that entity exclusively for charitable purposes, namely, the delivery of . . . rehabilitative services." The court next concluded that those rehabilitative services are "outpatient services [that] are within the ambit of hospital services," rendering the personal property exempt from taxation pursuant to the property of hospitals exemption under § 12-81 (16). Finally, the court rejected the town's claim that § 12-66a takes the personal property "outside of the purview of § 12-81 entirely," reasoning that, although the "plaintiff is a part of a health system, as defined" by the statute, the personal property is located at the rehabilitation facility, which is not a part of the plaintiff's campus and is leased, rather than owned, by the plaintiff. Relying on the legislative history of § 12-66a, the court concluded that the reference to property "acquired" by a health system is limited to property that is "purchased," rather than that which is leased, by the health system. The trial court reasoned that "[t]here is no principled difference between the personal property owned and used by the plaintiff in its main operations on its campus and the personal property owned and used by the plaintiff at the [rehabilita-

tion facility], other than its physical location, and, [because] § 12-66a does not apply, it is clear that the same tax treatment applies to both, namely, that the tax exemptions provided for in § 12-81 (7) and . . . (16) apply."

On the basis of these conclusions of law, the trial court granted the plaintiff's motion for summary judgment and denied the town's motion for summary judgment; it concluded that the "personal property may not be taxed on the grand lists for 2020 and 2021" and rendered judgment for the plaintiff on all four counts of the tax appeal complaint.[5] This appeal followed.

On appeal, the town argues that, even if the trial court correctly determined that the plaintiff's personal property at the rehabilitation facility falls within the charitable and hospital exemptions provided by § 12-81 (7) and (16), respectively, these exemptions are inapplicable because § 12-66a governs only the "taxability of the personal property of a hospital of a health system,"[6] which is a term that includes the plaintiff by virtue of its corporate affiliation with Hartford Healthcare. In contending that the trial court incorrectly determined that § 12-66a is inapplicable, the town, supported by the amicus curiae, the Connecticut Conference of Municipalities, contends that the trial court incorrectly

[5] The trial court observed that, although the plaintiff requested "judgment on counts two and four, which are § 12-119 claims," its "determination that the personal property is completely exempt from taxation" renders it "apparent that any assessment of taxation is excessive when compared to zero," thus requiring the court to render "judgment on counts one and three, which are corresponding § 12-117a claims." The court also declined to award interest or costs in connection with the tax appeal.

[6] The town also raises independent claims that the trial court incorrectly determined that the personal property was subject to the charitable and hospital exemptions provided by § 12-81 (7) and (16), respectively. Given our ultimate conclusion that § 12-66a operates to negate the applicability of these tax exemptions to the plaintiff's personal property at the rehabilitation facility, we need not address these claims in this opinion.

construed the word "acquired," as used in § 12-66a, to give it "a meaning beyond [its] normal meaning" of possession by limiting its application only to real property owned by a health system, rather than real property leased by that health system. The town and the amicus argue that the trial court's analysis runs afoul of the plain meaning rule prescribed by General Statutes § 1-2z because the word "acquired" is not ambiguous when read in the context of the statutory scheme, which treats personal property and real property distinctly, and that the trial court therefore improperly considered the legislative history of the statute in limiting the meaning of the word "acquired." Emphasizing the purpose of the statute, which is to protect municipalities from the loss of property tax revenue caused by the proliferation of takeovers by health-care systems of smaller hospitals or private medical practices, the town emphasizes that the "legislature cannot be presumed to have admitted or authorized complicated leasing arrangements by which taxation could be defeated by leasing the property [rather than] owning it."

In response, the plaintiff argues that the trial court correctly construed § 12-66a because (1) "the personal property at issue is not located at real property that has ever been 'acquired' by [the plaintiff], much less a health system," and (2) "the statute, by its express terms, precludes direct taxation of hospitals because it provides that any taxes imposed 'shall not be paid by a hospital . . . .' " The plaintiff argues that it is not "a 'health system' to which the statute applies but, rather, is a singular 'hospital . . . affiliated with [a] health system.' " It argues that, as a sublessee, its possessory interest in the rehabilitation facility is "temporary" and "transient" and does not constitute an "acquisition" of the premises within the meaning of § 12-66a. Contending that the word "acquired" is ambiguous and not defined by the statute, the plaintiff relies

on the fiscal note for the bill enacted as § 12-66a in 2015 to argue that the legislature meant "the word 'acquired' . . . only to reference real property *purchased* after October 1, 2015," and not leasehold interests. (Emphasis in original.) The plaintiff also contends that "revenue loss when a health system purchases real property . . . is not at issue here because [the plaintiff], as lessor, has not inhibited in any way the town's ability to assess real property taxes on the premises or the building in which the premises [are] located." Finally, the plaintiff argues that it is a "hospital," and not a "health system," and that § 12-66a expressly precludes towns from imposing real property taxes on hospitals. We, however, agree with the town and conclude that § 12-66a rendered unavailable the tax exemptions otherwise applicable to the plaintiff's personal property located at the rehabilitation facility.

The meaning of § 12-66a in this tax appeal[7] presents "a question of statutory construction, over which we exercise plenary review. . . . In addition to the usual

[7] We note that the plaintiff's tax appeal complaint has two sets of counts for each of the two annual grand lists at issue, one raising a claim under §§ 12-89 and 12-117a, involving overvaluation, and the other raising a claim under §§ 12-89 and 12-119, governing "illegal" assessments for which the town lacked authority or that followed an illegal methodology. Given the nature of the claims in this appeal, which raise the question of whether the personal property at issue was subject to a tax exemption as a matter of law under the relevant statutes, namely, §§ 12-66a and 12-81 (7) and (16), we follow the same analytical approach employed by the trial court; see footnote 5 of this opinion; and consider the § 12-117a claims and § 12-119 claims together. See *Rainbow Housing Corp.* v. *Cromwell*, 340 Conn. 501, 509–10 n.5, 264 A.3d 532 (2021); see, e.g., *Tuohy* v. *Groton*, 331 Conn. 745, 760 n.20, 207 A.3d 1031 (2019) (citing *Second Stone Ridge Cooperative Corp.* v. *Bridgeport*, 220 Conn. 335, 339, 597 A.2d 326 (1991), and explaining distinction between § 12-117a and § 12-119 tax appeals); see also *Wind Colebrook South, LLC* v. *Colebrook*, 344 Conn. 150, 176–78, 278 A.3d 442 (2022) (improper valuation of wind turbines' "associated equipment" as real property rather than personal property rendered them overvalued as matter of law under § 12-117a, and remand to trial court was necessary to determine correct assessment).

rules of statutory construction that apply generally [under § 1-2z] . . . our analysis . . . also is governed by the rule of strict construction applicable to statutory provisions granting tax exemptions. . . . It is . . . well established that in taxation cases . . . provisions granting a tax exemption are to be construed strictly against the party claiming the exemption, who bears the burden of proving entitlement to it. . . . Exemptions, no matter how meritorious, are of grace . . . . [Therefore] [t]hey embrace only what is strictly within their terms. . . . We strictly construe such statutory exemptions because [e]xemption from taxation is the equivalent of an appropriation of public funds, because the burden of the tax is lifted from the back of the potential taxpayer who is exempted and shifted to the backs of others. . . . [I]t is also true, however, that such strict construction neither requires nor permits the contravention of the true intent and purpose of the statute as expressed in the language used." (Citations omitted; internal quotation marks omitted.) *Rainbow Housing Corp.* v. *Cromwell*, 340 Conn. 501, 511–12, 264 A.3d 532 (2021); see, e.g., *St. Joseph's Living Center, Inc.* v. *Windham*, 290 Conn. 695, 707, 966 A.2d 188 (2009); *Isaiah 61:1, Inc.* v. *Bridgeport*, 270 Conn. 69, 73–74, 851 A.2d 277 (2004). We strictly construe § 12-66a against the party seeking the exemption, even though it is not an express exemption from taxes like the provisions of § 12-81, given its apparent purpose to cabin the application of those exemptions. Cf. *Snyder* v. *Newtown*, 147 Conn. 374, 386–87, 161 A.2d 770 (1960) (noting effect of exemption of church property from taxation, whether described as statutory exemption or "a policy of considering church property not ratable for tax purposes"), appeal dismissed, 365 U.S. 299, 81 S. Ct. 692, 5 L. Ed. 2d 688 (1961).

Our analysis begins with the text of § 12-66a, which provides: "Notwithstanding any provision of this chap-

ter or chapter 201 or 204 or any special act that provides an exemption from taxation of real or personal property held by or on behalf of a health system, as defined in section 19a-508c, the following real and personal property shall be taxable by a municipality in accordance with the provisions of this chapter and chapters 201 and 204: (1) Real property *that is acquired* by a health system on or after October 1, 2015, that, *at the time of such acquisition*, is subject to taxation under the provisions of this chapter and chapters 201 and 204, provided such acquiring health system had, for the fiscal year ending September 30, 2013, net patient revenue from facilities located within the state of one billion five hundred million dollars or more, and (2) *any personal property incident to the rendering of health care services at the real property* described in subdivision (1) of this section. The provisions of this section shall not apply to any real or personal property that is within a campus, as defined in subparagraph (A) of subdivision (2) of subsection (a) of section 19a-508c. *All taxes on real and personal property imposed pursuant to this section shall be liabilities of, and paid by, the health system*, and shall not be paid by a hospital or other entity affiliated with such health system." (Emphasis added.)

The town's claim on appeal turns on the meaning of the word "acquired," as used in § 12-66a, insofar as it renders taxable otherwise exempt "personal property incident to the rendering of health care services" at "[r]eal property *that is acquired* by a health system on or after October 1, 2015, that, *at the time of such acquisition*, is subject to taxation under the provisions of this chapter and chapters 201 and 204, provided such acquiring health system had, for the fiscal year ending September 30, 2013, net patient revenue from facilities located within the state of one billion five hundred million dollars or more . . . ." (Emphasis added.) Gen-

eral Statutes § 12-66a. The statute does not, however, define the term "acquired." Accordingly, we follow the "commonly approved usage" of the word at issue; General Statutes § 1-1 (a); which we ascertain by consulting contemporary dictionaries, given the relatively recent enactment of the statute in 2015. See, e.g., *Wilton Campus 1691, LLC* v. *Wilton*, 339 Conn. 157, 166, 260 A.3d 464 (2021); *Kuchta* v. *Arisian*, 329 Conn. 530, 537–39, 187 A.3d 408 (2018).

The Merriam-Webster Online Dictionary defines the word "acquire" as a transitive verb meaning "to get as one's own," with a relevant subdefinition of "to come into possession or control of *often by unspecified means* . . . ." (Emphasis added.) Merriam-Webster Online Dictionary, available at https://www.merriam-webster.com/dictionary/acquire (last visited July 11, 2024). That online dictionary provides two examples, namely, to "*acquire* property" and "[t]he team *acquired* three new players this year." (Emphasis in original.) Id. Another popular and contemporary online dictionary similarly defines the word "acquire" as "to come into *possession or ownership* of; get as one's own," and provides "to acquire property" as an example. (Emphasis added.) Dictionary.com, available at https://www.dictionary.com/browse/acquire (last visited July 11, 2024); see also American Heritage College Dictionary (4th Ed. 2004) p. 12 (defining "acquire" as "[t]o gain possession of: *acquire 100 shares of stock*" (emphasis in original)).

These definitions of the word "acquire," which is a broad term that refers to both possession and control, as well as ownership, do not exclude property obtained via lease from the operation of § 12-66a. Nevertheless, given the low bar of reasonableness necessary to establish statutory ambiguity for purposes of § 1-2z, the multiple references in those definitions to the concept of ownership render § 12-66a ambiguous on this point, and we consider extratextual sources in addition to the

statutory language. See, e.g., *Clark* v. *Waterford*, *Cohanzie Fire Dept.*, 346 Conn. 711, 728, 295 A.3d 889 (2023); *Sena* v. *American Medical Response of Connecticut, Inc.*, 333 Conn. 30, 45–46, 213 A.3d 1110 (2019).

With only very limited extratextual sources available to us to illuminate the meaning of the word "acquired," as used in § 12-66a; see footnote 9 of this opinion; principles of statutory interpretation, such as strict or liberal construction, assume a primary role in resolving this ambiguity in the statute. See, e.g., *Northland Investment Corp.* v. *Public Utilities Regulatory Authority*, 349 Conn. 35, 48–50, 313 A.3d 1200 (2024); see also *Clark* v. *Waterford*, *Cohanzie Fire Dept.*, supra, 346 Conn. 728–29 (concluding that statutory language was ambiguous but provided more support for court's construction than did "the legislative history [which was] more general in nature and [did] not furnish any evidence of legislative intent with respect to the specific point of law at issue"). Thus, we find instructive the tenets of statutory construction indicating that, had the legislature intended to cabin the method of acquisition under § 12-66a to purchase, it presumably would have used more specific language in doing so. "[I]t is a well settled principle of statutory construction that the legislature knows how to convey its intent expressly . . . or to use broader or limiting terms when it chooses to do so." (Internal quotation marks omitted.) *Rutter* v. *Janis*, 334 Conn. 722, 734, 224 A.3d 525 (2020); see id., 734–35 (concluding that word "days" for purposes of loan of dealer plates to customers authorized by General Statutes § 14-60 (a) are for "full calendar days" because "the legislature has provided for 'portions' or 'fractions' of days in numerous other statutes, indicating that it knows how to require fractions of days to be counted when it intends to do so"). Put differently, "[w]hen a statute, with reference to one subject contains a given provision, the omission of such provision

from a similar statute concerning a related subject . . . is significant to show that a different intention existed. . . . That tenet of statutory construction is well grounded because [t]he General Assembly is always presumed to know all the existing statutes and the effect that its action or [nonaction] will have [on] any one of them." (Internal quotation marks omitted.) *In re Annessa J.*, 343 Conn. 642, 671, 284 A.3d 562 (2022); see, e.g., *Wilton Campus 1691, LLC* v. *Wilton*, supra, 339 Conn. 174–75 (existence of several statutory provisions "authorizing the [municipal tax] assessor to act outside of the period prescribed by" General Statutes § 12-55 "demonstrate[s] that, when the legislature chooses to extend the assessor's statutory authority beyond the limits of § 12-55, it does so expressly," meaning that lack of "such [an] express extension of the assessor's statutory authority" in General Statutes § 12-63c renders controlling "the deadline contained in § 12-55 (b)").

In the context of the present case, the legislature has cabined the applicability of various tax exemptions to property that is acquired in specific ways, such as personal property that is "*loaned without charge or leased at a nominal charge* of one dollar per year to any tax-exempt educational institution above secondary level and used exclusively by such institution for teaching, research or teaching demonstration purposes"; (emphasis added) General Statutes § 12-81 (9); or water pollution control "[s]tructures and equipment *acquired by purchase or lease* . . . ."[8] (Emphasis added.) General

[8] Other examples of specific methods of acquisition abound in § 12-81. See, e.g., General Statutes § 12-81 (36) (property tax exemption for "[f]ishing apparatus belonging to any person or company to the value of five hundred dollars, providing such apparatus was *purchased for use* in the main business of such person or company at the time of purchase" (emphasis added)); General Statutes § 12-81 (49) ("[s]ubject 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" (emphasis added)); General Statutes § 12-81 (52) (a) (tax exemption for air pollution control "[s]tructures and equipment *acquired by purchase or lease*" (emphasis

Statutes § 12-81 (51) (a). Guided by the strict construction given to statutes that provide tax exemptions, which favors municipalities given their effect on the public fisc; see, e.g., *Rainbow Housing Corp.* v. *Cromwell*, supra, 340 Conn. 511–12; we therefore decline to adopt the plaintiff's limited construction of § 12-66a. As the town and the amicus argue, this construction would invite the structuring of transactions to frustrate the evident purpose of § 12-66a—protecting the tax base of municipalities in the face of local health-care facilities that are subject to property taxes being purchased by large hospital based health-care systems, which would render them tax-exempt in the absence of the statute.[9] See *Tyler Equipment Corp.* v. *Wallingford*,

added)); General Statutes § 12-81 (58) ("[s]ubject to authorization of the exemption by ordinance in any municipality, *any real or personal property leased to a charitable, religious or nonprofit organization*, exempt from taxation for federal income tax purposes, provided such property is used exclusively for the purposes of such charitable, religious or nonprofit organization and not otherwise exempt under this section (emphasis added)); General Statutes § 12-81 (59) (a) (partial tax exemption for any manufacturing facility "acquired, constructed, substantially renovated or expanded on or after July 1, 1978, in a distressed municipality").

At oral argument before this court, counsel for the plaintiff cited General Statutes §§ 12-70 and 12-81r as examples of statutes the application of which would be complicated by a construction of the word "acquired" in § 12-66a to encompass leases as well as purchases. We disagree. Both of these statutes contain language of ownership that is expressly distinguishable from the more unqualified use of the term "acquired" in § 12-66a. See General Statutes § 12-70 ("[w]hen any person, *at the time he acquires equity in real estate*, expressly assumes the payment of taxes which are to become payable thereafter, he shall become liable for the payment thereof to the same extent and in the same manner as though such real estate were assessed in his name" (emphasis added)); General Statutes § 12-81r (a) (4) (authorizing municipalities to enter into property tax abatement agreements for period of environmental remediation and redevelopment of brownfields, and to "forgive all or a portion of the principal balance and interest due on delinquent property taxes for the benefit of any Connecticut brownfield land bank, as defined in section 32-760, *that has acquired or will acquire any real property* within the municipality" (emphasis added)).

[9] The legislative history of § 12-66a is limited and does not resolve the statute's ambiguity in the plaintiff's favor. Section 12-66a was enacted as § 238 of Public Acts, Spec. Sess., June, 2015, No. 15-5, which implemented

212 Conn. 167, 174–75, 561 A.2d 936 (1989) (This court concluded that mechanical equipment in the possession of prospective purchasers, who had entered into a lease-purchase agreement for the equipment, qualified for the property tax exemption provided by § 12-81 (54)

the budget bill, Senate Bill No. 1502 (June Spec. Sess. 2015) (S.B. 1502), for that session. The recorded House and Senate debates are silent as to the purpose of this provision. Both the plaintiff and the amicus, however, cite a fiscal note for S.B. 1502 in support of their respective constructions of § 12-66a. See Office of Fiscal Analysis, Connecticut General Assembly, Fiscal Note, Senate Bill No. 1502, An Act Implementing Provisions of the State Budget for the Biennium Ending June 30, 2017 Concerning General Government, Education and Health and Human Services. The fiscal note states that one of the purposes of the bill is to "[preclude] the revenue loss to municipalities (where such property is located) that could occur under current law when [health systems] *purchase* any property." (Emphasis added.) Id.; see id. (stating that applicable provisions would "make the following types of property subject to property taxation: [1] certain real property *purchased by certain health systems* after October 1, 2015 that was taxable at the time of purchase; [2] personal property associated with such real property; and [3] any real, residential property owned by nonprofit institutions of higher education and used as student housing" (emphasis added)).

We decline to rely on the fiscal note as evidence of legislative intent with respect to the meaning of the word "acquired." Consistent with the regular practice of the Office of Fiscal Analysis, the fiscal note warns the reader that it has been "prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and *does not represent the intent of the General Assembly or either chamber thereof for any purpose.*" (Emphasis altered.) Id. Consistent with this admonition, it is well settled that fiscal notes "may bear on the legislature's knowledge of interpretive problems that could arise from a bill" but "are *not*, in and of themselves, evidence of legislative intent . . . ." (Emphasis added; internal quotation marks omitted.) *State* v. *Bischoff*, 337 Conn. 739, 760–61, 258 A.3d 14 (2021); see *State* v. *Moore*, 180 Conn. App. 116, 124 n.4, 182 A.3d 696 (because this court "has recognized that fiscal impact statements are not evidence of legislative intent," "the fiscal impact statement cannot be utilized as a fulcrum to lever the statute's plain meaning into ambiguity"), cert. denied, 329 Conn. 905, 185 A.3d 595 (2018); cf. *Butts* v. *Bysiewicz*, 298 Conn. 665, 688 n.22, 5 A.3d 932 (2010) (summaries and comments by Office of Legislative Research). But see *State* v. *Kalil*, 314 Conn. 529, 569–70, 107 A.3d 343 (2014) (*Eveleigh*, *J.*, concurring and dissenting) (citing fiscal note in urging adoption of amelioration doctrine to allow changes to threshold amounts in larceny statute to apply retroactively and indicating that doing so would save general fund money by decreasing

for the goods of wholesale and retail businesses because "[t]o allow a tax exemption simply because the prospective purchaser has entered into a lease-purchase agreement, rather than an ordinary sale or lease under which either the purchaser or the lessor-owner would be required to pay taxes on the machine, would create an incentive for the lease-purchase form of transaction based [on] the opportunity to avoid taxes during a substantial period of the useful life of the machine. The towns, which bear the cost of fire and police protection for all tangible personal property, ought not to be deprived of the taxes such property would ordinarily generate while it is being used to produce revenue for its owner simply because the lease agreement also sets forth the terms of a possible sale in the future.").

The plaintiff argues, however, that § 12-66a does not apply to it because it is not a "health system" within the meaning of the statute and, instead, "is a singular 'hospital . . . affiliated with [a] health system.' " This argument is belied by the plain language of the statute. Section 12-66a incorporates the definition of "health system" from General Statutes (Supp. 2024) § 19a-508c (a) (5), which broadly defines that term as "(A) A parent corporation of one or more hospitals and *any entity affiliated with such parent corporation through ownership*, *governance*, *membership or other means*, or (B) a hospital and any entity affiliated with such hospital through ownership, governance, membership or other means . . . ."[10] (Emphasis added.) This broad defini-

number of incarcerations). Accordingly, we do not consider the fiscal note in determining the intent of the legislature.

[10] General Statutes (Supp. 2024) § 19a-508c (a) (6) defines the term "hospital" through a cross-reference to General Statutes § 19a-490, which provides that a "hospital" is "an establishment for the lodging, care and treatment of persons suffering from disease or other abnormal physical or mental conditions and includes inpatient psychiatric services in general hospitals . . . ." General Statutes § 19a-490 (b). It is, of course, undisputed that the plaintiff is itself a hospital.

tion, which includes both the health system itself *and* the affiliated hospitals or entities within the definition of "health system," plainly and unambiguously applies to the plaintiff. As the amicus aptly observes, this definition prevents "health systems that would otherwise be subject to § 12-66a" from "easily rearrang[ing] their corporate structure to avoid its application" by "cabin[ing] their various outpatient practices as subsidiaries of the hospital." Countenancing the construction urged by the plaintiff would undermine the purpose of the statute, which is to protect municipalities and the state's PILOT[11] program from the loss of tax revenues created by the proliferation of satellite hospital facilities under the umbrella of large health systems. See *Tyler Equipment Corp.* v. *Wallingford*, supra, 212 Conn. 174–75.

In sum, Hartford Healthcare, which is a parent corporation of one or more hospitals, is affiliated with the plaintiff through its "ownership, governance, [or] membership" because Hartford Healthcare is the sole member of Backus Health Care, Inc., which owns the plaintiff. General Statutes (Supp. 2024) § 19a-508c (a) (5). Indeed, the plaintiff's certificate of incorporation provides that it "shall be operated as a component part of the integrated [health-care] delivery system of which

[11] Payments in lieu of taxes, via state grants or voluntary agreements, commonly known by the acronym "PILOT," mitigate the fiscal burden imposed on municipalities hosting otherwise tax-exempt institutions, such as state property, hospitals, and universities. See Note, "Alternatives to the University Property Tax Exemption," 83 Yale L.J. 181, 185–87 (1973); see also, e.g., General Statutes § 12-18b (b) (2) (providing for grants "payable to any municipality or fire district for college and hospital property under the provisions of this section . . . equal to the total of seventy-seven per cent of the property taxes that, except for any exemption applicable to any college and hospital property under the provisions of section 12-81, would have been paid with respect to college and hospital property on the assessment list in such municipality or fire district for the assessment date two years prior to the commencement of the state fiscal year in which such grant is payable"); see also General Statutes § 12-20a (former PILOT provision applicable to nonprofit colleges and hospitals).

the parent is Hartford [Healthcare] . . . .'' It is undisputed that Hartford Healthcare is a health system that has the requisite $1.5 billion in net patient revenue from facilities located in the state for the fiscal year ending September 30, 2013, as required by § 12-66a. It is also undisputed that—in contrast to the plaintiff's primary location in Norwich—the rehabilitation facility is a satellite facility, and not a ''campus'' exempt from the application of § 12-66a. See General Statutes (Supp. 2024) § 19a-508c (a) (2) (providing applicable definition of ''campus'' as ''(A) The physical area immediately adjacent to a hospital's main buildings and other areas and structures that are not strictly contiguous to the main buildings but are located within two hundred fifty yards of the main buildings, or (B) any other area that has been determined on an individual case basis by the Centers for Medicare and Medicaid Services to be part of a hospital's campus'').

We conclude, therefore, that the personal property owned by the plaintiff and used ''incident to the rendering of health care services'' at the rehabilitation facility, which is located in a suite, subleased to the plaintiff, of a building that Hartford Healthcare acquired by lease, is rendered taxable by § 12-66a, even if otherwise exempt from taxation under § 12-81 (7) or (16). General Statutes § 12-66a. Accordingly, the trial court improperly granted the plaintiff's motion for summary judgment.[12]

[12] We note that the trial court reasoned that its narrow construction of ''acquired'' was not inconsistent with the purpose of § 12-66a because the landlord of the rehabilitation facility would pay real property taxes. This construction, however, is inconsistent with the purpose and plain language of the statute to preserve the taxability of personal property, as well. Thus, as the amicus points out, construing leasehold interests to be within the ambit of § 12-66a ''would not subject the health system to tax on the real property, but it would preserve the tax on the personal property.''

Moreover, given the trial court's apparent concern about the payor of those property taxes, as was discussed at oral argument before this court, we observe that § 12-66a may obligate Hartford Healthcare to pay the taxes, rather than the plaintiff, which itself is the owner of the assessed personal

The judgment is reversed and the case is remanded with direction to deny the plaintiff's motion for summary judgment and for further proceedings according to law.

In this opinion the other justices concurred.

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property. See General Statutes § 12-66a ("[a]ll taxes on real and personal property imposed pursuant to this section shall be liabilities of, and paid by, the health system, and shall not be paid by a hospital or other entity affiliated with such health system"). Although this statutory language supports the plaintiff's argument that it cannot ultimately be made to pay the taxes on the personal property at issue in this appeal, the question of whether the plaintiff, as the owner of that personal property, is the correct party for purposes of the underlying tax assessment is not before this court. With respect to the ultimate liability for the payment of the taxes at issue, we observe that Hartford Healthcare is not a party to this tax appeal. Accordingly, because Hartford Healthcare is not a party to this tax appeal, we do not decide any other questions concerning Hartford Healthcare's ultimate liability for the payment of those taxes under § 12-66a.