



## A Vision for Boston: Questions for the 2009 Mayoral Candidates

### DAY 1: PILOTs

*What is the basis by which nonprofit institutions should make payments-in-lieu-of-taxes (PILOTs) to Boston in a way that provides a reasonable payment for city services without harming the economic benefits of the institutions?*



#### **Michael F. Flaherty Jr.**

When it comes to the issue of PILOTs, there are many factors and approaches to consider. The actual PILOT program is concerning since agreements seem arbitrary and lack standardization, making it difficult to quantify how much the city is reaping in exchange for housing these tax-exempt properties. Even more problematic is the fact that these payments are voluntary, which leaves the city with no means to enforce compliance of these payments and no reliable source of revenue. While our colleges and universities may not make up a significant portion of our tax exempt land, they have continued to expand into our neighborhoods and take more properties off the city's tax roll. As Mayor, I would work with the state Legislature to modify the institutions' state tax exemption status by considering measures such as clarifying their "educational purpose" that exempts them from taxes and/or requiring them to pay taxes on those properties they acquire in the future. At the same time, we should also push for a more formulaic and transparent PILOT program so that residents and taxpayers can understand exactly how the agreements are reached and what monetary and non-monetary benefits the city is gaining.

#### **Thomas M. Menino**

Boston is fortunate to have many world-class universities and hospitals in our city; they create employment opportunities for our residents, increase the cultural vitality of our communities, and help make Boston a global center for innovation and entrepreneurship. These institutions, which comprise 5% of the land area, also consume a variety of City services without paying their equivalent share in property taxes.

To increase tax equity and lighten the property tax burden on Boston residents and businesses, we have created one of the most successful Payment in Lieu of Taxes (PILOT) programs in the country. Many institutions regularly contribute both voluntary PILOT payments to the City and additional benefits to Boston residents, such as scholarships for youth and job training opportunities for adults.

However, we are continuously working to improve the PILOT system, creating one that is even more beneficial for residents and more equitable across institutions. I recently created a task force to take the next step in improving our PILOT system: determining a consistent basis for PILOT payments. This group of leaders, which comprises representatives from the public, the business community, and the institutions themselves, will release a report on their findings this fall.