



## A Vision for Boston: Questions for the 2009 At-Large City Council Candidates

### PILOTS

*What is the basis by which private nonprofit institutions should make payments-in-lieu-of-taxes (PILOT) to Boston? What do you believe is the appropriate level of payments in lieu of taxes by non-profits? What is your strategy for achieving that level without making Boston unfriendly to non-profits?*



### Felix Arroyo

Boston's payment-in-lieu of taxes program is essential to ensuring that non-profits who do not pay ordinary property taxes are paying their fair share for city services. Compared to other cities across the U.S., Boston falls woefully short in the diversity with which it raises revenue and is far too dependent on the property tax. In order to weather any financial storm, and to improve our quality of life even in the best of times, Boston must both lessen its reliance on property tax while at the same time working to increase the payments-in-lieu-of-taxes (PILOT) paid by our abundant non-profit institutions and the state (over 50 percent of the city's land). As a City Councilor, I will join Councilor Murphy in vigorously advocating for the reforms needed to increase revenue from tax-exempt land. We should certainly be receiving more in PILOT payments and these should be better tied to the use of City services. Most of the City's colleges and universities should be paying much more to support services provided to their students and employees. At the very least, full property taxes should be collected from all land that is used for for-profit activities (for example, from a private restaurant operating on school property).

### John Connolly

The economic health of Boston is tied to the ability of our universities, hospitals, and large non-profits to create jobs, attract investment dollars, and spur economic growth through partnerships with existing and emerging private companies. We must recognize these vital contributions to our City when we discuss PILOTS, as well as the active role these institutions take in offering programming and facilities for Boston residents. At the same time, we need to recognize that Boston is overly reliant on property taxes, that the City already provides services to these institutions, and that there is an adverse impact on quality of life caused by rowdy students living in Boston neighborhoods.

PILOT Agreements should properly balance the needs of our City and its residents against the needs of our institutions to fulfill their core missions. I believe that it is the obligation of our large institutions to enter into fair PILOT Agreements that will provide badly needed revenue and defined community benefits for our City. I will defer to the findings of the Mayor's Task Force on Institutional Expansion as to whether a formula is the most appropriate way to accomplish fair and full participation in PILOT Agreements.

### Tomas Gonzalez

About 10% of the organizations in the City are impacted by payments in lieu of taxes (PILOTS), which suggests that they use roughly 10-12% of the city's infrastructure and basic city services. Large, landowning non-profits should pay their fair share of the city services that they use based on a sliding scale that takes into account the size of their budget. PILOTS should be calculated on the physical size of the facility, the type of public benefit they provide, and on the measurable

difference they make in the community. For example, large, landowning non-profits like museums should make higher PILOT payments than smaller nonprofits that own a single, small building but yet provide an essential public good such as feeding the hungry or housing the elderly or homeless. Additionally, we should create incentives for large, landholding nonprofits such as hospitals, universities or museums to establish community programs that reach a wider public audience and enhance our quality of life, providing a concrete public good. This would merit decreasing their PILOT payments.

## **Tito Jackson**

Non-profit organizations have been and will continue to be key partners in Boston's social and economic development. World-class schools, hospitals, universities, museums and other non-profits are among the features that make our city such an attractive place for residents and visitors. Part of being a good partner is making equitable financial contributions to the function of municipal government in exchange for the productive use of property. Many non-profit institutions have lived up to the terms of this partnership through substantial payments in lieu of property taxes.

The active debate over the PILOT program in Boston demonstrates how difficult it is to determine the appropriate level of payments. Non-profits vary tremendously in the type and level of services they provide to Boston residents, and individual negotiations are still needed to determine payment levels on a case-by-case basis. Unfortunately, under the current process, residents of Boston have extremely limited access to these negotiations. As an At-Large City Councilor, I would actively promote a much higher level of transparency around the process by which non-profit payment levels are determined. As the presumed beneficiaries of the services provided by these institutions, Boston residents have the right to know how these decisions are made.

## **Andrew Kenneally**

Before we establish a formula for how much tax exempt institutions should pay, we need to take into account how much land they own and its market rate value, how many for-profit businesses they operate on campus, and how much they give back to the city in terms of PILOT. However just taking a casual look at the numbers shows us that some are not paying their fair share.

For example, Boston University, where I got my masters in Urban Affairs, is one of the best by contributing millions every year. Unfortunately, they are not the norm. Others schools with similar footprints, like Northeastern, only contributed around \$30k in PILOT payments for 2009. This is wrong and as a city councilor I would use everything at my disposal to ensure they and others pay their fair share.

## **Ayanna Pressley**

PILOTs should be based on fairness and equity. The non-profit sector, particularly healthcare and higher education, are key engines of economic growth and we should not take any steps to deter their growth. However processes must be put in place for the city receiving compensation for the land that is untaxable as fair compensation for services that are delivered, and stricter oversight must be put in place.

Non-profits receive the same level of city services as other entities. A student or hospital worker can expect a Boston police officer to treat a crime committed on land owned by a nonprofit with equal fervor to those committed on that owned by a taxpayer. Yet the current level of voluntary PILOT payments is exceptionally low. There are a few institutions that pay their fair share, but there are many others who simply do not. We should come up with a methodology that takes into consideration their employment, available resources, and utilization of services to ensure that non-profits are paying their fair share. These regulations should be codified and enforceable. This should be the done on a consistent, fair, predictable and transparent basis.