

# Presentation to Unions

City of Boston

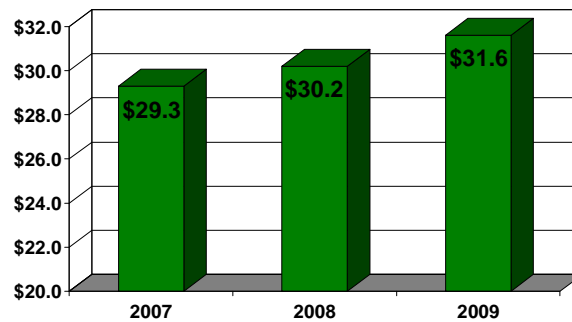
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## Background on PILOT Program

- PILOT – Payment in lieu of Tax
- PILOT payments are sought when institutions expand
- Participation is voluntary – there is no legal requirement for institutions to make payments

## PILOT Program – Fiscal Year 2009

- The PILOT program will generate an estimated \$31.6 million in FY 09



## PILOT Program (cont.)

- Over 40 Tax-exempt Institutions have PILOT agreements
- Massport will contribute \$16.2 million.
- Educational institutions will contribute \$8.6 million, a 6.8% increase over last year
- Medical institutions will contribute \$5.5 million, 5.3% more than last year.

## Mayor's PILOT Task Force

### Goals:

- Set standards for levels of contributions
- Incorporate services and other community benefits into the evaluation of PILOT contributions
- Clarify the costs associated with hosting exempt institutions
- If necessary, provide recommendations for legislation at City or State level

## Telecomm Update

- Equipment of Wireless Companies
  - Won in Court, affirmed by SJC
  - \$4.1 million for Boston, taxed since FY 07
- Poles and Wires of Telephone Companies
  - Won in Court, but subject to appeal
  - \$2 million for Boston, taxed since FY 09
  - Legislation would ensure tax status for future
- Switching Equipment of Telephone Companies
  - Requires Legislative Approval
  - Estimated \$3 to \$4 million for Boston

## State Legislation to Create New Revenue for Boston

### Meals Tax

- *“An Act Relative to Local Option Meals Tax”*
- Mayor’s proposal for a 2% local option increase would generate **\$47M** for the city
- Two-thirds of the tax is paid by non-residents
- A 2% increase would still keep Boston’s tax lower than comparable cities and Massachusetts tax lower than all New England States except Connecticut.

### Parking Excise

- *“An Act Permitting Cities and Towns to Impose an Excise on the Use of Off-Street Parking”*
- 10% local tax for off-street, **commercial** parking for longer than 2 hours
- Approximately **\$28M** generated (based on FY2008 figures)
- This will not affect residents, and can be suspended during emergencies and events

## American Recovery and Reinvestment Act

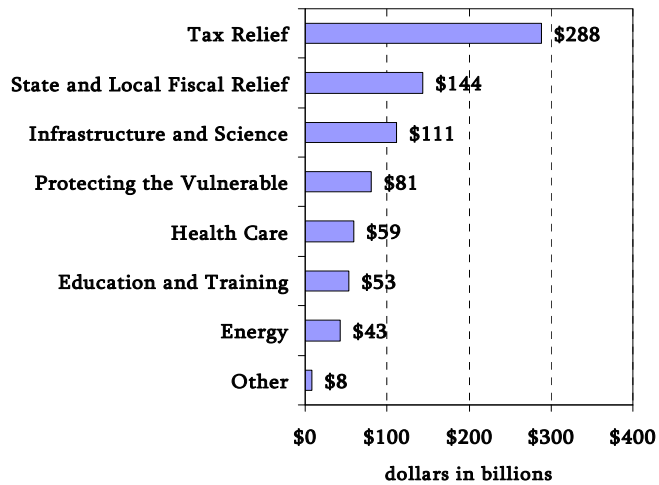
### Impact for the City of Boston

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## American Recovery and Reinvestment Act

ARRA National Total \$787 billion



source: [www.recovery.gov](http://www.recovery.gov)

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## American Recovery and Reinvestment Act

- “The purpose of the Recovery Act is to create and save jobs, jumpstart our economy, and build the foundation for long-term economic growth. The Act includes measures to modernize the nation’s infrastructure, enhance America’s energy independence, expand educational opportunities, increase access to health care, provide tax relief, and protect those in greatest need.”  
– *www.recovery.gov*
- “The Act will create or save three to four million jobs, 90 percent of them in the private sector.”  
– *President Barack Obama*

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## American Recovery and Reinvestment Act

### Funding Opportunities for Boston

- **Direct allocations**
  - Direct to City of Boston through existing federal formulas
- **Federal competitive grants**
  - City must apply nationally
- **State channels**
  - State stabilization allocation
  - Range of statewide programs, including:
    - Highway and infrastructure funding
    - Clean Water grants
    - Weatherization assistance

## American Recovery and Reinvestment Act

### Estimated Direct Allocations to City of Boston

| Department               | Federal Program                   | Estimated CoB portion | Time period | Primary Spending Category               | When available |
|--------------------------|-----------------------------------|-----------------------|-------------|---|----------------|
| Police                   | BYRNE                             | \$3 - 5 million       | One-time    | Operating                               | TBA            |
| Schools                  | Title 1                           | \$17 million/year     | 2 years     | Capital, Operating                      | TBA            |
| Schools                  | IDEA                              | \$12 million/year     | 2 years     | Operating                               | TBA            |
| Jobs and Community Svcs  | Summer Jobs                       | \$2.5 million         | One-time    | Program                                 | TBA            |
| Neighborhood Dev (DND)   | Community Development Block Grant | \$5.5 million         | One-time    | Capital, Program                        | mid-March      |
| Neighborhood Development | ESG                               | \$8.8 million         | One-time    | Capital, Program                        | TBA            |
| <b>Total</b>             |                                   | <b>\$50 million</b>   |             | <b>capital, program &amp; operating</b> |                |

| Independent Authority    |                               |                   |         |         |     |
|--------------------------|-------------------------------|-------------------|---------|---------|-----|
| Boston Housing Authority | Housing and Urban Development | \$15 million/year | 2 years | Capital | TBA |

## American Recovery and Reinvestment Act Federal Competitive Grant Opportunities

| Department                 | Federal Program                           | National Pool | Time period | Primary Spending Category | When available |
|----------------------------|---|---------------|-------------|---------------------------|----------------|
| Police                     | COPS                                      | \$1 billion   | one-time    | Operating                 | Sept 1st       |
| Police                     | Port security                             | \$150 million | one-time    | Capital                   | TBA            |
| Fire                       | Fire Station grants                       | \$210 million | one-time    | Capital                   | TBA            |
| MIS                        | Broadband Technology<br>(program TBA)     | \$4 billion   | one-time    | Capital                   | TBA            |
| Neighborhood Dev.<br>(DND) | Neighborhood<br>Stabilization Program     | \$2 billion   | one-time    | Program                   | mid-March      |
| Neighborhood Dev.<br>(DND) | Brownfields                               | \$100 million | one-time    | Capital                   | TBA            |
| Neighborhood Dev.<br>(DND) | Lead Paint remediation                    | \$100 million | one-time    | Capital                   | TBA            |
| BRA/EDIC/DND               | Economic<br>Development<br>Administration | \$150 million | one-time    | Program, Capital          | TBA            |
| Library                    | Computer capacity<br>expansion            | \$200 million | one-time    | Capital                   | TBA            |

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## American Recovery and Reinvestment Act State Channels: Massachusetts Opportunities

- State stabilization allocation: \$800 - \$900 million for Massachusetts, to be spent over two years
  - 81.8% must be used to support elementary, secondary and post-secondary education and early childhood
    - \$150 - \$200 million annually to restore school districts to “foundation budgets” = does not apply to Boston
  - 18.2% for public safety and other governmental
- Other funding to the Commonwealth
  - Transit Formula funding
  - Head Start and Early Head Start
  - Child Care Development Block Grant
  - Senior Meals Program, Supplemental Nutrition Assistance Program (SNAP)

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## American Recovery and Reinvestment Act

### Outstanding Issues for Massachusetts

- Discussions ongoing at the State level as to allocation of 82% of state stabilization funds for education
- Discussions ongoing at the State level as to allocation of 18% of state stabilization funds for public safety and other governmental uses
  - May include capital projects such as school building modernization
  - Other uses – capital, program and operating