

## Mayor Menino's PILOT Task Force

### Meeting Minutes – July 20, 2009

The meeting commenced at 2:00pm on the 6<sup>th</sup> floor of City Hall.

Chairman Kidder provided a brief overview of the Community Contributions discussion from the prior Task Force meeting on June 11th.

The City of Boston made a presentation on incorporating the institutions' community contributions/activities into Boston's PILOT program.

#### General Discussion

- Categorizing community contributions/activities – those that qualify for PILOT credit, do not qualify for PILOT credit, and those that require further clarification.
- City Initiatives: Tax-exempt institutions would receive PILOT credits for community contributions/activities that address City needs and initiatives. The City must clearly communicate its needs and initiatives to tax-exempt institutions.
- The ability for institutions to make community contributions towards meeting specific City initiatives in a timely manner is dependant on many factors, including:
  - Type of institution
  - Type of contribution
  - Capital planning
  - Lead time required to implement the community benefit (ex: writing a check for a cause requires a shorter lead time than establishing a program that addresses a longer term need).
- Reallocating resources towards City initiatives in a short time frame may pose challenges.
  - Ex: The Mayor's State of the City speech in January addresses specific City initiatives, PILOT community contribution credits are generally claimed in the spring.
  - Possible solution: initiate discussions in September, announce initiatives in January, provide community contribution in July.
- Categories of City priorities do not really change, but specific initiatives or programs do.
- Complete initiatives by slowly phasing them out, making room for new entries; other initiatives would be considered "sustainable" - funding would come from other sources.

- If institutions are interested in supplementing/replacing City services (i.e. plowing, street sweeping, police, fire protection, etc), unit costs for specific public services can be applied as PILOT credits.
  - Agreements/documentation would be required to establish unit costs and responsibilities.
- Good neighbor awards: City is planning to publicly recognize tax-exempt institutions and for-profit businesses for their community contributions.
- Scholarships – how they are measured and credited as community contributions?
  - Most institutions have financial aid policies that are a combination of need-based and merit based scholarship packages.
  - Separation of need and merit – would both qualify as PILOT credits?
  - Who qualifies for the scholarships – Boston Public School students only or all Boston students?

The City of Boston made a presentation on PILOT programs in other Cities

- Possibility of a simple currency-based PILOT system.
  - Ex: PILOT could be calculated by multiplying # of beds (hospital or college) and/or full-time employees by a fixed dollar amount, with escalation based on the Consumer Price Index or Implicit Price Deflator, such is the case in New Haven, CT.
  - Drawbacks to currency based system: discrepancies among institution types (museums do not have beds) and potential loss of community contributions provided by tax-exempt institutions.
- Consider providing tax-exempt institutions with a PILOT payment choice: a simple currency based PILOT agreement, *or* a more comprehensive agreement that would include a payment per square foot with community contribution credits (similar to simple tax deduction vs. itemized deduction). Offering institutions a payment choice may be a feasible way to attract PILOT participants.

#### **Next Steps:**

- Determine an equitable level of PILOT payments.
- Determine the community contributions that will qualify as offsetting PILOT credits.
- Engage other tax-exempt institutions with the City's PILOT program.
- Establish a timeline for implementing Task Force proposals into the City's PILOT program.
- Calculate PILOTs using various calculation methodologies to determine the impact on different types of institutions.