



CITY OF BOSTON, MASSACHUSETTS
Office of the Mayor
Thomas M. Menino

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PILOT Task Force Considers Policy Recommendations

Members discuss a new approach to calculate payments in lieu of taxes

Recommendations were discussed today by a nine member Mayor's Pilot Task Force which has been reviewing payment in lieu of taxes (PILOT) since January 2009. The Draft recommendations propose a standard level of contributions for all major tax-exempt property owners and set forth a methodology for valuing community partnerships.

The Mayor's PILOT Task Force Draft Recommendations:

Base PILOT contributions on the value of real estate owned by an institution. The recommendation is to take an approach which reflects the size and quality of the institution's real estate holdings and is consistent with the approach taken for taxable properties. Previously, the PILOT program considered the amount that police, fire, snow removal, and other essential services represented as a percentage of the City budget.

Give credit for community benefits offered by the institution. The Task Force recommends that a credit for Community Services should be limited to 50% of full PILOT payment. Examples of community benefits include scholarships offered by some colleges to graduating high school students in Boston.

Give credit for property taxes paid. Institutions would receive a credit on their PILOT in the amount of real estate taxes paid on properties that would ordinarily qualify for a tax exemption based on use.

Allow institutions and the City of Boston at least five years to make adjustments that are in keeping with the new PILOT calculation formula. The Task Force suggests that a gradual approach will allow for a smooth transition to the new program.

Program remains voluntary. Task Force members hope the "spirit of partnership" continues to be a motivating force with payments in lieu of taxes. Members did not recommend changes to state law to establish legal or statutory requirements for non-profits.

Allow small non-profits to remain exempt from the voluntary program. Task Force members expect only mid to large-size institutions to participate and the Task Force favors a limit based on the total assessed valuation of a non-profit's property holdings.

"I commend the Task Force members for their thorough approach and evaluation of the PILOT program and their commitment to establishing reasonable guidelines for all the nonprofits that provide such valuable services to our city," said Mayor Menino. "I look forward to the Task Force's final report and recommendations."

Mayor's PILOT Task Force Chair Stephen Kidder said, "One of the Task Force's principal goals is to establish a framework to ensure that the PILOT program is administered in a consistent manner with standards and criteria which apply to all not-for-profit institutions."

Members of the Mayor's PILOT Task Force included the following:

- Boston University President Robert Brown,
- Wentworth Institute of Technology President Zorica Pantić,
- Beth Israel Deaconess Medical Center General Counsel and Senior VP for Corporate and Community Affairs Patricia McGovern,
- Partners Healthcare Chief Operating Officer Thomas Glynn,
- Codman Square Neighborhood Development Corporation Executive Director Gail Latimore,
- John Hancock Financial Services Senior VP of Communications James D. Gallagher,
- Task Force Chairman and attorney Stephen Kidder,
- Boston Police Patrolman's Association President Thomas Nee, and,
- Boston City Councilor Stephen Murphy.

The Mayor's PILOT Task Force met on a monthly basis during the last 15 months, conducting interviews with the leaders of institutions, looking at monetary and community benefit contributions which have been made historically, convening a public hearing in April 2009, and publishing an Interim Report and meeting minutes on the City's website.

For further information concerning the PILOT Task Force's work, please visit

www.cityofboston.gov/assessing
