

## Mayor Menino's PILOT Task Force

Meeting Minutes – June 11, 2009

The meeting commenced at 2:30pm on the 6<sup>th</sup> floor of City Hall.

Chairman Steve Kidder provided a brief overview of Task Force discussions to date and the Public Hearing in April.

In March 2009, Chairman Kidder requested community activity reports from Boston University, Boston College, Northeastern University, Harvard University, Massachusetts General Hospital, Brigham and Women's Hospital, Beth Israel Deaconess Medical Center, and Children's Hospital. The City of Boston made a presentation to the Task Force on the types of community benefits that were included in these submissions. The City also explained the twenty-five percent (25%) community service deduction provision that is included in some of the PILOT agreements with charitable organizations.

### Institutional Community Services Discussion

- The Task Force discussed the categories of community services noted in submissions by the eight largest tax-exempt land-owning institutions. Specifically, which community benefits should qualify for PILOT credits and which should not.
  - **Contributions to PILOT Program:** qualify.
  - **Other Cash Transfers:** should not qualify.
  - **Employment/Economic Impact Benefits:** should not qualify.
  - **Participation of City Initiatives:** qualify. As discussed earlier, the benefits must be above and beyond the tax-exempt organization's business model and the City needs to make initiatives more defined. Moreover, the City must ensure that non-profits do not lose sight of other programs that may not be on the current scope of City initiatives and priorities.
  - **Provision of Public Services:** Some methods should qualify (ex: a university maintains a public park); Others should not (ex: on-campus snow removal). Although a methodology to measure these services must be established, public services beyond the general "good citizen" actions of tax-exempt institutions should qualify.
  - **Policy Based Collaborations:** Difficult to determine which collaborations would qualify and which would not as volunteer time is hard to quantify. For example: does the Service Learning Program qualify for a PILOT credit even though students receive college credits for performing community service work?
  - **Medical Care:** Services provided beyond the general mission of the organization should qualify. The City must set a bench mark for free care and ensure that non-profits do not manipulate programs and accounting practices for the sole purpose of receiving PILOT credits. Additionally, benefits must be unique from services for which an institution receives reimbursement (ex: Medicare).

- **'Good Neighbor' Activities:** Tax-exempt institutions must understand the difference between payment in lieu of taxes and the concept of being a "good neighbor" to the community.
  - **Other Efforts:** Linked to the Participation in City Initiatives category.
- The Task Force needs to think about developing guidelines for measuring the value of community services.
- Clarification of snow removal/street cleaning submission under the Provision of Public Services heading: some institutions have their own maintenance and infrastructure support crews that relieve some of the burden on City resources (the Longwood Medical area transportation network was discussed as an example).
  - The snow removal/street cleaning submission should not be given a community benefit PILOT credit if it does not provide a direct public benefit.
- The City faces the challenge of placing a fair market value on goods and services provided by tax-exempt institutions (Hurricane Katrina example).
- A community benefit should be quantifiable and tangible - it should be a service that fills a void on Boston's "needs list".
  - For PILOT purposes, the community services that should be considered are those in which the institution demonstrates an effort to go "above and beyond" what they would ordinarily do as part of their mission.
- The City described their priorities in community services as those services and collaborations that:
  - Directly benefit City of Boston residents
  - Support the City's Mission
  - Address the highest needs of the community
  - Leverage the skills and capabilities of institutional partners
- As City of Boston initiatives change from year to year, the City should identify which initiatives are more specific and of a priority so that tax-exempt organizations are better guided in providing community benefits and meeting City goals.
- The fiscal and economic advantages of tax-exempt institutions benefit the Federal and State government more than the City government. Moreover, the fiscal and economic advantages cited in the community service submissions do not provide much direct relief to City taxpayers.
- The Task Force members representing the colleges and hospitals face the challenge of how to motivate institutions in their respective sector to participate in a standardized PILOT program, and further to support a program that clearly delineates between the general benefits tax-exempt institutions provide to the City and the "above and beyond" benefits that significantly relieve the burden on City services.
- The Task Force needs to distinguish between those community programs that provide a benefit at the state or Federal level, and those that benefit Boston residents directly, the latter of which could be considered for PILOT purposes.
- Linkage and City permit payments are the cost of doing business in the City of Boston. They are paid by for-profit and non-profit neighbors alike.

- The need for a “baseline” of services was discussed, whereby the minimum level of participation by the institutions in community programs is determined.
  - If an institution committed to starting a particular program for PILOT purposes, the annual upkeep of that program would count toward satisfying the PILOT community service deduction and would not simply become part of the “baseline” after year 1.
- Many of the community services contained in the institutions’ submissions could be characterized as “good neighbor” payments, and should, in most cases, be viewed independently of the PILOT process.
- Task Force members identified the following general categories of community service contributions as areas that could count toward credits for PILOT purposes but that need to be investigated further for appropriateness:
  - Cash Contributions to PILOT Program
  - Participation in City Initiatives
  - Provision of Public Services
  - Policy-Based Collaborations
  - Medical Care