

Offered by City Councilors Lydia Edwards and Annissa Essaibi-George



CITY OF BOSTON IN CITY COUNCIL

ORDER FOR A HEARING REGARDING PAYMENT IN LIEU OF TAXES AGREEMENTS WITH THE CITY OF BOSTON

WHEREAS: The City of Boston depends heavily on property tax revenues to fund education, police and fire departments, housing, social services, road plowing and maintenance, and other investments in public goods; and

WHEREAS: Nearly half of Boston's land is tax-exempt, including land owned by educational, medical, cultural and religious institutions, city departments, state agencies, the federal government, and quasi-public organizations such as the Boston Planning and Development Agency and the Massachusetts Port Authority; and

WHEREAS: State aid has declined for years and, beyond property taxes, the City has no other major source of tax revenue; and

WHEREAS: Many of the large tax-exempt institutions depend extensively on the city's infrastructure, housing stock, roadways, and social services; and

WHEREAS: The City negotiates Payments in Lieu of Taxes (PILOT) from several tax-exempt institutions in an attempt to guide them towards paying a fair share and to help them alleviate the burden on residential and commercial tax payers; and

WHEREAS: The percent of the City's budget that is funded by property taxes has risen steadily and rapidly to 70%, a trend referred to as 'concerning' in the City's recent audit.

WHEREAS: In 2009 and 2010, a Mayor's PILOT Task Force comprised of representatives of the major tax-exempt institutions, private businesses, and municipal unions recommended a new methodology for calculating such agreements, which calls upon tax-exempt institutions to submit payments for twenty-five percent of the assessed value of their property, deducting from that payment certain community benefits that demonstrate clear value to Boston residents and any real estate taxes paid based on use; and

WHEREAS: Recommendations by the PILOT Task Force, implemented in Fiscal Year 2012,

resulted in a twenty-eight percent increase in revenue as compared to the amount that would have been collected under a prior methodology; and

WHEREAS: According to the Boston Municipal Research Bureau, participation in the program has deteriorated significantly since 2012, with institutions paying only sixty-five percent of dollars requested in Fiscal Year 2017; and

WHEREAS: In Fiscal Year 2017, educational, medical and cultural institutions were expected to contribute approximately \$49.5 million in cash and \$52.3 million in community programming, those institutions contributed \$32 million dollars or roughly 65% of the cash payment, with several institutions not contributing at all and some institutions charging the City for Boston Public Schools' use of athletic fields; and

WHEREAS: Before 2011, PILOT agreements were signed when an educational, medical, or cultural institution sought to expand their property through land acquisition or property redevelopment; and

WHEREAS: Since 2011 institutions have continued to buy properties, taking them out of the tax base, and spend hundreds of millions developing properties; and

WHEREAS: Section 16 of Chapter 121B of the Massachusetts General Laws exempts certain operating agencies, defined in the same Chapter as redevelopment authorities and housing authorities, from real estate taxation, while specifying that municipalities are authorized to negotiate PILOT agreements with tax-exempt operating agencies; and

WHEREAS: Currently, the City of Boston does not negotiate PILOT agreements with the Boston Redevelopment Authority, known now as the Boston Planning and Development Agency, although said Agency assists in negotiation of PILOT agreements with private leaseholders on behalf of the City of Boston;

THEREFORE BE IT ORDERED,

That the appropriate committee of the Boston City Council hold a hearing to discuss payment in lieu of taxes agreements in the City of Boston and that the Assessing Department, the Boston Planning and Development Agency, the Massachusetts Port Authority, any and all tax-exempt property owners or their representatives, St. Stephen's Youth Programs and any other interested parties shall be invited to attend.

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