

OFFERED BY COUNCILORS LYDIA EDWARDS AND ANNISSA ESSAIBI-GEORGE



CITY OF BOSTON IN CITY COUNCIL

AN ORDINANCE ESTABLISHING A PAYMENT IN LIEU OF TAXES PROGRAM

WHEREAS: Boston has a growing reliance on property taxes to fund city services, but approximately one-half of the property in Boston is tax-exempt, owned by public, quasi-public and private non-profit institutions; and

WHEREAS: Owners of tax-exempt property enjoy the benefits of city services, infrastructure, amenities and the opportunities provided through Boston's cultural and economic vibrancy, but many do not contribute or contribute insufficiently to support the city resources they depend on; and

WHEREAS: Boston's neighborhoods and residents are deeply impacted by the physical expansion of tax-exempt institutions and growth in enrollment of higher educational institutions; and

WHEREAS: In 2010, Mayor Menino named a task force to make recommendations for a Payment in Lieu of Taxes (PILOT) program, focused particularly on institutions of higher education, hospitals and cultural institutions; and

WHEREAS: The PILOT program went into effect in Fiscal Year 2012, but many institutions' compliance has atrophied since that time and the City has not followed through on its own responsibilities to monitor and reassess their property values; and

WHEREAS: The healthcare sector has certain community benefit standards, derived from regulation under the Affordable Care Act and guidelines from the Massachusetts Attorney General's office, and Boston hospitals have consulted with community organizations on social determinants of health that influence local community investments; and

WHEREAS: Private institutions of higher education lack the same direction with community benefit expenditures but could benefit from targeted and collaborative efforts to address the real needs of Bostonians; and

WHEREAS: In 2019, the PILOT Action Group released a report, “Boston’s Payment in Lieu of Taxes Program: A Fair Deal for Boston’s Residents?,” outlining proposed reforms and steps forward to effectively implement and update the city’s PILOT program; and

WHEREAS: These recommendations include revaluation of tax-exempt property, standardization of community benefits and community benefit reports, and creation of a new PILOT commission, among other measures; and

WHEREAS: Such actions can be accomplished through local regulation notwithstanding the tax-exempt status of certain institutions, and would help fulfill the intent of the existing PILOT program while simultaneously helping to modernize said program; *NOW*

THEREFORE BE IT ORDERED:

Be it ordained by the City of Boston, as follows:

SECTION 1.

The City of Boston Code, Ordinances, Chapter 6, Section 13, is hereby amended by inserting, after Section 6-13.13, the following Section 6-13.14:

6-13.14 Payment in Lieu of Taxes Program

6.13.14(a) Purpose and Declaration

A serious public emergency exists in the City of Boston which has been accentuated by the use and expansion of property and buildings by tax-exempt institutions and institutions claiming tax-exempt status.

Such use has (a) contributed to the removal of residential housing from the market while a severe shortage exists; (b) aggravated housing costs for Boston residents and accelerated their displacement; (c) deprived the City of needed revenue while simultaneously expanding the base of needed services; (d) shifted financial burdens from large institutions onto vulnerable residents of the City and threatened the financial viability of municipal government and (e) obscured certain profit-generating activities under the tax-exempt status of large institutions. These physical and financial strains threaten the public health and welfare of the citizens of Boston.

Public regulation is necessary in order to provide residents with a sufficient supply of decent, affordable housing, to strengthen residential neighborhoods, to promote access to quality

education, to encourage public order and to ensure continued stewardship of the city, including for tax-exempt institutions.

6.13.14(b) Exempt Property Report

Any entity or institution, except for the City of Boston, agencies of the Commonwealth of Massachusetts, federal agencies, the Boston Housing Authority, Boston Public Health Commission, Boston Water and Sewer Commission, Massachusetts Water Resources Authority or University of Massachusetts, owning tax-exempt property valued at fifteen (15) million or more in the City of Boston, shall submit annually a report on exempt property to the City.

Such report shall include the name and address of such property or properties, a description of exempt and non-exempt uses by floor, estimated square footage dedicated to exempt and non-exempt uses, and an estimate of revenue accruing to the institution for exempt and non-exempt property uses.

Any entity or institution submitting such report shall file with the City Clerk and Boston City Council no later than July 1st of each calendar year.

6.13.14 (c). Property Assessment and Valuation

The Assessing Department of the City of Boston or such department designated by the Mayor of Boston to assume such responsibility shall conduct, beginning in the year 2020 and no less frequently than every five (5) years thereafter, a valuation or revaluation of property owned by tax-exempt institutions in the City of Boston. Upon completion, the Department shall file its report with the City Clerk and the President of the Boston City Council.

6.13.14 (d). PILOT Task Force

There shall be established a Payment in Lieu of Taxes (PILOT) Task Force in the City of Boston. The Task Force shall include two (2) nominees of the Mayor of Boston, two (2) nominees of the Council President of the City of Boston, two (2) representatives of the PILOT Action Group, two (2) representatives of neighborhood groups or associations representing areas of the City with or neighboring institutions with substantial amounts of tax-exempt property, and a representative from the Medical Academic and Scientific Community Organization.

The PILOT Task Force shall meet not less than quarterly. The PILOT Task Force shall, within one year of appointment of a quorum of members, produce and file with the City Clerk and City Council recommendations for the Payment in Lieu of Taxes program, which shall include

guidelines for the accounting of community benefits in such program. The PILOT Task Force may make general recommendations or offer recommendations tailored to specific institutions or categories of institutions, such as higher education, hospitals and healthcare, cultural and quasi-public institutions in the City of Boston. The PILOT Task Force may issue recommendations for PILOT agreements with the Massachusetts Port Authority, provided that, such agreements shall be negotiated by the City in accordance with Chapter 497 of the Acts of 1980.

The City of Boston shall, within three months of the filing of the PILOT Task Force's report, establish a PILOT program pursuant to the recommendations of said Task Force.

SECTION 2. Effective Date

This ordinance shall be effective upon passage.

Filed On: **January 15, 2020**