

PILOT Revenues Increase in 4th Year

PILOTs increased by 84% since FY11, but payments are still uneven

The City of Boston’s payment-in-lieu-of-taxes (PILOT) program for large private tax-exempt institutions resulted in total payments of \$27.9M in FY15, an increase of \$12.8M or 84.4% over the actual receipts in FY11, the last year of the previous program. The FY15 total is also \$1.9M over the prior year’s payments. However, receipts as a percent of requests have fallen from 90.7% in FY12 to 68.6% in FY15. Separate from this program is the Massport PILOT payment of \$17.9M in FY15.

The PILOT program applies to the largest 49 private tax-exempt institutions with property values of \$15M or more. Over five years, the City is asking the institutions to annually increase their PILOT payments to reach 25% of what they would pay if taxable, with community services able to represent 50% of the goal.

PILOT Payments FY11-FY15

\$ in 000's

Category	FY11	FY15	Increase	%
Medical	\$6,008	\$16,160	\$10,152	169.0%
Educational	8,836	11,347	2,511	28.4%
Cultural	151	261	110	72.6%
Other	152	157	6	3.8%
Total	\$15,147	\$27,925	\$12,778	84.4%

The fact that the FY15 total, the fourth year of the program, is below the City’s request is not unexpected. In a 2013 [Special Report](#) on the PILOT program, the Research Bureau noted that because the program is voluntary, initial payments to show good faith could be tempered in future years reflecting further negotiations and changing economic conditions.

Medical Institutions – Total payments from the medical institutions increased by \$10.1M or 169% over FY11. The medical institutions, in aggregate, paid 94% of the goal in FY15, down slightly from 96.3% in FY12. The PILOT increase from these institutions represents 79.4% of the total program revenue growth over four years.

Educational Institutions - The aggregate payments from educational institutions have increased by \$2.5M or 28.4% since FY11. However, total payments have fallen from 88.3% of the request in FY12 to 51.8% in FY15.

PILOT Payments FY15

\$ in 000's

Fiscal 2015

Category	Request	Payment	%
Medical	\$17,187	\$16,160	94.0%
Educational	21,924	11,347	51.8%
Cultural	1,389	261	18.8%
Other	188	157	83.8%
Total	\$40,689	\$27,925	68.6%

Fifth Year – FY16 is the fifth year of the program and each institution will be asked to increase its payment by the same increase as in each of the past four years. Actual receipts in FY16 as a percent of the request will likely decrease again.

The City should keep in mind that the educational, medical and cultural institutions continue to serve as anchor institutions, spurring economic activity and job creation important to the Boston economy.