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PILOT Revenues Increase Over First Five Years

PILOTs increased by 112% since FY11, driven mostly by medical institutions

The City of Boston’s payment-in-lieu-of-taxes (PILOT) program for large private tax-exempt institutions resulted in [total payments](#) of \$32.1M in FY16, an increase of \$16.9M or 111.8% over the receipts in FY11, the last year of the previous program. The FY16 total is also \$4.2M over the prior year’s payments. As was expected for this voluntary program that contained an aggressive five-year ramp up in the City’s requests, receipts as a percent of requests have fallen from 90.7% in FY12 to 67.7% in FY16. Separate from this program is the Massport PILOT payment of \$18.6M in FY16.

Since FY12, the City’s PILOT program has applied to the largest 49 private tax-exempt institutions with property values of \$15M or more. Over the five years, the City has requested 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-FY16

\$ in 000's

Category	FY11	FY16	Increase	%
Medical	\$6,008	\$18,528	\$12,520	208.4%
Educational	8,836	13,097	4,261	48.2%
Cultural	151	299	148	98.0%
Other	152	159	7	4.5%
Total	\$15,147	\$32,083	\$16,936	111.8%

Economic Benefits – Boston’s tax-exempt institutions make a significant contribution to the City and region’s economy and play an important role in the quality of life in the metropolitan area. From educating and

employing a large workforce, attracting billions in research grants, and fostering start-up companies, these institutions are an integral component of the economic strength of Boston.

In a 2013 [Special Report](#) on the PILOT program, the Research Bureau noted that initial payments to show good faith could be tempered in future years reflecting further negotiations and changing economic conditions. Additionally, while the City only received 67.7% of its request, Boston’s PILOT program is the most successful voluntary PILOT program in the nation and the 111.8% growth in payments over the last five years has provided additional revenue for city services.

PILOT Payments FY16

\$ in 000's

Category	Request	Payment	%
Medical	\$19,874	\$18,528	93.2%
Educational	25,635	13,097	51.1%
Cultural	1,701	299	17.6%
Other	197	159	80.5%
Total	\$47,407	\$32,083	67.7%

Medical Institutions – Total payments from the medical institutions increased by \$12.5M or 208.4% over FY11. The payments from these institutions represent 73.9% of the total PILOT revenue growth over five years.

Educational Institutions – The aggregate payments from educational institutions have increased by \$4.3M or 48.2% since FY11. Over the five years, total payments have fallen from 88.3% of the request in the first year of the program (FY12) to 51.1% in the fifth year (FY16).