

November 2014

New PILOT Program Raises Receipts in Third Year

PILOT payments have increased by 64.2% since FY11, but participation is uneven

The City of Boston's new payment-in-lieu-of-taxes (PILOT) program for large private tax-exempt institutions resulted in total payments of \$24.9M in FY14, an increase of \$9.7M or 64.2% over the actual receipts in FY11, the last year of the old program, and \$1.7M over the prior year. The new program applies to the largest 49 private tax-exempt institutions with property values of \$15M or more.

This growth is noteworthy and the fact that the FY14 PILOT total is below the City's request in year three of its five-year ramp-up plan is not unexpected. In its 2013 [Special Report](#) on the PILOT program, the Bureau noted that given the voluntary nature of the program, reaching agreement with some institutions would take time to evolve.

Despite the 64.2% growth in the PILOT program over the first three years, receipts as a percent of the City's request have steadily declined. Total receipts fell from 90.7% of the request in FY12, the first year of the new program, to 71.8% in FY14.

PILOT Payments FY11-FY14

\$ in 000's

Category	FY11	FY14	Increase	%
Medical	\$6,008	\$14,064	\$8,056	134.1%
Educational	\$8,836	\$10,432	\$1,596	18.1%
Cultural	\$151	\$224	\$73	48.2%
Other	\$152	\$155	\$3	2.2%
Total	\$15,147	\$24,875	\$9,728	64.2%

Educational Institutions

Total PILOT payments from the educational institutions declined by \$930,000 in FY14 as three institutions made no payment in FY14.

The City's discussions with some educational institutions regarding PILOT payments is ongoing. The aggregate payments from these institutions have fallen from 88.3% of the goal in FY12 to 56.2% in FY14.

Medical Institutions

In FY14, the same 13 of 16 medical institutions participated in the PILOT program. The medical institutions, in aggregate, paid 94.8% of the goal in FY14, down slightly from 96.3% in FY12. This PILOT increase over three years represents 82.8% of the total program revenue growth.

PILOT Payments FY13 & FY14

\$ in 000's

Category	Fiscal 2013		
	Request	Payment	%
Medical	\$12,000	\$11,482	95.7%
Educational	15,231	11,362	74.6%
Cultural	763	200	26.2%
Other	170	154	90.7%
Total	\$28,164	\$23,198	82.4%

Category	Fiscal 2014		
	Request	Payment	%
Medical	\$14,834	\$14,064	94.8%
Educational	18,549	10,432	56.2%
Cultural	1,073	224	20.9%
Other	179	155	86.8%
Total	\$34,635	\$24,875	71.8%

After three year's experience with the PILOT program, an evaluation of the system and any warranted modifications should be considered.