

# TIMBER | PUBLIC COMMENTS

## If it looks like a duck and it quacks like a duck...it's a PILOT (2-26-23)

**Background:** On the first page of a 2012 paper titled 'The Charitable Property-Tax Exemption and PILOTs', the Urban Institute writes:

"In the absence of state-level alteration of property-tax exemption, some cities have begun asking nonprofits for voluntary PILOTs, or Payments in Lieu of Taxes—an attempt to collect a portion of the property tax revenue which would be owed if nonprofits were not tax-exempt."<sup>1</sup>

On the second page of a 2013 issue guide titled 'Payment in Lieu of Taxes (PILOTs)', Philanthropy New York writes:

"PILOTs are payments made "voluntarily" by tax-exempt nonprofits as a substitute for property taxes. Since 2000, they have been used in at least 177 municipalities in at least 18 states. According to the Urban Institute, while PILOTs have rarely brought in more than 1 percent of total revenues, the dollar value can be quite large. Boston, which has been the most aggressive municipality in developing its PILOT program, is bringing in \$17.4 million in additional revenues (which is only .73% of its \$2.4 billion annual budget)."<sup>2</sup>

On the first page of a 2016 policy brief titled 'Nonprofit PILOTs (Payments in Lieu of Taxes)', Daphne Kenyon of the Lincoln Institute of Land Policy writes:

"To help offset revenue losses from the property tax exemption, some local governments ask nonprofits to make voluntary payments in lieu of taxes (PILOTs). [...] Most PILOT revenue comes from "eds and meds" in the Northeast. Colleges contribute about two-thirds of PILOT revenue, and hospitals pay another quarter. The Northeast accounts for roughly 75 to 80 percent of PILOT activity."<sup>3</sup>

In a 1995 Los Angeles Times article about nonprofit PILOTs, Donna Liquori writes:

"With a \$20-million deficit and a credit rating below investment grade, Troy needs all the help it can get. So this Hudson River city of 50,000 is capitalizing on a growing trend in the ailing Northeast: turning to hospitals, schools and other formerly tax-exempt institutions for donations. Over the next five years, Troy will receive \$400,000 a year--1% of its current budget--from six of its largest nonprofit institutions: Emma Willard, an exclusive all-girls prep school; Rensselaer Polytechnic Institute; the Sage Colleges; the Eddy, which provides services to senior citizens; Samaritan Hospital, and Seton Health System, a health care organization. Together, they've established the Troy Redevelopment Foundation, which will create a committee of city officials, business leaders and foundation representatives to review proposals for using the money. Half will be used for city services, the rest for education and economic development."<sup>4</sup>

**Public Comments:** If it looks like a duck and it quacks like a duck, it's a PILOT.

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<sup>1</sup> <https://www.urban.org/sites/default/files/publication/25746/412640-The-Charitable-Property-Tax-Exemption-and-PILOTs.PDF>

<sup>2</sup> [https://philanthropynewyork.org/sites/default/files/resources/PNY\\_PILOTs%20Issue%20Guide.PDF](https://philanthropynewyork.org/sites/default/files/resources/PNY_PILOTs%20Issue%20Guide.PDF)

<sup>3</sup> <https://www.lincolnst.edu/publications/policy-briefs/nonprofit-pilots-payments-in-lieu-taxes>

<sup>4</sup> <https://www.latimes.com/archives/la-xpm-1995-05-14-mn-355-story.html>