



Payment in Lieu of Taxes (PILOT) Program

CITY OF NORTHAMPTON

MAYOR DAVID J. NARKEWICZ – OCTOBER 1, 2015

1 INTRODUCTION

The City of Northampton’s large nonprofit sector plays an important role in our success as a regional center for education, business, law, medicine, social services, and the arts, but the significant amount of property held in tax-exempt status presents unique challenges to the city’s ability to fund essential municipal services.

The percentage of total Northampton property value that is tax-exempt is 22.37%. Among the 351 Massachusetts municipalities, Northampton ranks 16th in the amount of property value that is exempt from paying real estate taxes. Among cities in the Commonwealth, Northampton ranks 38th in population size but is the 5th highest in tax-exempt property values behind only Worcester, Cambridge, Chelsea, and Boston. The chart below, prepared by the Massachusetts Department of Revenue, shows the state’s top 25 communities by percentage of tax-exempt property values for FY2015.

Total Property Values, Taxable and Tax Exempt							
DOR Code	Municipality	Fiscal Year	Total Taxable Property Values	Total Tax Exempt Property Values	Total Taxable and Tax Exempt Property Values	Taxable as a % of Total	Tax Exempt as a % of Total
143	Huntington	2015	190,749,313	125,883,400	316,632,713	60.24	39.76
106	Gill	2015	143,353,073	65,161,200	208,514,273	68.75	31.25
348	WORCESTER	2015	11,171,271,238	4,945,157,390	16,116,428,628	69.32	30.68
195	Mount Washington	2015	84,288,303	37,259,300	121,547,603	69.35	30.65
049	CAMBRIDGE	2015	30,143,180,521	12,993,522,076	43,136,702,597	69.88	30.12
057	CHELSEA	2015	2,399,373,740	1,004,406,300	3,403,780,040	70.49	29.51
074	Deerfield	2015	660,442,398	271,582,518	932,024,916	70.86	29.14
204	New Salem	2015	107,964,663	44,229,817	152,194,480	70.94	29.06
008	Amherst	2015	2,190,527,500	875,724,500	3,066,252,000	71.44	28.56
124	Hardwick	2015	218,327,405	84,245,532	302,572,937	72.16	27.84
035	BOSTON	2015	110,736,862,222	41,490,496,874	152,227,359,096	72.74	27.26
234	Petersham	2015	147,820,467	54,884,300	202,704,767	72.92	27.08
313	Washington	2015	77,666,252	26,504,500	104,170,752	74.56	25.44
112	Granville	2015	191,058,970	58,795,900	249,854,870	76.47	23.53
099	Foxborough	2015	2,624,494,720	763,355,100	3,387,849,820	77.47	22.53
214	NORTHAMPTON	2015	3,259,044,078	939,342,100	4,198,386,178	77.63	22.37
341	Williamstown	2015	959,107,200	272,604,800	1,231,712,000	77.87	22.13
319	Wendell	2015	92,148,368	26,152,000	118,300,368	77.89	22.11
209	NORTH ADAMS	2015	712,068,051	196,750,450	908,818,501	78.35	21.65
097	FITCHBURG	2015	2,093,135,075	578,039,700	2,671,174,775	78.36	21.64
103	GARDNER	2015	1,131,686,711	306,260,500	1,437,947,211	78.70	21.30
312	Warwick	2015	76,824,362	20,489,400	97,313,762	78.95	21.05
202	New Braintree	2015	110,734,543	29,497,300	140,231,843	78.97	21.03
160	LOWELL	2015	6,332,311,813	1,633,580,920	7,965,892,733	79.49	20.51
036	Bourne	2015	4,095,521,960	1,035,284,640	5,130,806,600	79.82	20.18

The City of Northampton is comprised of 20,362 acres of land documented in the city’s assessing database excluding streets and water bodies. Of that total acreage, 6,035 acres of land are in tax-exempt status. This translates to 29.63% of the city’s land area being tax-exempt. Both the percentage of tax-exempt land (29.63%) and the percentage of tax-exempt property values (22.37%) present significant constraints on our ability to raise municipal revenue. The city simply

has fewer properties from which to derive property taxes leaving the responsibility to fund city services to the remaining 77.63% of taxable property owners, 80% of which are residential taxpayers.

Like nearly every other municipality in Massachusetts, Northampton’s reliance on the property tax has grown in almost direct proportion to the decline in state aid received by the city. The City of Northampton’s fiscal year 1991 budget adopted twenty-five years ago derived 38.33% of its revenues from property taxes and 26.42% from state aid. Our fiscal year 2015 budget that closed on June 30th derived 46.81% of its revenues from property taxes and only 15.12% from state aid. With an 11.3% reduction in the percentage of our revenue coming from state aid, property taxes have had to make up the difference. For Northampton taxpayers, the impact of this increased reliance on property taxes to fund essential city services is made even more acute by the large preponderance of tax-exempt properties.

2 TAX-EXEMPT PROPERTY IN NORTHAMPTON

In Northampton, tax-exempt land has many different owners and uses, including federal, state and municipally owned land, colleges and private educational entities, religious, social service, fraternal, recreational, conservation, and cultural institutions. The following chart shows the breakdown of tax-exempt land in Northampton by use.

Tax Exempt Land in City of Northampton, MA - Type of Use		
Type of Exempt Use	Value of Exempt Use	% of Total Exempt Value
Private Educational	\$ 433,652,010.00	46.79%
Municipal - Northampton	\$ 221,924,382.00	23.95%
State - Massachusetts	\$ 67,658,100.00	7.30%
Federal - USA	\$ 62,017,230.00	6.69%
Housing Authority	\$ 51,769,310.00	5.59%
Religious	\$ 30,840,200.00	3.33%
Hospital	\$ 21,786,390.00	2.35%
Charitable and Social Services	\$ 12,429,715.00	1.34%
Recreation	\$ 6,745,180.00	0.73%
Charitable Fraternal and Community Groups	\$ 4,037,230.00	0.44%
County - Hampshire COG	\$ 3,634,190.00	0.39%
Charitable Housing	\$ 3,213,560.00	0.35%
Transportation	\$ 2,193,880.00	0.24%
Private Conservation	\$ 1,897,150.00	0.20%
Museums	\$ 1,458,250.00	0.16%
Cemetaries	\$ 1,455,030.00	0.16%
Total	\$ 926,711,807.00	100.00%

In terms of tax-exempt property values, the following chart shows the top ten owners of tax-exempt property by the total value of that exempt property. Smith College comprises the largest portion of tax-exempt value in the city, with more than \$420 million in tax-exempt land and buildings, or 45.40% of the total value of tax-exempt property in the city. The City of Northampton follows with \$222 million dollars in tax-exempt land and building values, or 23.95% of the total value of tax-exempt property in the city.

Top Ten Owners of Exempt Property in City of Northampton, MA - Valuation		
Owners of Exempt Property	Valuation	Percent of Total Tax Exempt Valuation
Smith College	\$ 420,758,090.00	45.40%
City of Northampton	\$ 221,923,682.00	23.95%
Commonwealth of Massachusetts	\$ 63,608,820.00	6.86%
United States of America	\$ 62,017,230.00	6.69%
Northampton Housing Authority	\$ 51,769,310.00	5.59%
Cooley Dickinson Hospital	\$ 21,786,390.00	2.35%
Roman Catholic Bishop of Springfield	\$ 9,680,830.00	1.04%
Hamshire Regional YMCA	\$ 5,908,570.00	0.64%
Clarke School for the Deaf	\$ 4,720,690.00	0.51%
Service Net	\$ 4,668,030.00	0.50%

In terms of tax-exempt acreage, the City of Northampton owns the largest percentage of acreage in tax-exempt status with 4,175.31 acres, approximately 68% of the total tax-exempt acreage of the City. The accompanying chart shows the top ten owners of tax-exempt acreage in the city.

Top Ten Owners of Exempt Property in City of Northampton, MA - Acreage		
Owners of Exempt Property in Northampton, MA by Acreage	Acreage	Percent of Tax Exempt Acreage
City of Northampton	4,175.31	68.44%
Massachusetts Audubon Society	558.76	9.16%
Commonwealth of Massachusetts	487.05	7.98%
United States of America	224.33	3.68%
Smith College	161.36	2.64%
Roman Catholic Bishop of Springfield	99.86	1.64%
Hospital Hill Development Corporation	58.81	0.96%
Cooley Dickinson Hospital	43.23	0.71%
Christ United Methodist Church	40.40	0.66%
Northampton Housing Authority	39.54	0.65%

Seven entities comprise both the top ten owners of tax-exempt property by valuation and by acreage - Smith College, City of Northampton, Commonwealth of Massachusetts, United States of America, Northampton Housing Authority, Cooley Dickinson Hospital and the Roman Catholic Bishop of Springfield.

3 PAYMENT IN LIEU OF TAXES OR PILOT DEFINED

Payment in lieu of taxes or PILOT is a formalized way for municipalities to seek tax-like payments from tax-exempt property owners. Under a PILOT program, typically a community's largest private tax-exempt institutions are asked to voluntarily pay some percentage of the taxes they would pay if they were fully taxed entities in recognition of the municipal services (e.g. police, fire, EMS, public works, etc.) which they utilize and benefit from. Conversely, municipalities often benefit from the presence of nonprofit organizations and many PILOT programs take into account the many services and in-kind contributions that these organizations provide to a community.

Northampton is fortunate to have a vibrant nonprofit sector. The city is home to Smith College and Cooley Dickinson Hospital, the two largest employers in the city. Smith College is also the largest taxpayer in the city, paying property taxes on the approximately 20% of its land and buildings not used solely for tax-exempt educational purposes. The Veterans Administration, Service Net and the Hampshire Regional YMCA are also major employers in the city.

There can be an economic disconnect, however, between the many positive impacts of nonprofit institutions and the costs of providing their properties with tax exemptions. The benefits of Northampton's largest nonprofits do not stop at the city's borders; the employment, educational and cultural benefits of these institutions accrue to the region and beyond. Yet, the costs of providing essential city services to these institutions and the loss of revenue from removing their properties from the tax base fall squarely on Northampton's taxpayers.

The impact of tax-exempt property on the city as a whole has been a perennial topic of discussion over time, particularly during periods of economic distress. Office of the Mayor records show that Mayor Mary Ford began a discussion with nonprofits in the city as early as 1992. Across Massachusetts, many communities are seeking various levels of support from tax-exempt organizations as they face further fiscal constraints in delivering public services.

State Representative Stephen Kulik of Worthington has introduced legislation (H.2584) that would require tax-exempt organizations to make payment in-lieu of tax payments "equal to 25 percent of the amount that would be paid if the property were not exempt from taxation" in Massachusetts cities and towns that accept the law and develop local regulations to facilitate it.

Rep. Kulik's legislation was modeled after the City of Boston's program launched by the late Mayor Tom Menino in 2010, which has been one of the most successful voluntary PILOT

programs in the country. In FY2015, Boston collected almost \$25.9 million in voluntary cash PILOT payments and \$35.5 million in community benefits credits from 49 colleges and universities, hospitals and cultural institutions.

4 PILOT PAYMENTS CURRENTLY RECEIVED BY CITY OF NORTHAMPTON, MA

The City currently receives a limited amount of revenue from PILOT agreements. The following chart details the revenue received from current PILOT payments in the last four fiscal years.

PILOT Payments to City of Northampton, MA - Fiscal Year 2012 - Fiscal Year 2015				
	FY12	FY13	FY14	FY15
PILOT-HOUSING AUTHORITY	\$ 24,756.78	\$ 25,051.89	\$ 27,338.83	\$ 28,910.70
PILOT-SMITH COLLEGE	\$ 49,644.75	\$ 52,503.62	\$ 66,651.66	\$ 90,561.33
PILOT-CONGREGATION B'NAI ISRAEL	\$ 3,495.03	\$ 6,412.10	\$ 6,719.36	\$ 7,320.36
PILOT-US FISH & WILDLIFE	\$ 50.00	\$ -	\$ 243.00	\$ 552.00
PILOT - EASTHAMPTON	\$ -	\$ 4,373.65	\$ 968.03	\$ 993.82
PILOT - STATE OWNED LAND	\$ 101,469.00	\$ 101,502.00	\$ 103,509.00	\$ 64,620.00
TOTAL	\$ 179,415.56	\$ 189,843.26	\$ 205,429.88	\$ 192,958.21

The Northampton Housing Authority PILOT payments are per agreements dating from 1950, 1970, 1982 and 1985. State regulations also govern PILOT payments made under certain state public housing programs. For federal housing programs, the PILOT is calculated at ten percent of the net rental income, which is the gross rental income less utility expenses and collection losses. For State Chapter 689 and 705 housing programs, the payment is calculated at one half the municipal tax rate plus \$100 multiplied by the number of bedrooms. For State Chapter 200 housing the payment is calculated at \$3 per unit, per year, per month. This number is static and does not change year to year. State Chapter 667 housing and Mass General Laws Chapter 121B designates units constructed under these statutes as exempt from PILOT payments.

Smith College PILOT payments are made pursuant to a 2005 development agreement negotiated by Mayor Clare Higgins in conjunction with Smith's planned campus expansion in the Green Street, West Street and Belmont Street area. The College agreed to assist with housing replacement, tenant relocation, real estate tax replacement and retention of commercial space at the corner of Green and West Streets, to develop a comprehensive plan for campus parking and traffic circulation and integration of building and site design with the neighborhood and the streetscape. In exchange, the Mayor agreed to pursue zoning changes and discontinuance of streets associated with the expansion. The agreement addressed the short-term impacts associated with the construction of the Ford Hall engineering and molecular sciences building

and the long-term impacts of future buildings in the area. The payments received from Smith College under the development agreement are limited to replacing lost property tax revenue on taxable properties it converts to tax-exempt status minus any of its properties that are returned to the tax rolls.

The PILOT payments from Congregation B’Nai Israel (CBI) synagogue are associated with the City’s 2002 sale to CBI of a developable parcel of land adjacent to the Water Department facility on Prospect Street. The PILOT agreement, which was required by the City Council as condition for selling the property, provides that the city will annually receive the taxes that would have been generated if the parcel were taxable. This PILOT clause has been a requirement of subsequent sales of city buildings, including the request for proposal for the sale of the former Florence Grammar School, which was ultimately purchased by a for-profit buyer in 2013.

The remaining three PILOTS are generated from other governmental entities calculated via formulas specific to the land use. The PILOT from the state is set by Massachusetts General Law and comes to Northampton as state aid revenue. The formula depends on the land use and the state agency with jurisdiction over the property. Payment is for land only, not for buildings or any other improvements. Parcels of land that were exempt from property taxation before acquisition by the state are ineligible for reimbursement through the program. The formula is based on property value and the latest three-year statewide average tax rate.

Beginning in FY2016, the city will also receive PILOT payments from the tax-exempt Hampshire, Franklin and Hampden County Fairgrounds, Inc. – more commonly known as the Three County Fairgrounds. This payment will be calculated at 1.25% of the gross revenue of the fairgrounds with a minimum floor of \$10,000 that increases by 2.5% annually. This negotiated payment is equivalent to the taxes that the Fairgrounds had been paying on non-exempt usage prior to the PILOT agreement.

5 PROPOSED NORTHAMPTON PILOT PROGRAM

5.1 VALUATION DATA

The Office of the Assessor generates valuations of tax-exempt property with the same state-approved proprietary software used to assess all city property. Land values are determined by a schedule particular to the neighborhood in which the tax-exempt property is located and based on current sales in that area. Values relative to tax-exempt buildings, for which comparable sales data and other information used to assess taxable buildings is typically unavailable, are formulated based on building square footage, construction and condition minus depreciation. This is important to note when reviewing the valuation numbers that follow. The value of all tax-exempt land and buildings is currently \$926,711,807 or 22.32% of all land and buildings in Northampton. The following chart details all tax-exempt properties.

Owners of Exempt Property in City of Northampton, MA - Valuation and Acreage

Owners of Exempt Property	Valuation	Acreage
SMITH COLLEGE	\$ 420,758,090.00	161.358
NORTHAMPTON CITY OF	\$ 221,923,682.00	4175.31
MASSACHUSETTS COMMONWEALTH OF	\$ 64,028,910.00	525.347
UNITED STATES OF AMERICA	\$ 62,017,230.00	224.333
NORTHAMPTON HOUSING AUTHORITY	\$ 51,769,310.00	39.544
COOLEY DICKINSON HOSPITAL INC	\$ 21,786,390.00	43.226
ROMAN CATHOLIC BISHOP OF SPFLD	\$ 9,680,830.00	99.856
HAMPSHIRE REGIONAL YMCA	\$ 5,908,570.00	4.38
CLARKE SCHOOL FOR THE DEAF	\$ 4,720,690.00	2.089
SERVICENET INC	\$ 4,668,030.00	1.931
FIRST CONGREGATIONAL CHURCH OF	\$ 4,572,170.00	0.729
COLLABORATIVE FOR EDUCATIONAL SERVICES	\$ 3,683,950.00	1.953
HOSPITAL HILL DEVELOPMENT LLC	\$ 3,629,190.00	58.805
HAMPSHIRE COUNCIL OF GOVERNMENTS	\$ 3,539,170.00	0.625
COLLEGE CHURCH INC THE	\$ 3,379,800.00	6.34
LATHROP HOME	\$ 2,470,900.00	1.6
PIONEER VALLEY TRANSIT	\$ 2,193,880.00	2.25
CHRIST UNITED METHODIST CHURCH	\$ 1,931,480.00	40.4
MASSACHUSETTS AUDUBON SOCIETY	\$ 1,897,150.00	558.76
EDWARDS CHURCH OF NORTHAMPTON	\$ 1,838,220.00	0.386
PEOPLES INSTITUTE	\$ 1,581,780.00	0.68
UNITARIAN CHURCH	\$ 1,396,450.00	0.081
ST JOHN'S EPISCOPAL CHURCH	\$ 1,368,090.00	0.795
FLORENCE CONGREGATIONAL CHURCH	\$ 1,353,970.00	1.701
HEBREW CEMETERY SOCIETY	\$ 1,350,030.00	8.614
NORTHAMPTON COMMUNITY ARTS	\$ 1,316,710.00	1.541
HISTORIC NORTHAMPTON	\$ 1,268,250.00	1.716
HILL INSTITUTE	\$ 1,233,050.00	1.7
NORTHAMPTON LODGE OF ELKS #977	\$ 1,225,580.00	5.115
FIRST CHURCH OF CHRIST	\$ 1,101,760.00	0.194
GANDARA MENTAL HEALTH CTR INC	\$ 898,790.00	0.476
COMMUNITY ENTERPRISES INC	\$ 885,500.00	0.49
CLINICAL & SUPPORT OPTIONS INC	\$ 875,120.00	0.435
BIBLE BAPTIST CHURCH THE	\$ 859,170.00	9.93
HAMPSHIRE FRANKLIN & HAMPDEN FAIRGROUNDS	\$ 836,610.00	8.29
WORLD WAR II VETERANS ASSOC	\$ 782,200.00	0.896
MICHAEL CURTIN V F W POST 8006	\$ 753,810.00	0.528
ST VALENTINE'S POLISH NATIONAL	\$ 709,280.00	0.092
NONTUCK RESOURCE ASSOC. INC.	\$ 634,400.00	0.402
CORNERSTONE CHAPEL OF THE	\$ 612,810.00	2.85
NORTHAMPTON MONTESSORI SOCIETY	\$ 607,000.00	3.057
SMITH CHARITIES	\$ 597,200.00	0.14
TRI COUNTY YOUTH PROGRAMS INC	\$ 594,340.00	1.651
MEDIA EDUCATION FOUNDATION INC	\$ 565,250.00	0.239
FLORENCE CIVIC & BUSINESS	\$ 504,990.00	0.96

Owners of Exempt Property in City of Northampton, MA - Valuation and Acreage

Owners of Exempt Property	Valuation	Acreage
SMITH CHILD CARE CENTER INC	\$ 502,200.00	7.45
HUMAN RESOURCES UNLIMITED INC	\$ 496,200.00	0.481
AMERICAN LEGION POST #28	\$ 466,280.00	0.769
WINDHORSE ASSOCIATES INC	\$ 445,825.00	0
FAITH BAPTIST CHURCH INC	\$ 442,500.00	1.76
LAUREL PARK ASSOCIATION	\$ 428,700.00	2.51
BRIDGE ST LLC	\$ 428,460.00	0.48
NORTHAMPTON FRIENDS MEETING	\$ 396,100.00	0
NORTHAMPTON CONGREGATION OF JEHOVAH'S WITNESS	\$ 394,050.00	0.513
SEVEN DAY ADVENTISTS	\$ 378,540.00	0.332
BETTY ALLEN CHAPTER DAR	\$ 304,370.00	0.23
YOUNG WOMENS CHRISTIAN ASSOC	\$ 294,500.00	0.072
SAFE PASSAGE INC	\$ 286,600.00	0
RESURRECTION LIFE INTERNATIONAL	\$ 276,000.00	0.092
COMMUNITY CARE RESOURCES INC	\$ 235,200.00	0.868
COMMITTEE FOR NORTHAMPTON INC	\$ 190,000.00	0.508
HAMPSHIRE COMMUNITY UNITED WAY	\$ 117,500.00	0
WEST FARMS CHAPEL CEMETERY	\$ 116,380.00	0.898
PETER & PAUL CEMETERY CORP	\$ 105,000.00	2.1
EASTHAMPTON TOWN OF	\$ 56,900.00	13.649
HAMPSHIRE COUNTY (No New Deed - PD Garage 99 yr)	\$ 38,120.00	0.108
PIONEER VALLEY HABITAT FOR HUMANITY	\$ 1,900.00	0.133
FRANK NEWHALL LOOK MEMORIAL	\$ 700.00	0.044
Grand Total	\$ 926,711,807.00	6034.79

5.2 COST OF MUNICIPAL SERVICES

The long term vitality and success of Northampton's nonprofit sector is tied in part to the city's success and its capacity to maintain a high quality of life and deliver vital public services. Most municipal PILOT programs are premised on the notion that tax-exempt institutions should contribute toward some or all of the costs of public services they consume and benefit from.

The City of Boston's program and the aforementioned House Bill 2584 focus specifically on the percentage of municipal spending dedicated to providing core public safety and public works services, which is generally about 25% of the municipal services budget. In testing this model for Northampton, we reviewed our current FY2016 General Fund spending on police, fire rescue, emergency dispatch, and public works. We excluded water, sewer, solid waste, and storm water enterprise fund spending since tax-exempt institutions are not exempt from these user fees.

As summarized in the following chart, these core municipal services comprise 25.36% of the City of Northampton's general fund appropriation. Based on this analysis, we believe it is reasonable for the Northampton PILOT Program to seek voluntary payments equivalent to 25% of what our largest private nonprofits would pay in local taxes if their property was not tax-exempt.

City of Northampton, MA - Public Safety and Public Works	
Department	FY16 Budget
Police	\$ 5,876,610.00
Public Safety Dispatch	\$ 576,367.00
Fire Rescue	\$ 5,725,847.00
Emergency Management	\$ 7,550.00
Public Works (Not including enterprise funds)	\$ 2,867,937.00
Street Lights	\$ 189,847.00
Employee Benefits for Public Safety and Public Works Employees (184 Employees)	\$ 3,149,755.01
Debt Service for Public Safety and Public Works	\$ 2,472,904.00
Total Public Safety and Health	\$ 20,866,817.01
Total FY16 General Fund Appropriation	\$ 82,283,697.00
Percentage of General Fund Budget	25.36%

5.3 TAX-EXEMPT PROPERTY INCLUDED IN PROGRAM

In determining which tax-exempt property owners should be included in the Northampton PILOT Program, the city researched programs across the state and country. Most PILOT programs reviewed have exempted houses of worship, cemeteries, and conservation land and Northampton proposes to use the same criteria. Also, land owned by the city and other governmental entities – regional, state and federal have not been included. The following chart details the tax-exempt properties exempted from the proposed Northampton PILOT Program.

Tax-Exempt Property Exempted from Northampton PILOT Program		
Owner	Valuation	Exemption
NORTHAMPTON CITY OF	\$ 221,923,682.00	Municipal Government
MASSACHUSETTS COMMONWEALTH OF	\$ 64,028,910.00	State Government
UNITED STATES OF AMERICA	\$ 62,017,230.00	Federal Government
NORTHAMPTON HOUSING AUTHORITY	\$ 51,769,310.00	State - Current PILOT agreement
ROMAN CATHOLIC BISHOP OF SPFLD	\$ 9,680,830.00	Religious
FIRST CONGREGATIONAL CHURCH OF	\$ 4,572,170.00	Religious
COLLABORATIVE FOR EDUCATIONAL SERVICES	\$ 3,683,950.00	Regional Governmental
HOSPITAL HILL DEVELOPMENT LLC	\$ 3,629,190.00	State Government
HAMPSHIRE COUNCIL OF GOVERNMENTS	\$ 3,539,170.00	Regional Government

Tax-Exempt Property Exempted from Northampton PILOT Program		
Owner	Valuation	Exemption
COLLEGE CHURCH INC THE	\$ 3,379,800.00	Religious
PIONEER VALLEY TRANSIT	\$ 2,193,880.00	Quasi State
CHRIST UNITED METHODIST CHURCH	\$ 1,931,480.00	Religious
MASSACHUSETTS AUDUBON SOCIETY	\$ 1,897,150.00	Conservation
EDWARDS CHURCH OF NORTHAMPTON	\$ 1,838,220.00	Religious
UNITARIAN CHURCH	\$ 1,396,450.00	Religious
ST JOHN'S EPISCOPAL CHURCH	\$ 1,368,090.00	Religious
FLORENCE CONGREGATIONAL CHURCH	\$ 1,353,970.00	Religious
HEBREW CEMETERY SOCIETY	\$ 1,350,030.00	Cemetery
FIRST CHURCH OF CHRIST	\$ 1,101,760.00	Religious
BIBLE BAPTIST CHURCH THE	\$ 859,170.00	Religious
HAMPSHIRE FRANKLIN & HAMPDEN FAIRGROUNDS	\$ 836,610.00	Agricultural - Current PILOT agreement
ST VALENTINE'S POLISH NATIONAL	\$ 709,280.00	Religious
CORNERSTONE CHAPEL OF THE	\$ 612,810.00	Religious
FAITH BAPTIST CHURCH INC	\$ 442,500.00	Religious
LAUREL PARK ASSOCIATION	\$ 428,700.00	Religious
NORTHAMPTON CONGREGATION OF JEHOVAH'S WITNESSES	\$ 394,050.00	Religious
SEVEN DAY ADVENTISTS	\$ 378,540.00	Religious
RESURRECTION LIFE INTERNATIONAL	\$ 276,000.00	Religious
WEST FARMS CHAPEL CEMETERY	\$ 116,380.00	Cemetery
PETER & PAUL CEMETERY CORP	\$ 105,000.00	Cemetery
EASTHAMPTON TOWN OF	\$ 56,900.00	Current PILOT agreement
HAMPSHIRE COUNTY (No New Deed - PD Garage 99 yr)	\$ 38,120.00	County Government
FRANK NEWHALL LOOK MEMORIAL	\$ 700.00	Municipal Government
Total Exempted from Northampton PILOT	\$ 447,910,032.00	

The proposed Northampton PILOT Program also recognizes that there are many smaller institutions with fewer resources and therefore has exempted the first \$1,000,000 of property value from the proposed PILOT valuation. The following chart details nonprofits included in the proposed Northampton PILOT as well as the estimated PILOT payment, after the first \$1,000,000 is exempted. For estimating purposes the FY2015 tax rate of \$15.80 has been applied to the calculation of the estimated PILOT payment. These numbers will be updated when the city's tax rate for FY2016 and subsequent years are established.

Tax-Exempt Property included in Northampton PILOT Program					
Owners of Exempt Property	Valuation	Exempt first \$1.0 million valuation	Value remaining after \$1.0 million exemption for PILOT Calculation	100% Tax @ \$15.80/\$1000 valuation	PILOT PAYMENT @ 25%
SMITH COLLEGE	\$ 420,758,090.00	\$ 1,000,000.00	\$ 419,758,090.00	\$ 6,632,177.82	\$ 1,658,044.46
COOLEY DICKINSON HOSPITAL INC	\$ 21,786,390.00	\$ 1,000,000.00	\$ 20,786,390.00	\$ 328,424.96	\$ 82,106.24
HAMPSHIRE REGIONAL YMCA	\$ 5,908,570.00	\$ 1,000,000.00	\$ 4,908,570.00	\$ 77,555.41	\$ 19,388.85
CLARKE SCHOOL FOR THE DEAF	\$ 4,720,690.00	\$ 1,000,000.00	\$ 4,720,690.00	\$ 74,586.90	\$ 18,646.73
SERVICENET INC	\$ 4,668,030.00	\$ 1,000,000.00	\$ 3,668,030.00	\$ 57,954.87	\$ 14,488.72
LATHROP HOME	\$ 2,470,900.00	\$ 1,000,000.00	\$ 1,470,900.00	\$ 23,240.22	\$ 5,810.06
PEOPLES INSTITUTE	\$ 1,581,780.00	\$ 1,000,000.00	\$ 581,780.00	\$ 9,192.12	\$ 2,298.03
NORTHAMPTON COMMUNITY ARTS	\$ 1,316,710.00	\$ 1,000,000.00	\$ 316,710.00	\$ 5,004.02	\$ 1,251.00
HISTORIC NORTHAMPTON	\$ 1,268,250.00	\$ 1,000,000.00	\$ 268,250.00	\$ 4,238.35	\$ 1,059.59
HILL INSTITUTE	\$ 1,233,050.00	\$ 1,000,000.00	\$ 233,050.00	\$ 3,682.19	\$ 920.55
NORTHAMPTON LODGE OF ELKS #977	\$ 1,225,580.00	\$ 1,000,000.00	\$ 225,580.00	\$ 3,564.16	\$ 891.04
GANDARA MENTAL HEALTH CTR INC	\$ 898,790.00	\$ 1,000,000.00	\$ -		
COMMUNITY ENTERPRISES INC	\$ 885,500.00	\$ 1,000,000.00	\$ -		
CLINICAL & SUPPORT OPTIONS INC	\$ 875,120.00	\$ 1,000,000.00	\$ -		
WORLD WAR II VETERANS ASSOC	\$ 782,200.00	\$ 1,000,000.00	\$ -		
MICHAEL CURTIN V F W POST 8006	\$ 753,810.00	\$ 1,000,000.00	\$ -		
NONTUCK RESOURCE ASSOC. INC.	\$ 634,400.00	\$ 1,000,000.00	\$ -		
NORTHAMPTON MONTESSORI SOCIETY	\$ 607,000.00	\$ 1,000,000.00	\$ -		
SMITH CHARITIES	\$ 597,200.00	\$ 1,000,000.00	\$ -		
TRI COUNTY YOUTH PROGRAMS INC	\$ 594,340.00	\$ 1,000,000.00	\$ -		
MEDIA EDUCATION FOUNDATION INC	\$ 565,250.00	\$ 1,000,000.00	\$ -		
FLORENCE CIVIC & BUSINESS	\$ 504,990.00	\$ 1,000,000.00	\$ -		
SMITH CHILD CARE CENTER INC	\$ 502,200.00	\$ 1,000,000.00	\$ -		
HUMAN RESOURCES UNLIMITED INC	\$ 496,200.00	\$ 1,000,000.00	\$ -		
AMERICAN LEGION POST #28	\$ 466,280.00	\$ 1,000,000.00	\$ -		
WINDHORSE ASSOCIATES INC	\$ 445,825.00	\$ 1,000,000.00	\$ -		
BRIDGE ST LLC	\$ 428,460.00	\$ 1,000,000.00	\$ -		
NORTHAMPTON FRIENDS MEETING	\$ 396,100.00	\$ 1,000,000.00	\$ -		
BETTY ALLEN CHAPTER DAR	\$ 304,370.00	\$ 1,000,000.00	\$ -		
YOUNG WOMENS CHRISTIAN ASSOC	\$ 294,500.00	\$ 1,000,000.00	\$ -		
SAFE PASSAGE INC	\$ 286,600.00	\$ 1,000,000.00	\$ -		
COMMUNITY CARE RESOURCES INC	\$ 235,200.00	\$ 1,000,000.00	\$ -		
COMMITTEE FOR NORTHAMPTON INC	\$ 190,000.00	\$ 1,000,000.00	\$ -		
HAMPSHIRE COMMUNITY UNITED WAY	\$ 117,500.00	\$ 1,000,000.00	\$ -		
PIONEER VALLEY HABITAT FOR HUMANITY	\$ 1,900.00	\$ 1,000,000.00	\$ -		
Grand Total	\$ 478,801,775.00		\$ 456,938,040.00	\$ 7,219,621.03	\$ 1,804,905.26

5.4 COMMUNITY SERVICES CREDIT

As stated earlier, our nonprofit sector contributes significantly to the city’s vibrancy and the Northampton PILOT Program must and does recognize that in the form of a “community services credit.” Up to 50% credit will be applied against annual PILOT payments for community services that directly benefit city residents, support the city’s mission and priorities, or offer ways for the city and nonprofit to collaborate to meet shared goals. These community services must be quantifiable, well documented, and differentiated from broader economic or employment benefits provided by taxable and non-taxable institutions alike.

Each year, participating tax-exempt property owners may submit a form to the city outlining their various community service investments whether programmatic or the donation of goods and services to city agencies. The City of Northampton receives tangible benefits from our nonprofit sector and this aspect of the Northampton PILOT Program will formally recognize those contributions and could potentially spur new partnerships and collaborations.

5.5 THREE-YEAR PHASE IN

Because the Northampton PILOT Program is new and will require participating non-profits to incorporate annual payments to the city into their operating budgets, the program will be phased in over a three-year period to mitigate negative financial impacts. The ability to receive up to 50% credit for community services is available during the three-year phase in.

The following chart shows the estimated PILOT payments for FY17, FY18 and FY19 if the program is phased in over three fiscal years. Again, please note that these numbers are based on the FY2015 tax rate and will need to be updated as future tax rates are approved.

Tax-Exempt Property included in Northampton PILOT Program					
Owners of Exempt Property	100% Tax @ \$15.80/\$1000 valuation	PILOT PAYMENT @ 25%	FY17 33.33%	FY18 67.3%	FY19 100.00%
SMITH COLLEGE	\$ 6,632,177.82	\$ 1,658,044.46	\$ 552,626.22	\$ 1,116,361.33	\$ 1,658,044.46
COOLEY DICKINSON HOSPITAL INC	\$ 328,424.96	\$ 82,106.24	\$ 27,366.01	\$ 55,282.13	\$ 82,106.24
HAMPSHIRE REGIONAL YMCA	\$ 77,555.41	\$ 19,388.85	\$ 6,462.30	\$ 13,054.51	\$ 19,388.85
CLARKE SCHOOL FOR THE DEAF	\$ 74,586.90	\$ 18,646.73	\$ 6,214.95	\$ 12,554.84	\$ 18,646.73
SERVICENET INC	\$ 57,954.87	\$ 14,488.72	\$ 4,829.09	\$ 9,755.25	\$ 14,488.72
LATHROP HOME	\$ 23,240.22	\$ 5,810.06	\$ 1,936.49	\$ 3,911.91	\$ 5,810.06
PEOPLES INSTITUTE	\$ 9,192.12	\$ 2,298.03	\$ 765.93	\$ 1,547.26	\$ 2,298.03
NORTHAMPTON COMMUNITY ARTS	\$ 5,004.02	\$ 1,251.00	\$ 416.96	\$ 842.30	\$ 1,251.00
HISTORIC NORTHAMPTON	\$ 4,238.35	\$ 1,059.59	\$ 353.16	\$ 713.42	\$ 1,059.59
HILL INSTITUTE	\$ 3,682.19	\$ 920.55	\$ 306.82	\$ 619.80	\$ 920.55
NORTHAMPTON LODGE OF ELKS #977	\$ 3,564.16	\$ 891.04	\$ 296.98	\$ 599.94	\$ 891.04
Grand Total	\$ 7,219,621.03	\$ 1,804,905.26	\$ 601,574.92	\$ 1,215,242.71	\$ 1,804,905.26

5.6 ESTIMATED NEW REVENUE FROM PILOT

There are currently eleven tax-exempt institutions that have been identified as meeting the criteria for the proposed Northampton PILOT Program. The estimated revenue that could annually be raised with 100% voluntary participation by these institutions is approximately \$1.8 million. After applying the maximum community services credits, approximately \$900,000 could be received as cash payments annually and \$900,000 could be received via in-kind community services.

6 NEXT STEPS

This Northampton PILOT Program document is intended to mark the beginning, not the end, of an important and long-overdue community conversation about this issue. During the next 45 days, I will seek the review and input of the City Council, Northampton residents and taxpayers, and our tax-exempt institutions.

6.1 CITY COUNCIL

In the coming weeks, I will submit an order in the form of a resolution seeking the City Council's endorsement of the Northampton PILOT Program. While voluntary and not subject to city ordinance under existing state law, it is important for the Mayor to have the support of the City Council before moving forward with such a significant new program.

The resolution will be dated for inclusion on the City Council's November 19, 2015 regular meeting agenda to time its deliberation following the conclusion of the 45-day public comment period. I will make myself available to meet with individual councilors during that time to answer their questions or concerns prior to voting on the resolution.

6.2 NORTHAMPTON RESIDENTS AND TAXPAYERS

I am hopeful that all city residents and taxpayers will review the Northampton PILOT Program proposal and offer their feedback, concerns, and hopefully, support. An electronic copy of this proposal together with supplemental information about the City of Boston's PILOT program is available on a new web page at www.northamptonma.gov/PILOT. Hard copies of this document will be available at City Hall, Forbes Library, and Lilly Library.

During the 45-day public comment period, I will host a series of three town hall meetings around the city to present the program and seek direct feedback from city residents and taxpayers about this important policy initiative on the following dates:

October 14, 2015 @ 7:00pm – Police Station Community Room, 29 Center St., Northampton

October 21, 2015 @ 7:00pm – Leeds Elementary School, 20 Florence St., Leeds

October 28, 2015 @ 7:00pm – Florence Civic Center, 90 Park St., Florence

6.3 TAX-EXEMPT INSTITUTIONS

Copies of this document have been provided to the tax-exempt institutions identified for participation in the Northampton PILOT Program. I have also extended invitations to meet with all of the leaders of these institutions in the coming weeks to discuss the program and address any questions and concerns they may have about it. Communication and transparency are key to the success of this initiative and I am committed to ensuring both as we move forward in discussion with our important and valued community institutions.