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Smith set to donate \$520,000 to Northampton

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Earlier this month, Smith announced a voluntary contribution of \$520,000 to support its local community. This includes \$300,000 unrestricted funds to the City of Northampton that will be paid over the following three years, \$200,000 to the Valley Community Development Corporation and the Northampton Community Arts Trust and \$20,000 to the Downtown Northampton Association.

This contribution was announced after Mayor David Narkewicz's request for a payment of \$122,929 in accordance to the payment-in-lieu-of-taxes (PILOT) program in March. The PILOT program, proposed by Mayor Narkewicz, was approved by the City Council in December.

In the program's first year, non-profit institutions like Smith are asked to pay five percent of the property tax that they would owe if they were not tax-exempt. Due to the recognition of community services these nonprofits have contributed to the city, a 50 percent reduction is applied to the payments, resulting in a final amount of \$122,929 that Smith is asked to pay if it complies with the PILOT program.

In President McCartney's letter responding to the mayor, she said explicitly that this gift is "unrelated to the PILOT program," but serves as a continuity of Smith's constant support to the community and commitment to the partnership between the college and the city.

College spokesperson Laurie Fenlason said in an interview with New England Public Radio's Henry Epp that, "We reject the notion of a PILOT. We do not reject, in fact we totally accept, the notion of the importance of investing in our community."

"Smith is, in fact, the largest taxpayer in Northampton. In addition ... we are significantly invested in the community — our recent donation of \$520,000 is only a piece of our larger, historic investment in Northampton's success," said Samuel Maisinter, Associate Vice President for College Relations.

Smith has been opposed to the PILOT program before it was adopted. In President McCartney's Nov 5 letter to the Daily Hampshire Gazette, she explained her view that, "Private colleges and universities serve a vital role in advancing society, by providing services — higher education

— that the government would otherwise need to provide.” She also questioned whether a PILOT is in the best interests of the city. “If institutions contribute to a PILOT program, they may be forced to reduce their existing commitments to these community and business development projects.”

Mayor Narkewicz expressed his disappointment in Smith’s decision. “I believe our program provides a rational and equitable framework for all of Northampton’s largest private tax-exempt property owners to support their municipal government in recognition of the vital taxpayer-funded public safety and public works services they consume,” said Narkewicz. He noted that the PILOT policy is by definition not a tax and does not violate the principle of tax exemption for independent, non-profit colleges.

The PILOT program came about with the purpose of raising revenue for the City of Northampton, which is faced with a decline in state aid and a growing reliance on property taxes to fund essential public services. When asked whether this lack of tax revenue would remain a problem for the city, Narkewicz said, “It is a serious problem, particularly for a city like Northampton which has a higher than average percentage of its property value held in tax-exempt status.”

Like many other college towns, Northampton has a very high percentage of tax-exempt property, that, according to Narkewicz, ranks the fifth highest just after Boston, Cambridge, Chelsea and Worcester. “The city simply has fewer properties from which to derive property taxes leaving the responsibility to fund city services to the remaining 77.63 percent of taxable property owners, 80 percent of which are residential taxpayers,” said Narkewicz.

So far, among the ten institutions concerned by the PILOT program, only Smith College and Historic Northampton have responded so far — Historic Northampton has agreed to participate while Smith has not. As a voluntary payment, whether to participate or not is still up to the institutions themselves, which does not bode well for the prospects of the Northampton PILOT program. Whether it will help Northampton raise enough money to adapt to its growing needs remains unknown.

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Carolyn Brown '16 captures this quidditch player mid-flight during Smith's match against New Haven.

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