

OFFERED BY COUNCILORS SHARON DURKAN AND LIZ BREADON



**CITY OF BOSTON
IN CITY COUNCIL**

**ORDER FOR A HEARING TO EVALUATE THE PROGRESS
AND IMPACT OF THE CITY'S PILOT PAYMENT IN LIEU
OF TAXES (PILOT) PROGRAM**

WHEREAS, The City of Boston is home to world-class educational, medical, and cultural institutions that contribute significantly to our economy and character and provide wide-ranging benefits to the City through education, healthcare, research, employment, and community engagement; however, while they represent nearly one-fifth of the city's real estate value, as private nonprofits, many are tax-exempt; *and*

WHEREAS, The Payment in Lieu of Taxes (PILOT) program was established to encourage these tax-exempt institutions to make voluntary financial contributions to the City of Boston to help offset the burden placed on taxpayers to fund essential city services such as police and fire protection, snow removal, and infrastructure maintenance, which these institutions utilize; *and*

WHEREAS, Property taxes make up a significant portion of the City's budget; in FY 2025 71.1% of the City's revenue came from the property taxes. With declining commercial property values increasing the burden on Boston homeowners, PILOT contributions are vital to ease the financial burden of providing city services; *and*

WHEREAS, In 2011, the City implemented a framework based on PILOT Task Force recommendations targeting any private nonprofit institution with property holdings exceeding \$15 million. Under these guidelines, participants are asked to contribute 25% of their estimated property tax value, with the option to offset up to 50% through qualifying community benefits; *and*

WHEREAS, PILOT Community Benefits are programs and services above and beyond an institution's existing commitments and mission, and ones that uniquely benefit our residents; *and*

WHEREAS, In fiscal year 2024, participating institutions collectively contributed 76% of the total PILOT requested amount, representing approximately 1% of the City's budget; *and*

WHEREAS, The City recently negotiated a new PILOT agreement with Northeastern University that includes a 40% increase in annual cash contributions over the next

five years, and it presents important lessons regarding the City's approach to negotiations and the PILOT framework; *and*

WHEREAS, PILOT agreements are voluntary, traditionally uncodified, and negotiated on an ad hoc basis between individual institutions and the Administration; and as the City has discussed creating a more reliable schedule and clearer procedures, enhanced collaboration with the City Council and public transparency have the potential to strengthen the program; *and*

WHEREAS, Continued partnership with nonprofit institutions through the PILOT program is essential to ensuring that both financial contributions and community benefits meaningfully support Boston residents and communities, and that the program evolves toward a more effective framework; ***NOW THEREFORE BE IT***

ORDERED: That the appropriate committee of the Boston City Council hold a hearing to review the implementation and impact of the City's Payment in Lieu of Taxes (PILOT) program and identify opportunities to strengthen transparency, accountability, and effectiveness. Representatives from relevant City departments and other relevant stakeholders shall be invited to testify.

Filed on: February 2, 2026