Town of Southborough PILOT Update

February 8, 2011

PILOT

- The Massachusetts State Constitution, written in 1780, empowered the legislature to promote the arts, sciences, and natural history of our country by granting “reasonable exemptions” to the institutions that embrace these pursuits. The impact of this law is realized in the erosion of Southborough’s tax base.

PILOT Defined

- Payments in lieu of taxes (PILOTs) are payments made voluntarily by tax exempt nonprofits as a substitute for property taxes or services.
- The payments are completely voluntary on behalf of the tax exempt.

Benefits of Tax-Exempts

- Offer many intangible and difficult to quantify benefits to Southborough.
- Offer a variety of community services such as use of institutional facilities.
- The town appreciates the contributions of these institutions which currently fulfill the philanthropic, educational and community service benefits.

Managing Taxes

- Town must be fair and even-handed in managing its tax base due to the following fiscal realities:
  - The over-reliance on the property tax as the only major source of tax revenue;
  - The implementation and limitations of Proposition 2 ½;
  - Increase demands for costly municipal services;
  - The continued decline in federal and state assistance;
  - Real costs of providing municipal services to tax exempt properties.

PILOTs Rationale

- 1. A means to partially offset property tax revenue foregone because the nonprofit's property is tax exempt;
- 2. A contribution to cover the non-profit's share of the cost of public services offered by the Town; or,
- 3. Viewed as part of the nonprofit's civic duty to be a "good neighbor" to the community.

PILOT Amounts

1. The revenue if the tax exempt paid property tax (or percentage thereof); or,

2. Cost of basic services provided to the tax exempt (or percentage thereof); or,

3. Consideration presently being given to per student amount per semester.

Southborough Tax Exempts

- **I. Educational**
  - **A. St. Mark's School**
  - **B. Fay School**
  - **C. New England Center for Children**
  - **D. Harvard Research/Book Repository**

Southborough Tax Exempts

- **II. Religious**
  - A. St. Anne's Church
  - B. St. Mathew's Church
  - C. First Congregational Church
  - D. Chinese Gospel Church
  - E. Pilgrim Church
  - F. St. Mark's Episcopal Church
  - G. L' Abri Fellowship

Southborough Tax Exempts

- **III. Other**

A. Colonial Gardens
B. Southborough Housing Authority
C. Community House
D. Southborough Open Land Foundation
E. Sudbury Valley Trustees
F. Dept. of Conservation & Recreation
G. Fairfield Green of Marlborough

St. Mark's School

- **Tax Exempt Property:**
  - **Total Number of Residential Properties: 26**
  - **Amount of residential tax-exempted: $206,518**
- **Annual Town Services:**
- **Fire: $40,597**
- **Police: $5,612**
- **Schools: $139,029**
  - **Total Services: $185,238**
  - **Total Exemption: $391,518**

St. Mark's School

- Endowment: $91 Million
- Tuition: $45,100
- Enrollment: 340
- Total Annual Revenue: $9.5 Million
- 2008 Financial Aid: $3.1 Million
- Total Assets: $160,415 Million

St. Mark's PILOT Payments

- **$20,000 per year**
- **$10,000 per year for 10 years for aerial ladder truck.**

Education PILOT Comparisons

- Phillips Academy provides the town of Andover $150,000 per year (unrestricted use) in PILOT
- Cushing Academy provided the town of Ashburnham a $2.7 Million PILOT towards a new Public Safety Facility
- Groton School provides the town of Groton $100,000 per year in PILOT

St. Mark’s Proposal

- **PILOT in the amount of $300,000 annually.**

Fay School

- **Tax Exempt Property:**
  - **Total Number of Residential Properties: 12**
  - **Amount of residential tax-exempted: $95,316**
- **Annual Town Services:**
  - **Fire: $36,276**
  - **Police: $4,566**
  - **Schools: $76,591**
    - **Total Services: $117,433**
    - **Total Exemption: $212,749**

Fay School

- Endowment: $29.5 Million
- Tuition: $44,800 (Boarding)
- Enrollment: 450
- Total Annual Revenue: $10.9 Million
- 2008 Financial Aid: $972,587

- Total Assets: $107,798 Million

Fay School PILOT Payments

- $5,000 in 2007, 2008 and 2009 ($0 in 2010), and,
- $10,000 per year for 10 years for aerial ladder truck

Education PILOT Comparisons

- Phillips Academy provides the town of Andover $150,000 per year (unrestricted use) in PILOT
- Cushing Academy provided the town of Ashburnham a $2.7 Million PILOT towards a new Public Safety Facility
- Groton School provides the town of Groton $100,000 per year in PILOT

Fay School Proposal

- **PILOT in the amount of $200,000 annually.**

New England Center for Children

- **Tax Exempt Property:**
  - **Total Number of Residential Properties: 6**
  - **Amount of residential tax-exempted: $47,658**
- **Annual Town Services:**
  - **Fire: $10,252**
  - **Police: $6,158**
    - **Total Services: $16,410**
    - **Total Exemption: $64,068**

New England Center for Children

- Campus Size: Southborough and Abu Dhabi
- Endowment: N/A
- Yearly Tuition: $564 per day*
- 209 Students Enrolled
    - www.mass.gov

NECC's PILOT Payments

- $80,668 per year
- $12,000 for 10 years for aerial ladder truck

New England Center for Children Proposal

- Status Quo

Harvard University

- Campus size: 87 Acres in Town
- $26 Billion Endowment
- $48,868 Yearly Tuition
- $21,006 Students Enrolled

Harvard University

- **Tax Exempt Property: 87 Acres**
- **Annual Town Services:**
  - **Fire: $9,159**
  - **Police: $1,246**
    - **Total: $10,405**

Harvard University PILOT Payments

- $18,000 per year since 2007
- $16,667 for 3 years for aerial ladder truck.

Religious Institutions

- Early on, our government made a decision to grant tax exemptions to churches and other bodies. The Constitution does not mandate it. In general, governments believed that churches enhanced and supplemented government services such as feeding the hungry, housing those in need of shelter and in general using private funds for public good.

St. Matthew's & St. Anne's

- **Property Owned:** — **Size** — **Exempted Tax**
  - St. Matthew's — 1.5 Acres — $29,680
  - St. Anne's — 3.49 Acres — $31,569
  - Total: — 4.99 Acres — $61,249
- **Services**
  - Police: $2,632
  - Fire: $4,911
  - Town Plowing: $1000*
    - Total Annual Town Services: $8,543
    - Total Exemption: $69,792

Pilgrim Church

- **Property Owned: Size Exempted Tax**
  - **.66 $31,230**

- **Services**
  - **Police: $1,005**
  - **Fire: $6092**
  - **Town Plowing: $200**

    - **Total Annual Town Services: $7,297**
    - **Total Exemption: $38,527**

Chinese Gospel Church

- **Property Owned:** **Size** **Exempted Tax**
  - – **5.68** **$55,446**

- **Services**
  - – **Police: $4,487**
  - – **Fire: $3,267**

    - **Total Annual Town Services: $7,754**
    - **Total Exemption: $63,200**

L'Abri Fellowship

Property Owned:	Size	Exempted Tax
	22.64	$49,712

Services

- Police: $76
- Fire: $337
- School: $13,396

- Total Annual Town Services: $13,809
- Total Exemption: $63,521 ($500 PILOT)

First Congregational Church

- **Property Owned: Size Exempted Tax**
  - **– .26 $6,840**

- **Services**
  - **Police: $1,005**
  - **Fire: $6,091**
  - **Town Plowing: $200**

    - **Total Annual Town Services: $7,296**
    - **Total Exemption: $14,136**

St. Mark's Episcopal

- **Property Owned:** **Size** **Exempted Tax**
  - **1.83** **$51,377**
- **Services**
  - **Police: $529**
  - **Fire: $2,827**
  - **Town Plowing: $500**

    - **Total Annual Town Services: $3,856**
    - **Total Exemption: $55,233**

Religious Tax Exempt Proposal

- **PILOT in the amount of $10,000 annually.**