PAYMENT IN LIEU OF TAXES (PILOT) COMMITTEE CHARGE

Milton recognizes that non-profit organizations contribute directly to the quality of life within the community and welcomes them to the town. In order to maintain the financial health of the community so as to continue to provide a range of quality services, the Town must preserve its existing tax base and expand revenue sources where reasonably possible. It is the Town policy to distribute the burden of cost in a fair method among all users of services: citizens, taxpayers and non-profit institutions.

M.G.L. Chapter 59 section 5 enables the granting of tax-exempt status to certain non-profit organizations. Once an organization is granted an exemption, the Town cannot legally require that organization to pay a property tax or bind that organization to give up the rights to these legal exemptions. Therefore:

1. The Town will seek voluntary PILOT Agreements with all tax exempt institutions within the community that own real property, or that rent real property from the Town (pursuant to MGL Chapter 59 section 5, sub-section 2B);

2. These PILOT Agreements should be based upon fair market value and tax levy. PILOT Agreements should be established on the basis that the non-profit organization’s payment amount is equal to the percentage of tax levy that supports the critical services of the Town’s infrastructure including Police, Fire and Public Works operations. The Town has determined that this share is equal to at least 25% of the full levy;

3. When a non-profit organization enters into a voluntary PILOT agreement, the Town may offer to phase in the PILOT contribution to spread the budget impact over a period of time not to exceed five (5) years;

4. Community-based non-profit will have the opportunity to receive consideration for community services that benefit Milton residents and that directly reduce the costs of providing services. The town and institutions will identify qualifying services and negotiate a fair value for these services. For example, an educational institution might make its athletic facilities available for town programs reducing the necessity to develop and maintain new town facilities. Non-profits would be able to earn credits up to 50% of their targeted PILOT payment for the provision of such services.

5. A PILOT Agreement will remain in force for the entire tenure of its contractual term as long as the use and value established in the PILOT Agreement have not changed. All property under a PILOT Agreement must still meet all the requirements for eligibility for exempt status.

6. A PILOT Agreement does not replace the requirement that each organization seeking property tax exemption must file a “Return of Property Held for Charitable Purposes” form (State Tax Form #3ABC) with the Board of Assessors on or before March first of each year;