

PILOT

Payment In Lieu Of Taxes



PILOTs are voluntary payments made by tax-exempt private nonprofits as a substitute for property taxes and to offset the cost of town services used.

Why do we need realistic, fair, PILOT payments in Southborough?

- Nonprofits have no obligation to pay taxes to support town services and on-going town expenses
- Municipal budgets and taxes are only going one way — **UP!**
- Purchase of residential real estate removes properties from the tax rolls and thus, increases tax burden for those residents who do pay taxes
- These properties, and the families that live in them, use the services of Southborough

Services

What services are paid for by our property taxes?



Public Schools

Children from private school residential housing attend N/S Public Schools and participate in town recreational activities
(2019 estimated cost >\$450,000)

Fire Department

- Emergency and non-emergency calls to private schools
- Regular Fire Department inspections of private schools

(2019 estimated cost >\$110,00)

Police Department

- Emergency and non-emergency calls to private schools

Other Town Services

and town employees used by private schools include Building Department, Zoning Department, Planning Board, and more

SOUTHBOROUGH TAXPAYERS PAY FOR THESE SERVICES

Real Estate

Private schools purchase residential property, claim the property as non-profit and it is removed from the tax rolls.

But SOMEONE still needs to cover the property taxes for that address

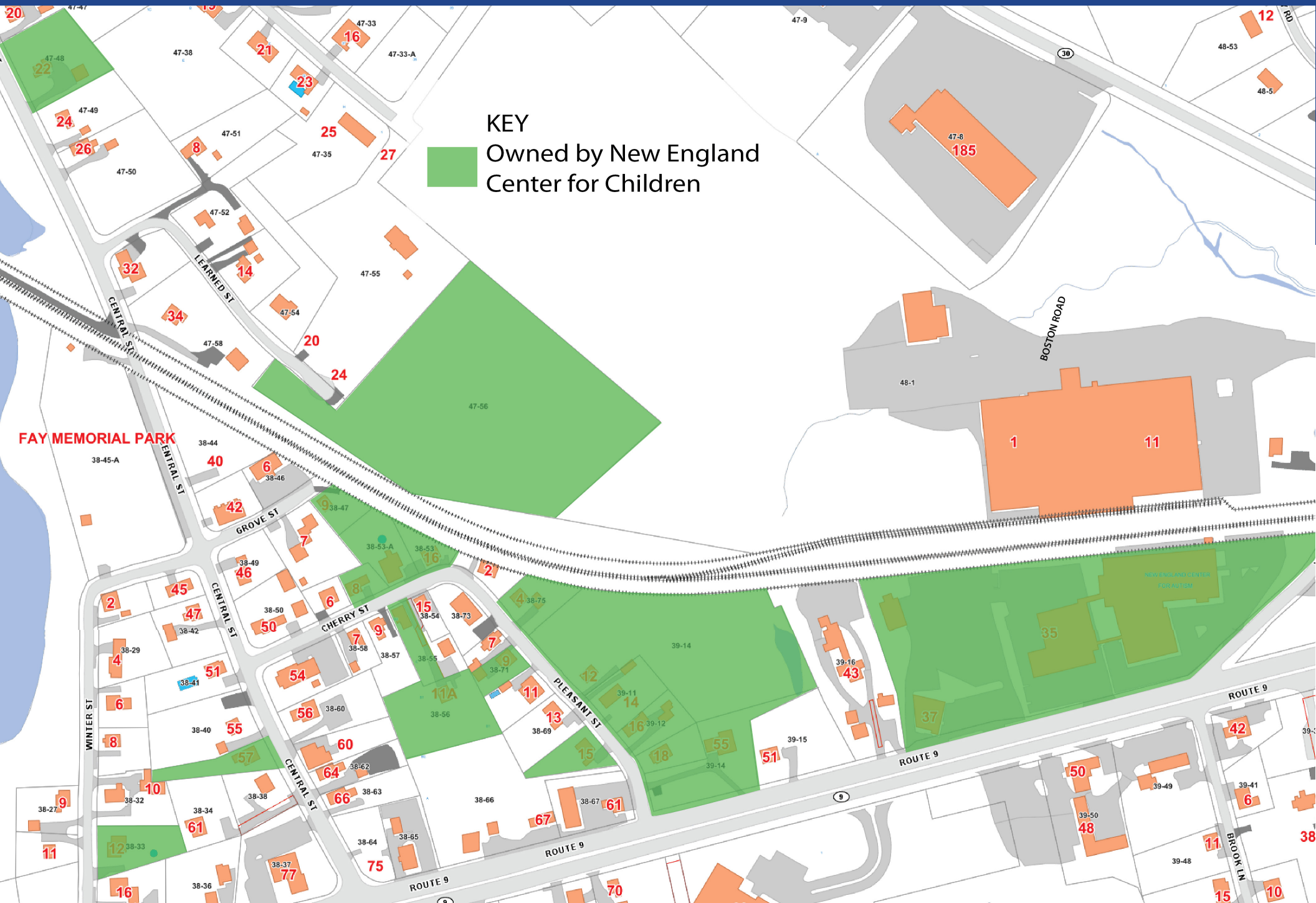
**SOUTHBOROUGH
TAXPAYERS PAY
FOR THIS**



photo credit: Al Bezanson

Let's take a look at how much property they actually own...

New England Center for Children Nonprofit Tax-Exempt Property



St. Marks

Fair Market as of 12/31/20
as determined by St.
Mark's = **\$106,000,000**

Fay School

Fair Market value as of
6/30/20 as determined by
Fay School = **\$83,390,183**

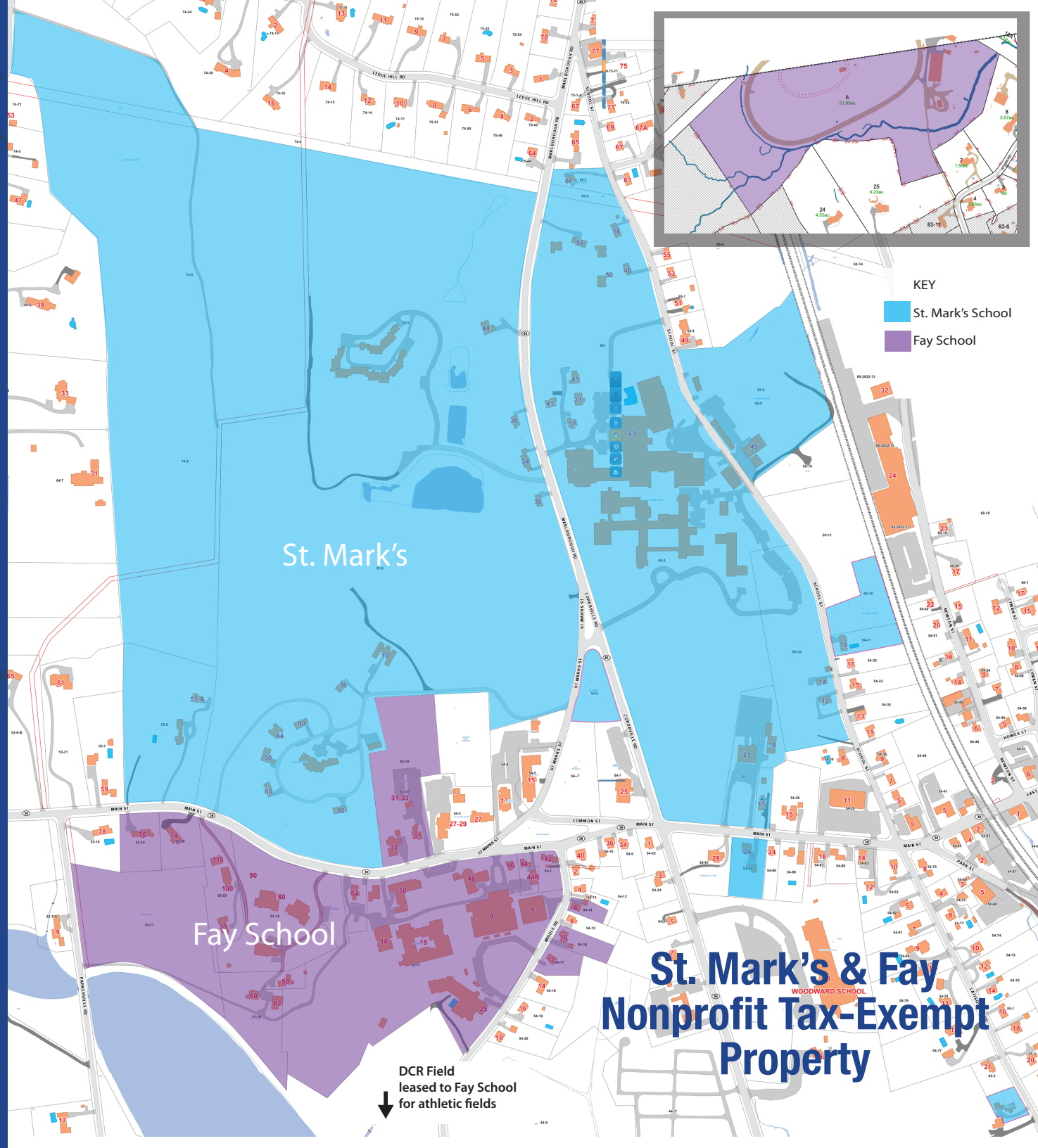
New England Center for Children

Fair Market value as of
3/21/21 as determined by
NECC = **\$37,407,254**

Harvard

Fair Market value as of
1/1/21 as determined by
Harvard = **\$25,179,500**

**2022 Southborough
tax rate = \$16.28 per
thousand \$**



Total Contributions to the Town of Southborough by Three of Our Large Nonprofits

	Fay	St. Mark's	NECC
FY 2021	\$10,000	\$50,050	\$104,072
FY 2020	\$10,000	\$48,500	\$104,072
FY 2019	\$10,000	\$49,000	\$104,072
FY 2018	\$10,000	\$45,000	\$92,072
FY 2017	\$10,000	\$45,000	\$92,072
FY 2016	\$10,000	\$80,000	\$92,072
FY 2015	\$10,000	\$10,000	\$92,072
FY 2014	\$10,000	\$40,000	\$80,668
FY 2013	\$10,000	\$55,000	\$80,668
FY 2012	\$10,000	\$35,000	\$80,668
FY 2011	\$10,000	\$35,000	\$80,668

2011 RECOMMENDATION

The last time the town of Southborough PILOT Committee met was more than a decade ago. Based on property owned at the time, in 2011 this committee proposed these payments

St. Marks: **\$300,000** annually

Fay School: **\$200,000** annually

NECC: Status Quo

Since then, the BOS has been in charge of negotiating PILOT contributions. And how far have we come?

Property Taxes

How much do YOU pay in property taxes?

For example:

A house assessed at \$625,000 in Southborough (at 2022 tax rate of \$16.28) would owe **\$10,175** in taxes.



In 2021 Fay School (>\$83,000,000 in real estate) contributed **\$10,000** to Southborough

“The typical home value of homes in Southborough is \$854,098.” Source: Zillow.com 5/3/2022

In fact, the **average** property tax in Southborough for 2021 was \$10709.00. Source: Highest And Lowest Property Tax Rates In Greater Boston, lmacchiarealty.com

Comparison

How does Southborough stack up?

FY2018 Contributions

Phillips Academy	\$395,752*
Groton Academy	\$125,000
Milton Academy	\$120,000**
NECC	\$92,072
St. Mark's	\$45,000
Fay School	\$10,000

* Phillips Academy's PILOT payment **increases each year** by the same percentage as the town property tax rate, not to exceed 3.6%.

** **ALL residential property** owned by Milton Academy is taxed at current, standard property tax rates.

Isn't it reasonable to expect private nonprofit schools to be good citizens of their community and contribute fairly to the cost of town services they, their staff, students, faculty and families use?

A standing committee for PILOT would provide the resources to fully examine the issue and offer suggestions for the best of ALL citizens of Southborough

