

In Support of Article 44, Resolution re House Bill 2584

Payments in lieu of taxation by organizations exempt from the property tax

Last year Amherst College gave the town of Amherst an unrestricted donation of **\$130,000**, its largest gift in recent years.

This may seem like a magnanimous gesture, and in a sense it is, since the College did not have to give the town anything. However, consider these statistics:

1. Amherst College reports an endowment valued at **\$2.2 billion**, ranking it among the **top 1%** of the wealthiest colleges and universities in the country.
2. Amherst College's endowment per student is **\$1.2 million**, placing it in the **top ten** nationally.
3. The Amherst College **president's salary** was reported in 2011 to be **\$589,000**, ranking it 11th nationwide in presidential compensation per student.
4. The Amherst College main campus carries a tax-exempt appraisal of **\$367 million**.
5. If this Amherst College property were taxed at the regular residential rate of \$20.97, its annual assessment would be **\$7.7 million**. By the Kulik Bill formula the assessment is 25% of that, or **\$1.9 million**.
6. Compare these voluntary payments from other leading institutions:
 - a. In 2012 **Brown University** agreed to give Providence **\$31 million over 11 years**.
 - b. **Boston University** contributes more than **\$6 million** per year in PILOT payments
 - c. **Yale University** gives New Haven roughly **\$8 million** per year in voluntary payments
 - d. **Williams College**, has made an average of **\$900,000** in annual contributions to Williamstown over the past decade. It recently agreed to fund a **\$5 million endowment** for Mt. Greylock School District capital projects. In 2006 it started a similar fund for Williamstown Elementary School that is now valued at **\$1.5 million**.
7. Last month Town Meeting voted to give Amherst College **\$190,000** in CPA funds to invest in improvements to its Evergreens property, making the Town of Amherst a net donor to the college this year.

All told, Amherst College's contributions to the town may appear meager, but that should not be surprising. If real estate taxes were voluntary, how many of us would be willing to give 2% of the value of our property to the town each year?

Relying on altruism doesn't work. Massachusetts communities need a legislative tool that enables the fair and equitable recovery of service costs from tax-exempt entities.

The Massachusetts Municipal Association, whose leadership has included John Musante and Paul Bockelman, supports, and in fact helped to write, the Kulik bill (H. 2584).

Please vote yes on Article 44.

Sources

Amherst Town Warrant, Spring 2016. Article 44, Page 22.

<http://www.amherstma.gov/DocumentCenter/View/34373>

Amherst considers PILOT. Scott Mertzbach, Amherst Bulletin, 3/10/2016

<http://www.amherstbulletin.com/Archives/2015/10/o16amtaxnonprofits-hg-100815>

Amherst College Office of Investments

https://www.amherst.edu/offices/office_of_the_chief_financial_officer/investments

How many colleges and universities do we really need? Jeffrey J. Selingo, Washington Post, July 20, 2015

<https://www.washingtonpost.com/news/grade-point/wp/2015/07/20/how-many-colleges-and-universities-do-we-really-need/>

List of colleges and universities in the United States by endowment. Wikipedia

https://en.wikipedia.org/wiki/List_of_colleges_and_universities_in_the_United_States_by_endowment#Endowments_per_Student

How Much is Your College President Costing You? U.S. News & World Reports, 2/15/2011

<http://www.usnews.com/education/best-colleges/articles/2011/02/15/how-much-is-your-college-president-costing-you-college-president-cost-per-student>

Amherst College Main Campus Property Card. Town of Amherst GIS

<http://gis.amherstma.gov/images/cards/461.pdf>

Ivy League School to Pay City Millions. Jennifer Levitz, Wall St. Journal, May 1, 2012

<http://www.wsj.com/articles/SB10001424052702304050304577377882290627666>

BU falls short of PILOT payment, still contributes most of all other educational institutions. Olivia Deng, Daily Free Press, 10/6/2014

<http://dailyfreepress.com/2014/11/06/bu-falls-short-pilot-payment-still-contributes-educational-institutions/>

Who Pays? - Yale Daily News, 6/21/2014

<http://yaledailynews.com/blog/2014/02/21/who-pays/>

Williams College Pledges \$5 Million for Capital Needs of Mt. Greylock Regional School District Outside Scope of the Building Project. 2/11/2016

http://communications.williams.edu/news-releases/2_11_2016_mtgreylockfund/

Williams efforts benefit Lansborough. Letter by K. Elaine Neely, Berkshire Eagle, 3/6/2016.

http://www.berkshireeagle.com/letters/ci_29602790/letter-williams-colleges-efforts-benefit-lanesborough

Amherst College leads Western Massachusetts in president's pay. Diane Lederman, Masslive.com, 12/16/13

http://www.masslive.com/news/index.ssf/2013/12/chronicle_of_higher_education.html

Should Nonprofits Have to Pay Taxes? The Pew Charitable Trusts

<http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2015/3/05/should-nonprofits-have-to-pay-taxes>

MMA Legislative Package. Massachusetts Municipal Association

<http://www.mma.org/advocacy-mainmenu-100/legislative-package>