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# Northampton Mayor David Narkewicz unveils details of plan to seek payments in lieu of taxes

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NORTHAMPTON — Northampton Mayor David J. Narkewicz unveiled a detailed proposal Thursday that would ask 10 of the city's largest nonprofit, tax-exempt property owners to voluntarily participate in a payment-in-lieu-of taxes, or PILOT, program beginning next year.

The proposal would take effect over three years and would ask these institutions to ultimately contribute as much as \$1.78 million in voluntary payments compared to the approximately \$193,000 in PILOT revenue the city now receives from tax-exempt property owners.

"We're trying to approach this in a collaborative way," Narkewicz told the City Council during a presentation of his plan. "We do feel it's fair to have this conversation."

Narkewicz cited the city's long-running fiscal challenges resulting from decreases in state aid and increasing burden on taxpayers as the primary reasons for such a program.

He said he plans to hold three public meetings and initiate discussions with the nonprofit institutions what would fall under the plan in the weeks ahead.

As Narkewicz explained it, PILOT programs are a formalized way for communities to seek payments from tax-exempt property owners.

According to a 13-page report Narkewicz released to the council, 22.37 percent of the total property in Northampton is tax-exempt. That is the 16th highest percentage of the 351 communities in Massachusetts. Among cities, Northampton ranks 38th in population size but is the fifth highest in the amount of tax-exempt property behind Worcester, Cambridge, Chelsea, and Boston, according to the mayor's report.

"Those are some interesting statistics," Narkewicz told the council. "We have a unique set of circumstances that I think make it imperative that we look at a PILOT program."

Smith College is the largest owner of tax-exempt property in the city with approximately \$421 million in value, followed by the city's \$222 million in holdings, according to figures provided to the council.

The 10 tax-exempt property owners that would fall under the plan are Smith College, Cooley Dickinson Hospital, Hampshire Regional YMCA, ServiceNet Inc., Lathrop Home, People's Institute, Northampton Community Arts, Historic Northampton, Hill Institute, and Northampton Lodge of Elks #977.

The voluntary payments the city requests would range from approximately \$1.65 million annually from Smith College to \$891 from the Elks Lodge, based on the city's current tax rate, the mayor cautioned.

The payments would represent 25 percent of what their tax bills would normally be if their properties were taxable. In addition, there is a "community service credit" built into the program that would apply up to a 50 percent credit on PILOT payments for services that "directly benefit city residents, support the city's mission and priorities, or offer ways for the city and nonprofit to collaborate to meet shared goals."

The majority of tax-exempt property owners would be exempt from the program because their property holdings fall below \$1 million in valuation, which is the threshold set in the mayor's proposal. The plan also exempts government entities, houses of worship, cemeteries, and conservation land, which is the case with most other PILOT programs already in place.

Narkewicz said he researched other PILOT agreements and programs in other cities, including Boston, and noted that state Rep. Stephen Kulik, D-Worthington, has introduced legislation that would require tax-exempt organizations to make payments-in-lieu-of-taxes "equal to 25 percent of the amount that would be paid if the property were not exempt from taxation" in cities and towns that adopt the law and develop local regulations.

The mayor said he plans to hold a 45-day public comment period on the plan, which can be found online at [northamptonma.gov/PILOT](http://northamptonma.gov/PILOT) and at City Hall, Forbes Library and Lilly Library. Three meetings have been scheduled for Oct. 14 at the police station on Center Street, Oct. 21 at Leeds Elementary

School and Oct. 28 at the Florence Civic Center, all at 7 p.m.

Narkewicz said he plans to meet with leaders of the institutions impacted by the proposal in the coming weeks and also will be presenting a resolution seeking the City Council's support in November.

The council took no action Thursday, though several councilors expressed general support for the proposal, including Ward 6 City Councilor Marianne L. LaBarge, who thanked the mayor for "doing what needs to be done."

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