

# Payments In Lieu of Taxes (PILOTs)

**Estimated Revenue Generation:** \$51 Million<sup>1</sup>

## What are PILOTs?

- PILOTs are voluntary, permanent financial commitments by mega, tax-exempt institutions (*E.g.*, hospitals, colleges and Universities, and other non-profits) to pay a set percentage of what they would otherwise owe in property taxes each year.<sup>2</sup>
- PILOTs can be seen as acknowledgments from wealthy non-profits that they are essentially being subsidized each year by the city of Philadelphia through the act of tax exemptions, and that they must contribute their fair share as a matter of economic and racial justice.<sup>3</sup> The financial losses from tax exempt organizations in the city are significant and these large nonprofits rely heavily on Philadelphia's public services, infrastructure, cultural environment, and labor pool in order to operate.

## How could we use the money?

- The School District of Philadelphia (SDP) is severely underfunded and our city's students' health is at risk due to the environmental hazards in district facilities. There is a great need to remediate these toxins: SDP estimates that its facilities require approximately \$5 billion in capital repairs to ensure a safe and healthy environment for students, including \$125 million to remediate lead and asbestos. In addition, assessing the impacts of the COVID-19 pandemic, the SDP is projecting a nearly \$900 million budget shortfall by the end of fiscal year 2026.<sup>4</sup>
- Property taxes represent the largest local contribution to the School District's budget, and Philadelphia has an extraordinary amount of tax-exempt land from mega non-profits<sup>3</sup>
  - (2019) There are nearly 23,000 properties in Philadelphia (with a total value of \$29.6 billion) exempt from paying property taxes because they are owned by nonprofit or government institutions. Of those, government properties account for nearly 40% of the value of all tax-exempt properties, the remaining exemptions are for nonprofits. Educational institutions in Philadelphia own about a quarter of the value of tax-exempt properties.<sup>5</sup>

## What can I do to demand we fully fund our communities?

- In May 2020, Philadelphia Jobs with Justice launched a city-wide campaign to finally win PILOTs at Penn and other wealthy non-profits, calling on these institutions to contribute to an

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<sup>1</sup> <https://public.tableau.com/profile/philly.power.research#!/vizhome/PhillyRevenueProject-Testing/Dashboard1>

<sup>2</sup> <https://www.thedp.com/article/2020/07/penn-pilots-taxes-exempt-nonprofit-protest-defund-police-philly-schools>

<sup>3</sup> <https://www.pennforpilots.org/faqs>

<sup>4</sup>

<https://phila.legistar.com/LegislationDetail.aspx?ID=4770038&GUID=2A72FC12-4F53-46BB-BA4B-E8B92D3BE3DF&Options=ID%7cText%7c&Search=210034&FullText=1>

<sup>5</sup> <https://www.inquirer.com/news/philadelphia-nonprofit-exempt-property-tax-pilots-penn-aramark-20190930.html>

**Educational Equity Fund** governed by the school district and city government by paying 40% of what they would owe in property taxes.<sup>6</sup>

**Who supports PILOTs? Who is in opposition?**

- Supporters: Jobs With Justice, Penn For Pilots,
- Against: University of Pennsylvania, Drexel University and Mega NonProfits in the City

**How have PILOTs worked in other communities?**

- Boston’s PILOT program (the nation’s largest) asks universities and hospitals to pay about 25% of their property taxes, an amount roughly equivalent to what the city spends on core services such as fire, police, and road upkeep.<sup>7</sup>

**What’s the status of PILOTs?**

- Follow [Philly Jobs with Justice](#) on Twitter [@PhillyJwJ](#) to stay up to date on the latest fight for PILOTs!
- Follow [Penn For PILOTs](#) on Twitter [@PennforPILOTs](#) too!

**Additional Resources about the PILOTs:**

>[Penn For PILOTs July 2020 Information session slides](#)

>[Philadelphia Jobs With Justice - Philadelphia Education Equity Fund](#)

>[Philly Mag - “Now Is the Time for Penn and Philly’s Other Big-Money Nonprofits to Pay PILOTs” \(May 2020\)](#)

>[Inside Higher Ed - “Faculty Renew Push for Penn Payments to Philadelphia” \(Sept 2020\)](#)

>[Philadelphia Inquirer - “Faculty, alumni pressure Penn to make payments to support Philly schools in push for ‘racial and economic justice’” \(Aug 2020\)](#)

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<sup>6</sup> <https://www.pennforpilots.org/faqs>

<sup>7</sup> <https://www.inquirer.com/news/philadelphia-nonprofit-exempt-property-tax-pilots-penn-aramark-20190930.html>