

Properties Exempt from Paying Real Property Taxes in the District of Columbia*

Prepared for the
District of Columbia Tax Revision Commission

FINAL REPORT

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Executive Summary

The District of Columbia depends on property taxes as a share of own-source and tax revenues more than state and local governments nationally and local governments adjacent, and nearby, to DC located in Maryland and Virginia. According to the 2012 D.C. Tax Facts (Table 5), in FY2011, the property tax base of the District was as follows:

Taxable residential estimated market value	\$86 billion	38%
Taxable commercial estimated market value	\$58 billion	25%
Tax exempted estimated market value	<u>\$83 billion</u>	<u>37%</u>
Total	\$227 billion	100%

Thirty-seven percent of the District's real property tax base was exempt from paying property taxes in FY2012, consisting of 15,494 properties (less than 8 percent of total individual properties in DC).

The US government owns 2,809 exempt properties (19 percent of exempt properties in DC) with an estimated market value of \$45 billion (54 percent of all exempt value) accounting for \$823.4 million in foregone property tax revenue annually. That is followed by educational organizations accounting for \$102 million in foregone property tax revenues; and miscellaneous exempt properties accounting for \$69 million in foregone property tax revenues annually. Independent estimates of total tax revenue lost because of exempt properties generated here range between \$100 million annually (assuming only 25% of non-federal and non-foreign and non-District government exempt real property is taxed) and \$1.5 billion (assuming all exempt property is fully taxed).¹

Properties in the District obtain exemption from property taxation in two ways:

- Filing out an application form that is processed by the Office of Tax and Revenue (about 70 per year with about 75 percent receiving the requested exemption); and
- Legislation passed by the D.C. Council or Congress.²

A number of policy tools are available to local governments to collect revenues from exempt properties in order to help cover the cost of providing community services they consume:

- 1) Payment-in-lieu-of-taxes (PILOTs);
- 2) Services-in-lieu-of-taxes (SILOTs);
- 3) State subsidies for lost property tax revenues;
- 4) User fees and charges; and
- 5) Other direct taxes.

¹ The number and value of individual categories of exempt properties are based on data from the Public Access Data Base provided by ORA. The estimates of foregone revenue for individual categories of exempt properties come from the District's 2012 Tax Expenditure report. The range in estimates for foregone revenue was calculated by the authors and is described below.

² All tax exemptions prior to the City achieving Home Rule in 1974 were passed by Congress.

PILOTs exist in at least 218 municipalities and 28 states, including several large cities such as Boston, Philadelphia, Providence, Baltimore, Detroit, Indianapolis, Minneapolis, and Pittsburgh. Payments in Lieu of Taxes remain the preferred method of getting tax exempt organizations to contribute to the fiscal health of local governments, albeit PILOTs raise limited revenues – about 5% of what would have been raised from exempt property in the most extensive PILOT program in the nation, Boston.

The other policy tools are only used in a few jurisdictions, and State Subsidies for Lost Property Tax Revenues is not an option in the District. A number of policy options are presented for consideration by the D.C. Tax Revision Commission. Options 2 through 6 would improve the efficiency, equity and transparency of property tax exemptions in the District:

Policy Option 1: No change in the current system of real property tax exemptions.

Policy Option 2: Establish clear criteria for granting property tax exemptions and periodically and systematically review exemptions and abatements to see if they still benefit the residents of the District of Columbia

Policy Option 3: Limit the value of real property exempt from taxation for individual properties.

Policy Option 4: Reevaluate using property tax exemptions to promote low-income housing.

Policy Option 5: Develop a traditional PILOT program along the lines of the program in Boston which has been characterized as “best practices.”

Policy Option 6: Phase out all property tax exemptions for all non-federal, non-District, non-foreign, non-religious, non-educational, non-hospital and non-local service providing non-profit organizations over a 10 year period starting in 2024 by 10% per year.

Introduction

The purpose of this paper is to gain a better understanding of the composition of exempt properties in the District, explore alternatives for generating revenues from exempt properties to offset, at least partially, the cost of delivering government services to them and identify alternative policy options to be discussed by the Tax Revision Commission.

One of the first acts of the Tax Revision Commission was to agree upon a set of criteria for evaluating individual revenue sources. The criteria included

- Neutrality or efficiency in taxation recognizing that revenue should be chosen so as to minimize unintended interference with private market decisions;
- Fairness which concerns how to allocate the cost of financing government across the businesses and individuals in the District; and
- Competitiveness which means that the District of Columbia's revenue system, vis-à-vis competing jurisdictions, should not discourage residents and jobs from locating in the District and therefore be evaluated for the effects on the growth of the City's economy and employment and the migration of residents.

There was general agreement that one way to address these concerns is to strive for broad based taxes with low rates.

Exempting individual properties from paying the real property tax violates all of these criteria. Eliminating property taxes for some uses and property owners subsidizes the ownership of such real property and provides an incentive to buy more real estate, or more expensive real estate, than would be the case if the property were not exempt from paying property taxes. In addition, if some real estate is exempt from paying property taxes, the cost of providing government services must be spread across a smaller tax base increasing the tax rate resulting in higher taxes, on properties not receiving preferential treatment, than they would pay if the property tax had a broader tax base and collected the same revenue.

In FY2011, the total *taxable* value of real property in the District of Columbia was \$144 billion. At the same time, an additional \$83 billion of real property value in the District was exempt from the local property tax. In other words, 36% of the District's real property tax base was exempt from paying property taxes in FY2012.³ The 2012 District of Columbia Tax Expenditure Report estimates that tax exempt real property in the District result in foregone property tax revenues to the District of more than \$1.2 billion in FY2012.

Table 1 puts the real property tax in the context of all other tax revenues in the District and shows the history of property tax collections over the last ten years.⁴ Real property tax revenues

³ 2012 CAFR, Exhibit S-2A, p. 176.

⁴ In 1987 the personal property tax in the District accounted for 3 percent of all tax revenues and declined to 2.6 percent in 1996. (*Taxing Simply Taxing Fairly*, Figure F-4, p. 209). By 2003 personal property taxes accounted for 2 percent of all tax revenue and its share declined to just 1 percent by 2012. The focus of this paper is the real property tax in the District.

peaked at \$1.84 billion in 2012. It is expected that real property tax revenues will grow 1% to 2% in 2013.

Fiscal Year	Property Taxes			Sales and Use	Income and Franchise	Gross Receipts	Other	Total
	Real	Personal	Rental					
2003	\$ 822,845	\$ 67,294	\$ 11,749	\$ 779,920	\$ 1,167,452	\$ 261,643	\$ 273,191	\$ 3,384,094
2004	\$ 947,690	\$ 63,558	\$ 16,840	\$ 828,391	\$ 1,299,009	\$ 271,897	\$ 379,521	\$ 3,806,906
2005	\$ 1,058,100	\$ 72,068	\$ 18,165	\$ 957,394	\$ 1,472,432	\$ 295,819	\$ 377,213	\$ 4,251,191
2006	\$ 1,163,598	\$ 55,548	\$ 22,336	\$ 970,885	\$ 1,591,483	\$ 278,453	\$ 390,542	\$ 4,472,845
2007	\$ 1,452,267	\$ 67,394	\$ 32,239	\$ 1,056,780	\$ 1,736,361	\$ 302,768	\$ 498,198	\$ 5,146,007
2008	\$ 1,666,315	\$ 59,690	\$ 33,086	\$ 1,101,859	\$ 1,755,894	\$ 302,873	\$ 413,401	\$ 5,333,118
2009	\$ 1,832,748	\$ 69,163	\$ 32,612	\$ 1,052,011	\$ 1,478,068	\$ 315,976	\$ 261,909	\$ 5,042,487
2010	\$ 1,790,519	\$ 56,501	\$ 34,264	\$ 1,081,005	\$ 1,434,131	\$ 295,531	\$ 264,959	\$ 4,956,910
2011	\$ 1,715,069	\$ 52,696	\$ 32,980	\$ 1,121,257	\$ 1,656,283	\$ 279,002	\$ 403,199	\$ 5,260,486
2012	\$ 1,843,918	\$ 55,734	\$ 35,134	\$ 1,218,576	\$ 1,956,590	\$ 319,036	\$ 404,066	\$ 5,833,054

Source: 2012 CAFR, Exhibit S-1E, page 173

Over this ten year period real property tax revenues increased 124 percent, of which 25% to 30% is due to new construction and renovations according to the Washington DC Economic Partnership.

Table 2 shows the annual growth rate in tax revenues by source over this decade. Annual growth in real property tax revenues was significant in the early years; increasing by an average annual rate of 14% from 2003 to 2009. The effects of the Great Recession contributed to a decline in property tax revenues from 2009 to 2011; albeit the decline in property tax revenues was more modest than the decline in income and gross receipts tax revenues. Sales tax revenues held up well during this period, in part, because of the federal presence in the District.

Fiscal Year	Property Taxes			Sales and Use	Income and Franchise	Gross Receipts	Other	Total
	Real	Personal	Rental					
2003								
2004	15.2%	-5.6%	43.3%	6.2%	11.3%	3.9%	38.9%	12.5%
2005	11.7%	13.4%	7.9%	15.6%	13.4%	8.8%	-0.6%	11.7%
2006	10.0%	-22.9%	23.0%	1.4%	8.1%	-5.9%	3.5%	5.2%
2007	24.8%	21.3%	44.3%	8.8%	9.1%	8.7%	27.6%	15.0%
2008	14.7%	-11.4%	2.6%	4.3%	1.1%	0.0%	-17.0%	3.6%
2009	10.0%	15.9%	-1.4%	-4.5%	-15.8%	4.3%	-36.6%	-5.4%
2010	-2.3%	-18.3%	5.1%	2.8%	-3.0%	-6.5%	1.2%	-1.7%
2011	-4.2%	-6.7%	-3.7%	3.7%	15.5%	-5.6%	52.2%	6.1%
2012	7.5%	5.8%	6.5%	8.7%	18.1%	14.3%	0.2%	10.9%

Source: 2012 CAFR, Exhibit S-1E, page 173 and staff computations.

Table 3 shows that as real property tax revenues increased in the beginning of this decade the share of tax revenues attributable to real property taxes increased from a 24% share in 2003 to a peak in 2009 of 36%. While the share declined recently as a result of declining property tax revenues, real property taxes still account for nearly a third of all DC tax revenues.

Fiscal Year	Property Taxes			Sales and Use	Income and Franchise	Gross Receipts	Other	Total
	Real	Personal	Rental					
2003	24.3%	2.0%	0.3%	23.0%	34.5%	7.7%	8.1%	100.0%
2004	24.9%	1.7%	0.4%	21.8%	34.1%	7.1%	10.0%	100.0%
2005	24.9%	1.7%	0.4%	22.5%	34.6%	7.0%	8.9%	100.0%
2006	26.0%	1.2%	0.5%	21.7%	35.6%	6.2%	8.7%	100.0%
2007	28.2%	1.3%	0.6%	20.5%	33.7%	5.9%	9.7%	100.0%
2008	31.2%	1.1%	0.6%	20.7%	32.9%	5.7%	7.8%	100.0%
2009	36.3%	1.4%	0.6%	20.9%	29.3%	6.3%	5.2%	100.0%
2010	36.1%	1.1%	0.7%	21.8%	28.9%	6.0%	5.3%	100.0%
2011	32.6%	1.0%	0.6%	21.3%	31.5%	5.3%	7.7%	100.0%
2012	31.6%	1.0%	0.6%	20.9%	33.5%	5.5%	6.9%	100.0%

Source: 2012 CAFR, Exhibit S-1E, page 173 and staff computations.

Table 4 provides information on the relative importance of properties exempt from paying property taxes to the District. The share of real property assessed value subject to real property

taxation in the District increased from 58 percent in 2000 to over 68 percent in 2007. The Great Recession is reflected in the decline of taxable property values more than the decline in non-taxable property values as the share of property subject to property taxation fell each year from 2007 to 2011, with only a slight increase in the share of taxable property in 2012.

Table 4				
D.C. Total Real Property Assessed Value				
by Taxable and Exempt Portions, 2000-2012				
(\$ Thousands)				
Year	Taxable Assessed Value	Exempt Assessed Value	Total Assessed Value	Percent Taxable
2000	43,270,066	30,900,682	74,170,748	58.3
2001	44,229,116	32,086,134	76,315,250	58.0
2002	52,522,147	33,812,037	86,334,184	60.8
2003	58,063,667	35,728,289	93,791,956	61.9
2004	66,454,109	43,234,068	109,688,177	60.56
2005	86,887,767	43,219,725	130,107,492	66.8
2006	98,491,335	59,664,865	158,156,200	62.3
2007	124,875,273	57,690,545	182,565,818	68.4
2008	142,958,188	67,869,520	210,827,708	67.8
2009	153,039,555	81,211,121	234,250,676	65.3
2010	150,117,289	82,113,504	232,230,793	64.6
2011	139,287,502	81,528,158	220,815,660	63.1
2012	146,501,957	83,399,263	229,901,220	63.7
Source : D.C. Comprehensive Financial Report 2009, 2010 & 2010, Page 2, Exhibit S-2A and author's calculations,				

From 2001 through 2012, \$37 billion of new construction and renovation was completed in DC according to the annual DC Development Report (2012/2013 edition) produced by the Washington, DC Economic Partnership, so approximately 25% of the increase in assessed values in DC was from new development and renovations of existing properties and approximately 75% of the increase in assessed values was from property appreciation.

The next section briefly summarizes national trends in exempting properties from real property taxes across the 50 states. That is followed by a description of exempt properties in the District of Columbia.

National Trends in Properties Exempt from Real Property Taxation

The United States has 51 different systems of state and local government (including the District of Columbia) treatment of real property taxes and exempt properties, which reflect the cultural, historical and political realities of each state and the District of Columbia. There are states with a very centralized state and local government system like Hawaii with few independent local governments; reflecting the cultural and historical context of being a centralized kingdom before statehood. At the other extreme are states in the Northeast that have a decentralized system of state and local government with decisions being made in town hall meetings at the municipal or township level. In spite of these different institutional settings, all 50 states and the District exempt some properties from paying the local tax on real property, and local governments may have additional exempt categories in some states as well.

The Lincoln Institute of Land Policy, in collaboration with the George Washington Institute of Public Policy at George Washington University, developed and maintains a data set describing the property tax in each of the 51 states; ***Significant Features of the Property Tax***. Table 5 summarizes data on tax exempt properties across the 50 states and the District of Columbia from ***Significant Features of the Property Tax***.

The data in Table 5 indicate that all 50 states and the District of Columbia provide property tax exemptions to property owned by government and religious organizations. Virtually all states and the District provide tax exemptions to properties owned by charitable and educational institutions, as well as parks, open space and cemeteries.

There is more variation across the 50 states and the District in how other land uses are treated. For example, 30 states do not provide tax exemptions to property owned by scientific organizations and 28 states do not provide exemptions for property owned by literary organizations. Eleven states do not provide exemptions to membership organizations and 26 states do not provide exemptions for art and cultural organizations. Fifteen states do not provide tax exemptions for housing for vulnerable populations.

In addition to these specific land use classifications, 20 states, including the District, provide exemption from real property taxes to specific individual properties through legislation. Ten states provide some sort of limitations on exemptions from real property taxes. For example, in Maine religious institutions are exempt from paying the local property tax, but the exemption on parsonages is only up to \$20,000. In Maryland, nonprofit hospitals are exempt from paying real property taxes, but not more than 100 acres is exempt. In Mississippi the exemption for property belonging to nonprofit colleges or institutions for the education of youths is limited to 640 acres. In New Hampshire, dormitories, dining rooms and kitchens that are part of educational institutions and are worth more than \$150,000 are taxed on the excess.

Table 5	
National Trends in Exempting Property	
From the Real Property Tax, 2011	
Type of Exempt Property	States With Exemption
Government	51
Religious	51
Charitable/Benevolent	49
Educational	48
Parks, open space, Cemeteries	48
Health and Care Facilities	45
Membership	40
Housing for Vulnerable Populations	36
Art and Cultural	25
Literary	23
Scientific	21
States with	
Limits on Exemptions	10
Individual Properties Exempt by Name	20
Source: <i>Significant Features of the Property Tax</i> , http://www.lincolninst.edu/subcenters/significant-features-property-tax/	

The next section looks in more detail at the categories of property exempt from paying property taxes in the District.

Composition of Properties Exempt from Paying Real Property Taxes in the District of Columbia

Title 47, Chapter 10, Section 47-1002 of the DC Official Code defines which types of real property are exempt from paying real property taxes in the District. These exempt properties fall into three general categories:

First, there are properties that can be characterized as being immune from paying real property taxes in the District. Such properties include property belonging to the United States government and property belonging to foreign governments.

A second group of properties can be characterized as properties that are exempt from the real property tax by tradition. Properties in this category include religious, educational and charitable organizations, as well as hospitals, cemeteries and libraries. Such properties are exempt from paying local property taxes in most states.

A third group of properties can be characterized as properties exempt from the real property tax by special act of Congress of the District government. This category can be further subdivided into organizations and housing (mostly affordable housing, though there have been three separate programs for market rate housing in DC).

For example, Subsection (11) of Section 1002 in Title 47 of the DC Official Code exempts from the real property tax in the District “Buildings belonging to and used in carrying out the purposes and activities of the National Geographic Society, American Pharmaceutical Association, the Medical Society of the District of Columbia, the National Academy of Sciences, Brookings Institution, the American Forestry Association, the American Tree Association, the Carnegie Institution of Washington, the American Chemical Society, the American Association to Promote the Teaching of Speech to the Deaf...”

Similarly, Subsection (20)(A) exempts from real property taxation “Multifamily and single family rental and cooperative housing for, and individual condominium units rented to low and moderate income persons...” Subsection (21) exempts from real property taxation “property transferred to qualifying lower income homeownership households...” and Subsection (22) exempts “Property transferred to a qualifying nonprofit housing organization...” Finally, there are 77 other provisions in Title 47 Chapter 10 that exempt specific properties as discussed above. See Appendix 2 for a listing.

There are two possible approaches for a property to receive an exemption from paying property taxes in the District. First, the Office of Tax and Revenue has an application process one can follow to apply for exemption from property taxes. Form FP-300 (Appendix 1) asks a series of questions about the organization seeking exemption and about the specific property in question. It is reviewed within OTA and an exemption is granted if it meets one of the definitions of exempt property in 47-1002 of the DC Code. This applies to religious, educational and charitable organizations as well as hospitals, libraries and cemeteries.

OTR receives approximately 70 applications for exemption from real property taxation per year. Approximately 25 percent of those applications are denied. On average about 2 applicants per year go on to get legislative exemptions after their applications were denied.

However, most of the larger non-profit organizations before applying for an exemption get legal counsel to be advised if they are eligible under D.C. Official Code. Many organizations that receive legislative exemptions do not apply for administrative exemptions because they have been advised by their legal counsel that they are not eligible to receive exemption “by right” under the categories describe in 47-1002 of the D.C. Official Code. These organizations go directly to the City Council or Congress to get legislative exemptions.

While there is no explicit conceptual framework or principle applied to determine whether or not one of these properties should be exempt from local real property taxes, there is legislation requiring any new exemption needs to be paid for. Before the Great Recession, exemptions were passed during the year and funded outside of the Budget Support Act since the District was not facing large funding gaps at that time. Since the Great Recession, however, new exemptions need to be funded when included in the budget.

These exemptions are listed in the Budget Support Act and are supposed to be paid for either by reductions in other spending in an amount equal to the foregone property taxes, or an increase in other revenues to offset the lost property tax revenues. If there is no funding available when a new exemption is passed, it is passed “subject to appropriations” meaning that it cannot be implemented or put into DC law until funding can be found.

Table 6 summarizes the types of property in the District of Columbia that are exempt from paying real property taxes “by right” in 47-1002.

Table 6		
Categories of Property in the District of Columbia Exempt from Property Taxes "By Right"		
Exempt Code	Description	Notes
US	United States	§ 47-1002(1)
DC	District of Columbia	§ 47-1002(2)
E6	Foreign government	§ 47(1002(3) Embassies, chanceries, ambassador's residences, foreign-government-owned real property used for legation purposes.
E8	Public museums and art galleries	§ 47-1002(6) Non-profit and open to the public for free more than 2 days a week.
E5	Public Libraries	§ 47-1002(7) Non-profit and open to the public.
E3	Charitable	§ 47-1002(8) Non-profit organizations that conduct charitable activities principally in the District
E4	Hospitals	§ 47-1002(9) Hospitals belonging to and operated by organizations not organized or operated for private gain.
E2	Educational	§ 47-1002(10) Schools, colleges and universities not organized or operated for private gain
E7	Cemeteries	§ 47-1002(12) Cemeteries not organized or operated for private gain.
E1	Religious	§ 47-1002(13) thru 47-1002(16) Churches, synagogues, mosques used primarily for public worship; parsonages.
E8	Administrative Offices of other exempt properties	§ 47-1002(17)
E1, E2, E3, E4 and E5	Grounds of other Exempt Properties	§ 47-1002(18)
E8	Theaters	§ 47-1002(19)
E8	Low-income	§ 47-1002(20)(A) Multi-family and single family rental, cooperative housing and individual condominium units rented to low and moderate income persons.
E0	Low-income housing	§ 47-1002(21) Property transferred to qualifying low-income homeownership household
E8	nonprofit housing	§ 47-1002(22) Property transferred to qualifying nonprofit housing organization
E8	Supermarket	§ 47-1002(23) 10 years tax exemption for qualifying supermarket
DC	DC Government	§ 47-1002(26) DC government

Source: Correspondence with Real Property Tax Administration, Office of Tax and Revenue and author compilation.

In addition to these provisions of the DC Code, there are a number of specific provisions in 47-1002 providing exemption from real property taxes for individual properties. These are listed in Table 7.

Table 7		
Categories of Property in the District of Columbia Exempt from Property Taxes by Legislation		
Exempt Code	Description	Notes
	Repealed	§ 47-1002(4)
Several	Congressional Mandates	§ 47-1002(5) Property previously exempt by the federal government in effect December 24, 1942
E8	Miscellaneous Properties	47-1002(11) Miscellaneous properties individually exempt by statute
NA	Not Applicable	§ 47-1002(24) HUD program no longer exists
NA	Not Applicable	§ 47-1002(25) Property no longer owned by DC government
NA	Expired	§ 47-1002(27) Exemption expired for subject property
E8	Housing Overlay District	47-1002(28) Land and buildings located in Housing Overlay District
E8	PILOT Agreements	47-1002(29) Property subject to PILOT agreements
E8	Capper/Carrollsborg	47-1002(30) Streets and alleys in Capper/Carrollsborg PILOT Area

Data on Exempt Properties in the District

The Office of Revenue Analysis (ORA) provided three excel files listing all exempt properties in the District. For each property, the files contain a unique identifier, the estimated market value of the property, the estimated land and improvement values, the tax type, the owner, the address, the ward where it is located and the land use code.

In the District, as in most jurisdictions, the effort to value exempt and immune properties is minimal. With no tax consequences and limited resources, jurisdictions typically apply indexes to historic costs in order to estimate values. Therefore, caution must be exercised when relying on these estimated values to accurately represent market value.

Table 8 summarizes the number of exempt real properties and their estimated value, by exempt type, for all properties contained in the three excels files provided by ORA.⁵ These data come from the Public Release Extract. According to these data, there are 15,123 properties exempt from the real property tax in the District with an estimated value of \$83.3 billion.

The properties are divided into three groups – residential, commercial less than \$3 million and commercial greater than \$3 million. The properties are presented in these categories because each is subject to a different property tax rate – residential is \$0.85 per \$100 assessed value, commercial less than \$3 million is \$1.65 per \$100 assessed value and commercial greater than \$3 million is \$1.85 per \$100 assessed value in excess of \$3 million.

Residential properties account for 51 percent of all properties exempt from real property taxation, but only 6.5 percent of the value of tax exempt properties. Of these residential properties, 70.3 percent are properties for low-income families or with a 10 year exemption, but they only account for 32.3 percent of estimated market value. Alternatively, commercial properties valued at greater than \$3 million account for just 12.7 percent of exempt properties, but 89.7 of the estimated value of exempt properties.

The next section estimates property taxes foregone because of these exempt properties under three alternative scenarios. That is followed by a brief discussion of each of the tax exempt categories in Table 8.

⁵ There were a number of properties in the excel files provided by ORA that contained either a zero for the estimated market value of the property or a zero for the estimated land value of the property. These were deleted because ORA described them as “dead parcels” that were in the process of being deleted from the file. Thus, this paper examines 15,123 exempt properties valued at \$83.3 billion; not the 15,494 exempt properties valued at \$83.4 billion reflected in Table 5 (p37) of the 2012 Tax Facts published by ORA.

**Table 8
Exempt Properties in the District of Columbia, by Category**

Category	Residential		Commercial LT \$3 million		Commercial GT \$3 million		Total			
	Number of Properties	Assessed Values (millions)	Number of Properties	Assessed Values (millions)	Number of Properties	Assessed Values (millions)	Number of Properties	Share of Properties	Assessed Values (millions)	Share of Values
Properties Immune from Property Taxation										
US Government	138	\$ 259.9	2,080	\$ 1,064.5	591	\$ 43,633.1	2,809	18.6%	\$ 44,957.5	53.9%
Foreign Government	273	\$ 843.9	183	\$ 230.3	147	\$ 1,677.5	603	4.0%	\$ 2,751.7	3.3%
Exempt from Real Property Taxes by Legislation										
DC Government	857	\$ 947.5	1,457	\$ 545.5	419	\$ 10,494.5	2,733	18.1%	\$ 11,987.5	14.4%
Religious	143	\$ 170.7	749	\$ 648.4	262	\$ 2,643.4	1,154	7.6%	\$ 3,462.5	4.2%
Educational	131	\$ 168.3	160	\$ 141.3	183	\$ 5,371.2	474	3.1%	\$ 5,680.8	6.8%
Charitable	259	\$ 315.6	179	\$ 157.2	54	\$ 503.7	492	3.3%	\$ 976.5	1.2%
Hospitals	1	\$ 0.4	1	\$ 2.9	11	\$ 710.9	13	0.1%	\$ 714.2	0.9%
Cemeteries			9	\$ 10.7	13	\$ 294.5	22	0.1%	\$ 305.2	0.4%
Low Income	3,051	\$ 665.6	54	\$ 3.5			3,105	20.5%	\$ 669.1	0.8%
Miscellaneous	460	\$ 939.0	187	\$ 131.1	94	\$ 4,868.7	741	4.9%	\$ 5,938.8	7.1%
WMATA	2	\$ 5.1	393	\$ 193.5	25	\$ 358.8	420	2.8%	\$ 557.4	0.7%
Homestead	2	\$ 0.5	3	\$ 0.3			5	0.0%	\$ 0.8	0.0%
Partially Exempt	5	\$ 5.2	48	\$ 74.6	127	\$ 4,172.8	180	1.2%	\$ 4,252.6	5.1%
Ten Year Housing	2,361	\$ 1,081.4					2,361	15.6%	\$ 1,081.4	1.3%
Abatement (Condos)	11	\$ 2.6					11	0.1%	\$ 2.6	0.0%
TOTAL	7,694	\$ 5,405.7	5,503	\$ 3,203.8	1,926	\$ 74,729.1	15,123	100.0%	\$ 83,338.6	100.0%
Source: Office of Tax and Revenue										

Foregone Property Tax Revenues

Using the data provided by the Office of Revenue Analysis, and summarized in Table 8, three scenarios were explored to estimate property tax revenues foregone because of these exemptions:

- Scenario 1 – All exempt properties are fully taxable at the prevailing tax rate for each class of property – residential, non-residential less than \$3 million and non-residential greater than \$3 million. It was assumed that all residential properties qualified for the homestead exemption.
- Scenario 2 – The same as Scenario 1 except all properties owned by the federal government, the District government and foreign governments are excluded from the tax base.
- Scenario 3 – the same as Scenario 2, except instead of treating the full estimated market value as taxable, only 25 percent of the estimated market value is assumed taxable.

Table 9 presents estimates of foregone property tax revenues under the three scenarios examined here. Foregone tax revenues range from \$1.47 billion under Scenario 1 to approximately \$100 million under Scenario 3.

	Base (millions)	Foregone Taxes (millions)
Scenario 1	\$ 82,807	\$ 1,473
Scenario 2	\$ 23,642	\$ 396
Scenario 3	\$ 5,800	\$ 99

Composition of Each Tax Exempt Category

The following discussion touches on highlights for the major categories of exempt property in Table 8.

US Government

The US government owns 2,809 tax exempt properties (19% of the total) with an estimated market value of \$45 billion (54% of all exempt value). According to the 2012 District of Columbia Tax Expenditure Report, federally owned properties cost the District government \$823 million in foregone property tax revenues.

The US government owns 2,080 properties that are non-residential exempt properties valued at less than \$3 million. Of these properties, 9% have a land use code for Commercial PGUVA

properties⁶ and they account for 94% of the value of all federally owned properties in this category. Virtually all of these federal properties (97%) have no building value and are, therefore, apparently vacant land. Thirty-two of these properties have an address of Rock Creek Park, 27 have an address of Bolling Air Force and Naval Base, 14 have an address of Naval Yard and 17 have an address of Capitol Hill. The remaining vacant properties owned by the US government, nearly 1,880 properties, are scattered across the entire City.

The US government owns 591 properties with estimated market values greater than \$3 million with an estimated market value of \$44 billion – 97% of the value of properties owned by the US government. Of the properties owned by the US government in this category, 353 (60%) are classified as Commercial PGUVA⁷ and valued at \$9.2 billion (21.1 percent of the total value of properties owned by the US government in this category). Of these properties, 319 (90%) have a building value of zero, indicating the property is vacant. Twenty of these properties have an address of Washington Naval Yard, 15 have an address of Capitol Hill, 4 have the address of Rock Creek Park and 3 have an address of Bolling Air Force and Naval Yard. The remaining 281 properties are scattered across the rest of the City.

The District does receive some benefits from the federal government in return for not receiving property tax revenues from federal properties:

1. Some of these properties provide benefits to District residents – e.g., Rock Creek Park, Anacostia Park, National Mall and Haines Point, other center city and neighborhood parks;
2. Under the Revitalization Act of 1997, the US government assumed responsibility for a number of District government services that are traditionally provided by state governments, e.g., incarceration of felony prisoners, funding and administration of the courts (Court of Appeals, Superior Court and DC Court system), pre-trial services for defendants awaiting trial, and public defender service and parole services for adult offenders. In addition, the federal government assumed responsibility for the majority of the District's unfunded pension liability for retirement plans for teachers, police officers, firefighters and judges. The overall value of services provided by the US government was estimated to be \$247 million in FY 2011;⁸
3. Significant portions of the Smithsonian museums' budget are funded by Congress as are the budgets of the National Gallery of Art and the Kennedy Center. The federal funding of these institutions is in the hundreds of millions of dollars;
4. There are other federally funded programs totaling tens of millions of dollars that benefit DC residents and businesses including

⁶ PGUVA properties include parking spaces, parking garages, parking lots, unimproved lots, vacant lots and abandoned properties.

⁷ PGUVA properties include parking spaces, parking garages, parking lots, unimproved lots, vacant lots and abandoned properties.

⁸ Yilmaz, presentation before the District of Columbia Tax Revision Commission, October 1, 2012.

- a. DC high school graduates can attend college or university at any state school in the US for the in-state tuition with the federal government picking up the difference;
- b. The federal government's capital contributions to Metro Rail and to subsidizing federal worker Metro Rail fares; and
- c. The federal government's voluntary contributions to the city's business improvement districts.

In addition, the US government is in the process of selling or leasing surplus or underutilized real estate assets over to the private sector. For example, the Monaco Hotel and the SE Federal Center land were leased to private companies on long-term leases that are now producing possessory interest taxes in the District. The government is also in the process of turning over other properties to the private sector including

- The West End Heating Plant
- The Old Post Office
- Federal Triangle South
- The FBI site
- Walter Reed Hospital
- Poplar Point.

Give the large number of exempt properties with no building value owned by the federal government, it is important that this process of divestiture continue, thereby reducing foregone tax revenues associated with federally owned properties.

Foreign Government

Foreign governments own 603 tax exempt properties in the District (4 percent of all exempt properties), valued at \$2.8 billion (3% of all exempt value). These properties are considered immune from property taxation by the District. According to the 2012 District of Columbia Tax Expenditure Report, foreign owned properties cost the District government \$41 million in foregone property tax revenues.

This category includes properties belonging to foreign governments and used for diplomatic purposes. Requests for these tax exemptions are submitted by the foreign government to the State Department's Office of Foreign Missions which, in turn, submits the request to the DC government. This exemption upholds the principal of international law that foreign governments are entitled to exemption under the property tax.

DC Government

The DC government owns 2,733 tax exempt properties (18% of the total) with an estimated market value of \$12 billion (14% of all exempt value). The District government owns 419 properties valued at more than \$3 million each with an aggregate estimated market value of

\$10.5 billion – 88% of the estimated market value of all properties owned by the DC government.

The District of Columbia Housing Authority accounts for 88 percent of the 857 residential properties owned by the District that are exempt from real property taxes and they account for 80 percent of the estimated market value of exempt residential properties owned by DC.

Table 10 provides a breakdown of large non-residential properties owned by the District of Columbia. Forty two percent of these properties have a land use code for Not-for-Profit/Public Service. Properties with a commercial land use code account, in the aggregate, for 65% of the estimated market value of District owned properties valued greater than \$3 million.

Code	Number	Share	Value (millions of dollars)	Share
Small Office	8	1.9%	\$79.8	0.76%
Large Office	7	1.7%	\$414.6	3.95%
Other Lodging/transient	3	0.7%	\$38.0	0.36%
Retail	10	2.4%	\$110.8	1.06%
Not-for-Profit/Public Service	177	42.2%	\$3,018.8	28.77%
All other commercial except PGUVA	70	16.7%	\$4,604.3	43.87%
Commercial PGUVA	144	34.4%	\$2,228.3	21.23%
TOTAL	419	100.0%	\$10,494.5	100.00%

The District, like the federal government, has been returning some exempt properties it owns to the private sector:

- The land for the Walter E. Washington Convention Center
- The land for the Verizon Center
- Wax Museum site in the Mount Vernon Triangle

- West End Library and Firehouse projects
- Hine School project
- Stevens School project
- St Elizabeth East Campus
- The vacant lot at the northeast corner of Fifth and Eye Streets, NW
- Other surplus schools, including the Franklin school.

Given the large number of exempt properties owned by the District that are classified as Commercial PGUVA (more than one-fifth of the value of large properties owned by the District government), it is important that this process of divestiture continue, thereby reducing foregone tax revenues associated with District owned properties.

Religious Organizations

Religious organizations own 1,154 exempt properties in the District (8% of all exempt properties), with an aggregate estimated market value of \$3.5 billion (4% of all exempt value). More than three quarters of this exempt value is accounted for by 262 properties valued at greater than \$3 million. According to the 2012 District of Columbia Tax Expenditure Report, properties owned by religious organizations cost the District government \$60 million in foregone property tax revenues.

Two churches have sold property that will yield higher real property tax revenues for the District: the Kelsey Gardens garden apartments and the church at the southeast corner of Ninth and O Streets, NW.

Table 11 displays the ten largest religiously owned tax exempt properties in the District.

Owner	Address	Estimated Market Value
PROTESTANT EPISCOPAL CATHEDRAL FND DC	3101 WISCONSIN AV NW	\$ 275,612,270
NATIONAL SHRINE OF THE IMMACULATE CONCEPTION	0400 MICHIGAN AV NE	\$ 110,009,040
CHURCH OF THE EPIPHANY	1315 G ST NW	\$ 66,800,000
FRANCISCAN MONASTERY USA INC	MACARTHUR BLVD	\$ 48,349,140
BENEDICTINE FOUNDATION	4501 SOUTH DAKOTA AV NE	\$ 40,668,460
SAINT DOMINIC'S CATHOLIC CHURCH	0630 E ST SW	\$ 39,646,840
WESLEY THEOLOGICAL SEMINARY OF METHODIST CHURCH	4500 MASSACHUSETTS AV	\$ 38,873,740
FRANCISCAN MONASTERY USA INC	1400 QUINCY ST NE	\$ 36,929,610
NATIONAL CITY CHRISTIAN CHURCH CORP INC	0005 THOMAS CIR	\$ 35,677,000
MISSIONARY SOCIETY OF ST PAUL TH EAPOSTLE IN THE STATE OF NY	3015 4TH ST	\$ 28,724,610

Educational Organizations

Educational organizations own 474 exempt properties in the District (3% of all exempt properties), with an aggregate estimated market value of \$5.7 billion (7% of all exempt value). Nearly 95% of this exempt value is accounted for by 183 properties valued at greater than \$3 million. According to the 2012 District of Columbia Tax Expenditure Report, properties owned by educational institutions cost the District government \$102 million in foregone property tax revenues.

Table 12 displays the ten largest religiously owned tax exempt properties in the District.

Owner	Address	Estimated Market Value
CATHOLIC UNIVERSITY OF AMERICA	3502 JOHN MCCORMACK RD NE	\$ 386,066,090
HOWARD UNIVERSITY	2041 - 2121 GEORGIA AV NW	\$ 252,609,340
HOWARD UNIVERSITY	2440 6TH ST NW	\$ 220,837,610
AMERICAN UNIVERSITY	4400 MASSACHUSETTS AV NW	\$ 201,253,260
WASHINGTON DRAMA SOCIETY INC	1101 6TH ST	\$ 137,020,490
HOWARD UNIVERSITY	2251 SHERMAN AV	\$ 135,153,210
PRESIDENT & DIRECTORS OF GONZAGA COLLEGE	0019 I ST	\$ 133,244,318
SISTERS OF THE VISITATION OF GEORGETOWN	1500 - 1554 35TH ST NW	\$ 129,522,620
THE CATHOLIC UNIVERSITY OF AMERICA	HAREWOOD RD	\$ 128,317,560
TRUSTEES FOR HARVARD UNIVERSITY	1703 32ND ST NW	\$ 114,476,950

While property owned by educational organizations cause the District government to forego substantial property tax revenues annually, these organizations do provide benefits to District residents. According to the Consortium of Universities of the Washington Metropolitan Area, member organizations have provided over 600,000 hours of community service through over 100 community service projects including

- American University's DC Reads program
- Catholic University's Homeless Outreach program
- Gallaudet University's Tax Assistance program for the Elderly
- Georgetown University's After School Kids Break
- George Washington University's Jumpstart program
- University of the District of Columbia HIV/AIDS Legal Clinic.

As universities and other educational organizations expand in the District, concerns about their removal of additional properties from the property tax rolls must be balance against the value of community services they provide to District residents.

Charitable Organizations

Charitable organizations own 492 exempt properties in the District (3% of all exempt properties), with an aggregate estimated market value of \$976.5 million (1% of all exempt value). Unlike the previous exempt organizations, 89% of properties owned by charitable organizations are residential and small commercial properties. According to the 2012 District of Columbia Tax Expenditure Report, properties owned by charitable organizations cost the District government \$14 million in foregone property tax revenues.

Charitable organizations own buildings that are used for purposes of public charity, principally that benefit residents of the District.

Hospitals

There are 13 hospitals that are exempt from paying real property taxes. These are all non-profit hospitals. These 13 hospitals own property with an estimated market value of \$714.2 million (less than 1% of total exempt value). According to the 2012 District of Columbia Tax Expenditure Report, properties owned by non-profit hospitals cost the District government \$13 million in foregone property tax revenues annually.

Cemeteries

There are 22 cemeteries that are exempt from paying real property taxes. These cemeteries are used solely for burial purposes and not organized or operated for private gain. These 22 cemeteries have an estimated market value of \$305 million (less than .5% of total exempt value). According to the 2012 District of Columbia Tax Expenditure Report, properties owned by non-profit hospitals cost the District government \$5.5 million in foregone property tax revenues annually.

Low Income

There are a number of programs targeting property tax exemptions on various types of housing for low-income families. These are reported in Table 8 as residential properties. Seventy percent of all residential properties exempt from property taxes fall into two categories – low-income owner occupants and properties with 10 year tax abatement which are mostly condos owned or rented to low-income households. While these two categories account for 70 percent of the number of exempt residential properties, they account for less than a third of the value of exempt residential properties.

In the aggregate there are 5,466 low-income residential properties receiving some property tax exemption. These low-income housing units have an estimated market value of \$1.75 billion (2% of total exempt value).

Miscellaneous

The miscellaneous category is a hodge-podge of properties exempted by the District government or the Congress for special purposes. There are a total of 741 properties falling into this tax exempt category, representing 5% of all tax exempt properties. These properties have an estimated market value of \$6 billion, or 7% of all exempt value. According to the 2012 District of Columbia Tax Expenditure Report, miscellaneous exempt properties cost the District government \$69 million in foregone property tax revenues annually.

There are 94 commercial properties with values greater than \$3 million listed in the miscellaneous category with an estimated market value of \$4.9 billion. Most of the properties are owned by foundations or are the national headquarters of professional organizations. Such properties include

- American Chemical Society (\$42 million)
- American Pharmacists Association (\$146 million)
- Freedom Forum (\$244 million).

There are also quasi-government international organizations included in the Miscellaneous category such as

- The World Bank (\$1.5 billion)
- The International Monetary Fund ((\$582.7 billion)
- Inter-American Development Bank (\$429.8 million).

General Discussion of the Options for Raising Revenues from Exempt Properties for Local Service Provision⁹

Properties exempt from paying the local property tax consume publicly provided community goods and services. Unless they help pay the cost of providing those services, other taxpayers who do not get preferential treatment by the property tax system (or other tax adjustments) end up paying a larger share of those costs.

Like other jurisdictions with significant portions of their property tax base exempt from taxation, the vast majority of the exempt value in the District is attributable to a relatively few expensive properties. Such a lopsided distribution of wealth is an important consideration when trying to generate revenue from exempt organizations. Large nonprofits not only have a higher ability to contribute financially, but they also tend to possess larger pieces of real estate (and thus do more to narrow the property tax base), and utilize more taxpayer services.

From a practical standpoint, such organizations offer more potential for revenue collection because they are more financially able to contribute. From a political perspective, universities, hospitals, and other large nonprofits are seen as an easy target for policymakers because their wealth is known to the public. As one expert stated, “Even if a college or university is only one of many nonprofits in the municipality, the larger the nonprofit exempt footprint, the greater the pressure will be on the ones which look like they have the financial wherewithal to pay.” (Brody 2010, 665).

For these reasons, local governments often focus their attention on large exempt organizations such as universities and hospitals when seeking revenue. Such organizations often argue that singling them out is unfair, and some commentators agree: Professor Brody observes that they “have a strong argument about unfairness. While [colleges and hospitals] garner much of the focus of revenue-starved and geographically bounded municipalities, focusing just on a sub sector raises troubling questions.” (Brody 2010, 665).

Yet others point out that tax exemptions disproportionately benefit such organizations. Kenyon and Langley of the Lincoln Institute of Land Policy argue that “the exemption is poorly targeted, since it mainly benefits nonprofits with the most valuable property holdings, rather than those providing the greatest public benefits.” (Kenyon and Langley 2010, 42). They further note that “there are no tax savings for nonprofits that rent [office or other space in DC] and the greatest tax savings go to large nonprofits, especially hospitals, universities, and long-term housing facilities.” (id.) Regardless of one’s opinion on the fairness of targeting such entities, the fact remains that they possess far more wealth than other exempt organizations, disproportionately erode the tax base by owning large pieces of real estate, and consume more municipal services.

⁹ This section draws on materials in Brunori and Bell, 2012; Kenyon, Langley and Bailin, 2012; and Kenyon and Langley, 2010.

Thus, they offer more potential for raising revenue, and are arguably more indebted to their host municipalities.

There are several options available to local governments for raising revenue from exempt properties to help pay for the cost of the publicly provided services they consume. These include

- 1) Payment-in-lieu-of-taxes (PILOTs);
- 2) Services-in-lieu-of-taxes (SILOTs);
- 3) State subsidies for lost property tax revenues;
- 4) User fees and charges; and
- 5) Other direct taxes.

PILOTs are by far the most widely used tool for generating revenues from tax exempt properties to help contribute to the cost of providing the public services they consume. These options are explored in more detail below.

I. Alternatives to PILOTs for raising revenues from tax exempt organizations.

Local governments use several methods, apart from PILOTs, to raise revenue from organizations otherwise exempt from property taxation. However, local governments raise significantly less revenue from these alternate sources than they can and do from PILOTs. The most recent literature on the subject is two reports by the Lincoln Institute of Land Policy which include discussion of PILOT alternatives as a method of changing the conventional debate about the issue of taxation of non-profits (Kenyon and Langley 2010; Kenyon, Langley and Bailin, 2012).

Alternatives to PILOTs generally comprise three distinct categories:

- Voluntary Contributions;
- Contingent Contributions; and
- Compulsory Contributions.

Voluntary Contributions, which include SILOTs, are arrangements that non-profits make with municipalities to directly provide or subsidize community services (Kenyon and Langley 2010). In addition to directly providing services, sometimes SILOTs are defined as monetary contributions for specific government services such as fire, police or schools.

There are several examples of monetary payments for specific services in the higher education community. Duke University gives money annually to the city of Durham, NC for fire protection services. These payments are based on a formula (Nelson, 2010). Stanford University has contributed to the Palo Alto community with periodic gifts such as a donation of \$10 million to the local school district to help fund a new middle school (Nelson 2010). Other non-profits purchase equipment (usually public safety related) and donate the equipment to the local government. For example, the University of Michigan and Northwestern University both have purchased fire trucks for their respective local municipalities. The University of Pennsylvania

has donated land to the city for a public school. Washington University pays for part of the costs of city police patrols on or near campus (Nelson 2010).

A SILOT may also involve an exempt organization directly providing a municipal service, although this appears to be a much rarer occurrence than monetary contributions. The most common example of such a service involves police and public safety. In Nashville Tennessee, Vanderbilt University has taken on the responsibility of police protection for the areas and neighborhoods surrounding campus (Nelson 2010). This relieves the city of some of its public safety costs.

Emory University has an agreement with DeKalb County to provide certain amounts of health care to county residents in addition to PILOT payments to the school district. Some organizations voluntarily keep otherwise exempt property on the tax rolls. For example, Rice University pays property taxes on the president's residence.

In the case of the District of Columbia, the federal government provides a number of services to the District. For example, the federal government provides

- Park services to District residents – e.g., Rock Creek Park, Anacostia Park, National Mall and Haines Point, other center city and neighborhood parks
- Government services that are traditionally provided by state governments
 - incarceration of felony prisoners
 - funding and administration of the courts (Court of Appeals, Superior Court and DC Court system)
 - pre-trial services for defendants awaiting trial
 - public defender service and parole services for adult offenders.

Contingent Contributions are levied by the local government as a replacement for property tax revenue. There are two distinct types of contingent contributions: municipal service fees and user fees. Municipal service fees directly target non-profits as they are only required to be paid by the owners of tax-exempt properties. Such service fees are rare. The best example is the city of Minneapolis, which since 1973 has charged street maintenance fees on tax-exempt properties based on the square footage of the property (Hjelle 2009, Kenyon and Langley 2010).

User fees, which are levied on all properties, are a more popular option for local governments to levy. Municipalities generally impose user fees as a replacement or addition to property tax revenue to fund individual services such as trash collection, park maintenance, and street repairs. They are widely used by local governments throughout the United States. Indeed, local governments raised over \$240 billion in user fees and charges in 2010 (U.S. Census). A study by Johns Hopkins University in 2010 found that 42 percent of non profits nationwide paid some form of user fee to local governments (Salamon, et. al. 2010)

User fees, however, are not without controversy as it can often be unclear whether a fee is legally a fee or a tax that, in some states, cannot be enforced on non-profits. In 2010, the City of

Houston adopted a “drainage fee” designed to raise \$125 million a year toward improving storm water systems. The city charges the fee to all property owners and has indicated that no exemptions will be granted to charities or other non profit organizations. The non profit community in Houston is challenging the fee as an illegal tax.

Similar fees have been adopted in Richmond, VA., Lafayette, Ind., and Verona, Wisconsin. State laws interpret similar fees differently; for example, requiring non-profits to pay a fire protection fee is legally permissible in West Virginia but is unconstitutional in Massachusetts (Youngman 2002). But more importantly, user fees fall on all organizations within the city, taxable and exempt. Imposing user fees in addition to conventional property taxes creates political and economic issues beyond the exempt community.

Compulsory Contributions are alternative taxes that a municipality is legally allowed to levy on exempt organizations in lieu of traditional property taxes. Unlike Contingent Contributions, these are legally defined as taxes. This option is only permissible in states that allow local governments to impose any kind of taxes on exempt organizations. The constitutions of 17 states (UT, NM, OK, AK, NE, ND, SD, MS, LA, AL, SC, KY, MI, NJ, NY, VT, and ME) prohibit any taxation of charitable non profits (Kenyon and Langley 2010). One study found that 17 percent of all non profits pay some form of direct taxes to state and local governments (Salamon, et. al. 2010). The direct taxes levied are certain excise taxes, and in some states sales taxes. (Salamon, et. al. 2010). But these taxes make up a very small amount of municipal revenue.

Cities with large universities and hospitals have contemplated alternative taxes, including tuition taxes on colleges and universities and hospital bed taxes¹⁰. Pittsburgh Pennsylvania recently proposed tuition taxes. In Pittsburgh, the mayor proposed a one percent Fair Share Tax on the tuition paid by the city’s 100,000 students (Fischer 2010). The mayor was prompted by the fact that one third of the city’s property was exempt from tax and about 20 percent was owned by universities and colleges. If approved the tax would have raised approximately \$16 million a year. The tax proposal was withdrawn after protests by students and parents and an agreement by the universities to pay PILOTs to the city. Those taxes would have been levied on a percentage of tuition paid by students enrolled in universities within the cities. But the tax proposals were abandoned after the city managed to establish PILOT arrangements with local colleges and universities.

Providence, Rhode Island also considered a tuition tax on universities and colleges in its boundaries. Brown University owns real property worth about \$1 billion and saves about \$38 million from its tax exempt status. In 2011, Brown made contributions of about \$4 million to the city which included property taxes on land used for commercial purposes. Faced with a large budget deficit, the city requested Brown pay an additional \$40 million over ten years effectively doubling the universities payments. The city held out the possibility of seeking a tuition tax if a new PILOT was not negotiated. The tax would have been a flat \$150 per semester for every

¹⁰ Hospital bed taxes are imposed on both for and non profit medical facilities. While these taxes have been discussed at the local level, they are exclusively imposed by state governments.

student at the four colleges in the city. The city reached agreement with other universities, but is still negotiating the terms with Brown.

In December 2009 Jerry Fried, the mayor of Montclair, New Jersey, asked the state legislature to pass a law that would require universities to charge all students \$50 per semester to pay for municipal services. This initiative was backed by almost one hundred mayors, who offered their support at New Jersey's League of Municipalities' convention in November 2009. In explaining his request, Fried said he wished to recoup some costs of municipal services that university students and staff members enjoy for free: "Obviously we provide a lot of services and don't get paid back from that. There's significant costs involved" (Khavkine 2009)

Beyond tuition taxes, cities have also proposed levying special energy taxes on non-profits¹¹. Three Maryland counties levy energy taxes—a tax based on an organization's utility bills—solely on nonprofits classified under 501(c)(3), including churches, universities, and hospitals (Anft 2001). In 2001 and 2004, the Mayor of Baltimore proposed a similar energy tax on non profits. The city later abandoned the efforts after negotiating PILOT agreements with the city's nonprofit hospitals, colleges, universities, and nursing homes.

II. Options for retaining tax revenues from properties being sold by taxpaying property owners to entities exempt from taxation.

There are no statutory or other legal authorities for a local government to retain tax revenue from properties sold by a taxable entity to a non taxable entity. Moreover, there is no legal or policy literature discussing the issue. In every state, whether the purchased property is taxable or not depends on its use. If the purchased property will be used exclusively for exempt purposes it remains exempt from tax. The only recourse a local government may have is to challenge the use of the property. For example, if a non profit purchases property and uses it for commercial purposes, the local government would be able to revoke or partially revoke the non profit's exemption.

There are, however, other methods utilized to control the growth of exempt property. For example, in October 2002 the supervisors of Fairfax County, Va., approved a moratorium on any new nonprofit tax exemption, citing the need to preserve resources in the face of likely budget cuts. This was in response to an earlier decision to grant the World Wildlife Federation a \$300,000 annual exemption for its new headquarters (Rein 2002). In November 2002, voters in Virginia then approved a referendum to transfer approval of new exemptions from the legislature to local authorities (Salmon 2003). Fairfax County, Virginia has not approved a property tax exemption for any taxable property purchased by an exempt organization since that time.

¹¹ Energy taxes have been proposed in several states but have never been implemented. Typically, an energy tax proposal would impose a rate as a percentage of a non-profit organization's utility costs. The rates proposed in Maryland were for example eight percent.

The idea of local consent before acquired property can be exempt has been discussed in other jurisdictions. A Cleveland research body proposed as "alternatives for balancing the valuable services contributed by tax-exempt organizations and the revenue needs of local governments" a variety of changes, including: requiring local jurisdiction consent before a tax-exempt entity can buy taxable property; phasing in tax exemption on newly acquired property; phasing out exemption after a specific period; limiting acreage eligible for exemption; adopting a dollar cap on exempt property; and including an allowance in state intergovernmental aid to jurisdictions with a large amount of exempt property (Sheridan, et. al. 2002). Similar recommendations were suggested by Pomp (2002) as a means of easing the financial burden on municipal governments.

While the concept of local approval for non profits to expand their exempt holdings is endorsed by scholars and policy experts, few local governments actually have this authority. But as Fairfax, Virginia illustrates, such authority can be very successful in curbing the expansion of exempt property¹².

III. Recognize and fairly value in kind contributions of exempt organizations.

Exempt organizations in general, and universities and hospitals in particular, contribute to the economic livelihood of local governments. There are several methods of identifying and measuring the economic impact of nonprofits, specifically universities and hospitals, on state and local governments and economies¹³. The studies cover four main areas:

- studies on the impact of hospitals, hospital complexes, and educational medical complexes;
- studies on the economic impact of universities;
- studies on the impact of nonprofits at the state or municipal level; and
- general studies on the economic impact of nonprofits

The most comprehensive discussion of the topic is set forth in Doekson, et. al. (1997). This study reviewed the most widely accepted methods for ascertaining the economic impact of non profit health organizations. The review resulted in the conclusion that the direct and secondary impacts on community employment and income account for 15 to 20 percent of the total community's employment and income.

For universities, the most widely cited research is Drucker and Goldstein (2007). The authors conclude, based on their review that university activities, particularly knowledge-based activities such as teaching and basic research, have been found to have substantial positive effects on a variety of measures of regional economic progress (Drucker and Goldstein, 23-24.)

¹² A survey of public officials by Brunori and Bell (2012) in ten jurisdictions with populations of 500,000 to 1,000,000 found unanimous support for the concept of local approval of exemptions for property purchased by non profits.

¹³ The authors note that there are numerous studies commissioned by universities and non profit hospitals illustrating the economic benefits of such institutions. Invariably, these studies show that the particular university or hospital has a significant impact on economic development.

Bartik (2008) provides quantitative evidence of the magnitude of economic effects of higher education and medical service industries. The study estimates that medical service industries pay above average wages, holding worker characteristics constant, whereas the higher education industry pays below average wages; the wage standards of these industries may affect overall metropolitan wages. But, the study discusses other ways these two industries may boost a metropolitan economy, including: increasing local amenities, generating R&D spillovers, increasing the rate of entrepreneurship in local businesses, and helping provide local leadership on development and growth issues.

Private for-profit companies, however, provide similar economic benefits to a local economy. There must be other ways to measure the contributions of exempt organizations beyond the economic impact on the community in order to justify exempting individual properties from property taxation. Nicholson, et. al., (2000) identified community benefits by using the economic concept of a public good. Typically this benchmark is higher than the conventional standard – exempt organizations should provide community benefits that are at least as large as the taxes it would pay if it were a for-profit hospital.

In the medical field, an example of a public good would be flu vaccinations for local school children. The vaccinations would provide benefits to all of the people living in the area by helping to contain the spread of the flu. The use of medical care by either low-income or high-risk individuals can be an important type of public good. Many times public goods are furnished in insufficient quantities because it is difficult to convince many of the people who benefit from it to pay for it.

The concept of a public-good provides a verifiable measure of potential community benefits. However, the determination of what is a public good is subjective rather than objective. Nicholson (2000) used the public-good framework to determine a set of hospital activities that could constitute community benefits. The activities included in the study are 1) uncompensated care, 2) the cost of other unbilled public-good services, 3) losses on medical research, 4) taxes, 5) Medicaid shortfalls, 6) Medicare shortfalls, 7) price discounts to privately insured patients, and 8) losses on medical education. As the study acknowledges, the first four have strong justification for why they should be considered public benefits, whereas the last four are more debatable.

IV. Payment-In-Lieu-Of-Taxes

Payments in lieu of taxes (PILOTs) are voluntary payments made by exempt organizations in place of property taxes. PILOTs have grown in frequency over the past few years, as budgetary pressures on local governments have increased during the recession. Over the past ten years PILOTs have appeared in at least 218 municipalities and 28 states (Kenyon et al, 2012). Several large cities have PILOT agreements, including Boston, Philadelphia, Providence, Baltimore, Detroit, Indianapolis, Minneapolis, and Pittsburgh. Payments in Lieu of Taxes remain the

preferred method of getting tax exempt organizations to contribute to the fiscal health of local governments. Boston's PILOT program is generally regarded as the most advanced in the nation, and has been referred to by at least two commentators as a "best practice" (Lustig 2010, and Kenyon and Langley 2010, 45).

Appealing to the goodwill of tax exempt organizations does not always result in the desired outcomes. As a result, local governments might threaten to impose legislative or administrative penalties on exempt organizations that do not agree to PILOT programs. For example, in 2001 the City of Baltimore dropped a proposed energy tax on all nonprofits after the city's hospitals, colleges, and nursing homes agreed to make a \$20 million PILOT over the course of four years (Anft 2001).

Similarly, Baltimore proposed an "exempt bed property fee" or bed tax of \$350 per bed per year on the city's largest colleges, universities and hospitals (Rawlings-Blake 2011). After some negotiations between the mayor's office, the Maryland Hospital Association, and the Maryland Independent College and University Association, the bed tax proposal was dropped in exchange for a new six-year PILOT agreement. As part of the agreement, the city agreed not to seek additional revenue from the member organizations or to impose any new targeted taxes.

Governments can also challenge a nonprofit's exempt status. For example, a Philadelphia PILOT Advisory Board decreed, "All nonprofit, non-governmental institutions in the City should pay their fair share for the municipal services and benefits they receive" (City of Philadelphia Executive Order No. 1-94 Payments in Lieu of Taxes). However, the Philadelphia PILOT Advisory Board explicitly stated that, "In the event the Board is unable to enter into a PILOTs/SILOTs agreement with a nonprofit institution whose status as an institution of purely public charity is legally unclear, the Board shall refer the matter to the Law Department, the BRT, and the School District, with a recommendation to institute a challenge to the institution's tax exemption" (Executive Order No. 1-94 Payments in Lieu of Taxes).

Municipalities also can influence nonprofits through their control of "building permits, zoning decisions and other factors that influence nonprofits' decisions" (Kenyon and Langley 2010). As one observer notes, "Municipalities often find their hand to be strongest when a university or other nonprofit is expanding and needs a zoning waiver or other approval" (Brody 2010, 661).

Cities must use caution, however, as courts will sometimes strike down municipal actions motivated purely by a nonprofit's refusal to agree to PILOTs.¹⁴ Overly coercive efforts can also sour relations between local governments and nonprofits to the detriment of the entire community (Kenyon and Langley 2010).

¹⁴ Gallagher (2002) (citing *Pacer Inc. v. City of Middletown*, 635 N.Y.S.2d 704 (App. Div. 1995) ruling that the City of Middletown could not deny a special-use permit solely because the applicant refused to make a PILOT); *see also* Kenyon and Langley 2010, 37 (citing *Northwestern University v. City of Evanston*, 2002 U.S. Dist. LEXIS 17104, *25 (N.D. Ill. Sept. 11, 2002) (holding that the City of Evanston could not restrict Northwestern University's future developments because it would not agree to make PILOTs).

The District of Columbia already has a “PILOT” program. However, it is not a traditional PILOT program as discussed above. Jeffrey Oakman testified before the Commission that the District’s Payments In Lieu of Taxes (PILOT) program compliments and is very similar to its TIF program. The *Payments in Lieu of Taxes Act of 2004* (the “PILOT Act”) created the program as a financing mechanism for development projects on land that was previously exempt from real property taxation.¹⁵

Under the PILOT program, if previously tax-exempt land is being transferred to private control for redevelopment, the District may negotiate a PILOT arrangement in which the land remains technically tax-exempt for a period of time, but the new private property owners and/or leasehold owners must pay as a PILOT the equivalent of what the real property tax would be on the property. The District then issues PILOT revenue bonds and notes (“PILOT bonds”) to help finance the project costs of the development project.

The PILOT payments, like TIF incremental revenues, are used to pay debt service on the PILOT bonds rather than deposited in the District’s General Fund. Once the PILOT bonds are paid off, the property begins paying real property tax as any other privately-owned property would. An important difference between PILOT and TIF is that PILOT payments are only the equivalent property tax payments – any increases in property tax revenue from PILOT projects go to the General Fund, whereas incremental property tax revenues generated by TIF projects are captured for payment of TIF bonds.

Examples of “pilots” according to the District’s definition, include

- the Arthur Capper/Carrollsborg PILOT area with bonds being paid off by March 31, 2037 with payments that would have otherwise been paid in property taxes; and
- the Rhode Island Metro Plaza PILOT area with bonds being paid off by April 2, 2038 with payments that would have otherwise been paid in property taxes.

Land and improvements in these PILOT areas are exempt from real property taxes, but the owner shall make a PILOT payment in an amount equal to the real estate taxes that the owner would have been obligated to pay in the absence of this arrangement.

When are PILOTs “required” of a tax exempt organizations.

No state requires payments-in-lieu-of-taxes to local governments by tax exempt organizations. Only three states have mandatory PILOT laws specifically addressing tax exempt nonprofit entities, however, these laws generally fall into circumstances when a nonprofit entity derives income from rental activities. For example, Delaware Code Section 8156 provides:

¹⁵ District of Columbia Official Code, Title 1, Chapter 3, Section 1-308.02.

Any church, religious society, charitable corporation or nonprofit organization granted a tax exemption pursuant to this subchapter, shall pay to the county and other political subdivision in which the project is situated, in lieu of taxes, a special assessment in an amount not less than 10% of the gross rentals derived from the project, less the cost of utilities and the cost of providing special social services to the elderly persons residing in the project. This sum shall be divided between the county and other political subdivisions having authority to levy ad valorem taxes on land and improvements in which the project is situated in proportion to their respective tax rates.

This statute was applied to the specific circumstance when an organization provided housing to the elderly. Oregon has a similar law which applies to situations when the state housing authority had some level of control in the nonprofit organization

In lieu of real and personal property taxes, each nonprofit corporation eligible for a tax exemption under ORS 307.485 shall pay to the treasurer of the county on or before November 15 an amount equal to 10 percent of the rentals for the period ending the preceding October 15, submitting with the remittance a form supplied by the Department of Revenue stating the rental and certifying compliance with the requirements of the State Fire Marshal, local health officer or Child Care Division, as applicable. (ORS 370.490.)

Two states legislatively authorize local governments to enter into PILOT agreements for housing authorities. But these states only grant the power to negotiate PILOTs. In South Carolina, Code Section 12-37-240 states,

When any nonprofit housing corporation owns property within a county or municipality which is exempted from ad valorem taxes under an act of the General Assembly, the county or municipality or both are authorized to contract with such corporation for payments in lieu of taxes for services rendered by the county or municipality.

Similarly in New Hampshire, the law leaves open the possibility of voluntary PILOTs from various nonprofit organizations providing housing for the elderly,

72:23-n Voluntary Payments in Lieu of Taxes -The governing body of any municipality may enter into negotiations for a voluntary payment in lieu of taxes from otherwise fully or partially tax exempt properties, and may accept from such properties a voluntary payment in lieu of taxes.

Many states have a variety of statutes authorizing payments in lieu of taxes by governmental or quasi governmental entities. For example, Kansas law states that cities may impose payments in

lieu of taxes on state industrial revenue bond property, but imposition of such payments are not mandatory. K.S.A. 12-1742. Kentucky allows local governments to enter into PILOT agreements with government utilities. Kent. Stat. Ann. 247.968.

PILOTs, however, are more ideal for some municipalities than others. They are best-fitted for areas that rely heavily on the property tax and host large nonprofits that own significant portions of real estate. PILOTs are also not right for every exempt organization. As one observer notes, “PILOTs are most suitable for non-profits that own large amounts of tax-exempt property and provide modest benefits to local residents relative to their tax savings” (Kenyon and Langley 2010, 3). Such organizations may feel an obligation to reimburse local taxpayers for the services they consume, and are wealthy enough to contribute. As such, municipalities usually target hospitals, colleges and universities, and nursing or retirement homes.

PILOTs generally do not raise enough money to compensate fully for revenue lost to tax exemptions. In 2009, Boston raised \$14.9 million in PILOTs from nonprofit universities and hospitals, which is only 4.3 percent of what they would have paid in property taxes (City of Boston 2009). On average, PILOTs comprise less than one percent of municipal budgets (Kenyon and Langley 2010). But, while PILOTs may compose a fraction of what would have been raised through property taxes, they can still be significant. Though the money raised in 2009 by Boston’s PILOT program was far short of what tax revenues would have been, it was still enough to pay for snow removal for an entire winter (City of Boston 2009). Furthermore, some municipalities—especially small towns that host colleges or universities—will benefit disproportionately from PILOTs. For example, Bristol, Rhode Island’s PILOT agreement with Roger Williams University comprises almost 5 percent of the city’s budget (City of Boston 2009). PILOTs may seem negligible in comparison to lost tax revenue, but they can still be a valuable revenue source for cash-strapped municipalities.

Challenges Designing PILOTs

There are a number of challenges in designing PILOTs which must be addressed in developing best practices used.

i. Maintaining Good Relations with Exempt Organizations

The first impediment to PILOT programs is simply convincing exempt organizations to participate: since PILOTs are voluntary, exempt organizations are free to ignore cities’ requests for payments.

Boston is a leading example in this regard. In 2009 Mayor Thomas Menino established a PILOT Task Force to review and improve the city’s existing PILOT program. He invited representatives from Boston’s largest exempt organizations to participate in the formulation of new policies. The list of invitees included university presidents, hospital executives, and other high-level figures in the nonprofit community. Despite their divergent interests, the inclusion of nonprofit representatives allowed Boston’s PILOT initiatives to be “collaborative and driven by

consensus” (Lustig 2010, 609). Boston’s nonprofits also favor this arrangement because it reduces uncertainty: by participating in PILOT policymaking, they know what to expect from the city and can plan their budgets accordingly. Conversely, nonprofits in other cities sometimes express frustration when the government makes unanticipated PILOT demands (Kenyon and Langley 2010).

Boston’s creation of the Task Force also had unforeseen political benefits: by inviting nonprofits to participate, the City created publicity and raised awareness about the negative impact tax exemptions have on the surrounding community (Lustig 2010). This increased public pressure on nonprofits to make PILOTs. The Task Force has also used transparency as a political tool. Nonprofits complain that “PILOTs are often haphazard, secretive, and calculated in an ad hoc manner” (Kenyon and Langley 2010, 3). Appealing to this sentiment, the Task Force adopted “transparency and consistency” as one of its core principles. This appeased exempt organizations, but it also left them accountable to both the public and to other nonprofits if they decide not to contribute (Lustig 2011). The Task Force periodically publishes data on PILOT payments, which allows citizens to see which organizations do not make PILOTs.

Boston’s inclusion of representatives from the nonprofit community could be considered a best practice for maintaining healthy relations with PILOT participants. Nonprofits appreciate being able to participate in the Task Force because it allows them to voice their concerns and avoid surprises. At the same time, it creates publicity about PILOTs and exemptions, which ramps up public pressure for nonprofits to make payments. The Task Force’s commitment to transparency eases concerns of unfair or coercive tactics, but it also forces nonprofits to face disapproval from the public and from fellow exempt organizations if they do not contribute. Because it appeases nonprofits while benefiting municipalities, local governments would be wise to invite exempt organizations to participate in PILOT policymaking.

ii. Calculating the Proper Amount for PILOT Payments

Another common issue is deciding on the appropriate amount to ask from each exempt organization. One method involves assessing the community benefits offered by each organization, and reducing the requested amount if an organization provides substantial levels of community service (Kenyon and Langley 2010). For example, Philadelphia’s Voluntary Contribution Program in the 1990s sought PILOTs from charities that did not meet the Pennsylvania Supreme Court’s definition of a “purely public charity” (Glancey 2002, 214). In other words, Philadelphia exempted organizations from PILOTs if they provided a high level of public services.

Similarly, Boston’s program allows for deductions for “extraordinary community services” (City of Boston 2009). The criteria for considering such services include: whether they directly benefit Boston residents, whether they support the City’s mission and priorities, whether they are quantifiable, and whether they “emphasize ways in which the City and the institution can collaborate to address shared goals.” Examples of such services include academic scholarships, free medical care, volunteer workshops, youth employment, job initiatives, and job training

programs (City of Boston 2009). Deducting from PILOTs in exchange for community services allows cities to improve their residents' quality of life, while simultaneously allowing exempt organizations to reduce the amount of money they are expected to contribute.

PILOTs can also be calculated based on a measure of an exempt organization's value (Kenyon and Langley 2010). In structuring its PILOT program, Boston's PILOT Task Force considered three such methods:

- payments based on square footage of property;
- payments based on units, such as number of students enrolled or number of hospital beds; and
- payments based on property value.

It decided that the property value method was most appropriate, because PILOTs are meant to compensate for lost property taxes. Alternatively, Cambridge, Massachusetts uses square footage of real estate to determine PILOT requests, whereas Baltimore uses an organization's annual income (Kenyon and Langley 2010, 39).

When adopting a methodology for calculating PILOTs, municipalities should consider and exempt organization's footprint, as reflected by the property value and square footage methods used by Boston and Cambridge. Their ability to pay, which is a primary consideration behind Baltimore's annual income criterion, is also an important factor. Finally, reducing PILOT amounts for public benefits provided, as seen with Boston's "extraordinary community services" standard, is a useful tool for improving a city's quality of life and reducing the burdens of government. Using concrete and quantifiable methods reduces the appearance of unfairness, which increases exempt organizations' willingness to comply with municipal PILOT requests.

iii. Reducing Uncertainty: Trigger Provisions and Long-term v. One-time PILOT Agreements

As mentioned above, Boston's nonprofits enjoy their positions on the PILOT Task Force in part because such participation reduces uncertainty. Governments feel the same: predictability in PILOT payments facilitates the process of designing a budget. (Brody 2010, 45). Municipalities have at least two tools available to reduce uncertainty surrounding PILOTs. The first is to establish trigger provisions for inclusion in a PILOT program (Kenyon and Langley 2010). One method currently used by the City of Boston is to approach exempt organizations about PILOTs when they purchase new, non-exempt property. This is favorable for exempt organizations because they can take such costs into consideration when planning expansions. Municipalities favor this method because it allows them to mitigate sudden drops in their tax base. It also improves municipalities' bargaining power, because organizations under expansion will likely need zoning or building permits from the government. However, trigger provisions raise the cost of entry for new exempt organizations, and might discourage exempt entities from making expansions and investments that would benefit the community.

The second method for reducing uncertainty is to pursue multiyear contracts instead of one-time payments (Kenyon and Langley 2010, 40). This gives both exempt organizations and municipalities concrete figures to work with during long-term budget planning. Several such agreements currently exist: the Massachusetts Institute of Technology, for example, has a multi-year agreement with Cambridge that is subject to a 2.5 percent annual increase (Kelderman 2010). Similarly, Harvard University agreed to pay Watertown, Massachusetts \$3.8 million per year until 2054, with a three percent annual increase (Flint 2002). While such arrangements reduce uncertainty for both parties, exempt organizations still may oppose agreeing to future payments. They may also worry about creating a “slippery slope” that allows municipalities to increase PILOT requests year after year. For example, in Pittsburgh several nonprofits make an annual PILOT to the city and insist that each year’s payment is a “gift” that establishes no precedent for future contributions (Brody 2010, 45). Nonetheless, long-term contracts are preferable to one-time payments for municipalities, and should be pursued where nonprofits are willing to agree to such arrangements.

The world of PILOTs is vast and research on such programs has been scarce.¹⁶ And despite the general view that PILOTs are an effective method for raising revenue, only a small percentage of non profits actually make such payments. One recent study found that only 9 percent of non profits nationwide were making payments under PILOT agreements (Salamon, et. al. 2010). And Lustig (2010) found that 26 percent of localities with exempt property received PILOTs. While these small numbers reflect the fact that most nonprofits do not have the financial resources to make voluntary payments, two thirds of the largest research universities do not make routine PILOT payments (Lemov 2010).

Selected Policy Options

There are four important issues associated with properties exempt from paying local real property taxes:

- 1) **Foregone Revenues.** In the District of Columbia properties exempt from paying property taxes represent a significant portion of the real property tax base. Because these organizations consume locally provided goods and services many feel they should contribute to the cost of providing those services. As a result of these exemptions, the District government foregoes between \$100 million and \$1.5 billion in additional property tax revenues annually (between \$100 million and \$400 million when one excludes federal and DC government property and foreign government property).
- 2) **Fairness.** When the property tax base is narrowed because of these exemptions, taxpayers not receiving such preferential treatment shoulder a greater burden of paying for government services because their taxes are higher than they otherwise would be if all property contributed to the cost of providing community services.

¹⁶ Kenyon and Langley 2010 was the first study to comprehensively gather information on PILOT activity nationwide.

- 3) **Perverse Incentives.** Property tax exemptions provide an incentive to those receiving preferential treatment to seek more and more expensive real estate, because they are not concerned about greater property tax burdens.
- 4) **Transparency.** Under the current system, citizens/taxpayers do not know who is exempt from property taxes and how much of a subsidy any individual exempt property receives from taxpayers not getting preferential treatment.

Finding ways for exempt organizations to help pay the costs of local government goods and services they consume can mitigate, to some extent, these inefficiencies and inequities resulting from the preferential treatment of some real property, but not others.

Policy Option 1: No change in the current system of real property tax exemptions.

The current system has evolved over time in response to various concerns and should be kept in place. Exempt organizations have made decisions regarding owning real estate in the District given the incentives in the current system and it would be unfair to change those incentives.

Alternatively, the current system costs the District between \$100 and \$400 million in foregone property tax collections annually and it is not clear what the District is getting from these exempt organizations to justify the preferential treatment bestowed on these properties. Accepting the current system of tax exemptions would perpetuate the inefficiencies and inequities resulting from that system.

Policy Option 2: Establish clear criteria for granting property tax exemptions and periodically and systematically review exemptions and abatements to see if they still benefit the residents of the District of Columbia

Since exempting property from paying the real property tax creates inefficiencies in the real estate market and inequities for properties not receiving preferential treatment, the benefits from the exemption must be weighed against the costs in terms of distorting private economic decisions and shifting the cost of public services to property that does not receive such preferential treatment. In other words, there should be an explicit principle, or decision rule, for determining what properties should be exempted from paying the local property tax. For example, in Arizona the state exempts property owned by volunteer nonprofits recognized under Section 501 (c) (4) of the Internal Revenue Code or those organizations that qualify for income tax exemption under state law. In addition, properties are exempt from property taxation if they are operated exclusively for social welfare purposes, and provide quasi-governmental services in an unincorporated area. Other requirements in Arizona for exemption include recognition under Section 501 (c) (3) of the Internal Revenue Code.

The Boston PILOT program sets a criteria for deductions when there is an “extraordinary community services” (City of Boston 2009). For example, a tax exempt organization is eligible for a property tax reduction if the services they provide

- directly benefit Boston residents;
- support the City's mission and priorities;
- are quantifiable; and
- emphasize ways in which the City and the institution can collaborate to address shared goals.

Examples of such services include academic scholarships, free medical care, volunteer workshops, youth employment, job initiatives, and job training programs (City of Boston 2009). Deducting from PILOTs in exchange for community services allows cities to improve their residents' quality of life, while simultaneously allowing exempt organizations to reduce the amount of money they are expected to contribute.

Kenyon and Langley (2010) identify several considerations in developing a rationale for exempting some real estate from paying local property taxes. Their main argument for granting exemptions is referred to as the *quid pro quo* argument which says that since nonprofits provide benefits to society, including some services that might typically be provided by government, they should be subsidized to some extent. This notion has become increasingly popular as states review and tighten their determination of which properties will receive a property tax exemption.

This approach relies on a narrower definition of which organizations should be eligible for exemption than those used at the federal level. [pp 10-11] For example, in South Dakota property dedicated to charitable purposes are defined as devoting resources to the relief of the poor, distressed, or underprivileged that lessens a public burden by supplying services that would be provided by the government otherwise.

In addition, however, there is a general recognition that nonprofits also consume goods and services provided by the local government. Balancing the costs and benefits (to the local community) of nonprofits is also used to determine the conditions under which real property tax exemptions might be granted to individual nonprofits. This is particularly important, as Kenyon and Langley argue, because too often the benefits of being exempt from the local property tax go to nonprofits with the most valuable property, not those providing the greatest public benefits. They also argue there can be a geographic mismatch between the benefits provided by nonprofits, which can be geographically dispersed throughout a metropolitan area, and the cost of the exemption foregone by one local government. [11]

In the District a fiscal note is prepared to estimate the cost of an exemption, and other legislation, in terms of foregone property tax revenues. These costs should be weighed against the benefits to citizens of the District provided by organizations requesting exemption from the local property tax. The guiding principle in granting property tax exemptions should balance the foregone property tax revenues against the community benefits provided.

Policy Option 3: Limit the value of real property exempt from taxation for individual properties.

One possibility for limiting property tax revenues foregone because of exemptions would be to limit the value of any single property that could be exempt from the real property tax to \$10 million, for example. For purposes of this policy option, estimates of the additional tax revenue such a recommendation might generate were made.

Exempt properties were divided into three groups – residential, non-residential less than \$3 million and non-residential greater than \$3 million because each of these groups has a different tax rate in the District. Properties in the middle group would not be affected since by definition they are below \$10 million in value. For the other two groups, all properties immune from property taxes (foreign owned properties and properties owned by the US government) were excluded from the estimates. Similarly, properties owned by the District government are excluded from the estimates.

In the residential group there are 38 properties that would be affected by a \$10 million cap with an aggregate value of \$672 million. Using the residential tax rate of \$0.85 per \$100 assessed value it is estimated that these properties would generate an additional \$5.7 million in property tax revenues. More than 57% of these additional taxes would come from properties classified as miscellaneous.

Applying the \$10 million cap to properties over \$3 million identifies 361 properties that would be subject to the cap with an estimated market value of \$13 billion. Using the average commercial tax rate for this group of \$1.845 per \$100 assessed value, these properties would generate an additional \$ 242 million in property tax revenues. Nearly one-third of these additional tax revenues would come from properties classified as miscellaneous.

In other words, if only the first \$10 million of each property was exempt from the local property tax, and the remaining value of the property were subject to the current tax rate for each class, an addition \$247,407,943 in property tax revenues would be generated annually. This would come from just 400 properties that currently receive exemption from paying local property taxes.

An alternative type of limit would be to simply include some portion of the estimated market value of tax exempt property in the taxable property tax base. For example, Representative Michael Moran (D-Boston) sponsored a bill in the Massachusetts Legislature to assess all nonprofits at 25% of the estimated market value of their properties. In the case of the District, it was estimated above that such a provision would generate approximately \$100 million in property tax revenues.

Policy Option 4: Reevaluate using property tax exemptions to promote affordable housing.

Reviewing data from *Significant Features of the Property Tax* identifies only 14 states that do not utilize real property tax exemptions as a means of providing relief for affordable housing. Title 47, Chapter 10, Section 47-1002 of the District Code contains many provisions to support affordable housing options,

- Section 47-1002 (20)(A) exempts multifamily and single family rental and cooperative housing for, and individual condominium units rented to low and moderate income persons from real property taxation
- Section 47-1002(21) exempts from real property taxation property transferred to a qualifying low income homeownership household
- Section 47-1002 (22) exempts from real property taxation property transferred to a qualifying nonprofit housing organization through the end of the third tax year following the transfer
- Section 47-1002 (24) exempts from real property taxation property transferred to a resident management corporation through the end of the 10th tax year following the transfer.

In addition, there are a number of other programs intended to make affordable housing available to low income families in the District. For example, a portion of the deed and recordation tax is earmarked for the Housing Production Trust Fund to improve access to affordable housing. Similarly, there is a refundable homeowner and renter property tax credit which provides income tax credits to low-income families based on the level of their income and their property tax liability.

From the perspective of the provider/developer of affordable housing, property tax exemptions will lower the costs of development thereby reducing the amount of subsidy needed to reduce the construction costs and/or operating costs which helps make the units affordable to low- and moderate-income residents. Thus, removing any specific subsidy provided through property tax exemptions could impact the “on budget” subsidies needed to make units affordable.

Increasing access to affordable housing to low-income residents of the District is an important goal. However, there are a number of different policy tools available to provide property tax relief for low-income households, which target the relief more directly on those with the greatest need. By focusing attention on those most in need of property tax relief, the District could reduce the amount of revenues foregone from this mosaic of programs and improve the efficiency and fairness of the overall system. The numerous property tax exemption programs intending to provide property tax relief to low-income families should be re-evaluated along with other programs providing similar relief.

For example, one program available to help low-income families is the Low Income Homeowner and Renter Tax Credit, Schedule H. Under this program, homeowners and renters with income below \$20,000 qualify for the “Schedule H” tax credit, which has a maximum value of \$750. The credit is included on the DC income tax form. The size of the tax credit is based both on a household’s income and its property tax bill. The credit amount is the greatest for households with very low incomes or very high property tax bills (or both).

The credit under Schedule H is determined by looking at the filer’s income and property tax liability. For example, if the household’s taxable income is less than \$3,000 the tax credit equals 95 percent of the amount of the property tax bill greater than 1.5 percent of household income.

The formula ranges up to a tax credit for households with income between \$15,000 and \$20,000 which equals 75 percent of the property tax liability that exceeds 4 percent of household income.

The manner in which the credit is calculated is similar to the way property tax liabilities are limited in states that have circuit-breaker type relief programs which limit the property taxes households pay to a certain percentage of household income. In the case of a circuit breaker, the household often gets relief immediately because it does not pay that portion of their property tax liability considered excessive given their income level. Under the Schedule H program the household pays the full property tax liability and then receives a credit on their income tax liability. Combining a number of programs into a circuit breaker type property tax relief program could reduce revenues foregone by the District and focus relief on those most in need thereby improving the taxes transparency, efficiency and fairness. These potential benefits of swapping tax exemptions for a more generous circuit-breaker program need to be analyzed in the context of their impact on transparency, efficiency, cost, and fairness and access to affordable housing.

Policy Option 5: Develop a traditional PILOT program along the lines of the program in Boston which has been characterized as “best practices.”

The District should develop a traditional PILOT program to generate revenues from tax exempt properties to help finance the delivery of public services benefiting those properties. Boston’s PILOT program is generally regarded as the most advanced in the nation, and has been referred to by at least two commentators as a “best practice” (Lustig 2010, and Kenyon and Langley 2010, 45).

Boston has a PILOT program intended to better match the property tax revenue foregone because of a tax exemption and the benefits received by the community from the exempt organization. By contributing to the cost of publicly provided goods and services benefiting the exempt organization the City’s PILOT program reduces the inefficiencies and inequities in the system of property tax exemptions.

In Boston, when a nonprofit acquires property (especially property that was formally taxable), begins new construction, or applies for a property tax exemption the Boston city government initiates a conversation with the exempt organization in an effort to reach an agreement between the City and the nonprofit on an appropriate PILOT payment. The City starts with the view that tax exempt organizations should contribute some amount toward their consumption of publicly provided services such as police and fire protection and public works such as street cleaning and snow removal. In Boston, these services account for approximately 25 percent of the City’s budget. Thus, the City’s starting point for negotiations is that each tax exempt organization should pay a PILOT equal to 25 percent of what they would pay if they were totally taxable.¹⁷

¹⁷ This approach relies on reasonable estimates of the market value of property owned by individual tax exempt organizations. Boston gathered data from a particular type of tax form filed annually by tax exempt organizations. Data were collected from these forms and then assessors used these data to estimate market values using their CAMA model. (Rakow, 4)

This estimated liability is then balanced against community benefits provided by each tax exempt organization. The credit for community services is limited to 50 percent of the proposed PILOT to ensure each tax exempt organization makes some cash contribution. (Rakow, 5)

Developing a traditional PILOT program along the lines of the Boston model will

- provide transparency of the PILOT program,
- improve the public image of non-profits paying the PILOT,
- help fund the delivery of services which will make the environment safer and cleaner to help attract employees and students,
- provide certainty for the exempt organizations on what exactly their responsibilities will be,
- better align the property tax revenues foregone by the District and the benefits to District residents and businesses provided by organizations with exempt property, and
- improve the efficiency and equity of the system of granting property tax exemptions to nonprofit organizations.

Kenyon and Langley (pp 29-32) summarize the main arguments supporting the development of a PILOT program:

- Nonprofits should pay for the public services they consume which will reduce the inefficiencies and inequities in the current system of providing property tax exemptions¹⁸
- PILOTs can generate essential revenues that can help improve the level and quality of publicly provided goods and services benefiting the exempt properties and to a large extent these revenues might be exported to non-residents
- PILOTs can ameliorate some of the inequities created by the charitable property tax exemption which gives the greatest tax savings to large nonprofits with the most valuable real estate because large nonprofits are the ones most likely to pay PILOTs
- PILOTs reduce the subsidies going to properties receiving preferential treatment which, in turn, can reduce market inefficiencies in land use.

On the other hand, some argue that PILOTs

- can too often be ad hoc, secretive and contentious,
- provide limited and unreliable revenue, and
- could lead some nonprofits to raise fees, cut services and/or reduce employment.¹⁹

¹⁸ In Boston, the 25 percent standard used to determine PILOT payments was established because it was estimated that approximately 25 percent of the City's budget is allocated for core City services such as police and fire protection and infrastructure that benefit the exempt properties. (Kenyon and Langley, 29)

¹⁹ Kenyon and Langley, pp 32-34. Kenyon and Langley point out that for-profit businesses also generate employment and similar regional economic benefits and they do pay property taxes. Higher PILOT payments by non-profits could reduce property taxes on for-profit businesses which, in turn, could increase employment in the private sector. (34)

Policy Option 6: Phase out property tax exemptions for selected properties

Rather than eliminate all property tax exemptions, an approach beyond the power of the D.C. Council, the District might decide to phase out property tax exemptions for specific categories of property. For example, property tax exemptions might be retained for federal, District and foreign governments, as well as religious and educational organizations, hospitals and non-profit organizations providing services to DC residents. All other property tax exemptions would be phased out.²⁰

Such a change needs to be phased in over a period of time so organizations losing their exemptions can make necessary adjustments. Thus, their tax exempt status could be phased out at 10% annually over a 10 year period. To allow for adjustments, the phase out might start in 10 years – 2024.

²⁰ Those being phased out under this recommendation does not include exemption intended to improve access to affordable housing for DC residents because it is assumed such exemptions will be reevaluated in the context of all other tax and spending policies intended to increase access to affordable housing.

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9. Is any part of the property used, rented, or leased by an organization other than the owner of record? Yes No
If "YES," explain in detail. Attach a statement if more space is required.

10. Is the property income-producing, or is any portion of the property rented, leased, or used to secure income? Yes No
If "YES," explain in detail, including amount of gross income. Attach a statement if more space is required.

11. Person to contact for information concerning application, or to arrange an appointment for inspection:

Contact Name			
Complete Mailing Address			
City / State / ZIP			
E-mail Address/Telephone			

III. SIGNATURE AND VERIFICATION

A false statement is punishable by criminal penalties under D.C. Official Code § 22-2405.

Signature of Officer _____

Title

Print Name

Date mm/dd/yyyy

Telephone

Important: Applications that are incomplete or do not have all required documents attached will not be accepted by the Assessment Division and will be returned to the applicant without consideration. Please use the checklist on the next page to ensure that the application is complete.

INSTRUCTIONS FOR FILING APPLICATION FOR EXEMPTION

GENERAL

This application is for use by organizations who wish to apply for exemption from the District of Columbia real property tax. All questions must be fully answered by every organization applying for an exemption. The completed application, together with all documents requested in these instructions, should be mailed to the Chief Assessor, Real Property Assessment Division, 5th Floor, 1101 4th Street, S.W., Washington, D. C. 20024, or delivered to the Office of Tax and Revenue's Customer Service Center, Second Floor, 1101 4th Street, S.W., Washington, D. C. 20024. Failure to submit any of the required information will delay action on the application for exemption, and may result in a denial.

REAL PROPERTY

Organizations applying for exemption from D.C. real property tax must own the real property for which the request is made and qualify under D.C. Official Code § 47-1002. The applicant must specify the subsection of § 47-1002, detailing the major categories of exempt property, pursuant to which the exemption is sought. Current and proposed use of the property must be indicated, and a physical inspection of the property by this office is required. If any part of the property is leased, the tenant must supply the same types of documents that the owner must furnish with this application. Applications for exemption for property owned by foreign governments must be made through the U.S. Department of State, Office of Foreign Missions.

The exemption, if approved, will commence the first full month following the date the application is approved, provided the requirements for exemption are met.

IMPORTANT

The following documents and information must be submitted with the application for exemption by both the record owner and any tenant:

- 1. A copy of the recorded deed;
- 2. A statement indicating the type of activities carried on by the organization during the past twelve months, and the extent to which such activities were carried on within the District of Columbia. If the organization did not operate for the full year, explain what it anticipates will be such activities for the current year;
- 3. If incorporated, a copy of the articles of incorporation (if not incorporated, a copy of the constitution, articles of association, declaration of trust, or other document whereby the organization was created and which sets forth its aims and purposes) and copies of all amendments thereto, as on file with D.C. Department of Consumer and Regulatory Affairs, along with any changes presently proposed;
- 4. A copy of the bylaws or other similar code of regulations, and all amendments thereto made or proposed;
- 5. A complete detailed statement of assets and liabilities as of the end of the latest annual accounting period;
- 6. A detailed statement of receipts and expenditures for the latest annual accounting period;
- 7. Copies of any publications for literature prepared by the organization in the pursuit of its activities;
- 8. Certificate of Occupancy and Certificate of Good Standing (D.C. Department of Consumer and Regulatory Affairs);
- 9. Letter from the Internal Revenue Service that confirms the organization is exempt from federal income tax, along with the Federal Employer Identification Number of the organization.
- 10. Copies of plans, permits, contracts and other items related to the construction, demolition, or modification of structures.

Received – Customer Service

Date

Accepted As Complete – Assessment Division

Date

Returned to Applicant – Incomplete

Date

Appendix 2
TITLE 47 CHAPTER 10. PROPERTY EXEMPT FROM TAXATION

- [§ 47-1003. Disabled American Veterans](#)
- [§ 47-1004. National Society of the Colonial Dames of America](#)
- [§ 47-1012. Louise Home](#)
- [§ 47-1013. Sheridan tapestries](#)
- [§ 47-1014. Chesapeake and Ohio Canal](#)
- [§ 47-1015. Oak Hill Cemetery Company](#)
- [§ 47-1016. Corcoran Gallery of Art -- Real property and works of art](#)
- [§ 47-1017. Same -- Endowment fund](#)
- [§ 47-1018. Howard University](#)
- [§ 47-1019. Luther Statue Association](#)
- [§ 47-1020. Saint Mark's Protestant Episcopal Church](#)
- [§ 47-1021. Young Women's Christian Home](#)
- [§ 47-1022. Young Women's Christian Association -- Property](#)
- [§ 47-1023. Same -- Accrued liability](#)
- [§ 47-1024. Young Men's Christian Association](#)
- [§ 47-1025. Cedar Hill](#)
- [§ 47-1026. Edes Home](#)
- [§ 47-1027. General Education Board](#)
- [§ 47-1028. Daughters of American Revolution -- Lots 8, 9, and 10, square 173](#)
- [§ 47-1029. Same -- Square 173](#)
- [§ 47-1030. Same -- Same -- Lots 12, 13, 14, 15, and 16](#)
- [§ 47-1031. Same -- Same -- Lots 23, 24, 25, 26, 27, and 28](#)
- [§ 47-1032. Same -- Same -- Lots 4, 5, 6, 7, and 11](#)
- [§ 47-1033. National Society United States Daughters of 1812; lot 811, square 210](#)
- [§ 47-1034. National Society of the Sons of the American Revolution](#)
- [§ 47-1035. The American Legion; lot 32 and 33 in square 185 and lot 01 in square 763](#)
- [§ 47-1036. National Education Association](#)
- [§ 47-1036.01. National Education Association -- Real property subject to District taxation](#)
- [§ 47-1037. Society of the Cincinnati; part of lot 5, lots 42, 43, 49, and 837 in square 67](#)
- [§ 47-1038. American Veterans of World War II; lot 805, square 160](#)
- [§ 47-1039. Veterans of Foreign Wars; lots 38, 20, 19, and 841, square 757 and lot 0001 in square 2709](#)
- [§ 47-1040. National Woman's Party; lots 863, 864, and 885, square 725](#)
- [§ 47-1041. American Association of University Women; lot 84, square 197](#)
- [§ 47-1042. National Guard Association; lot 60, square 625](#)
- [§ 47-1043. Woodrow Wilson House](#)
- [§ 47-1044. American Institute of Architects Foundation](#)
- [§ 47-1045. Prince Hall Freemason and Eastern Star Charitable Foundation, lot 0826 in square 0333.](#)
- [§ 47-1046. American Legion, James Reese Europe Post No. 5, lot 33 in square 3508](#)
- [§ 47-1047. ARCH Training Center, lots 80, 81, and 949 in Square 5861](#)
- [§ 47-1048. Shakespeare Theatre; lot 814, square 787](#)
- [§ 47-1049. Lowell School, lot 80, in square 2745-F](#)

- [§ 47-1050. Greater Southeast Community Hospital Corporation and Hadley Memorial Hospital](#)
- [§ 47-1051. Woolly Mammoth Theatre Company, lot 0042 in square 0457](#)
- [§ 47-1053. DC Teachers Federal Credit Union; lot 809, square 938](#)
- [§ 47-1054. Capitol Hill Community Garden Land Trust; lot 30, square 1060](#)
- [§ 47-1055. Payments in lieu of taxes, Reservations 13 Benefit Area](#)
- [§ 47-1056. Rosedale Conservancy, lot 817 in square 1954](#)
- [§ 47-1057. Crispus Attucks Development Corporation, lot 0046 in square 3117](#)
- [§ 47-1058. Emmaus Rehabilitation Project, lot 74 in square 366](#)
- [§ 47-1059. American College of Cardiology and American College of Cardiology Foundation](#)
- [§ 47-1060. Southeast Neighborhood House, lots 0808, 0904, and 0905 in square 5802](#)
- [§ 47-1061. Capitol Hill Community Garden Land Trust; lot 0109 in square 1100](#)
- [§ 47-1062. Bread for the City Community Garden](#)
- [§ 47-1063. Department of the District of Columbia Veterans of Foreign Wars; lot 0040, square 5167](#)
- [§ 47-1065. Douglass Knoll, Golden Rule, 1728 W Street and Wagner Gainsville Rehabilitation Projects, lot 840 in ...](#)
- [§ 47-1066. The Catholic University of America's Soldiers and Airmen's Home, parcel No. 121/29.](#)
- [§ 47-1067. Way of the Cross Church of Christ; lots 918, 7, 9, 11, 118, 119, 120, 121, 122, 123, 124, 125, 126, 800, ...](#)
- [§ 47-1068. Appalachian State University, lot 42 in square 871.](#)
- [§ 47-1069. American Psychological Association, lot 146, square 677.](#)
- [§ 47-1070. Walter Reed military housing](#)
- [§ 47-1071. National Community Reinvestment Coalition; lot 20, square 222.](#)
- [§ 47-1072. New Columbia Community Land Trust; lots 803, 804, 805, 806, 807, and 808 in square 4110](#)
- [§ 47-1073. Triangle Community Garden; lot 58, square 1966.](#)
- [§ 47-1074. Theatre Downtown, Inc.; lot 26, square 406](#)
- [§ 47-1075. Far Southeast Community Organization; lots 73, 74, and 75 in square 5753](#)
- [§ 47-1076. Heurich House Foundation; Lot 79, Square 115 \[Applicable when contingency met\]](#)
- [§ 47-1077. Tregaron Conservancy, Lots 849 and 857, Square 2084](#)
- [§ 47-1078. SOME, Inc.](#)
- [§ 47-1079. Golden Rule Plaza, Inc., Lots 837, 841, and 842, Square 525, and Lot 840, Square 526](#)
- [§ 47-1080. Bolling Air Force Base housing](#)
- [§ 47-1081. KIPP DC -- Douglass Property; Lot 950, Square 5872](#)
- [§ 47-1082. The Studio Theatre housing](#)
- [§ 47-1083. Building Bridges Across the River, Inc., Lots 2 and 6, Square 5894](#)
- [§ 47-1084. Affordable Housing Opportunities, Inc. residential rental project; Lot 800, Square 5984, and Lot 916, ...](#)
- [§ 47-1085. KIPP DC -- Shaw Campus; Lot 163, Square 510](#)
- [§ 47-1086. United House of Prayer for All People -- kitchen or feeding facilities](#)
- [§ 47-1087. Hill Center at the Old Naval Hospital; Lot 5, Square 948](#)

Appendix 3

Title 47, Chapter 46: Special Tax Incentives

- [§ 47-4601. Lincoln Square Theater -- Tax exemption](#)
- [§ 47-4603. Jenkins Row development project -- Tax exemptions](#)
- [§ 47-4605. Carver 2000 Low-Income and Senior Housing Project -- Tax exemptions](#)
- [§ 47-4606. Brentwood Retail Center, 1060 Brentwood Road, N.E.; lot 57, square 3848](#)
- [§ 47-4607. Parkside Terrace development project -- Tax exemptions](#)
- [§ 47-4608. DC-USA development project -- Tax exemptions](#)
- [§ 47-4610. Georgia Commons; Lots 848 and 849, Square 2906](#)
- [§ 47-4614. East of the river hospital tax exemptions](#)
- [§ 47-4618. Eckington One Residential Project tax exemptions](#)
- [§ 47-4620. St. Martin's Apartments project tax exemptions](#)
- [§ 47-4621. Gateway Market Center and Residences, 1240 -- 1248 4th Street, N.E., Lots 5, 800, 802, and 809, and ...](#)
- [§ 47-4623. View 14 Project tax exemption](#)
- [§ 47-4625. Kelsey Gardens redevelopment project](#)
- [§ 47-4626. Randall School development project tax exemption](#)
- [§ 47-4627. 14W and the YMCA Anthony Bowen Project; Lot 164 \(formerly Lots 18, 19, 20, 120, 121, 160, 161, 828, and ...](#)
- [§ 47-4628. The Heights on Georgia Avenue; Lots 98, 903, 904, 908, and 911, Square 2892](#)
- [§ 47-4629. Park Place at Petworth, Highland Park, and Highland Park Phase II Project tax exemptions](#)
- [§ 47-4631. OTO Hotel at Constitution Square Project--tax exemptions](#)
- [§ 47-4632. Campbell Heights project; Lot 0207, Square 0204](#)
- [§ 47-4633. Jubilee Housing residential rental project; Lot 863 in Square 2560, and Lot 873, Square 2563](#)
- [§ 47-4634. Third & H Streets, N.E. development project--tax exemptions](#)
- [§ 47-4638. 2323 Pennsylvania Avenue, S.E., redevelopment project](#)
- [§ 47-4639. King Towers residential housing rental project; Lot 49, Square 281](#)
- [§ 47-4641. Allen Chapel A.M.E. Senior Residential Rental Project; Lots 0024, 0025, 0026, 0038, 0214, 0215, 0923, ...](#)
- [§ 47-4642. St. Paul Senior Living at Wayne Place; Lot 0045, Square 6118](#)
- [§ 47-4643. 800 Kenilworth Avenue Northeast redevelopment project](#)
- [§ 47-4644. Thirteenth Church of Christ real property tax relief](#)
- [§ 47-4646. NCBA Housing Development Corporation of the District of Columbia and Samuel J. Simmons NCBA Estates No. 1 ...](#)
- [§ 47-4647. 1029 Perry Street, N.E.; Lots 20 and 842, Square 3883](#)
- [§ 47-4650. International House of Pancakes Restaurant #3221 Tax Exemption Clarification](#)
- [§ 47-4651. Central Union Mission; Lots 825, 826, 830, and 831, Square 2895](#)
- [§ 47-4653. Universal Holiness Church property tax relief](#)
- [§ 47-4654. Beulah Baptist Church, Dix Street Corridor Senior Housing LP, et al. equitable tax relief](#)
- [§ 47-4655. The Washington Ballet, Lot 19, Square 1911](#)