

Anthony A. Williams
Chairman
District of Columbia Tax Revision Commission
c/o Federal City Council
1156 15th Street, NW Suite 600
Washington, DC 20005

Dear Mayor Williams,

I ask the Tax Revision Commission to review recommending a annual payment in lieu of taxes (PILOT) provision for DC private universities to fund the District's Community College (CCDC). Currently the District collects no property or hotel tax from these private universities. Even if the funds are not dedicated to CCDC a PILOT for DC universities make sense.

Please research and study this pilot proposal for the following reasons.

1. **Basic fairness-** If other Private Universities throughout the country have entered into voluntary agreements with their respective local governments, why not DC-based Universities?
2. **CCDC Funding-** Currently, the CCDC does not have a designated revenue stream, besides tuition to fund its academic programs. It is subject to the annual appropriation process, like all other government agencies. These PILOT's could establish a mechanism for a predictable funding stream and allow the intuition to flourish.
3. **CCDC as a feeder school-** With the success of graduates of CCDC with Associates degrees, this could become a source of qualified students to apply and gain entrance to these, and other 4-year private Universities.

Currently, numerous prestigious Universities around the country make PILOT's to their respective local governments.

Harvard University

Harvard Reaches PILOT Deal With City

Following MIT's lead, University agrees to increase payments to city dramatically

By JOSEPH M. TARTAKOFF, THE HARVARD CRIMSON STAFF WRITER

Published: Wednesday, February 02, 2005

After over a year of negotiations, Harvard and the City of Cambridge announced Monday they have reached a deal that will significantly increase the University's voluntary payments to the city over the next five decades.

The agreement—which comes on the heels of a deal the city reached with MIT last month—means that Harvard will pay the city about \$2.4 million in 2006 to compensate for its tax-exempt property. The accord has provisions for regular increases that could bring the annual payment to nearly \$10 million by the end of the 50-year agreement.

Under the previous agreement negotiated in 1990, Harvard made a payment of \$1.7 million to the city last year, but residents and city officials have often cited the University's hefty endowment and called for a larger contribution.

At Monday's City Council meeting, City Manager Robert W. Healy praised the new agreement for providing the city with predictable revenue.

"We were able to get as much as we could get from the University," said Healy, who negotiated the agreement. "Any payments they make are voluntary."

Harvard will make a one-time payment of \$1 million this year on top of the regular amount. With an annual increase of about 3 percent and an additional \$100,000 every decade, the city has estimated the deal will be worth more than \$255 million over the 50-year period.

MIT

From MIT's Website <http://web.mit.edu/facts/community.html>

Economic impact and innovation catalyst. MIT has a far-reaching impact on the economy of the region. The Institute itself is Cambridge's second largest employer and largest taxpayer, paying taxes on its commercial property and providing an annual payment in lieu of taxes (PILOT) for property that is used for academic purposes and is legally tax-exempt. In fiscal year 2011, the Institute made a voluntary PILOT contribution of \$1.7 million to the City of Cambridge and paid over \$34.9 million in real

estate taxes. It is also a magnet for investment and fuels an innovation economy with the research, start-ups, and talent pool it generates. Kendall Square, at the eastern end of MIT's campus, is the seat of a growing innovation cluster in which MIT plays a catalyzing role.

Brown University:

Cities Look To Ivy Leagues And Tax Exempt Universities To Ease Revenue Shortfalls <http://www.huffingtonpost.com>

By DAVID KLEPPER 05/07/12

PROVIDENCE, R.I. — Wary of tax increases, weary of layoffs and determined to avoid bankruptcy, Providence Mayor Angel Taveras had only to gaze up at his city's Ivy League campus to see a way out of the morass.

On College Hill sits Brown University, with a \$2.5 billion endowment and property worth an estimated \$1 billion. Brown would pay the city \$38 million in property taxes each year – more than enough to solve the city's budget problems – if only it wasn't tax exempt.

And so city officials and state lawmakers applied some pressure to the university, and last week Brown agreed to contribute \$31.5 million to Providence over the next 11 years. The money comes on top of nearly \$4 million that Brown already voluntarily gives the city every year.

I would acknowledge the efforts of George Washington University, that grants 10 full scholarships a year to DC High School Graduates. This is a very worthwhile approach that has benefited DC youth(and parents!).

I welcome the opportunity to discuss these points with the Commission and the rationale behind this proposal, should you desire. Thank you again for your service to the District of Columbia.

Thanks,

John

John Capozzi

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