

## Property Tax Assessment by the Town of Brookline Background Information

The potential for the Town of Brookline to impose a property tax on the BA was introduced in 2001, when the Town approached the BA regarding residential use of the property that would fall outside non-taxable status. At that time the Town indicated that a portion of the property might be taxable. The BA filed a response explaining why we should not be taxed. For five years there was no response from the Town, until late 2006, when the BA received a bill taxing 80% of the property. No communication accompanied the bill, and no explanation was provided for the taxable proportion.

The BA initiated legal action immediately. Legal counsel indicated that payment of the tax was legally required to initiate the appeal. We made total payments of \$407,000 between February and November 2007 to cover tax year 2007 and half of tax year 2008.

In October 2007, having access to the Town Manager through a friend of the BA, we initiated meetings with the Town's Assessor and Finance Director. Through this process we learned that an outgoing Assessor had issued the tax bill shortly before leaving office, that there was no clear rationale for the taxable proportion, and that the new Assessor was willing to re-examine the use of the property. When he did this, his recommendation to the Board of Assessors was that the taxable portion related to the small number of rooms used for our Residential program and a portion of common space related to use by Residents. He did not include housing for Christian Science Nurses Training or staff housing in this portion. The Board of Assessors agreed on 18.7% as the taxable portion, which reduced taxes for 2007 and 2008 to \$63,520 per year. A tax abatement was issued.

Simultaneously the Town proposed the option of a PILOT or payment in lieu of taxes going forward, to start in tax year 2009. Brookline is following the lead of many other municipalities, including neighbors Cambridge and Newton, in using the PILOT approach to support increasing costs of services. The BA is one of 126 charitable organizations in Brookline, where 45% of the town's land has been exempt from property taxes.

The PILOT payment provides support for the Town's fire, police, and other services that benefit non-profits. For non-profits like the BA, it is a particularly attractive alternative to a property tax. It protects the non-profit from the surprises of tax overrides, increased tax rates, and increased property valuations. While the Town proposed a 25% rate (to account for the fact that its fire, police, and road costs are 25% of the Town's budget), we were able to negotiate a sliding scale where we start at 10%, with a \$35,500 payment in 2009, cutting our payment nearly in half compared to 2008, and move up by only a half percent each year in the early years of an agreement to 25% by 2019.