

Citizens League
St. Paul Payment In Lieu of Taxes (PILOT) Task Force
August 3, 2017 Meeting #10

The Citizens League's Saint Paul Payment In Lieu of Taxes (PILOT) Task Force is going into extra innings.

The committee originally scheduled 10 meetings with an eye toward answering the City of Saint Paul's question: Should the city create and implement a Payment in Lieu of Taxes (PILOT)/Services In Lieu of Taxes (SILOT) program for tax-exempt entities?

During a spirited and extended discussion on August 3, the committee discussed concepts that will shape their final report. In short, the draft report with recommendations will be reworked and reconsidered at a meeting to be scheduled during the week of August 14. The city is hoping to see the Citizens League document on August 23, or soon thereafter.

While the work of the committee has focused mainly on collecting and analyzing data and studying examples of PILOT programs around the country, the SILOT concept has always been in the background. Comments from the group during the August 3 meeting showed a certain ambivalence about SILOTS.

One member cautioned that such programs could be used "for evil or for good." On one hand, tax-exempt entities already operate with a level of transparency not always required of for-profit entities. Financial records and proof of providing services in line with a mission are made public to regulators and donors every year. It was noted that adding a level of scrutiny from the city for the purposes of administering a SILOT program could be a burden that might affect decisions about which services the non-profit might provide.

Other members expressed concern that it would be difficult to apply a prescribed measure of value on services; the diverse nature of the non-profit community is one of its assets.

The upside of a SILOT program could be the city's overt acknowledgement of the contributions non-profits make to the community.

A committee member noted that if a PILOT program is voluntary, a SILOT program could be a rationale for a tax-exempt entity to make no payments at all.

In the long run, the group decided to acknowledge the option of a SILOT program; however, they would not take a position for or against a SILOT program yet.

More discussion about the draft recommendations ensued. In keeping with the modus operandi of the Citizens League, the group exercised their prerogative to change their project

scope. In the course of the conversation, it became clear that there are several concerns about PILOT and SILOT programs. Points included, but were not limited to:

- There appears to be no legal basis for requiring participation in a PILOT program, it must be voluntary;
- PILOT and SILOT programs should not be considered a solution for the city's budgeting challenges;
- By creating a formula for determining the PILOT amount a tax-exempt entity might volunteer to pay, it could be argued that the program is not really voluntary;
- Perhaps the terms PILOT and SILOT should be abandoned in favor of language that simply supports voluntary contributions, or gifts, to the city from tax-exempt entities; and,
- The Citizens League task force should be clear about what it's recommending to the mayor and the City Council; the city is responsible to all of the tax payers.

Having decided that another meeting should be scheduled, staff suggested that committee members send to the chairs any comments and ideas based on the day's deliberations. Staff will maintain on-going electronic communication as they complete a new document.

The final report will include data and conclusions, committee recommendations and complete minutes of the entire Citizens League process. It will be considered at the next meeting – a date, time and location will be determined and publicized. The public is welcome.

For updates and scheduling, keep an eye on the Citizens League website, <https://citizensleague.org/what-we-do/policy/pilotsilot-project/>.