

PAYMENT IN LIEU OF TAXES

“A payment in lieu of taxes (PILOT) is a payment made to compensate government for some or all of the property tax revenue lost due to tax exempt ownership.” wikipedia.org

UPMC, University of Pittsburgh, Carnegie Mellon University and Highmark are 4 of the largest nonprofits in Pittsburgh who are tax-exempt. Combined, the “Big 4” own billions of dollars in tax-exempt property and occupy approximately 1000 acres of city land .

While the City of Pittsburgh is experiencing economic stagnation, asking nonprofits to contribute payments in lieu of taxes to help offset the cost of providing public services to them doesn't seem at all unreasonable. The City's financial future is at stake as these nonprofits continue to expand and scoop up more land that will ultimately be tax-exempt.

Property taxes fund law enforcement, fire management, emergency services, garbage collection, paving city roads, infrastructure, water and sewer services, just to name a few. These nonprofits impose a cost by consuming public services. If a fire breaks out, or a burglary occurs or some other crisis arises, the City is responsible for providing emergency services to these entities.

In 2014, upon assuming office, Mayor Peduto and his staff met with officials from UPMC to discuss how to get the largest nongovernmental employer in Pennsylvania (87,000 employees), and Allegheny County's largest property owner, with 656 acres and 1.6 billion in land and buildings, to pay its “fair share” into the city budget. However, in 2013 former Mayor Luke Ravenstahl took UPMC to court to try and take away its tax-exempt status and collect payroll taxes. UPMC immediately fired back with a federal lawsuit alleging it was unfairly singled out in violation of its due-process rights. Against this backdrop, Mayor Peduto said its tough negotiating with “guns pointed at each others' heads,” and decided to take a “leap of faith” and cease legal action against UPMC. After that, UPMC dropped its federal suit.

If UPMC were to pay taxes on the land they presently own, the City would have brought in hundreds of millions of dollars in additional revenue. That would have been a huge boost to the city's \$488 million budget. Prior to Mr. Peduto becoming mayor there was a PILOT program in place that he scrapped as a “show of good faith” to UPMC. In 2014, Mr. Peduto said future discussions will focus on “other opportunities to really become a good neighbor” that could include housing developments, job training or youth programs.

Instead of holding UPMC accountable, Mayor Peduto gave up the fight and sold out thousands of Pittsburgh residents that have been demanding that UPMC pay their fair share in taxes, as well as pay their employees a living wage. They lavish millions on their top executives while

they fly around in private jets, and rank and file employees are forced to apply for second jobs, welfare or handouts. UPMC can and should do more.

UPMC, University of Pittsburgh, Carnegie Mellon and Highmark are a drain on the city's budget and we really need to devise ways in which these entities will step up and pay their fair share. UPMC is worth \$19 billion and the University of Pittsburgh has a \$4 billion dollar endowment . The city is not compensated for any of the services they provide and the taxpayers are left to foot the bill. We need leadership in this city that will take bold action in order to provide more services to residents without raising taxes on personal property or income. We could use the additional funds from a Pilot program to fund affordable housing, to tackle the growing problem with homelessness , provide property tax relief to seniors and fund critical infrastructure projects. If the large nonprofits pay their fair share, we can use the new influx of revenue to make Pittsburgh more competitive nationally and turn Pittsburgh into the most livable city.