



Town of Barnstable Workshop on draft PILOT Program

Mark Ells, Town Manager

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Purpose for considering PILOT program

- The Town of Barnstable recognizes that tax-exempt charitable, educational, medical, cultural, and other nonprofit institutions provide important services and contribute substantially to the economic, civic, cultural, environmental, and social vitality of the community.
- The Town also recognizes that owners and occupants of tax-exempt property utilize municipal services, including public safety, fire protection, emergency services, roads, public works, planning, inspections, permitting, public health, recreation, emergency management, and other Town services.
- The Payment in Lieu of Taxes (“PILOT”) Program is established to create a fair, predictable, transparent, and voluntary mechanism through which major tax-exempt institutions may contribute financially and through qualifying community benefits toward the cost of municipal services.

Town of Barnstable

- There are approximately 135 tax exempt properties In Barnstable
 - The Town shall invite participation from private nonprofit institutions that:
 - Own tax-exempt real property located in Barnstable;
 - Have an aggregate tax-exempt assessed value of \$15 million or more within Barnstable; and
 - Fall principally within one or more of the following categories:
 - Educational institutions;
 - Medical and healthcare institutions;
 - Cultural institutions;
 - Human-service organizations;
 - Religious organizations with substantial institutional property;
 - Conservation and environmental organizations;
 - Housing organizations;
 - Foundations and charitable organizations
 - The \$15 million threshold is modeled on Boston's current PILOT threshold.

PILOT Program

- Participation in the PILOT Program shall be voluntary. Nothing in this program shall be construed to alter, impair, condition, or supersede any exemption from taxation provided under Massachusetts law.
- It should be noted that “non-participation will have no impact on any matter that an institution may have before a board or committee in the town

Pilot Program

- The draft program is intended to:
 - Promote fairness among property owners receiving municipal services;
 - Recognize the significant public benefits provided by tax-exempt institutions;
 - Encourage voluntary financial contributions without impairing or challenging an institution's statutory tax-exempt status;
 - Establish a consistent methodology for calculating requested PILOT contributions;
 - Encourage institutions to provide measurable community benefits that directly serve Barnstable residents;
 - Develop long-term partnerships between the Town and major nonprofit institutions;
 - Provide greater predictability in municipal revenue and community investments.

Pilot Program

- The Town may invite an institution with less than \$15 million in exempt property to participate where:
 - Its municipal service demands are unusually significant;
 - It owns multiple parcels whose combined value approaches the threshold;
 - It is part of a larger affiliated institutional system; or
 - A voluntary PILOT agreement would produce a significant community benefit.
- Participation shall not be solely dependent on whether an institution falls within the \$15 million threshold.

PILOT Program

- The program shall not apply to:
 - Property owned directly by the Town of Barnstable;
 - Property owned by the Commonwealth of Massachusetts or the federal government;
 - Public schools;
 - Municipal facilities;
 - Public infrastructure;
 - Property whose exemption arises solely from a governmental ownership exemption;
 - Individual residential taxpayers receiving statutory exemptions;

PILOT Program

- **Base PILOT Obligation**

- For each participating institution, the Town shall calculate an annual PILOT Amount equal to:
 - **$25\% \times \text{Hypothetical Real Estate Tax Liability}$**
 - The Hypothetical Real Estate Tax Liability shall be the amount of Town real estate tax that the qualifying tax-exempt property would generate if it were taxable.

PILOT Program

To encourage participation and avoid abrupt financial impacts, the Town should use a five-year phase-in approach. For a newly participating institution:

Fiscal Year	Target PILOT
Year 1	40% of calculated PILOT
Year 2	55%
Year 3	70%
Year 4	85%
Year 5	100%

Recommended next steps

- The Town should not begin by asking institutions for money.
- The most effective implementation sequence would be:
 - Have the Assessing Division produce the parcel-level \$15 million-plus inventory;
 - Calculate the hypothetical tax liability for every qualifying institution;
 - Identify existing payments and community benefits;
 - Have Town Attorney's Office review the legal framework;
 - Present the draft program to the Town Council;
 - Conduct an institutional listening session;
 - Finalize the standard PILOT agreement;
 - Begin voluntary negotiations with the largest institutions; and
 - Publish the first Barnstable PILOT report after the first year.