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TESTIMONY IN SUPPORT OF BILL# 25-0036

Property Taxes – Baltimore City Payment in Lieu of Taxes Task Force

TO: Chair McCray, Vice Chair Schleifer, and Members of the Budget & Appropriations Committee

FROM: Joan Jacobson

My name is Joan Jacobson. I am a resident of Lauraville and Councilmanic District 3 and have been a city property taxpayer for many decades. I am submitting testimony in favor of Bill 25-0036: Baltimore City Payment in Lieu of Taxes Task Force, in its original form.

I am a member of Jew United for Justice and the With Us For Us Coalition which initiated this legislation.

We in the coalition are not here as adversaries to the city's great universities and hospitals. We are not here to threaten their nonprofit status. We are not here to further endanger their outstanding research and education that the federal government is now slashing. We come as friends.

I am testifying in favor of a strong bill without any weakening amendments. The purpose of the task force is to work in a public forum to renegotiate a formula that increases the current \$6 million annual payments (or 5.5 percent of property taxes the 14 universities and hospitals would otherwise pay). The task force must exist to involve the public - for the first time in the city's history- in calculating how much the "meds and eds" pay in lieu of property taxes.

I also propose the council add one amendment to the original bill to ensure the task force's meetings are open to the public: "All task force meetings will comply with Maryland's Open Meetings Law."

The current formula was created in 2016 by the Mayor's Office behind closed doors without input from the city council or any community organizations. It expires in 2026 and needs to be renegotiated now, despite the current climate of severe federal cuts to universities and hospitals. I do not believe this is an adversarial position. I do not believe these institutions should lose their nonprofit status. But I believe they should at least cover the \$47 million annually they use in city services, which will also be affected by federal cuts. I believe we are all in this crisis together. We should work together – in a public setting – to make the PILOTs more equitable with what other property owners pay.

The central demand of the WUFU campaign – as stated in the bill -is to create a Fair Share PILOT Task Force. The task force would recommend uniform standards for determining what each institution would contribute, recommend legislative changes to provide more equitable partnerships between the city and these institutions, and provide not only community representation at the table but public reports so that we can make sure our interests are being represented properly.

Since anchor institutions use \$47 million worth of city services per year, that's \$41 million more than they contribute through the current PILOT. Therefore, WUFU is asking that they bridge this gap in city services usage, rather than lay that burden on the rest of us. Forty-seven million dollars is 12% of the anchor institutions' collective annual operating costs — or 40% of the property taxes they would pay yearly. It is also twice the compensation paid to their executives annually (that's 14 executives versus half a million Baltimoreans).

We are all suffering at the hands of the federal administration and these anchor institutions are no exception. That is exactly why we are asking that they increase their PILOT contribution. We are inviting them to work with us to keep Baltimore a livable, lovable city. We benefit from these anchor institutions as they benefit from all of us.

This is feasible. In the past 15 years, cities along the eastern corridor - including New Haven, Boston, and Providence — have renegotiated PILOT agreements with wealthy, tax-exempt institutions. Those cities currently earn between 2-10 times as much revenue from their PILOT agreements as Baltimore does today. And their anchor institutions continue to thrive - not in spite of - but because of the strengthened relationships with these cities after renewed PILOT agreements.