

PILOT Task Force Would Bring Fairness, Transparency to Largest Institutions' Payments

Position Statement in Support of Council Bill 25-0036

Given before the Budget and Appropriations Committee

Baltimore City and its tax-exempt hospitals and universities rely on each other. However, this relationship is currently lopsided, with the 14 institutions party to the city's payment in lieu of taxes (PILOT) agreement paying only \$6 million each year while receiving \$48 million worth of city services. This imbalance deprives the city of resources that could otherwise support essential public services like education, transportation, and affordable housing. Council Bill 25-0036 would establish a balanced task force to recommend a fair, transparent PILOT formula. **For these reasons, the Maryland Center on Economic Policy supports Council Bill 25-0036.**

Tax-exempt institutions significantly reduce Baltimore City's property tax base. While the city accounts for only 5% of assessable real property statewide,ⁱ we account for nearly 19% of all tax-exempt property.ⁱⁱ In theory, the city's PILOT agreement allows the city to recoup a portion of this tax loss from the largest exempt institutions. However, in reality the current agreement allows major private hospitals and universities to pay far less than their fair share:

- Tax-exempt hospitals, colleges, and universities pay only \$6 million per year under the current PILOT agreement.
- These institutions receive nearly \$48 million per year in city services, according to a 2019 analysis by the Bureau of the Budget and Management Research (eight times the amount they pay).ⁱⁱⁱ
- Private universities in Baltimore City alone receive nearly \$39 million per year in direct financial support from the state (17 times the amount these institutions pay).^{iv}
- If the institutions party to the PILOT agreement were subject to property tax, they would pay \$108 million per year, according to the 2019 BBMR analysis (18 times the amount they pay).^v
- The more-than \$40 million annual gap between the city services these institutions receive and what they pay is equivalent to 72 miles of road repair, salaries for 480 teachers and librarians, or eviction prevention services for 15,000 families.

Ensuring that these large institutions pay their fair share is especially important as prices are rising throughout the economy, the city's public school funding responsibilities are increasing significantly, state policymakers are shifting costs onto local governments, and federal policymakers are considering drastic, harmful cuts.

Council Bill 25-0036 would create a fair, transparent process to guide future PILOT agreements:

- The task force created under the bill includes equal representation for tax-exempt institutions and workers.
- The task force also includes members designated by the mayor, the City Council president, the city comptroller, a City Council members, and three low- or moderate-income residents of different council districts.
- The task force would recommend a standardized formula for determining PILOT amounts, and would educate policymakers and the public about the PILOT process.
- Under state law, PILOTs would remain negotiated.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Appropriations Committee make a favorable report on Council Bill 25-0036.

ⁱ State Department of Assessments and Taxation Assessable Base Report: March 31, 2025, <https://dat.maryland.gov/Documents/statistics/March2025-BaseEstimatesFinal.pdf> with calculations by MDCEP

ⁱⁱ Robert Cenname, “City Council Bill 19-0174R – Anchor Institution’s PILOT Agreement for Real Property Taxes,” Baltimore City Bureau of the Budget and Management Reserch, 2019, <https://baltimore.legistar.com/LegislationDetail.aspx?ID=4207969&GUID=6D63EB70-C1A0-43FF-9CFE21EB0B80E031&Options=ID|Text|&Search=19-0174r>

ⁱⁱⁱ Cenname, 2019

^{iv} Maryland FY 2026 Operating Budget (Allowance), 2025, <https://dbm.maryland.gov/budget/Documents/operbudget/2026/proposed/FY2026-Volume2.pdf>

^v Cenname, 2019