



June 13, 2017

Re: **HB1565**, *An Act relative to payments in lieu of taxation by organizations exempt from the property tax* (Representative Stephen Kulik, D-First Franklin) before the Joint Committee on Revenue on June 13, 2017

Dear Chairman Brady and Chairman Kaufman,

On behalf of the below signed nonprofit conservation organizations, thank you for the opportunity to provide comment in opposition to legislation which would allow for the taxation of nonprofit owned land, or codification of the process for Payment In lieu of Taxes (PILOT) agreements.

The Massachusetts Land Trust Coalition represents 115 land trusts, The Trustees and Mass Audubon are the two largest nonprofit land protection organizations in the Commonwealth, and The Nature Conservancy is a highly regarded nonprofit conservation organization that protects wildlife habitat, watersheds, and other critical lands worldwide. The Trustees, founded in 1891, is the world's first regional land trust and Mass Audubon founded just a few years later is the oldest operating Audubon Society.

Per the national Land Trust Alliance 2015 census<sup>1</sup>, the 120 active Massachusetts land trusts employ 593 full-time and 983 part-time staff, provide volunteer opportunities for close to 20,000 individuals annually, and have over 210,000 members and supporters collectively. With more than 2 million visitors annually, Massachusetts has more visitors to land trust properties than any other state.

Massachusetts law provides tax-exempt status for nonprofit land conservation organizations in recognition of the public benefits we provide. The Massachusetts legislature, in 1891, codified the property tax exemption for The Trustees in the founding legislation. A 2014 Massachusetts Supreme Judicial Court decision ruled strongly in favor affirming the property tax exemption for land trusts broadly for these reasons<sup>2</sup>. Public benefits of land conservation include but are not limited to: protecting wildlife and water supplies, providing outdoor recreation and educational opportunities, and conserving our cultural heritage. Land conservation organizations have long and successfully collaborated with the Commonwealth and its subdivisions to protect open space, and we very much appreciate the support that the Great and General Court and the Joint Committee on Revenue have shown for land conservation.

Protected open space is good for the Commonwealth's bottom line. The Trust for Public Land, a national nonprofit whose mission is to create parks and protect land for people, ensuring healthy, livable

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<sup>1</sup> <http://www.landtrustalliance.org/census-map/#Massachusetts>

<sup>2</sup> [http://www.massland.org/files/MASJC\\_NEFFvHawleyDecision\\_15May2014.pdf](http://www.massland.org/files/MASJC_NEFFvHawleyDecision_15May2014.pdf)

communities for generations to come, conducted a recent economic analysis of the return on the Commonwealth's investment in land conservation which found that every \$1 invested in land conservation returned \$4 in natural goods and services to the Massachusetts economy<sup>3</sup>. Protected open space provides benefits to municipalities by avoiding costs for drinking water treatment and flood control and reduces the need for municipal infrastructure such as roads sewer lines, and municipal service such as public safety. Protected open space also provides global benefits on reduced greenhouse gases due to protecting existing carbon stocks in soils and vegetation and enhancing absorption of additional carbon.

**HB1565** would authorize municipalities, at local option, to require organizations that are exempt from local property taxes to make payments in lieu of taxation on all real and personal property owned by the organization in the city or town equal to 25% of the amount that would be paid if the property were not exempt from taxation. This payment can be cash payment or community benefits.

We have provided below two examples of typical existing Massachusetts land trusts and what the cash impact of a 25% effective property tax rate would be. We note that there is a range of land trusts in Massachusetts, ranging from single town, all-volunteer to large statewide organizations like The Trustees and Mass Audubon. Membership, donations, and programming provide the basis for our operational funds. We do provide a range of community benefits in our communities, including the above detailed benefits of protected open space and other benefits, such as free parking for town residents, camp scholarships, and use of heavy machinery.

#### **Land Trust A**

Assets: \$2,310,549

Property Tax Rate: \$16.98/\$1000 and \$16.25/\$1000 = \$16.62/\$1000 average

Tax Liability: @ 25%: Paying \$9,820

Net Annual Income: \$5,124

Net annual income after 25% property tax payment = \$ -4,696

#### **Land Trust B**

Assets: \$6,131,211

Property Tax Rate: \$18.10/\$1000

Tax Liability: @ 25%: paying \$27,774

Net Annual Income: \$81,725

Net annual income after 25% property tax payment = \$53,951

It is not possible to determine with accuracy what a 25% effective property tax bill would mean to a larger land trust without a town by town assessment, but it would be a significant portion of our annual budgets as land is the basis of our work. Requiring conservation organizations to pay property tax, even at a reduced rate, would significantly impact our financial stability, future land protection projects, and our ability to deliver on our missions. We are certain that it would be difficult to raise funds from private donors to pay property taxes.

For almost all land conservation organizations, the current value of the land is not known as although the value of the property may have been recorded at time of donation or purchase, it often has not been updated as the property is not considered to be on the tax rolls. Additionally, since some

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<sup>3</sup> <https://www.tpl.org/return-investment-parks-and-open-space-massachusetts>

properties were protected generations ago, assessments may not include use restrictions required by the donation, or updated wetlands or zoning maps, etc. We note that land trusts pay property taxes on land if it is not being used for a charitable purpose -- rental properties being an example.

We very much appreciate the challenges of tight budgets, which are faced by nonprofit and government entities alike, and we note again the significant role that land conservation plays in improving our quality of life and lessening the burdens of government. We urge you not to move forward with this legislation. Thank you for the opportunity to provide these comments and please do not hesitate to reach out with any questions.

Sincerely,

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