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GFOA: Exploring Boston's Pilot (Payment in Lieu of Taxes) Project.

In this paper, we use the Financial Foundations framework to describe how Boston addressed a common-pool resource problem and gained about $17 million in new cash payments in lieu of taxes (PILOTs) from tax-exempt properties annually and $50 million in new in-kind contributions annually. This compares to Boston’s operating budget of $3.76 billion in 2022. We should recognize that Boston has enjoyed an unusual degree of success with its PILOT program among local governments. Other cities have tried to mimic features of the Boston program but with less success. By using the lens of the Financial Foundations framework, we hope to reach deeper into why Boston’s program has worked. A deeper understanding should allow for more successful replications.

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