



City of Cambridge

67.

IN CITY COUNCIL
April 27, 1998

- COUNCILLOR BORN
- COUNCILLOR RUSSELL
- COUNCILLOR DAVIS
- MAYOR DUEHAY
- VICE MAYOR GALLUCCIO
- COUNCILLOR REEVES
- COUNCILLOR SULLIVAN
- COUNCILLOR TOOMEY
- COUNCILLOR TRIANTAFILLOU

WHEREAS: Recent articles in the Boston Globe have drawn attention to a financial arrangement which has grown to be increasingly common in the Boston area, particularly Cambridge in recent years: that individuals, academic institutions and other non-profit institutions are reaping substantial profits from the sale of pharmaceutical and biotech patents developed through research conducted at area universities and hospitals; and

WHEREAS: The majority of University-owned buildings in Cambridge, and in particular those used as laboratories, currently pay no property tax to Cambridge because they are classified as "tax exempt" on account of their use as "non-profit, educational" buildings; and

WHEREAS: It would appear that if a building is used for a purpose that yields great profits for its owners or occupants, regardless of whether that owner is a university, its classification as a non-profit use should be called into question; and

WHEREAS: It seems reasonable that the City of Cambridge should share through property taxes the profits being reaped through University-sponsored research in the same way that the City of Cambridge shares through property taxes the profits being reaped by the many pharmaceutical research on "biotech" companies who have chosen to locate in privately owned tax paying properties in Cambridge; now therefore be it

ORDERED: That the City Manager be and hereby is request to report to the City Council what steps the city can take to levy property taxes on University-owned properties which are currently tax-exempt and which are used for the research and development of patents and other products which profit University employees and the Universities themselves.

In City Council April 27, 1998.
Adopted by the affirmative vote of nine members.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

D. Margaret Drury
City Clerk

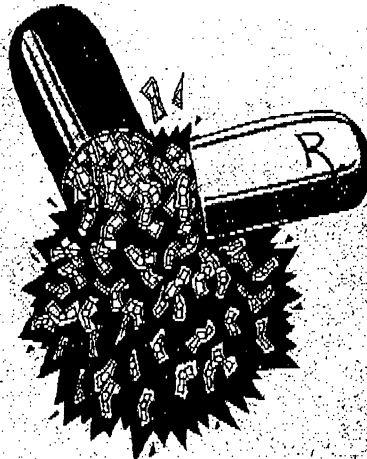
University inventions help US economy

Your April 5-7 Spotlight Team series "Public Research/Private Profit" claims that federal funding of biomedical research is a classic case of waste and mismanagement. In fact, it shows that academic science works.

When the federal government started funding university research in a major way after World War II, it owned the rights to all resulting patents. With few incentives for commercialization, it was able to license only 4 percent of the 28,000 resulting patents it owned by 1978.

In 1980, Senators Robert Dole and Birch Bayh initiated bipartisan legislation allowing universities to own title to these patents. The law required that universities share the rewards with the inventors and that their own portion be reinvested in research and education. The government's return would come from taxes on the increased economic activity.

The results have been spec-



D.B. JOHNSON ILLUSTRATION © OP ART

up to 50 percent of their patents. A study by the Association of University Technology Managers found that the licensing of university inventions bolstered the US economy in 1997 by more than \$25 billion, generating a substantial boost in taxes.

Do universities and scientists make money, perhaps even a lot of money? Yes, that's the American way, and that possibility helps drive the whole process.

ASHLEY J. STEVENS

Director

Office of Technology Transfer

#47

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Order

submitted by concision Born with Cancellor Russell

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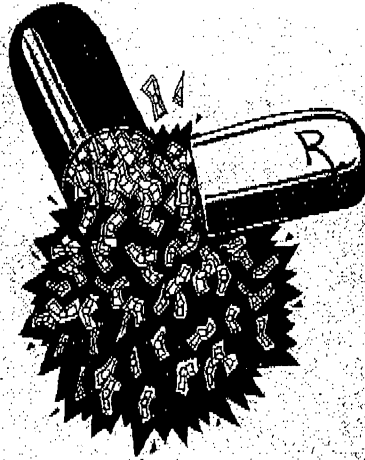
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Consent Order #67

CN-218

Councillors Born and Russell re: levy
property taxes on University owned properties
which are tax exempt and used for research
and development.

In City Council April 27, 1998

ORDER ADOPTED