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HOUSE . . . . No. 3636

By Mr. Barrios of Cambridge (by request), petition of Roy Bercaw relative to the payment of property taxes by charitable institutions. Taxation.

The Commonwealth of Massachusetts

In the Year Two Thousand and One.

AN ACT RELATIVE TO THE PAYMENT OF PROPERTY TAXES BY CHARITABLE INSTITUTIONS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

The following words are to be inserted after section 5, third (e):

Any not for profit institution which has accumulated more than $500,000,000.00 (five hundred million dollars) in an endowment, or net worth or any combination of the two, shall not be exempt. Allowing charitable institutions to hold enormous funds and then allow them to participate in buying land and not have to pay taxes on that land is an unfair practice. Private for profit developers are unable to compete with an alleged charitable institution which uses a pretext of accumulation land under their alleged mission. This is a particularly acute problem with MIT and Harvard University which purchases land and do not have to pay property taxes. They develop their land further into the formerly residential neighborhoods of Cambridge destroying the historical demography of the city. Harvard and MIT also purchase vast tracts of land in Boston.

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income from the patents are reported on their income tax returns. But this is not used to negate their tax exemption as allowed under state law. Nor is there any voluntary extra compensation (PILOT) for the City.

In 2001 I wrote a bill (H 3636) for the MA legislature. I notified the City Council in writing of the hearing date and solicited the Council's support. Only Councilor Toomey wrote a letter in support of the bill. As expected then Rep. Barrios who formally filed the bill, did not act to offend his alma mater.

Watertown state Rep. Kaprielian and state Senator Tolman wrote two bills in response to mine which helped Watertown get substantial compensation for their loss of tax revenue. The diligence of the Watertown manager and officials was more vigorous than the response of Cambridge officials.

The Council demonstrated its zeal in support of the recent state court case revising the definition of marriage; its vigor asking the state to change the age and citizenship requirements for voting. The Council expressed its opposition to the USA PATRIOT Act; and its support for democracy in Ireland; none of which the Council has any jurisdiction.

It would be refreshing for the Council to seek approval from the state to remove the counterproductive tax exemption for Universities before the universities own all of the land in the City.

Attached is a copy of the bill I wrote in 2001. May it inspire the Council to act on this issue.

Encl. 2001, H.3636

Roy Bercaw

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December 3, 2003

University Tax Exemptions

In view of the increased development by the two major universities in Cambridge it is timely to scrutinize their tax exemptions. Facilitating their massive building campaigns is the practice called "contract zoning."

This involves what may be considered bribery by the uninitiated. In view of the enormous endowments of Harvard ($19.3 billion) and MIT ($5 billion) it is an easy matter to exchange substantial consideration, with a few neighbors who represent their community, and or some under paid public officials for concessions.

Many decision makers in Cambridge are volunteers; Planning Board and Board of Zoning Appeals. The chairman of the BZA did not see any conflict of interest being paid by Harvard to advocate for a project in Riverside while he is still the Chair of the BZA.

In addition to the reported $20,000 to $50,000 given by Harvard to the Riverside Neighborhood Association for their agreement to a secret negotiated zoning compromise, two other projects were influenced by this deep pocketed educational developer.

The petition by Harvard for a tunnel under Cambridge Street, also negotiated in private, escalated from $267,000 for compensation to $1 million. Included was an offer of $200,000 for a private condo association for their agreement for the tunnel.

Currently it is reported that after more private negotiations with the Agassiz Neighborhood Council, Harvard has made a deal with some of those concerned citizens in order to purchase their agreement not to file a down zoning petition.

It is clear that the original purpose of the tax exemption to encourage the teaching of ministers at Harvard has long since disappeared. Harvard as well as MIT have become major developers who abuse their privileged tax exemption.

The extensive for profit ventures on their tax exempt property operate below the radar of City officials who do not scrutinize the research facilities. Harvard's law professors obtain multi million dollar fees which fund research projects using their tax free property and unpaid student labor. Academic consultants at the prominent Harvard School of Government engage in questionable for profit ventures exploiting their university tax exemption.

Harvard and MIT research laboratories create new technology, which merits lucrative patents. The many millions of dollars in

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Communication #8

A communication was received
from Roy Bercaw,
regarding university tax exemptions
and transmitting proposed House Bill
#3636, 2001, entitled "An Act
Relative to the Payment of Property
Taxes by Charitable Institutions."

In City Council December 8, 2003

PLACED ON FILE.