

THE DEPARTMENT OF CONSERVATION AND RECREATION

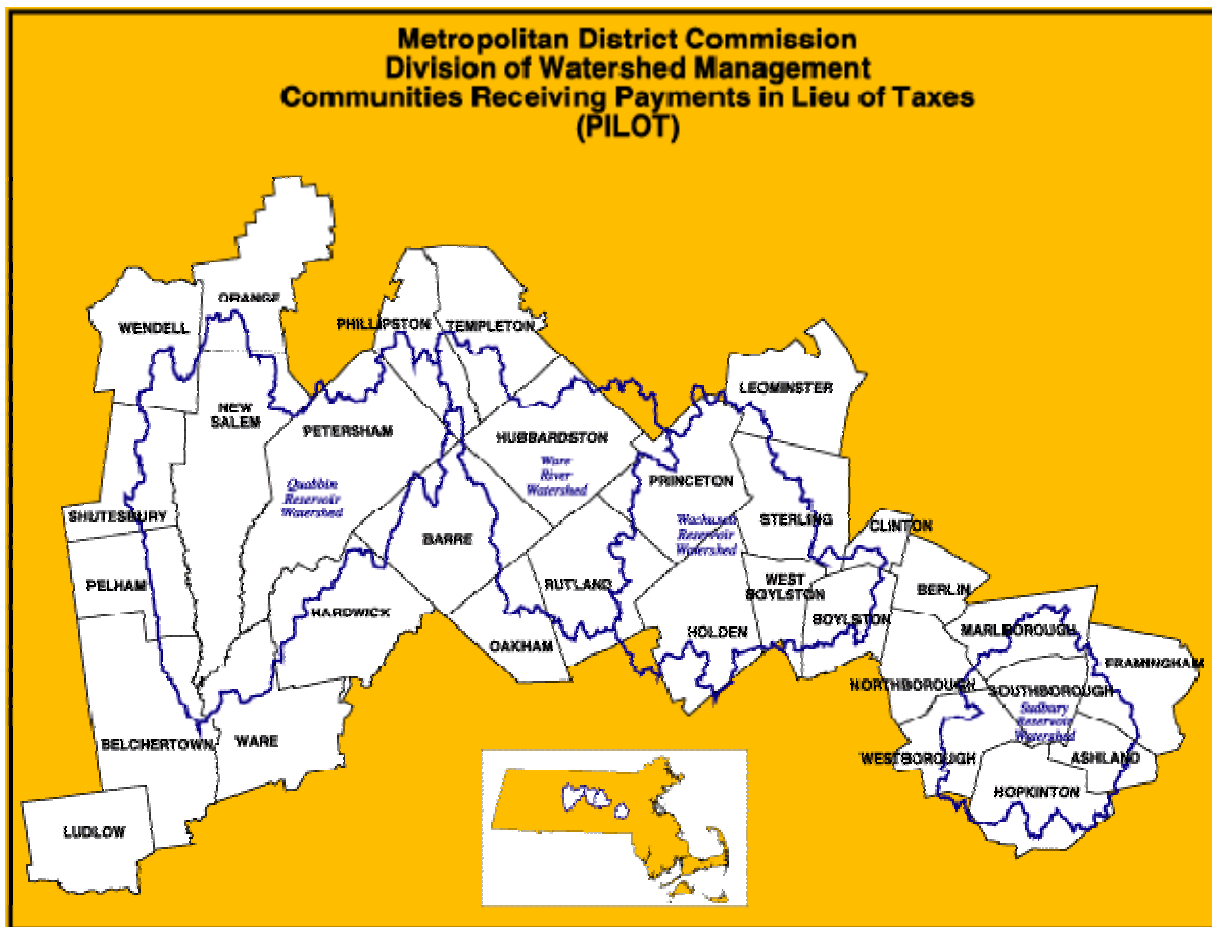
Division of Water Supply Protection

Payment in Lieu Of Taxes (PILOT) Program

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PILOT Program Description and Legislation

The PILOT program is the method that the DCR compensates communities which contain the land and water bodies that comprise one of the nation's largest unfiltered water supply systems. The Payment in Lieu of Taxes program guarantees regular and stable payment to the 31 communities shown below.



The PILOT program is mandated by [Massachusetts General Laws Chapter 59, Section 5G](#). This legislation updated old payment laws MGL Chapter 59 Sections D, E, & F, which were written in the 1940s, and did not

value lands in all communities currently entitled to payments. The current PILOT law was first ratified in 1984 for the Quabbin Reservoir and Ware River watersheds. The law was amended in 1987 to include communities in the Wachusett and Sudbury Reservoir watershed.

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How PILOT payments are determined

The PILOT amount is determined by multiplying the [Department of Revenue](#) valuation of DCR Division of Water Supply Protection land by the highest local property tax classification (regardless of actual land classification). Most PILOT land is forested, but the PILOT calculations use the same rate structure as commercial or industrial property. **Legislative provisions state that the PILOT payment can NEVER be less than that of the previous year, even if the value of the land or tax rates decrease.**

The Department of Revenue reevaluates state-owned land every five years. The latest DOR revaluation took place in the first half of the year 2000; the results are reflected in the FY2001 PILOT amounts. The revaluation takes into account all lands purchased by the DCR over the previous five years as well as any changes in land values.

While the current PILOT law is a great improvement over earlier versions, there is still a need to further clarify the language of the law. For example, newly purchased lands are not added to the PILOT program until after the Department of Revenue conducts its property revaluation, which, as stated above, occurs only once every five years. However, when the DCR acquires property, the current year's taxes are paid in full, as well as any "roll-back" taxes due if the parcel was enrolled in any of the Chapter 61 programs. The DCR must work in compliance with the law and the following numbers show that the PILOT program provides substantial and equitable revenues to watershed communities

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PILOT values

Please click on the appropriate date to see a summary of the Payment in Lieu of Taxes made by the Metropolitan District Commission Division of Watershed Management.

YEAR	Total PILOT amount
2004	\$5,029,106
2003	\$4,965,870
2002	\$4,911,470
2001	\$4,876,535
2000	\$3,113,761
1999	\$3,020,035
1998	\$2,938,747
1997	\$2,862,821
1996	\$2,809,198

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Where PILOT funds come from

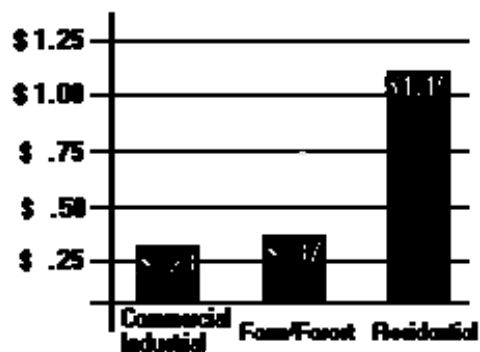
Money for the PILOT program comes from the Massachusetts Water Resources Authority ([MWRA](#)) rate payers who use the reservoir waters. They pay their water bills to the MWRA, which provides the DCR with the funds needed to make the PILOT payment. The DCR makes an annual payment in full to each community in the program.

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Economic Benefits

All lands in a community pose some financial burden to that community. This burden is dependent on the type of land use. Examples of community costs are school systems, roadways, utilities, police and fire services. Since PILOT lands will always remain in their natural state and are actively maintained by the DCR, they pose minimal financial burden on the host community.

[The American Farmland Trust](#) has been conducting studies that investigate the financial burden of major land use categories in Massachusetts and throughout the country. These studies compare the average dollar cost of services for residential land, commercial/industrial land, and farm/forest/open land to the property tax dollar collected. In the AFT "[Cost of Community Service Studies](#)" [Fact Sheet](#), it is reported that farm/forest/open land cost only \$0.37 of each tax dollar, commercial/industrial cost \$0.28 for each dollar collected, while residential land yielded a net loss, costing \$1.15 for each tax dollar collected



DCR lands actually provide a better return than the Farm/Forest/Open land from these studies because the DCR performs most of the maintenance and policing of its own lands. Further, most DCR watershed land is open for general, passive use by local residents, thus supplementing town conservation land while still yielding PILOT payments.

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[Frequently Asked Questions about the Payment in Lieu of Taxes Program](#)

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