

Contact: Joan Racki

**REVISION TO THE BOARD OF REGENTS POLICY MANUAL – CHAPTER 9**

**Action Requested:** Approve, as a second and final reading, the addition of §9.02G to the Board of Regents Policy Manual.

**Executive Summary:** At its October 2014 meeting, the Board's Property and Facilities Committee recommended to the Board for first reading a proposed policy on Payments in Lieu of Taxes (PILOT). In approving the Committee report, the Board approved the first reading of the proposed policy. This policy, which is unchanged from the first reading, is presented for second and final reading.

**Background:** While there are many agreements between the Regent universities and local public entities which necessitate the payment of fees, on occasion there may be a need for a Payment in Lieu of Taxes (PILOT) agreement. To ensure that any PILOT is negotiated in the best interest of the appropriate university and the Board, a policy was developed. Adoption of the policy would ensure that Board expectations are established for the universities and local public entities with whom they would be negotiating.

---

**Proposed Policy – Addition of Section 9.02G to the Board's Policy Manual**

9.02G Payments in Lieu of Taxes

Payments in lieu of taxes (PILOTs) are defined as payments negotiated voluntarily by officials of a tax-exempt entity and officials of the community where it is located as a substitute for property taxes. They do not include payments made under service agreements specifically provided by Iowa Code.

Prior to beginning any negotiations with a political subdivision on a PILOT, the institution shall notify the Executive Director of its intent to negotiate such an agreement.

Agreements resulting in payments in lieu of taxes (PILOTs) between institutions under the control of the Board of Regents and a political subdivision shall be approved by the Board. The request for approval shall include a detailed explanation of the need for the PILOT, the manner in which it was calculated, and concurrence from the applicable public entity assessor(s) as to the assessment calculation for establishing the amount of the PILOT. The negotiated PILOT shall include a sunset / termination date and shall ensure, to the extent permitted by law, that the PILOT is dispersed to the applicable taxing entities (county, city, school district, etc.).