Understanding Payments in Lieu of Taxes (PILOTs)

➢ What is a PILOT?

A PILOT (Payment in Lieu of Taxes) is an economic development tool used by the Allegany County Industrial Development Agency (ACIDA) to assist existing businesses with expansion, attract new businesses, retain jobs, create jobs, and revitalize underutilized properties in Allegany County. It is a contractual agreement where a project developer makes fixed annual **payments to local taxing jurisdictions** in place of traditional real property taxes. It does not replace all property taxes; project owners pay full land taxes, fire district, and other special district taxes.

➢ Strict Oversight & On-Time Payments

The ACIDA monitors and enforces every agreement. We do not simply "set and forget" these contracts; we ensure the community receives exactly what was promised including investments and jobs. The ACIDA works with the County Treasurer to monitor PILOT billing and collection with the County.

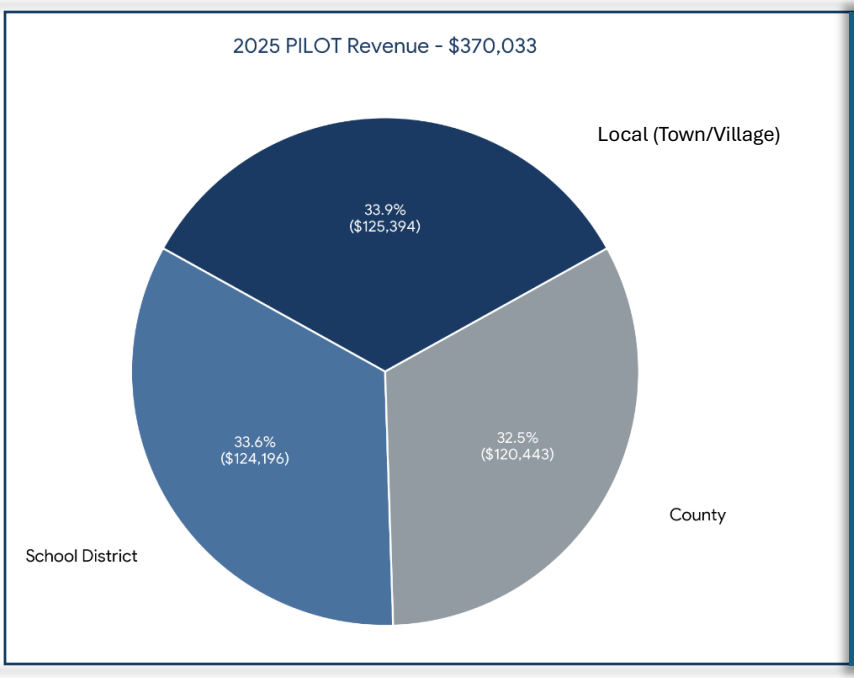
Every project is required to submit a PILOT report annually to the ACIDA. This ensures the project is meeting its job creation/retention goals and financial obligations. If a payment is missed or an obligation is not met, the ACIDA has the legal authority to terminate the agreement, take legal action, and recoup the incentives given on the project. When an agreement is terminated, the project loses its tax-exempt status and is subject to full taxation and, in certain cases, penalties, including, but not limited to, late payment fees, default interest rate, claw backs of financial incentives, and attorney fees. The ACIDA assesses late fees on late payments.

➢ The ACIDA is a Steward

One of the most frequent misconceptions is that the ACIDA "profits" from the revenue generated by PILOTs. Below are the relevant facts:

- **Zero Revenue from PILOTs:** The ACIDA does not keep a single cent of the PILOT payments. 100% of the funds are collected by the County which then distributes the funds accordingly to all of the affected taxing jurisdictions: the School District, the County, and the Municipality.
- **Self-Sustaining Operations:** The ACIDA is not funded by your tax dollars. Instead, it is funded by a one-time **1% Administrative Project Fee** paid by the developer at the closing of a project.
- **Reinvesting in the County:** These project fees are used for economic development. After covering our operational costs, the IDA funnels this capital back into the community through economic development.

The Bottom Line: *The ACIDA acts as an engine for economic development throughout the county. We use developer fees to fund the programs that make our county more competitive.*



- All PILOT payments for 2025 were PAID IN FULL = 100% COMPLIANCE.
- The Towns and Villages, the Schools, and the County have realized an increase in revenue, compared to if they only received the yearly taxes owed prior to an ACIDA PILOT.

THE MYTH	THE REALITY
PILOTs take money away from the community.	**PILOTs create new revenue.** Most PILOTs are granted for projects that would not happen otherwise. Without the project, the community receives only the current property taxes, often on unimproved land. With a PILOT - revenue increases over time until it reaches full taxation including the improvements on the land. The ACIDA does not exempt land taxes. As most projects are built on vacant land, there is an increase in payments generated by the property improvements that are constructed.
Developers don't pay anything.	**Developers pay every year.** A PILOT is not a "tax break" that results in zero payment; it is a structured, predictable payment schedule that typically increases annually.
School districts lose funding.	**School district revenues INCREASE.** PILOT payments are distributed proportionally to schools, counties, and municipalities just like traditional taxes. PILOTs are a way to increase the previous tax levies on the property over a set period of time.
PILOTs are permanent handouts.	PILOTs are temporary. These agreements have a set expiration date (typically 10–20 years). Once expired, the property returns to the tax rolls at its assessed value including all improvements.

➢ Contact & Support

For more information, visit: ACIDA.org or reach out to the ACIDA team. **Our website always contains up to date information on all of our projects, project benefits, and programs.**

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"Promoting Economic Growth through Accountability and Transparency"