



# PILOT (PAYMENT IN LIEU OF TAXES)

UNIVERSITIES WITH THE LARGEST ENDOWMENTS IN THE CITY LIMITS SHOULD MAKE A PAYMENT TO THE CITY AND CONTRIBUTE TO FUNDING CITY INFRASTRUCTURE AND SERVICES, IN LIEU OF PAYING PROPERTY TAXES, GIVEN THEIR TAX-EXEMPT STATUS.

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## THE SITUATION

- The City of Chicago's wealthiest universities—such as the University of Chicago, Northwestern University, Loyola University, and Depaul University—leverage their non-profit status to avoid paying property taxes.
- Chicago's most prestigious universities have benefited from exemptions as they are becoming some of the largest landlords in Chicago—the University of Chicago controls \$20 billion in assets, including its sprawling campus and dozens of real-estate ventures and properties throughout the South Side.
- The average return of an endowment in 2024 was 11.9%

## THE PROPOSAL

- To have universities with assets under management of >\$1 billion make a payment to the city, in lieu of property taxes – contributing a fraction of a percent of their assets under management (AUM) to the city of Chicago
- If they contributed 1% of their AUM, their average return (net of fees) would be 11% instead of 12%

**THE REVENUE GENERATED: IF THESE ENTITIES COULD CONTRIBUTE 0.5 - 1% OF THEIR ASSETS UNDER MANAGEMENT (AUM), THEY COULD SUPPORT \$165M - \$330M OF SERVICES FOR THE CITY.**