The Tech
VOLUME 92 NUMBER 42
MIT CAMBRIDGE, MASSACHUSETTS 
FRIDAY, OCTOBER 27, 1972 
FIVE CENTS

City proposes 'tax' on MIT

By Charles Cooper

For 44 years, MIT and Harvard have been in dispute in lieu of the taxes to the City of Cambridge.

"In 1928," explains Kimball Valentine, Assistant to the Treasurer, "we decided to ask the two universities realized that the city needed more funds than that they were currently paying. We signed an agreement stating that while the land was tax-exempt property off the tax rolls — by buying the property from a third party and not by taking the property from an investment portfolio to put the land to academic use — the responsible school would for 20 years make a yearly payment to Cambridge based on the particular land's assessed value at the time it was removed from the tax rolls, and the continuation of that payment.

"There are two 20-year periods to keep your eye on," Valentine advises. The agreement itself lasted for twenty years and the property taken off the tax rolls during that time the school would make payments for 20 years. Payments were to be made for land value alone; all buildings were involved. Since non-profit organizations such as universities are tax-exempt, the agreement was an entirely voluntary movement on the part of the major universities to "pay from total taxability to total non-taxability" after 20 years of payments. In 1948, the in-lieu agreement was renewed for another 20-year period and after 1968. MIT was given permission for extensions up to January 1, 1971 when the City of Cambridge felt that it wished to change the basis on which the voluntary payments would be made. Approximately 46% of Cambridge's 41/4-square-mile area is tax exempt. Slightly over half of this tax-exempt property is owned by the City. Slightly less of it is owned by the universities and other non-profit organizations.

This uniquely large percentage of non-taxable land has a heavy real estate tax burden on property owners in a city whose land tax revenue has increased by 70% in the last five years.

In April of this year, the three-man Cambridge Board of Assessors met with the legal counsel of academic officials to discuss new arrangements for the in-lieu payments. The legality and appropriateness of the payments were mentioned in a yearly report by the Institute. The Assesors divided all 1971 tax incomes, including re- fund S35,000 to New York to MIT legal counsel. The city's tax-exempt property owners requesting a 1972 payment of a guaranteed square footage owned by the particular institution multiplied by 5.2 cents.

Cambridge claims that if each LAU32-10 train owner complied with its city tax, funds would be increased by $1,400,000.00. From MIT and Harvard the city has respectively requested $280,498.97 and $53,854.37. The Baltimore Sun announced that MIT will refuse to pay in-lieu payments, as the list of universities will be increased by the Boston University suit: the first step, says Milne, is to file a $2.5 million dollar suit in Suffolk Superior Court against the selling of termpapers with the University of Maine.

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