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George Hohmann: Tax deals are lacking public scrutiny

By [George Hohmann](#)

CHARLESTON, W.Va. -- Steve White, an advocate for union construction jobs, has helped shed light on one of the best-kept secrets in the politicians' tax-break toolbox.

White is director of the West Virginia Affiliated Construction Trades Foundation. He complained to the state Economic Development Authority on Thursday. White said he got the runaround when he asked about the PILOT Macy's received for placing a \$176.1 million fulfillment center in Martinsburg.

Never heard of a PILOT? You're not alone. It's a well-kept secret.

A "Payment in Lieu of Taxes," or PILOT, is an agreement whereby a company agrees to pay a set amount each year instead of property taxes.

You might ask how it could be that a company wouldn't pay property taxes. Well, the big corporations often talk the state into owning the ground, building and equipment for their project. That way the company doesn't own any property -- it just leases from the state.

Companies often agree to a PILOT that commits them to pay about 70 percent of whatever the estimated property tax would normally be. That's enough money for schools but little else.

PILOT deals are made between companies and the county commissions where their projects are located.

There are some good arguments for PILOTs. For example, one could make a case that without a PILOT, Macy's would have probably struck a tax deal with Maryland and put its fulfillment center there. If you buy this argument, you might contend that getting some money with a PILOT is better than getting zero money because the project went elsewhere.

But there also are good arguments against PILOTs. One is that they may cover school costs, but what about the taxpayer dollars required to upgrade roads, water and sewer lines and build new schools?

And, as White complained, there's very little transparency. He sent a Freedom of Information Act request to the Berkeley County Economic Development Authority, which said they had nothing. They referred him to the West Virginia Development Office. Keith Burdette, who heads the office, the state Department of Commerce and the West Virginia Economic Development Authority, said the state might have consulted on the deal but had no paperwork because PILOTs are local agreements.

Complete deniability. How very clever.

Truly, if you are not sitting at a county commission meeting when a PILOT deal is approved, you

have little chance of ever learning about it. There is no centralized database. Apparently no one even knows how many PILOTs have been executed over the years -- let alone how effective they are and whether taxpayers have won or lost.

We only know of a few PILOTs. We know about them because they involve big projects, like Macy's, that draw lots of attention. The only people who know about most PILOTs are the companies that press the politicians for a reduced-price ride, the county commissioners who approve them, and government insiders.

As Steve White said, we need transparency.

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