

Fire union head argues against PILOT program; EDGE president questions motives

Fire union head says PILOTs part of problem

By Jody Callahan

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Citing a report funded by a national labor group, the head of the Memphis firefighters union argued Monday that the city's corporate tax-abatement program drained money that could have prevented recent cuts to retired city employees' health care subsidies.

The head of the city-county board that oversees the payment-in-lieu-of-taxes (PILOT) program, however, wondered why it was being dragged into the argument. The PILOT program typically grants companies property tax breaks for a certain number of years in exchange for their promises of expanded payrolls and increased local investment.

In a news conference at the Fire Museum of Memphis, Memphis Fire Fighters Association President Thomas Malone claimed that without the PILOT program, the city would have had enough money to continue fully subsidizing health care premiums for retired employees.

"We call that corporate welfare. They're trying to take our retirees and put them on real welfare," Malone said, making one of several references during his talk to the 53 fallen firefighters memorialized on the wall behind him.

Reid Dulberger, head of the Economic Development Growth Engine, questioned the motives behind the report. "It seems multiple agendas are at play here. I'm not sure what a discussion of pensions has to do with the PILOT program," he said.

The city has proposed moving new hires and those with fewer than 10 years experience away from its pension system and into a 401(k)-style retirement plan. It's part of a series of changes, such as the health care cut, that were proposed by Mayor A C Wharton's administration to help shore up the city's finances.

The City Council will hear proposals on new retirement plans at its Tuesday meeting.

The report cited by Malone was compiled by Good Jobs First, a pro-labor think tank, and paid for by the National Public Pension Coalition, an advocacy group for public-sector retirees. When first asked if his union helped pay for the study, Malone said he

would “plead the 5th (amendment),” but later said they did not contribute.

In that study, the authors argue that the PILOT program “siphoned off” \$42.1 million from the city’s tax base in 2013. They also argue that many of the companies receiving PILOTs fail to meet the investment or employment goals they promised. The report singled out several local companies or projects.

According to EDGE, the report “intentionally ignored the fact that the companies approved for PILOTs ... paid more than \$8 million in 2013 in property taxes.”

Dulberger said that Malone and those who compiled the report either misunderstood the data or simply didn’t understand the purpose of PILOTs.

“Some of the things in the report that I have seen, I have no idea where they’re coming from,” Dulberger said.



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