

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 601
Finance

(Senator Peters, *et al.*)

Hospitals - Community Benefit Report - Disclosure of Tax Exemptions

This bill requires a hospital to include an itemization of the value of all tax exemptions received by the hospital in the hospital's annual community benefit report.

Fiscal Summary

State Effect: Any additional workload for the Department of Health and Mental Hygiene can be absorbed within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Each nonprofit hospital must submit an annual community benefit report to the Health Services Cost Review Commission detailing the community benefits provided by the hospital during the preceding year. The report must include the hospital's mission statement; the initiatives undertaken by the hospital, including costs, objectives, and efforts taken to evaluate effectiveness; gaps in the availability of specialist providers to serve the uninsured in the hospital; and the hospital's efforts to track and reduce health disparities in the community.

There are 54 nonprofit hospitals in Maryland. Section 501(c)(3) of the Internal Revenue Code identifies as tax-exempt, organizations that are organized and operated exclusively for specific purposes including religious, charitable, scientific, and educational purposes. Nonprofit hospitals receive many benefits from their tax-exempt status. They are generally

exempted from federal income and unemployment taxes, as well as State and local income, property, and sales taxes. In addition, they are allowed to raise funds through tax-deductible donations and tax-exempt bond financing.

The most recent [Maryland Hospital Community Benefit Report](#), released in September 2015, notes that Maryland hospitals provided approximately \$1.5 billion in total community benefit activities in fiscal 2014, including \$483.8 million in charity care, \$420.5 million in health professions education, \$393.6 million in subsidized health care services, \$86.3 million in community health services, \$59.3 million in unreimbursed Medicaid expenses, \$17.5 million in community-building activities, \$16.5 million in financial contributions, \$10.0 million in research activities, \$8.5 million in community benefit operations, and \$2.1 million in foundation-funded community benefits.

Additional Information

Prior Introductions: None.

Cross File: HB 1189 (Delegate Angel, *et al.*) - Health and Government Operations.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

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