

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1277 (Delegates Lisanti and Johnson)
 Health and Government Operations

University of Maryland – Harford Memorial Hospital Closure – Economic
 Impact Study

This bill requires the University of Maryland Institute for Governmental Service and Research to conduct a study on the economic impact of the closure of Harford Memorial Hospital and the subsequent transfer of its services to another campus under the University of Maryland Upper Chesapeake Health System. The institute must quantify the economic impact the closure will have on the City of Havre de Grace and develop a revitalization plan for the city. By December 1, 2020, the institute must report its findings to specified committees of the General Assembly. **The bill takes effect June 1, 2020, and terminates June 30, 2021.**

Fiscal Summary

State Effect: No effect in FY 2020. General fund expenditures for the University System of Maryland (USM) increase by approximately \$150,000 in FY 2021. Revenues are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	150,000	0	0	0	0
Net Effect	(\$150,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: The study must consider (1) the impact on existing small businesses in downtown Havre de Grace, including any displacement from new businesses established at the new campus; (2) the effect on employment at the existing facility at Harford Memorial Hospital, including the costs and benefits of relocating to a new facility; (3) the effect on homeownership in surrounding communities, including on property values and the Harford County property tax assessable base; and (4) any other potential consequences for the city from a prolonged vacancy at the hospital site.

The revitalization plan must (1) be consistent with the city's current comprehensive plan; (2) incorporate the findings of the study; and (3) include opportunities for public-private investment from the local, State, and University of Maryland Medical System partnership.

Current Law/Background: There is currently no requirement that USM engage in either an economic impact study or a revitalization plan for an anticipated hospital closure. Generally, hospital closures are perceived to have negative economic effects on small communities. One approach is to use hospital survey data to estimate the economic impact of a hospital on its host community, which requires obtaining detailed information on hospital spending patterns before and after relocation.

Harford Memorial Hospital, which is a full-service facility in Havre de Grace, is currently under consideration to be closed and have its services transferred to another campus under the University of Maryland Upper Chesapeake Health System. More information about the planned closure can be found on the University of Maryland Medical System's [website](#). According to that information, the system plans to identify new uses for the Harford Memorial Hospital site.

The City of Havre de Grace provided a significant list of businesses affected by the impending closure, including two independent pharmacies, an assisted living facility, a physical rehabilitation facility, a nursing home, a hospice care facility, restaurants, senior housing, and various other businesses.

State Expenditures: USM estimates the combined cost for the impact study and revitalization plan at approximately \$150,000. Even though the bill takes effect June 1, 2020, it is assumed that State finances are not materially affected until fiscal 2021. As no other funding source is specified, this analysis assumes that general funds are used. Accordingly, general fund expenditures for USM increase by \$150,000 in fiscal 2021 to complete both the study and the revitalization plan.

Additional Information

Prior Introductions: HB 1621 of 2018, a similar bill, received a hearing from the House Health and Government Operations Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): University System of Maryland; Department of Commerce; Harford County; City of Havre de Grace; Department of Legislative Services

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