



## Senate Bill 994 – Disclosure of Tax Benefits

### Position: *Oppose*

#### **Bill Summary**

SB 994 would require each nonprofit hospital, each year, to submit to the comptroller an itemized list of certain tax benefits; to prepare a certain report and to post the report on the comptroller's website; and require the comptroller, in consultation with certain employee organizations, to adopt certain regulations.

#### **MHA Position**

Every acute care hospital in Maryland is a not-for-profit organization, meeting their charitable mission of care by tailoring services to the specific needs of the communities they serve. Hospitals in Maryland already are among the most regulated entities in the state, with their tax exempt status similar to that of many other local, charitable organizations like churches and foundations.

That tax-exempt status is critical to hospitals' ability to provide the services their communities and patients need that no other can provide, and is literally a financial lifeline. Imposing additional administrative hurdles and burdensome reporting requirements would not fully capture hospitals' investments in their communities; these are transparent and harmful efforts to question hospitals' tax-exempt status and should be rejected. That transparency is apparent in the bill's reference to "the exclusive representative for non-profit hospital employees" as the entity with which the comptroller shall implement the regulations necessary to carry out the bill's intent. In other words, a labor union. But a labor union, with whom a hospital negotiates the terms of many employees' contracts, should not be awarded a legislative mandate that their chief negotiating counterpart be burdened with further itemized reporting beyond the already many and complex reporting aspects of maintaining tax-exempt status. Such a mandate would result in a reporting system that would be ripe for misunderstanding because of its complexity, and that could unnecessarily divert limited resources away from the critical services communities need.

Further, Maryland's unique waiver from federal Medicare payment rules brings in an additional \$2 billion in federal dollars to the state. Potentially jeopardizing hospitals' tax-exempt status thus jeopardizes their financial stability, which would make it more difficult to meet the requirements of the waiver and put at risk this federal funding. And at a time when the future of federal health care policy is highly uncertain, now is not the time to tinker with transparent, public-facing reporting practices that have served Marylanders well for years.

For these reasons, we urge you to give SB 994 an unfavorable report.