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Committee: Finance
Testimony on: SB 774 – “Hospitals – Community Benefits”
Position: Support
Hearing Date: March 5, 2020

The Maryland Sierra Club urges a favorable report on SB 774, a bill to better ensure that Maryland’s nonprofit hospitals do their fair share for the health of our communities. Environmental harms cause a variety of health impacts, and these impacts are exacerbated by disparities in access to quality healthcare. Maryland’s nonprofit hospitals can play an important role in reducing access disparities, and thus reduce the health impacts of environmental pollution. They also can contribute to community-wide measures that promote public health by addressing environmental threats.

Current law requires that nonprofit hospitals in Maryland engage in “community benefit” activities by delivering services and supporting programs that make our communities healthier. However, not all hospitals are actually providing adequate community benefits.

This bill would provide more oversight and community input so that hospitals’ investments in the community may be used in the most effective way to improve public health. For example, a community may indicate that the community benefit plan should include a tree planting program to improve air quality and reduce toxic storm water pollution.

The bill specifies that each nonprofit hospital’s annual report on its community benefit activities shall include a “list of tax exemptions the hospital claimed during the immediately preceding taxable year.” This is important because it will provide a metric to help assess the scope and adequacy of the community benefits being provided. In this regard, at a time when Maryland’s towns, cities, and counties are struggling for public funds to make our communities more sustainable, Maryland’s tax-exempt hospitals get millions of dollars in tax breaks. For example, there are at least five tax-exempt hospitals in Baltimore; it is estimated that these hospitals would pay more than \$60 million dollars in annual property taxes but for their tax exemptions; these entities have entered into a Payment in Lieu of Taxes agreement with Baltimore to only pay six million dollars annually for their use of city services.¹

For these reasons, we respectfully urge a favorable vote on SB 774.

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¹ <https://www.baltimorebrew.com/2019/12/20/do-nonprofits-pay-their-fair-share-of-city-services/>

Founded in 1892, the Sierra Club is America’s oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has approximately 800,000 members.