

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE

Senate Bill 412

(Senator Neall, *et al.*)

Budget and Taxation

Economic Matters

**Maryland Health and Higher Educational Facilities Authority - Nonprofit
Health Service Plans**

This bill expands the types of institutions and facilities the Maryland Health and Higher Educational Facilities Authority (MHHEFA) may assist to include a nonprofit health service plan that holds a certificate of authority and provides health insurance policies or contracts in the State.

Fiscal Summary

State Effect: None. The Maryland Health and Higher Educational Facilities Authority are not funded through the annual State budget.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: MHHEFA, created in 1970 (Chapter 408), assists hospitals and educational institutions with financing for construction, site acquisition, and capital equipment. Private nonprofit health and higher educational facilities may use MHHEFA as a vehicle to issue tax-exempt bonds and thereby pay a lower rate of interest.

For the purposes of accessing MHHEFA, the definition of “hospital” currently includes other non-hospital entities such as nonprofit continuing care communities and nonprofit outpatient primary health care centers. A nonprofit health service plan is not considered

a hospital for purposes of participation with MHHEFA and therefore cannot finance capital improvement projects through MHHEFA.

Background: Projects financed by MHHEFA do not confer an obligation on the State or on any of the State's political subdivisions. The faith and credit of the State and its political subdivisions are not pledged to the payment of obligations financed through MHHEFA. MHHEFA is exempt from State and federal taxes and has no taxing authority. MHHEFA is supported by fees paid by institutions using its services.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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