

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1621 (Delegates Lisanti and Glass)  
 Health and Government Operations

Department of Commerce - Harford Memorial Hospital Closure - Economic Impact Study

This bill requires the Department of Commerce (Commerce) 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. Commerce 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, 2018, Commerce must report its findings to specified committees of the General Assembly. **The bill takes effect June 1, 2018, and terminates June 30, 2019.**

Fiscal Summary

**State Effect:** General fund expenditures increase by up to \$150,000 in FY 2019. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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:** None.

**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 on 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 Commerce engage in either an economic impact or a revitalization plan after a hospital is closed. Commerce advises that, in general, hospital closures are perceived to have negative economic effects on small communities, although few studies have directly measured the effect. 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.

**State Expenditures:** Commerce staff do not have the expertise to conduct the economic impact study and develop a revitalization plan. Commerce estimates that the costs for the impact study could be up to \$50,000 and the costs of the revitalization plan could be up to \$100,000. Even though the bill takes effect June 1, 2018, it is assumed that State finances are not materially affected until fiscal 2019. Therefore, general fund expenditures increase by up to \$150,000 in fiscal 2019 for contractual services to complete both the study and the revitalization plan.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Commerce; Harford County; Department of Legislative Services

**Fiscal Note History:** First Reader - March 1, 2018  
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