OMEGA | Healthcare INVESTORS, INC.

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March 3, 2025

Re: Senate Bill 859 (SB0859)

Position: Unfavorable

Omega Healthcare Investors, Inc. ("Omega", NYSE: OHI), a Maryland-based real estate investment trust ("REIT") focused on owning healthcare-related real estate properties located in Maryland and throughout the U.S., submits this testimony in strong opposition to SB0859's provisions that would impose an 8.25% surtax on the distributive share of a member of a pass-through entity from the pass-through entity's income in excess of $1 million and would impose a separate 2.5% "transportation fee" on pass-through entities with income in excess of $10 million.

Headquartered in Hunt Valley, Maryland, Omega employs 56 Maryland residents and owns $164 million of Maryland real estate properties, comprised of 12 skilled nursing facilities with 1,662 beds. Omega, together with our third-party tenant-operators, supports underprivileged Marylanders in need of daily nursing, rehabilitation, and other medical services promoting independence and overall well-being. The resident-patients of our Maryland facilities benefit from our tenant-operator's collaboration with Medicare and Medicaid, accepting governmental insurance to provide essential healthcare which would otherwise be unattainable for these individuals. Omega, as a long-term investor in Maryland healthcare facilities, is a pivotal constituent for stability of this vulnerable community.

As a real estate investment trust, our business is reliant upon taxpayer friendly legislation to provide an environment conducive to efficient operations and capital allocation. As many Maryland REITs, including Omega, own properties through pass-through entities, SB0859 would contradict Maryland's longstanding position as a REIT-friendly jurisdiction. The additional pass-through entity taxes not only deviate from the U.S. Internal Revenue Code's treatment of pass-through entities but indirectly impose taxation on REITs. Additionally, Omega is a publicly traded company with tens of thousands of shareholders comprised of individuals, retirees and institutional investors including pensions, who will be negatively impacted by the proposed surtax and transportation tax, spreading the burden across our community and throughout the U.S. Furthermore, our Board of Directors and executive management team have a fiduciary duty to maximize long-term shareholder returns. As currently drafted, SB0859's provisions would significantly influence our investment strategy, potentially compelling us to divest from Maryland.

The capital requirement to purchase and support high-quality healthcare facilities is enormous and due to competitive markets offered in nearby states, the provisions of SB0859 may make Maryland less attractive to investors and may create unintentional socioeconomic burdens on the general population.

In addition to investing in the healthcare industry, Omega values giving back to our local community and state. Over the past several years, Omega has donated over $400,000 to Morgan State University, an HBCU located in Baltimore. Correlated with the nature of our business, Omega partners with the Alzheimer's Association to raise significant amounts of money and awareness across Maryland to assist those families impacted by this unbiased disease. Additionally, Omega makes significant financial and human resource donations to a number of charities including: The Boys and Girls Club of Baltimore, Meals on Wheels, Pets on Wheels, ShareBaby, and The Y in Central Maryland.

Omega values being a Maryland-based business supporting our healthcare industry and local community. The passage of SB0859 would require us to reconsider our investment strategy as the provisions would impede our ability to efficiently operate as a REIT. Due to the aforementioned reasons, Omega Healthcare Investors, Inc. recommends an unfavorable report for SB0859.

Sincerely,

C. Taylor Pickett
Chief Executive Officer