



Testimony to the Baltimore City Council

Property Taxes – Baltimore City Payment in Lieu of Taxes Task Force

COUNCIL BILL 25-0036

Position: Favorable

May 14, 2025

The Honorable Danielle McCray, Chair
Budget and Appropriation Committee
Baltimore City Hall, 100 Holiday Street
Baltimore, MD 21202
Cc: Members, Budget and Appropriation Committee

Chair McCray and Members of the Committee

Economic Action Maryland Fund (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland. Our direct service programs serve clients in every district of Baltimore City. Our office is in 21218 and many of our staff reside in Baltimore City. I am a proud resident of District 7.

Through our direct service work, we support hundreds of hard-working, low-income residents who struggle to make ends meet. Baltimore City's budget falls short of effectively meeting the needs of our most vulnerable residents, investing in formerly redlined communities, and expanding services and infrastructure to realize a Baltimore Renaissance.

One promising area for generating revenue is by establishing clear, transparent, and consistent formulas for universities and hospitals for Payment in Lieu of Taxes (PILOTS). Negotiating a new agreement based on city service utilization and assessed property tax means that these large nonprofits will pay their fair share and Baltimore City will have additional funds for teachers, libraries, road repair, and more.

As a person with invisible disabilities parenting a college student with invisible disabilities, my family regularly spends time at Johns Hopkins Bayview, Mercy Hospital, and University of Maryland Medical Center and we are grateful they are in Baltimore City and for the treatment we receive.

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Despite my appreciation for the care we receive there, it's important to clarify several factors related to hospital community benefits and charity care.

- **Providing Charity Care is a Legal Requirement.** All Baltimore City hospitals are nonprofits which means that they are required by law under the ACA to provide charity care in order to maintain their nonprofit status.
- **Charity Care Should Not Be Included in Community Benefit Calculations.** It is a misnomer to include Baltimore City hospitals' charity care into any calculations of their community benefits because of Maryland's unique model. At the state level, the Health Services Cost Review Commission (HSCRC) reviews and sets rates annually with hospitals based on the charity care they spent the prior year. Importantly, Maryland hospitals are paid through the state's rate-setting system for the charity care they spend prior to spending it. Each year, the rate setting system compensates hospitals for the charity care they spend before they spend it. To include that spending in their calculations of community benefits is at best disingenuous, and certainly is double-counting.
- **Maryland hospitals failed to provide charity care to eligible patients.** More troubling is the fact that despite being compensated for charity care by the State of Maryland, many hospitals still fell short. A study by the [HSCRC](#) estimated that 60% of patients who **should have gotten free hospital care** instead were wrongly pursued by hospitals who used aggressive debt collection tactics to try to collect on unpaid care. Collectively, these **low-income patients paid \$120 million to hospitals over two years** despite the fact that they should have received free care.
- **Baltimore City hospitals sued low-income patients for medical debt.** Our [research report found](#) that between 2009-2018, Baltimore City hospitals filed 30,070 lawsuits against city residents to collect on medical debts. The median amount owed was \$982 and of these lawsuits, 8,949 resulted in wage or property garnishments. Our additional [analysis](#) found that three times as many lawsuits were filed by hospitals in low-income communities than in high income communities.

Baltimore City's hospitals benefit City residents in a number of ways. But they have done real harm to low-income patients across the City for nearly a decade. Asking them to pay their fair share will provide residents with new and expanded city services which will benefit more residents citywide.

For all these reasons we support Bill 25-0036 and urge a favorable report.

Best,

Marceline White
Executive Director

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