

Andrew Klein

FROM	NAME & TITLE	Andrew Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of Budget and Management Research Department of Finance
	SUBJECT	City Council Bill No.12-0082 Bed Capacity Fee

CITY of
BALTIMORE
MEMO



TO DATE: May 15, 2012

Honorable President and
Members of the City Council
C/O Karen Randle
Room 409, City Hall

This bill proposes a new \$500 fee on all beds at private colleges and hospitals. Each institution must pay this fee annually based on the number of beds in use at the institution. The bill proposes that the revenues derived from this fee to be restricted to construction and renovation of City schools.

Analysis

This fee was originally proposed in Fiscal 2010 under Council Bill 10-0475 as one of the alternatives to reduce the foreseen Fiscal 2011 budget deficit. This legislation was later substituted with the 6-year MOU agreement between the City and the members of the Maryland Hospital Association (MHA) and the Maryland Independent College and University Association (MICUA), where its members committed to a total \$20.4 million contribution. The current agreement expires in three years, Fiscal 2016.

Fiscal Impact

Because the MOU is still in effect, the Department of Finance believes this legislation will injure the City's credibility by abrogating the City's agreement. Were the City to pass this legislation this year, it would be more difficult in the future to negotiate such agreements with outside parties. It is important that the City maintains credibility with its partners in the City. Once the agreement is nearing expiration, the Department of Finance would welcome revisiting the City's approach to seeking means for major non-profit institutions to contribute to the City services they consume.

Recommendation

The Finance Department opposes this legislation.

Cc: Harry Black
Angela Gibson



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