



Testimony
Bill 25-0036: Fair Share PILOT Taskforce
Position: **FAVORABLE**

Chair McCray & Councilmembers,

My name is Girume Ashenafi, and I lead hospital and clinic-based research for 1199SEIU's Maryland/DC Division. 1199SEIU is America's largest healthcare workers union, representing 400,000 workers from Boston to Miami, as well as 10,000 workers in the Maryland/DC region. We are here to support this legislation calling for the creation of a Payment in Lieu of Taxes Taskforce to study and eventually create a fair and standard formula by which non-taxable entities can begin to cover their costs for the utilization of vital City services.

Currently these institutions contribute \$6 million/annually to the city to cover their use of City services. Services including police protection, fire protection, snow removal, and more. The fact that the current PILOT exists is a clear acknowledgement from the institutions that they are using city services and an attempt to compensate the city for at least some of those costs.

According to the Comptroller's office these institutions use about \$47 million a year in city services. A far cry from the \$6 million these institutions currently contribute. A figure that has not even kept up with inflation since the agreement was signed back in 2016.

It is that gap that needs further analysis and scrutiny. It's important to remember that this issue is particularly pertinent in Baltimore. Baltimore City has by far the highest % of its land owned by non-taxable entities of any jurisdiction in the State of Maryland. This is a contributing factor as to why Baltimore City has by far the highest real property tax rate in the State as well. From a simple equity perspective, this is worthy of further scrutiny.

I'll end by saying that we've heard quite a bit about all the great work these non-profits do on a community level. All that work is very much appreciated and applauded. It also is one of the primary reasons why these entities are given tax-exempt status by the IRS.

However, that is not the scope of this taskforce nor even the jurisdiction of city government at large. For hospitals specifically, it is the job of the Health Services Cost Review Commission (HSCRC) at the state level to oversee how hospital community benefit dollars are spent and if those dollars are being spent on things that specifically make their communities healthier (I'll mention that the HSCRC found in 2022 that only 37% of Community Benefit expenditures met that standard) and the HSCRC in recent years has taken a much harder look at what Community Benefits spending really is and how these figures are derived.

As the Committee and the Council think about this bill, we hope that they would want to make sure that the next iteration of the PILOT agreement gets the proper scrutiny it deserves and all stakeholders are able to agree on a PILOT that is fair and equitable for all parties involved as well as the citizens of Baltimore.

Sincerely,

Girume Ashenafi, Lead Researcher 1199SEIU United Healthcare Workers East