

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 839

S.P. 278

In Senate, February 16, 2005

An Act To Reduce Hardships to Small Community Hospitals Resulting from the Hospital Tax

(EMERGENCY)

Reference to the Committee on Health and Human Services suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator ANDREWS of York.
Cosponsored by Representative KAELIN of Winterport and
Senator: SNOWE-MELLO of Androscoggin, Representatives: BROWN of South Berwick,
COLLINS of Wells, FLETCHER of Winslow, LEWIN of Eliot, MOULTON of York, OTT of
York, SHIELDS of Auburn.

2 **Emergency preamble.** Whereas, acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 **Whereas,** current law imposes a tax on hospitals in this
State, regardless of size of the hospitals or the amount of
MaineCare revenue received by those hospitals; and

8
10 **Whereas,** this tax imposes a hardship on some hospitals,
which may lead to the closure of, or reduction of services
provided by, those hospitals; and

12
14 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
16 necessary for the preservation of the public peace, health and
safety; now, therefore,

18 **Be it enacted by the People of the State of Maine as follows:**

20 **Sec. 1. 36 MRSA §2894** is enacted to read:

22 **§2894. Exemption**

24
26 Effective June 1, 2005, an acute care, noncritical access
hospital with fewer than 70 licensed beds and MaineCare revenue
representing less than 7% of gross patient service revenue during
28 state fiscal year 2003-04 is not subject to the hospital tax
imposed by section 2892. The Department of Health and Human
30 Services shall take appropriate steps to apply for approvals or
waivers that are necessary from the federal Centers for Medicare
32 and Medicaid Services in connection with this provision to
satisfy the requirements of 42 Code of Federal Regulations, Part
34 433, Subpart B and shall adopt rules necessary to implement this
provision. Rules adopted pursuant to this section are routine
36 technical rules as defined in Title 5, chapter 375, subchapter
2-A.

38 **Emergency clause.** In view of the emergency cited in the
40 preamble, this Act takes effect when approved.

42 **SUMMARY**

44
46 This bill exempts from the tax imposed on hospitals of 2.23%
of net operating revenue those hospitals that are acute care,
noncritical access hospitals with fewer than 70 licensed beds and
48 MaineCare revenue representing less than 7% of gross patient
services revenue.