

Government Relations Update – December 1, 2020

Pennsylvania Issues

Legislation

- **SB 1350:** State Budget. As previously reported, given the uncertainty in revenue projections from COVID-19, the Commonwealth in May passed a partial budget approving expenses from July 1, 2020 through November 30, 2020. On November 23, 2020, Senator Pat Browne (R – Lehigh) introduced legislation for a supplemental budget covering the final seven months of the state fiscal year. The bill authorizes \$11.4 billion in new spending, bringing the current fiscal year's operating budget to \$36.5 billion, which is about \$1.3 billion, or 3.8% more, than the prior fiscal year. The package includes a \$250,000 grant for capital expenditures at St. Luke's Hospital - Easton Campus. The spending bill passed the House and Senate largely along party lines with the Republicans voting in the affirmative. On November 23, 2020, Governor Wolf (D) accepted the budget.
- **HB 1737:** COVID-19 Related Liability Protections. On September 12, 2019, Representative Barbara Gleim (R – Cumberland) introduced legislation to provide certain liability protections to land banks. The House passed the bill unanimously on January 21, 2020. On November 19, 2020, the legislation was amended on the Senate floor to include COVID-19 related liability protection for healthcare practitioners and facilities, EMS providers and agencies, nursing homes and manufacturers and distributors of products manufactured and services rendered in response to COVID-19. The bill passed the Senate and House largely along party lines, with the Republicans voting in the affirmative. The bill was sent to Governor Wolf on November 20, 2020. On November 30, 2020, Governor Wolf vetoed the bill, because he felt the immunity was too broad.

Miscellaneous

- **Department of Health Executive Order:** On November 23, 2020, Dr. Rachel Levine, Secretary of the Department of Health (DOH), issued an Executive Order effective November 30, 2020. Pursuant to the Executive Order, an acute care hospital located in a defined Health Care Coalition Region that has been determined by the DOH to meet two or more of the following metrics must reduce by 50% elective procedures that are scheduled to be performed at the acute care hospital in the seven days following the effective date of the determination: (1) 33% or more of hospitals in the region anticipate staffing shortages within the next week; (2) a greater than 50% increase in the moving average of COVID-19 admissions in the region within the prior 48 hours; or (3) less than 10% of the total staffed medical/surgical beds in a region are anticipated to be available for patient care in the following 72 hours.
- **Election Update:** All incumbent Pennsylvania State Representatives in the St. Luke's service area who sought reelection retained their seats. There were several area legislators who decided not to seek reelection, and the following candidates were successful in their campaigns to replace them: (1) Ann Flood (R – Northampton), the President and founder of a nonprofit organization called Lauren's Hope Foundation, succeeds Representative Marcia Hahn (R) and will represent the 176th District; (2) Tim Twardzik (R – Schuylkill), a member of the Board of Trustees of Lehigh Valley Hospital – Schuylkill, succeeds Representative Neal Goodman (D) and will represent the 123rd District; (3) Milou Mackenzie (R – Lehigh), a former teacher and Representative Ryan Mackenzie's mother, succeeds Representative Justin Simmons (R) and will represent the 131st District; and (4) Joe Kerwin (R – Schuylkill), an assistant district attorney in Dauphin County, succeeds Representative Mike Tobash (R) and will represent the 125th District.
- **Leadership Elections:** Representative Mike Schlossberg (D-Lehigh) has been elected to House Democratic Leadership for the 2021-2022 Session. Senator Lisa Boscola (D-Lehigh) did not retain her Senate Democratic Leadership position. Leaders are elected from within their party and determine policy and priorities for the legislative session.

New Jersey

Legislation

- **A1135**: Hospital Bed Tax. On June 25, 2015, the Tax Court of New Jersey held that Morristown Memorial Hospital, a federally tax exempt organization formed as a not-for-profit corporation under New Jersey law, had failed to satisfy the criteria for exemption from state real estate taxes. As a result, the tax court denied the hospital's claim for property tax exemption. Since the issuance of the ruling, more than 40 lawsuits have been filed by New Jersey municipalities challenging the real estate tax exemption status of not-for-profit hospitals.

On January 14, 2020, Assemblyman Craig Coughlin (D – Middlesex) introduced legislation in response to these lawsuits requiring that not-for-profit hospitals pay an annual community service fee of \$2.50 per day per licensed bed to host municipalities to offset the cost of public safety services in lieu of real estate taxes. The bill specifies that if a hospital and a municipality have entered into a payment in lieu of taxes (PILOT) agreement prior to the enactment of the bill, the hospital would pay the greater of the community service fee or the PILOT for the duration of the agreement.

On September 24, 2020, the Assembly passed the legislation. Assemblyman Erik Peterson (R – Warren) and Assemblyman John DiMaio (R – Warren) both voted against the legislation. On November 9, 2020, the bill was sent for review to the Senate Budget and Appropriations Committee. Since that time, the New Jersey League of Municipalities has been lobbying Senate leadership and Governor Murphy (D) to increase the fee from \$2.50 per bed to \$5.00 per bed. The New Jersey Hospital Association (NJHA) is in favor of the legislation, since it would settle the outstanding property tax lawsuits, but it opposes the proposed increase to \$5.00 per bed. St. Luke's opposes the bill, since New Jersey law supports tax exemption when real property is owned by a not-for-profit organization and used exclusively for charitable purposes.