



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4800 Introduced on January 31, 2018
Author: Rutherford
Subject: Community Charge
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): Shuford
Impact Date: February 13, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill assigns duties to the Department of Revenue and the Office of State Treasurer that are similar to activities performed currently in the normal course of agency business. Therefore, we expect that this bill will not have an expenditure impact on the General Fund, Other Funds, or Federal Funds.

The expenditure impact on the institutions of higher learning and the effect on an institution's tuition charges, fees, and educational services from the proposed community charge is undetermined due to the permissive nature of the local government community charge. It is unknown which local governments will impose a charge and by what amount.

The local government revenue impact of this bill is undetermined, given the permissive nature of the bill's provisions that allow a local government the option of imposing a community charge on nonprofit hospitals and institutions of higher learning at an amount calculated by the local government.

Explanation of Fiscal Impact

Introduced on January 31, 2018

State Expenditure

This bill allows a county or municipality to impose a community charge on nonprofit hospitals and institutions of higher learning at an amount not to exceed the costs of services provided to the hospitals and institutions. If a hospital or institution of higher learning fails to timely pay the

community charge, the local governing body may request assistance from the Department of Revenue and the Office of State Treasurer.

The bill requires the Department of Revenue to collect delinquent hospital and institution of higher learning community charges in the same manner as delinquent income taxes. The Office of State Treasurer must withhold the distribution of state appropriations to the institutions of higher learning until the delinquent community charges are paid. For both of these agencies, similar responsibilities and activities are performed currently in the normal course of agency business. Therefore, we expect that this bill will not have an expenditure impact on the General Fund, Other Funds, or Federal Funds of the Department of Revenue and the Office of State Treasurer.

The expenditure impact on the institutions of higher learning from the effect on an institution's tuition charges, fees, and educational services from the proposed community charge is undetermined due to the permissive nature of the local government community charge. It is unknown which local governments will impose a charge and by what amount.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

This bill allows a county or municipality to impose a community charge on nonprofit hospitals and institutions of higher learning at an amount not to exceed the costs of services provided to the hospitals and institutions. The local governing body shall determine the amount of the community charge, if any, and the method by which the charge is calculated. The amount of the community charge may not exceed the costs of the services provided to the hospitals and institutions.

The community charge on a nonprofit hospital must be determined based on the gross proceeds of the hospital in that locality and only if the hospital had at least one billion dollars in gross proceeds in the previous fiscal year. Based on our analysis of hospital patient revenue, we expect that the hospitals listed below may be subject to a community charge. Since the bill does not define nonprofit hospital, we have provided patient revenue data on all hospitals with at least one billion dollars in gross proceeds in the table below.

Nonprofit Hospitals with Patient Revenue Exceeding \$1 Billion in Federal Fiscal Year 2016	Patient Revenue	Community Charge of 1 Percent
GHS GREENVILLE MEMORIAL HOSPITAL	\$3,321,634,000	\$33,216,340
SELF REGIONAL HEALTHCARE	\$1,012,985,000	\$10,129,850
SPARTANBURG REGIONAL MEDICAL CENTER	\$2,376,681,000	\$23,766,810
LEXINGTON MEDICAL CENTER	\$3,324,199,000	\$33,241,990
MEDICAL UNIVERSITY OF SOUTH CAROLINA	\$4,105,136,000	\$41,051,360
CAROLINAS HOSPITAL SYSTEM	\$1,792,538,000	\$17,925,380
GRAND STRAND REGIONAL MEDICAL CENTER	\$2,508,541,000	\$25,085,410
PIEDMONT MEDICAL CENTER	\$1,005,145,000	\$10,051,450
TRIDENT REGIONAL MEDICAL CENTER	\$3,199,650,000	\$31,996,500
ANMED HEALTH	\$2,202,927,000	\$22,029,270
MCLEOD REGIONAL MEDICAL CENTER	\$2,735,231,000	\$27,352,310
PALMETTO BAPTIST	\$1,250,900,000	\$12,509,000
PALMETTO RICHLAND	\$2,841,681,000	\$28,416,810
ROPER HOSPITAL	\$1,174,752,000	\$11,747,520
Totals	\$32,852,000,000	\$328,520,000

Source: CMS Hospital Cost report data for Federal Fiscal Year 2016

Given the permissive nature of the bill provisions that allow a local government the option of imposing a community charge on nonprofit hospitals and institutions of higher learning at an amount calculated by the local government, the local government revenue impact of this bill is undetermined. However, as an example, if all local governing bodies imposed a one percent community charge on all potentially eligible hospitals, we expect that local revenue would increase by \$328,520,000 in FY 2018-19 as reported in the table above.

Similarly as an illustration, if all local governing bodies imposed a one dollar per student community charge on all institutions of higher education, we expect that local revenue would increase by \$283,388 in FY 2018-19 as reported in the table below.

	Enrollment
Research Institutions	
Clemson University	30,884
U. S. C. - Columbia	43,769
Medical University of South Carolina	3,892
Subtotal	78,545
Comprehensive Teaching Inst.	
The Citadel	4,937
Coastal Carolina University	13,902
College of Charleston	15,316
Francis Marion University	4,891
Lander University	3,605
South Carolina State University	3,731
U. S. C. - Aiken	4,743
U. S. C. - Beaufort	2,759
U. S. C. - Upstate	8,193
Winthrop University	8,158
Subtotal	70,235
Two Year Reg. Campuses of USC	
U. S. C. - Lancaster	3,053
U. S. C. - Salkehatchie	1,624
U. S. C. - Sumter	1,432
U. S. C. - Union	1,505
Subtotal	7,614
Technical Colleges	
Aiken Technical College	3,788
Central Carolina Technical College	5,728
Denmark Technical College	1,031
Florence-Darlington Technical College	8,806
Greenville Technical College	17,879
Horry-Georgetown Technical College	10,624
Midlands Technical College	16,281
Northeastern Technical College	1,630
Orangeburg-Calhoun Technical College	3,903
Piedmont Technical College	7,313
Spartanburg Community College	7,300
Technical College of The Lowcountry	3,655
Tri-County Technical College	9,727
Trident Technical College	21,018
Williamsburg Technical College	1,151
York Technical College	7,160
Subtotal	126,994
Total Enrollment	283,388

Source: Commission on Higher Education, Student Headcount Enrollment for FY 2016-17

Frank A. Rainwater, Executive Director