

**HOSPITAL ASSESSMENTS AND TAXES – 36 M.R.S.A. §2801-A (Repealed),
36 M.R.S.A. c. 375 and c. 377**

For state fiscal years beginning on or after July 1, 2004 an annual hospital tax is imposed equal to 2.23% of each hospital’s net operating revenue as identified in the hospital’s audited financial statement for the hospital’s taxable year. As detailed in the history section below, the applicable hospital taxable year has been updated frequently, most recently in PL 2021, c. 29, Pt. 7, which updated the tax base year to the hospital’s fiscal year ending during calendar year 2018 for state fiscal years beginning on or after July 1, 2021.

Hospital Assessments and Taxes

Fiscal Year	General Fund	Other Special Revenue Funds	Total All Funds
2013	\$14,077,897	\$80,942,050	\$95,019,948
2014	\$0	\$97,208,195	\$97,208,195
2015	\$0	\$97,379,317	\$97,379,317
2016	\$0	\$95,334,196	\$95,334,196
2017	\$0	\$95,028,525	\$95,028,525
2018	\$0	\$103,355,698	\$103,355,698
2019	\$0	\$102,503,718	\$102,503,718
2020	\$0	\$115,464,903	\$115,464,903
2021	\$0	\$115,888,153	\$115,888,153
2022	\$0	\$126,885,314	\$126,885,314

Revenue Notes – Hospital Assessments and Taxes

When first adopted in 1991, hospital assessment revenue was dedicated to support Medicaid costs. Although the original assessment was repealed in 1998, revenue continued to be collected primarily from outstanding tax liabilities. Effective July 1, 2001, all revenue collected under the original assessment accrued to the General Fund. All revenue from the one-time fiscal year 2003 tax also accrued to the General Fund. Of the \$3,795,726 in General Fund revenue from this source for fiscal year 2003, \$3,509,865 was collected from the new one-time hospital tax, and \$285,861 from collections of outstanding tax liabilities from the original hospital assessment. General Fund collections for fiscal years 2004 and 2005 reflect outstanding tax liabilities from these assessments.

The current hospital tax, effective in fiscal year 2004, accrues as dedicated revenue to support hospital and other MaineCare programs. However, a portion of the proceeds of the tax replaced General Fund appropriations for these purposes.

History – Hospital Assessments and Taxes

Adopted in 1991. A hospital assessment was established by PL 1991, c. 528, Part Q and c. 591, Part Q for hospital payment years ending during or after fiscal year 1992 at a rate of 6% of each hospital’s gross patient service revenue limit. State-operated hospitals were initially exempt from this assessment. PL 1995, c. 368, Part RR amended the assessment for hospital payment years that end in fiscal year 1998 to reduce the rate from 6% to 3.56%. PL 1995, c. 665, Part L amended the assessment to include state hospitals. PL 1997, c. 24, Part T amended the assessment for hospital payment years that end in fiscal year 1998 to increase the rate from 3.56% to 5.27%; due to the effective date of the legislation, the rate of 3.56% was never in effect. The assessment was repealed June 30, 1998 by PL 1995, c. 368, Part RR. Following the repeal, PL 2001, c. 358, Part N authorized a transfer of the balance of dedicated revenue as of June 30, 2001 to the General Fund effective July 1, 2001 and required all remaining revenue to accrue to the General Fund. A one-time assessment for fiscal year 2003 was established in PL 2001, c. 714, Part NN. This 0.135% tax was assessed on hospital gross patient services revenue for hospital payment years ending in fiscal year 2000.

The current hospital tax was added in PL 2003, c. 513 and amended in PL 2003, c. 673. The current hospital tax is distinct from the hospital assessment repealed in 1998 and the one-time hospital assessments in effect for fiscal years 2003, 2011 and

2013. For the state fiscal year beginning on July 1, 2003 a tax equal to 0.74% of hospital net operating revenue was imposed. For the state fiscal year beginning July 1, 2004, the tax was increased to 2.23% of hospital net operating revenue for the hospital's fiscal year that ended during calendar year 2002. For the state fiscal year beginning July 1, 2005, the hospital's taxable year was the hospital's fiscal year that ended during calendar year 2003. For the state fiscal years beginning on or after July 1, 2006, the hospital's taxable year was the hospital's fiscal year that ended during calendar year 2004. For state fiscal year beginning on or after July 1, 2008, PL 2007, c. 545, allowed for further growth in the tax base year to the hospital's fiscal year that ended during calendar year 2006. For state fiscal years beginning on or after July 1, 2010, PL 2009, c. 571, Part AAA, updated the base year to the hospital's fiscal year ending during calendar year 2008. For state fiscal years beginning on or after July 1, 2013, PL 2013, c. 368, Part QQ, updated the tax base year to the hospital's fiscal year ending during calendar year 2012. For state fiscal years beginning on or after July 1, 2017, PL 2017, c. 284, Pt. IIII, updated the tax base year to the hospital's fiscal year ending during calendar year 2014. For state fiscal years beginning on or after July 1, 2019 but before July 1, 2021, PL 2019, c. 343, Pt. EEE, updated the tax base year to the hospital's fiscal year ending during calendar year 2016. For state fiscal years beginning on or after July 1, 2021, PL 2021, c. 29, Pt. M, updated the tax base year to the hospital's fiscal year ending during calendar year 2018.

PL 2009, c. 571, Part VV added a one-time hospital assessment effective for state fiscal year 2011 equal to 0.12% of net operating revenue for each hospital's fiscal year that ended during calendar year 2008. Revenue from this one-time assessment accrued to the General Fund. PL 2011, c.477, Part II added a new one-time assessment effective for fiscal year 2013 equal to 0.39% of net operating revenue as identified on the hospital's most recent audited financial statement for the hospital's fiscal year that ended during calendar year 2008. Revenue from this fiscal year 2013 one-time assessment accrues to the General Fund.