



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

(803)734-3780 • RFA.SC.GOV/IMPACTS

This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 3093	Introduced on January 10, 2023
Author:	Rutherford	
Subject:	Community Charge	
Requestor:	House Medical, Military, Public, and Municipal Affairs	
RFA Analyst(s):	Tipton	
Impact Date:	January 18, 2023	

Fiscal Impact Summary

This bill allows a county or municipality to uniformly impose a community charge on nonprofit hospitals and public and independent Institutions of Higher Learning (IHL) at an amount not to exceed the cost of services provided to the hospitals and institutions.

This bill will have no expenditure impact on the Department of Revenue (DOR) or the State Treasurer's Office (STO) as requirements of these agencies can be managed within existing resources.

This bill will have an undetermined expenditure impact on state IHLs as it is unknown which local governments will impose a charge and the amount that may be charged.

This bill will have an undetermined impact on local revenue as it is permissive in nature and will depend on which local governing bodies implement the charge and the amount of the charge.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill allows a county or municipality to impose a community charge on nonprofit hospitals and public and independent IHLs at an amount not to exceed the cost of services provided to the hospitals and institutions, except that a county may only impose this charge in unincorporated areas. A community charge for nonprofit hospitals may only be imposed if the hospital's gross were at least \$1 billion in the prior fiscal year. A community charge for an IHL must be determined based on the institution's enrollment.

Department of Revenue. This bill requires timely payments of community charges by public and independent IHLs and nonprofit hospitals. If a nonprofit hospital or independent IHL fails to comply with this requirement, the applicable local governing body may petition DOR to remove the nonprofit status of the hospital or independent IHL for state income tax purposes. DOR indicates that removing the nonprofit status of a hospital or IHL may also have a property tax effect. The community charge would then be collected in the same manner as delinquent income

taxes. According to DOR, this responsibility will be managed within existing resources and will have no expenditure impact.

State Treasurer's Office. This bill requires timely payments of community charges by public and independent IHLs and nonprofit hospitals. If a public IHL fails to comply, the local governing body may notify STO, and upon notification, the Treasurer must withhold state appropriations until the institution provides proof of payment of the community charge. According to STO, the withholding of state funds requirement can be managed within existing resources and will have no expenditure impact.

Institutions of Higher Learning. Due to the permissive nature of this bill, relative to application of the charge and the amount that may be charged, the potential increase in expenditures for public IHLs is undetermined. For further analysis on potential expenditure impacts, see the Local Revenue section.

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 public and independent IHLs at an amount not to exceed the cost of services provided to the hospitals and institutions. A community charge for nonprofit hospitals may only be imposed if the hospital's gross revenue was at least \$1 billion in the prior fiscal year. A community charge for an IHL must be determined based on the institution's enrollment.

Due to the permissive nature of this bill, community charge calculations will vary between local governing bodies depending on which local governments will impose a charge, the amount charged, and the number of IHLs and nonprofit hospitals that are subject to the charge, by each local governing body. This bill may also increase property tax collections for local governments if the nonprofit status of a hospital or IHL is removed for failing to pay the community charge in a timely manner. Therefore, this bill will have an undetermined increase on local revenue.

The following table contains each hospital in the state that could be subject to a community charge under this bill and the municipality in which each hospital is located. As an illustration, if a 0.25 percent community charge was applied, and assuming the charge for each individual hospital is not in excess of the cost of services provided by the municipality to the hospital, local revenues statewide could increase by \$137,256,028.

Nonprofit Hospitals with Gross Revenue Exceeding \$1 Billion in FY 2021	Location	Gross Patient Revenue	Example Community Charge of 0.25 Percent
Medical University of South Carolina (MUSC)	Charleston	\$6,167,693,000	\$15,419,233
Trident Medical Center	Charleston	\$5,332,445,000	\$13,331,113
Lexington Medical Center	West Columbia	\$5,319,601,000	\$13,299,003
Prisma Health Greenville Memorial Hospital	Greenville	\$5,239,737,000	\$13,099,343
Spartanburg Medical Center	Spartanburg	\$4,084,178,000	\$10,210,445
Grand Strand Regional Medical Center	Myrtle Beach	\$3,751,006,000	\$9,377,515
McLeod Regional Medical Center	Florence	\$3,706,924,000	\$9,267,310
Prisma Health Richland Hospital	Columbia	\$3,635,097,000	\$9,087,743
Saint Francis Downtown	Greenville	\$3,439,759,000	\$8,599,398
AnMed Health Medical Center	Anderson	\$2,648,519,000	\$6,621,298
Piedmont Medical Center	Rock Hill	\$2,171,432,000	\$5,428,580
MUSC Health Florence Medical Center	Florence	\$2,111,443,000	\$5,278,608
Roper Hospital	Charleston	\$1,392,757,000	\$3,481,893
Aiken Regional Medical Centers	Aiken	\$1,330,932,000	\$3,327,330
Self Regional Healthcare	Greenwood	\$1,250,480,000	\$3,126,200
McLeod Loris	Loris	\$1,244,546,000	\$3,111,365
MUSC Health - Lancaster Medical Center	Lancaster	\$1,051,940,000	\$2,629,850
Prisma Health Baptist Hospital	Columbia	\$1,023,922,000	\$2,559,805
	Total	\$54,902,411,000	\$137,256,028

Source: Centers for Medicare and Medicaid Services (CMS) Hospital Cost Report for FY 2021, American Hospital Directory

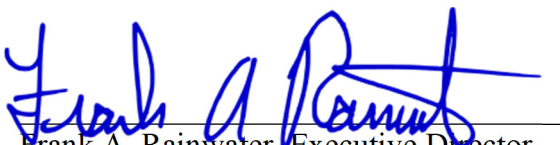
Similarly, the following table contains enrollment data for all public and independent IHLs in the state for the Fall 2021 semester. Under the provisions of this bill, the community charge must be based on the IHL's enrollment and may not exceed the costs of services provided to the IHL. As an illustration, if a five dollar per student community charge was applied, local revenues could increase statewide by \$1,148,055.

Institutions of Higher Learning - Research Institutions	Fall 2022 Enrollment	Example Community Charge of \$5.00 per Student
Clemson University	28,298	\$141,490
U. S. C. – Columbia	35,485	\$177,425
Medical University of South Carolina	3,164	\$15,820
Comprehensive Teaching Institutions		
The Citadel	3,720	\$18,600
Coastal Carolina University	10,322	\$51,610
College of Charleston	10,830	\$54,150
Francis Marion University	3,752	\$18,760
Lander University	4,160	\$20,800
South Carolina State University	2,648	\$13,240
U. S. C. - Aiken	3,804	\$19,020
U. S. C. - Beaufort	2,121	\$10,605
U. S. C. - Upstate	4,823	\$24,115
Winthrop University	4,641	\$23,205
Two Year Reg. Campuses of USC		
U. S. C. - Lancaster	1,681	\$8,405
U. S. C. - Salkehatchie	732	\$3,660
U. S. C. - Sumter	1,502	\$7,510
U. S. C. - Union	1,072	\$5,360
Technical Colleges		
Aiken Technical College	2,121	\$10,605
Central Carolina Technical College	3,301	\$16,505
Denmark Technical College	725	\$3,625
Florence-Darlington Technical College	2,940	\$14,700
Greenville Technical College	11,320	\$56,600
Horry-Georgetown Technical College	8,137	\$40,685
Midlands Technical College	9,089	\$45,445
Northeastern Technical College	1,466	\$7,330
Orangeburg-Calhoun Technical College	2,012	\$10,060
Piedmont Technical College	5,281	\$26,405
Spartanburg Community College	6,224	\$31,120
Technical College of The Lowcountry	2,195	\$10,975
Tri-County Technical College	5,487	\$27,435
Trident Technical College	11,761	\$58,805
Williamsburg Technical College	673	\$3,365
York Technical College	4,521	\$22,605

Continued on next page

Independent Institutions		
Allen University	657	\$3,285
Anderson University	4,096	\$20,480
Benedict College	1,789	\$8,945
Bob Jones University	3,050	\$15,250
Charleston Southern University	3,297	\$16,485
Claflin University	1,824	\$9,120
Coker College	1,159	\$5,795
Columbia College	1,494	\$7,470
Columbia International University	2,478	\$12,390
Converse College	1,284	\$6,420
Erskine College	764	\$3,820
Furman University	2,405	\$12,025
Limestone College	1,805	\$9,025
Morris College	370	\$1,850
Newberry College	1,322	\$6,610
North Greenville University	2,109	\$10,545
Presbyterian College	1,201	\$6,005
Sherman College of Chiropractic	379	\$1,895
South University	520	\$2,600
Southern Wesleyan University	1,156	\$5,780
Wofford College	1,823	\$9,115
Independent Two-Year Inst.		
Spartanburg Methodist College	1,064	\$5,320
Total	236,054	\$1,180,270

Source: SC Commission on Higher Education (CHE) Student Headcounts, Fall 2021


 Frank A. Rainwater, Executive Director