



PENNSYLVANIA ASSOCIATION OF COMMUNITY HEALTH CENTERS

## PRESS STATEMENT

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### **Grinches Who Stole Community Health**

There has been much discussion in Harrisburg lately regarding property tax exemptions for non-profit organizations. Most recently, Auditor General Eugene DePasquale released his agency's findings that select counties could benefit from substantial additional tax revenue if they collected from medical facilities that currently are tax-exempt as non-profits.

Simply put, this report and similar statements mischaracterize the issue and the full impact that a recent court decision has had on Pennsylvania communities and non-profit organizations.

Prior to a 2012 state court ruling, Pennsylvania law gave property tax relief to charitable non-profits that met specific pre-defined qualifications. This allowed non-profits, such as Community Health Centers that serve all Pennsylvanians despite income or insurance status, to use their limited financial resources to better respond to the significant needs of their communities.

The recent court ruling (*Bobov v. Pike County*) turned this law upside down and local taxing authorities can now use arbitrary and inconsistent reasoning to assess property taxes on selective non-profit organizations. Some counties and municipalities are choosing to tax non-profits that are obviously charitable – like Community Health Centers – which disregards the public good they offer the community. In our case, this local government dollar grab counters the positive impact health centers have on health care for the poor. The government will not use these tax dollars to improve health, provide dental care, offer discounted pharmaceuticals or any other service provided by the Community Health Center. Local governments will essentially steal some of these services away by shrinking the available dollars for the center to offer them.

“We are greatly disappointed to see the continuing interest of public officials to redirect dollars that could have helped vulnerable patients go to the local tax collector. We strongly urge support for legislation that would give voters the opportunity to weigh in on this decision,” said Jim Willshier, the Policy and Partnership Director for the Pennsylvania Association of Community Health Centers.

At the Pennsylvania Association of Community Health Centers (PACHC), we can't understand this logic. PACHC and other organizations advocate for a state constitutional amendment, which is a

complex process but will need a bill adopted by the legislature to start it. If passed, the bill creates a voter referendum for the public to decide “yes” or “no” as to whether the legislature should define a non-profit organization in law. The Auditor General and opponents to this legislation prefer maintaining the status quo of inconsistent local rulings on who is taxed and how much-as well as the subsequent time and resources that are drained from the charity in this process. The status quo also prevents a statewide practice that all non-profit organizations and local governments can budget for and understand.

Non-profits faced with a demand for taxes have three options: pay taxes; negotiate an agreement for payment or services in lieu of taxes; or engage legal counsel and fight the assessment. Every option is costly for non-profit organizations like Community Health Centers with limited resources and all drain financial and human resources from the charitable mission.

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***PACHC is a statewide membership services organization representing Community Health Centers - the largest primary care network in Pennsylvania and the nation - and other primary healthcare safety net providers that care for more than 700,000 Pennsylvanians through nearly 250 non-profit health center delivery sites in rural and urban communities across Pennsylvania. Visit [www.pachc.org](http://www.pachc.org) to find a Community Health Center near you.***