



PENNSYLVANIA ASSOCIATION OF COMMUNITY HEALTH CENTERS

PRESS RELEASE

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Legislature Moves to Avert Tax Increase on Health Centers

Harrisburg, PA – Yesterday, the Pennsylvania House passed Senator Mike Brubaker’s Senate Bill 4 to address a growing wave of local municipalities trying to impose taxes on traditionally tax exempt non-profit organizations, including Community Health Centers, throughout Pennsylvania. The legislation is the first step in amending the state Constitution to clearly give the legislature the authority to define the qualifications of charitable organizations and provide clarity for both municipalities and organizations.

The legislation is necessitated by an April 2012 Pennsylvania Supreme Court decision which spiked a renewed interest among local taxing jurisdictions to challenge the public charity status of targeted non-profit organizations. The decision eliminated the clarity and consistency the legislature established through the Institutions of Purely Public Charity Act in 1997 and reignited confusion and costly confrontations between traditionally tax-exempt institutions and local taxing authorities. Senate Bill 4 is one step in a multi-year process to amend the Pennsylvania Constitution to restore authority to define the qualifications of a purely public charity to the state legislature. This authority will only be restored if the legislature approves this bill in two consecutive legislative sessions and the general public supports the measure in a future election.

The Pennsylvania Association of Community Health Centers (PACHC) thanks all members of the General Assembly who supported this legislation. In particular, we thank Senator Mike Brubaker and Representative Kerry Benninghoff for their leadership in helping non-profit organizations provide services to their community without the financial burden of this new tax.

“Resolution of this issue is critical for Community Health Centers and other non-profit organizations providing critical services under tight budgets. No one has questioned the quality or necessity of the vital medical, dental and behavioral health services provided in every community we serve, yet without the clarity that existed prior to the Supreme Court decision,

dollars that could have gone towards providing services to patients are instead spent on taxes and legal fees,” said President and CEO, Cheri Rinehart.

All non-profit organizations have been affected by the current local tax climate that SB 4 seeks to address, as each local government bureaucracy uses their own arbitrary approach to determine which non-profits should pay a newly established property tax at inconsistent tax rates among the thousands of taxing jurisdictions within the state. “This environment is very frustrating and confusing as our Community Health Centers have never been required to pay such a tax before, do not have it budgeted, and cannot predict how they will be taxed,” added Rinehart.

As part of a 16-member coalition of affected non-profit organizations, PACHC looks forward to working with the legislature to restore clarity and predictability to the qualifications for tax exemption.

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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.com to find a Community Health Center near you.