

## **Hospital Council Statement** **Measure GG, Large Buildings Fossil Fuel Emissions Tax**

September 30, 2024

On behalf of our members in the City of Berkeley, Hospital Council is sharing significant concerns about Measure GG, the Large Buildings Fossil Fuel Emissions Tax, that will come before voters in November. Hospitals support efforts to promote electrification in communities, with many facilities already engaged in evaluating their use of natural gas and setting manageable reduction targets in alignment with the state's environmental goals. Hospitals are also committed to working with policy makers to craft solutions that balance patient care and the environment.

Unfortunately, the proposed tax on natural gas usage presents serious challenges that could endanger hospitals' ability to maintain affordable, high quality health care services in Berkeley:

### **Raises Costs for Health Care Providers**

Health care facilities use natural gas for critical operations such as heating buildings, producing hot water, cooking, and emergency backup generation. Since many facilities provide care 24 hours a day, seven days a week, natural gas usage is high.

Under Measure GG the cost of natural gas would triple, with health care facilities paying the highest tax per square foot compared to other property types and furthering burdening hospitals already facing rising – and sometimes uncontrollable – costs.

Faced with additional financial burdens, hospitals may be forced to cut critical services or prioritize electrification over other pressing needs such as acquiring new equipment, hiring additional staff, or making other essential building improvements in support of patient care.

Maintaining affordable, high quality health care for Berkeley residents is a top priority. The proposed tax could make affordability a significant challenge as health care facilities struggle to absorb millions of dollars in new taxes.

### **Creates Unique Infrastructure Challenges for Health Care Providers**

Retrofitting health care facilities to eliminate natural gas usage will require careful planning over months or even years to ensure that patient care continues without interruption during construction.

Unlike other entities, hospitals are subject to rigorous building regulations as well as reviews and approvals from the California Department of Health Care Access and Information, adding to the time and cost for any project.

Instead of incentivizing health care facilities to convert to electricity, Measure GG unfairly penalizes hospitals because of the lengthy planning involved, much of which is beyond their control.

**Does not Include Exemptions for Essential Services**

Measure GG does not make exceptions for hospitals or other entities that serve the public interest, and if passed, would preclude the city council from making changes that could provide relief.

Hospitals and health care facilities are committed to supporting environmental goals but believe there are more balanced approaches that do not jeopardize affordable, high quality health care services.