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Tax Exemption

Background

Wisconsin hospitals play a vital role in their communities, serving and providing care to everyone who walks through their doors regardless of their ability to pay. Virtually all of the hospitals in Wisconsin are non-profit health care facilities because of their charitable missions. Strangely, while Wisconsin hospitals uncompensated care numbers continue to grow, there are certain efforts going on at the state level to examine the tax-exempt status of certain organizations. This is due to the fiscal problem that the state is facing, with a projected \$1.7 billion budget deficit going into the 2005-2007 budget session.

Issues

- Two ad hoc committees, formed to specifically address residential housing property tax exemptions in the Assembly and state and local government relations in the Senate, have at some point brought up the issue of reviewing certain tax exemptions to increase revenue streams to local and state government.
- Municipalities and counties will continue to find “creative” ways to bring in more revenue and address what they perceive to be revenue shortfalls. This “creativity” in assessments will continue to escalate, particularly if shared revenue payments (payments the locals receive from the state) are on the chopping block. Already, at the local level, WHA is aware of a number of situations where tax assessors have called into question the tax exemption and assessed particular parts of the hospital campus, like the daycare facility. Because of the pressures on government at all levels to tighten their belt, WHA expects to continue to see inappropriate assessments.

WHA Position

- WHA assists Wisconsin hospitals in the efforts to communicate the community benefit of a hospital reflected in its mission and by the level of uncompensated care it continually gives back to its community. True to this mission, Wisconsin hospitals, in 2003 alone, provided almost \$500 million in uncompensated care to individuals through charity care and by writing off debt for those who could not afford to pay their bills. This is an increase of almost \$300 million since 1995. In fact, uncompensated care provided by Wisconsin hospitals has grown at a faster rate than hospital revenue.



Wisconsin Hospital Association, Inc.

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- WHA strongly opposes any effort by the state to expand local government authority to tax the property of charitable organizations, especially hospitals. Although such a tax may be distinguished as a “special charge,” it is nevertheless a tax.
- WHA continues to evaluate participation in court cases, through court briefs and other methods, where local assessors are challenging the tax-exempt status of a hospital when the outcome would have statewide ramifications affecting all hospitals.
- WHA continues to advocate to its membership the proper handling procedures for billing and collection, like the work that has already been done with the establishment of guidelines for handling billing and collection procedures, that provides a framework for payment and charity care.
- WHA supports the belief that if hospitals could no longer provide the level of uncompensated and charity care that they currently do because they would have to pay taxes, then the government, through the taxpayers, would have to pick up the tab once again.

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Related Resources

- Hospitals Tax Exempt Status/Municipal Service Taxes
http://www.wha.org/pubArchive/position_statements/pp2003taxexempt.pdf
- *Valued Voice*, Sept. 10, 2004: Hospital’s Stand-alone Childcare Center is Property Tax Exempt
http://www.wha.org/pubArchive/valued_voice/vv9-10-04.htm - 2
- Uncompensated Care Toolkit issue paper
<http://www.wha.org/toolKit/uncompensated.pdf>
- Billing & Collection Practices Toolkit issue paper
<http://www.wha.org/toolKit/BillingCollection.pdf>

Localize The Message

Be prepared to talk about:

- Your hospital’s free health clinics and/or free wellness classes.
- Your hospital’s charity care and uncompensated care statistics.

