

# Hospitable Taxes

**How non-profit hospitals profit from  
Wisconsin's outdated tax system**

*Institute for Wisconsin's Future  
May 2008*

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Wisconsin citizens want strong communities, reasonable state and local taxes and a revenue system in which all individuals, businesses and organizations pay a fair share. IWF's Fair and Adequate series of reports examines how the current tax system works and what changes are needed to create a fair system that adequately funds the services needed for the common good.

## Executive Summary

Wisconsin faces a difficult challenge in 2008. The state is working to build new engines of economic growth, to rebuild areas of economic weakness and to reinforce sectors of economic strength. However, much of the programmatic and physical infrastructure required for growth is eroding. Communities throughout the state are being forced to cut back support for education, public safety, transportation and other vital programs. A primary reason for this is the inability of the state government to sustain support for local government and educational systems. Wisconsin faces a serious structural deficit that has reduced the state's capacity to meet the needs of families and communities, much less bolster trade and industry. Citizens and leaders from diverse communities are examining how the current revenue structure can be modernized to secure adequate funding for community services so vital to long-term economic health.

There are many large organizations in Wisconsin which rely heavily on the public structures that undergird day-to-day operations: sewers, roads, airports, training centers, police, firefighters, emergency management, courts and a myriad of others. However, a significant portion of these organizations do not contribute as they should to the cost of these services. The result is higher property taxes for families and small businesses with simultaneous cuts in expenditures at the local level. For example, over 60% of the largest corporations doing business in the state pay no corporate income tax, as shown in previous work by the Institute for Wisconsin's Future.<sup>1</sup>

In particular, medical non-profits — especially hospitals — function in ways that are virtually indistinguishable from for-profit medical care providers. This report looks closely at the non-profit hospitals and how their failure to contribute to the local revenue pool impacts families and other businesses.

Why hospitals?

1. Hospitals are among the fastest growing sector of the economy.
2. Ninety-two percent of Wisconsin's non-governmental hospitals are not-for-profit, compared to a national average of 78%.
3. Some communities and legislators have begun to question the tax-exempt status of some large non-profit hospitals.

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This report includes data on 124 tax-exempt hospitals and medical centers in Wisconsin, with a combined property value estimated conservatively at more than \$5.8 billion. Combined annual revenue for these hospitals is more than \$11.5 billion. If these 124 non-profit hospitals paid property taxes on the same basis as other commercial property owners, local governments statewide would have received more than \$117 million in additional revenue.

This \$117 million — a conservative estimate — could be used to defray the cost of vital local services. Because these hospitals do not contribute, families and business owners are forced to pay the hospitals' share for the police, fire, transit, schools and other basic systems. This is a substantial subsidy provided to the entire hospital industry in Wisconsin, allowing hospitals to receive the full range of local and state services at no cost.

Two policy reforms should be enacted to provide sufficient revenue for state and local services while increasing the fairness factor in the state revenue system:

1. Communities should update their records to reflect the actual value of facilities and property owned by tax-exempt hospitals and medical care corporations so communities can gauge how much revenue is being lost at the local level. This would provide a basis for negotiations between local officials and hospitals to decide how the hospitals could contribute fairly to the cost of effective public structures.
2. State government should review the criteria for hospital tax-exempt status as well as how this tax exemption impacts communities in which hospitals operate. The amount of revenue lost to the community from a tax exemption should not exceed an institution's charitable benefits to the community.

## Introduction

For the past several decades, homeowners have been paying a growing percentage of the property taxes that cover the primary cost of basic community systems—public safety, sanitation, education, recreation and more. According to the Legislative Fiscal Bureau, residential property taxes comprised approximately 50% of all property tax revenue in 1970. By 2004, this amount had increased to 70%.<sup>2</sup> During the same period, average wages were stagnant. The Center on Wisconsin Strategy reported that median wages in Wisconsin had increased only \$.49 per hour (after inflation) between 1979 and 2006.<sup>3</sup> The consequence was a growing anger among voters toward taxes, government and even public sector workers. Many political candidates rode this wave of resentment into office and initiated reductions in funding for schools, cities, counties and human services.

After years of reductions, the very people who had demanded lower taxes were confronted with less fire protection, schools without arts and athletics, less frequent garbage collection, roads with potholes, long waits for driver license renewals and other signs of deteriorated services. Ironically, property taxes were still rising. When citizens called for improvements in schools, city services or county programs, the answer from political leaders has been a persistent, “We can’t afford to or taxes will go up.” Voters have grown frustrated with the erosion in Wisconsin’s quality of life but polls show that most voters feel high property taxes are a major problem. This was the context of the recent protracted struggle to enact a state budget—politicians caught in a “tax cuts versus quality services” tug-of-war with no answer in sight.

However, there is a way to redefine this policy stand-off. While most voters feel they personally cannot afford to pay higher taxes, there are other revenue sources that could be used to pay for effective public structures that meet community needs. These other revenue sources could include:

- A corporate income tax that has closed the loopholes that allow large multi-state firms to avoid taxes on their Wisconsin profits.
- An up-to-date sales tax system that applies not just to physical items but also to a wide range of services currently exempt as well as retail sales on the Internet.
- A more progressive tax on personal income that includes meaningfully higher rates on the highest income levels.
- And increased contributions from non-profit organizations which operate much like for-profits but don’t help pay for public services.

It is necessary to explore all potential sources of funding for state and local operations in a systematic manner. This report will focus on non-profit hospitals and their exemption from the local property tax. The property tax exemption has an immediate negative impact on the communities where hospitals are located. Municipalities and counties receive no revenue from these major enterprises for the cost of the public systems in spite of hospitals’ extensive use of these very services.

### Background

Property tax exemptions impact communities in a direct way because virtually every city, town, village, county, sewerage district, K-12 school district and technical college district derives a significant portion of its revenue from property taxes. In some communities, the impact of tax exemptions is enormous. In the City of Milwaukee, for example, an estimated one-third of all property is exempt. According to the City Assessor, over six billion dollars worth of property cannot be taxed.<sup>4</sup>

Although most major tax-exempt organizations are in larger communities, a single non-profit can make a huge difference in the revenue base of a small town. For example, there are at least seven small communities where a single non-profit hospital represents 10% or more of the total community property value.

### Overview of tax-exempt hospital and medical centers

Hospitals and medical centers are a major category of tax-exempt properties. They are especially significant because:

- Ninety-two percent of Wisconsin's non-governmental hospitals are non-profit, tax-exempt.<sup>5</sup>
- There are 124 non-profit hospitals in the state with a total property value conservatively estimated at \$5.8 billion dollars.<sup>6</sup>
- These hospitals are located in 100 different communities across the state.
- The non-profit hospital sector is growing, with new ones opening annually.<sup>7</sup>
- It is often not possible to detect any difference in operational patterns between not-for-profit hospitals and for-profit hospitals.

Table 1 lists 124 not-for-profit hospitals included in the Wisconsin Hospital Association's *Guide to Wisconsin Hospitals, Fiscal Year 2006*, published in February 2008.<sup>8</sup> This does not include the University of Wisconsin hospitals, because they are public institutions that, by law, make a payment in lieu of local property taxes. Nor does it include federal, state or county hospitals.

Table 1 also includes estimates of property values, annual revenues, and the property tax revenue lost because of their tax-exempt status. Hospitals are arranged alphabetically according to their home community. Fifteen communities have non-profit hospital property of more than \$100 million: Appleton, Eau Claire, Fond du Lac, Green Bay, Janesville, Kenosha, LaCrosse, Madison, Milwaukee, Oshkosh, Racine, Waukesha, Wausau, Wauwatosa and West Allis.

Numbers in this report on the total value of non-profit hospital property, revenue and foregone property taxes are taken from Table 1.

The value of property taxes is based on the net property tax rate for the community in which the hospital is located. The tax rates are for taxes levied in 2006 and collected in 2007, and are the latest rates available from the Wisconsin Department of Revenue.<sup>9</sup>

Information on the property values of non-profits is also taken from the Wisconsin Hospital Association guide. These property values are at best a conservative estimate of the value of hospital property. In many cases, the assessed value of properties has not been updated since the time the property was acquired or constructed because neither local assessors nor the hospitals had reason to invest time and money to keep property-value estimates current. In these cases, years of growth in property values are not reflected in the public records.

### **Impact of tax exemptions on residents and business owners**

Who covers the gaps created when revenues are lost from tax exempt enterprises? Other taxpayers — homeowners and business owners. The \$117 million (conservative) estimate of lost property tax revenue is equivalent to \$22 for each resident of Wisconsin. For a family of four, in other words, the non-profit hospital subsidy amounts to at least \$88 annually.

These tax-exempt institutions rely on the same range of public services as the for-profit enterprises which do pay property taxes. Imagine a hospital without quality roads that are policed, regulated, cleared of snow and maintained. Imagine a hospital without fire protection, police protection, courts (to enforce financial claims against patients who don't pay their bills) sewers and other vital functions.

### **Non-profits in name only?**

What does non-profit mean? It is a legal designation but has nothing to do with whether or not the hospital records an excess of revenue over expenses. The Wisconsin Hospital Association reported that total income (revenue minus expense) for the state's hospital industry was \$954 million in 2006.<sup>10</sup> The *Milwaukee Journal Sentinel* has reported that three especially profitable hospital systems in the Milwaukee area registered financial growth well above "a reasonable rule of thumb."<sup>11</sup> The *Journal Sentinel* story cited a health-care specialist saying that a 6% to 7% annual increase in unrestricted net assets is reasonable. Froedtert & Community Health, Children's Hospital of Wisconsin and Columbia St. Mary's all showed increases of 9.2% to 13.3% in unrestricted assets over the previous three years.

Certainly, salaries paid to the chief executives of the largest non-profit hospitals are comparable with salaries paid to chief executives of for-profit companies. Before his retirement from non-profit Aurora, CEO Ed Howe had earned as much as \$2.9 million in 2003.<sup>12</sup> Other non-profit compensation reported on hospitals' federal reports on IRS Form 990:<sup>13</sup>

- Mark Ambrosius, president of Aurora Health Care, received \$1,064,769 in 2005;
- Jon Vice, President of Children's Hospital of Wisconsin, received \$922,006 in 2005;

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- William Petasnick, president and CEO of Froedtert Memorial Lutheran Hospital, received \$763,851 in 2005;
- Leo Brideau, president and CEO of Columbia St. Mary's received \$835,296 in 2005.

These are comparable to the compensation figures for the heads of many public, for-profit corporations based in Wisconsin. For example, the chairman and CEO of Briggs & Stratton received \$1,107,061 in 2006; the chairman and CEO of Journal Communications received \$961,867 in 2005; and the CEO of Neenah Paper received \$903,585 in 2005.<sup>14</sup>

The justification for tax-exempt status is based on the organizations' commitment to benefit the community. When hospitals were first granted exemptions, most were church-sponsored and served the poor almost exclusively. Middle- and upper-income families relied on doctors who would come to their homes. As hospital historians have noted:

*When Wisconsin achieved statehood in 1848, the entire nation probably possessed fewer than fifty hospitals concentrated . . . in the cities of the Northeast. These institutions generally served patients, like transients and the poor, who could not be treated at home. Physicians customarily diagnosed and treated illness, delivered babies, and even performed surgery in their patients' homes.*<sup>15</sup>

*In the incorporation papers (of St. Mary's hospital in Milwaukee in 1859, the Daughters of Charity who operated the hospital) listed as the purpose of their corporation the need to "afford a greater opportunity for the establishment of hospitals, schools, asylums and other institutions for the relief and education and care of the poor, the needy, the destitute, the orphan and the ignorant."*<sup>16</sup>

Today these former almshouses are massive, sometimes luxurious institutions. According to a report by the federal Congressional Budget Office, there are minimal differences in how much uncompensated care is provided by non-profit and for-profit hospitals. The report stated: "Non-profit hospitals were more likely than otherwise similar for-profit hospitals to provide certain specialized services but provided care to fewer Medicaid-covered patients as a share of the total patient population. On average, non-profit hospitals were found to operate in areas with higher average incomes, lower poverty rates and lower rates on uninsured persons than for-profit hospitals."<sup>17</sup>

As *The Wall Street Journal* noted recently, "the growing gap between many non-profit hospitals' wealth and what they give back to their communities is raising questions about the billions of dollars in tax exemptions they receive." The newspaper quoted Sen. Charles Grassley (R-Iowa) saying, "Some non-profit hospitals seem to forget that their operations are subsidized with generous tax breaks. They allow their priorities to get out of whack." The tax exemptions, the Journal said, have helped non-profits to the point where financially they "are faring even better than their for-profit counterparts."<sup>18</sup>

## A Focus on Fairness

Tax exemptions date to America's colonial period. In the late 18th and early 19th centuries, churches and other institutions had tax exemptions written into their charters.<sup>19</sup> Once a complete tax system was put in place across the country, exemptions were more clearly defined and expanded to include educational, research, benevolent and charitable organizations that do not seek a profit for their work.

The federal 501(c)3 tax exempt status designation has been updated and is under increasing scrutiny. The state statute, however, is more vaguely written and has not been revised for many years. The general concept underlying the state statute is that the non-profit serves a "benevolent" (but not necessarily charitable) purpose. "Benevolent" is not defined in the statute. Challenges to institutions' tax-exempt status have been litigated with great difficulty because the overall description is nebulous with a long attachment list of very specific exemptions. As one lawyer dealing with non-profit organizations noted, "Dealing with tax exempt status law is like swimming in a jar of marshmallow goo."

Direct challenges to an institution's tax-exempt status are a difficult proposition. Municipalities would face tough and expensive legal battles if they directly challenged an institution's non-profit status. With resources already tight, this may be a battle many communities do not want to fight. If the exemption is upheld, the local municipality loses both the revenue and money spent on the legal fight. To make challenges to non-profits a viable option, current state regulations would need to be changed as well.

An alternative which has been used by several Wisconsin communities is a program of voluntary property tax payments, often known as PILOT programs: Payment in Lieu of Taxes. In a few cases, non-profit hospitals have chosen to pay something as a token toward the local property tax. Usually, this has happened in exchange for a favorable local ruling on zoning requirements, rulings the hospitals needed before proceeding on a construction project. For example, Columbia St. Mary's will pay Mequon \$2.5 million over 30 years in place of taxes on its new \$85 million structure.<sup>20</sup>

The regular Mequon property tax on a property with that value would be about \$1.3 million each year which would total nearly \$40 million over the same period. The PILOT provides considerably less revenue than the equivalent of local taxes.

In the City of Milwaukee, Mayor Tom Barrett launched a PILOT program in 2004. However, only a handful of organizations have pledged to give money to the city and these payments amounted to about \$321,000 in 2006. Columbia St. Mary's did agree to donate \$500,000 to combat infant mortality and the health disparities between racial groups in Milwaukee. But the PILOT program has been largely ineffective. The City Assessor's proposed 2007 budget noted: "Columbia St. Mary's aside, the properties for which PILOTs are being paid are primarily churches and low-income housing developments; the city's major tax-exempt property owners (namely, health care systems and colleges/universities) continue to be reluctant to make PILOTs."<sup>21</sup>

The main problem with PILOTs is the voluntary nature of the program. Unless the municipality has something that the organization wants, such as zoning rights, the non-profit has almost complete control over the negotiation of payments and can reduce or remove its voluntary payment. This makes it difficult for a community to project a budget for the coming year.

### **Summary and Recommendations**

In Wisconsin, counties and municipalities are facing serious budget shortfalls and are being forced to cut back staff and services. At the same time, billions of dollars worth of property goes untaxed because it is owned by not-for-profit hospitals and medical centers. Many of these non-profit hospitals generate millions of dollars in annual income and pay their top executive salaries comparable to corporate executives.

While there are many factors contributing to financial problems faced by local governments — cuts in federal and state aid, higher operating costs and skyrocketing health insurance expenses — the lack of fiscal support from major institutions does exacerbate the problem.

The challenge is to find a balance between the benefits provided to the community by non-profit organizations with the need to share the cost of local services among all those who rely on public safety, sanitation, the legal system and hundreds of other programs to function successfully.

In order to address this challenge, two things are crucial:

1. It is essential to update information on the actual value of tax-exempt properties.  
If communities choose to negotiate payments in lieu of taxes, this information makes negotiations for payments more realistic. Any policy or legal discussion on tax-exempt status requires accurate information to determine the cost and benefits of changes to the existing regulations.
2. The existing state laws that regulate tax-exempt status are too vague to be useful.  
“Benevolence” is not defined in an empirical way that allows state officials or local assessors to determine if an organization is or is not complying with the intent of state law. Given the scope and growth of non-profit entities, it is imperative that the state develop and enforce more systematic criteria for exempting these entities from contributing to the maintenance of crucial public services.

With accurate information and more objective regulations, a broader public debate is possible that would examine the criteria for tax-exempt status, the impact of tax exemption on local communities, and how to balance the support for non-profits with the funding needs of local communities.

**TABLE 1**

Non-profit Hospital Property Values and Potential Property Taxes

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Data on hospital property values and annual revenues come from the Wisconsin Hospital Association's *Guide to Wisconsin Hospitals, Fiscal Year 2006*, published in February 2008. Property taxes are based on net tax rates levied in 2006 and collected in 2007, and are the latest rates available from the Wisconsin Department of Revenue.

<b>Community</b>	<b>Hospital</b>	<b>Property value</b>	<b>Annual revenue</b>	<b>Property tax if paid in full</b>
Amery	Amery Regional Medical Center	\$25,107,540	\$34,748,206	\$497,883
Antigo	Langlade Memorial Hospital	\$18,758,189	\$47,472,169	\$450,759
Appleton	Appleton Medical Center	\$76,517,444	\$173,037,656	\$1,592,328
Appleton	St Elizabeth Hospital	\$56,767,706	\$118,139,378	\$1,181,336
Arcadia	Franciscan Skemp Healthcare - Arcadia	\$1,769,553	\$6,235,712	\$40,452
Ashland	Memorial Medical Center	\$20,951,482	\$44,003,256	\$384,879
Baldwin	Baldwin Area Medical Center Inc	\$11,871,388	\$24,733,508	\$226,387
Baraboo	St Clare Hospital and Health Services	\$30,789,847	\$49,710,628	\$612,410
Barron	Luther Midelfort Northland	\$5,847,627	\$29,465,987	\$128,589
Beaver Dam	Beaver Dam Community Hospitals Inc	\$74,777,731	\$56,322,784	\$1,580,801
Beloit	Beloit Memorial Hospital Inc	\$53,905,809	\$99,323,110	\$1,286,732
Berlin	Berlin Memorial Hospital	\$15,691,276	\$48,870,224	\$333,910
Black River Falls	Black River Memorial Hospital	\$12,495,248	\$22,816,134	\$272,022
Bloomer	Luther Midelfort Chippewa Valley	\$1,693,168	\$14,902,220	\$26,904
Boscobel	Boscobel Area Health Care	\$4,478,930	\$16,729,700	\$87,384
Brookfield	Wheaton Franciscan Healthcare-Elmbrook Memorial Inc	\$57,374,741	\$132,191,757	\$943,241
Burlington	Aurora Memorial Hospital of Burlington	\$19,216,448	\$70,844,235	\$366,265
Chilton	Calumet Medical Center	\$5,932,492	\$14,039,341	\$119,955
Chippewa Falls	St Joseph's Hospital	\$16,502,032	\$53,311,963	\$313,869
Columbus	Columbus Community Hospital Inc	\$16,144,824	\$22,953,982	\$360,998
Cumberland	Cumberland Memorial Hospital & ECU	\$5,953,417	\$12,503,686	\$110,138
Dodgeville	Upland Hills Health Inc	\$15,218,823	\$27,575,416	\$374,079
Durand	Chippewa Valley Hospital	\$3,766,334	\$8,012,214	\$98,640
Eagle River	Eagle River Memorial Hospital Inc	\$10,674,648	\$16,038,987	\$157,131
Eau Claire	Luther Hospital	\$110,535,172	\$191,528,301	\$2,142,172
Eau Claire	Sacred Heart Hospital	\$83,271,175	\$151,226,586	\$1,613,795
Edgerton	Edgerton Hospital and Health Services	\$3,002,814	\$16,668,854	\$62,038
Elkhorn	Aurora Lakeland Medical Center	\$10,437,288	\$73,972,885	\$176,912
Fond du Lac	St Agnes Hospital	\$123,915,500	\$203,659,808	\$2,535,311
Fort Atkinson	Fort HealthCare	\$67,684,056	\$84,623,828	\$1,322,546
Friendship	Moundview Memorial Hospital & Clinics Inc	\$10,557,917	\$14,576,724	\$197,116
Grantsburg	Burnett Medical Center Inc	\$4,740,530	\$12,462,798	\$81,964
Green Bay	Bellin Memorial Hospital	\$109,290,764	\$228,463,853	\$2,229,532
Green Bay	Bellin Psychiatric Center	\$1,157,148	\$15,012,543	\$23,606
Green Bay	Libertas Center	\$11,035	\$2,209,136	\$225
Green Bay	St Mary's Hospital Medical Center	\$51,198,462	\$95,418,947	\$1,044,449
Green Bay	St Vincent Hospital	\$107,964,376	\$216,391,603	\$2,202,473
Hartford	Aurora Medical Center of Washington County Inc	\$13,897,253	\$50,428,887	\$251,262
Hayward	Hayward Area Memorial Hospital	\$10,994,673	\$26,923,790	\$104,230
Hillsboro	St Joseph's Community Health Services Inc	\$2,897,167	\$12,221,465	\$66,780
Hudson	Hudson Hospital	\$29,954,167	\$36,611,477	\$425,050
Janesville	Mercy Health System Corporation	\$134,054,237	\$316,107,753	\$2,737,388
Kenosha	Aurora Medical Center - Kenosha	\$61,621,309	\$105,851,930	\$1,260,156
Kenosha	Children's Hospital of Wisconsin - Kenosha	\$226,529	\$4,087,658	\$4,633
Kenosha	United Hospital System Inc	\$67,518,867	\$203,762,135	\$1,380,761
La Crosse	Franciscan Skemp Healthcare - La Crosse	\$95,306,333	\$154,469,787	\$2,384,564
La Crosse	Gundersen Lutheran Medical Center Inc	\$62,146,103	\$310,876,670	\$1,554,895
Lancaster	Grant Regional Health Center Inc	\$8,421,366	\$14,268,201	\$151,585
Madison	Meriter Hospital Inc	\$123,297,452	\$291,887,940	\$2,354,981
Madison	St Mary's Hospital Medical Center	\$154,446,037	\$332,848,739	\$2,949,919
Manitowoc	Holy Family Memorial Medical Center	\$79,868,430	\$114,165,522	\$1,571,811
Marinette	Bay Area Medical Center	\$36,300,316	\$97,019,467	\$711,849
Marshfield	Saint Joseph's Hospital	\$86,142,109	\$279,286,656	\$1,880,482
Mauston	Hess Memorial Hospital/Mile Bluff Medical Center	\$35,541,632	\$44,847,817	\$822,789
Medford	Memorial Health Center Inc	\$26,636,490	\$23,493,782	\$575,082
Menomonee Falls	Community Memorial Hospital	\$92,241,635	\$150,886,251	\$1,462,952
Menomonie	Red Cedar Medical Center - Mayo Health System	\$21,628,300	\$57,757,333	\$443,164
Mequon	St Mary's Hospital - Ozaukee	\$85,627,329	\$154,443,576	\$1,298,967
Merrill	Good Samaritan Health Center	\$7,862,985	\$23,514,586	\$187,611
Milwaukee	Aurora Sinai Medical Center Inc	\$90,310,029	\$187,924,097	\$1,898,317

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Community	Hospital	Property value	Annual revenue	Property tax if paid in full
Milwaukee	Aurora St Luke's Medical Center	\$434,675,629	\$884,789,872	\$9,136,882
Milwaukee	Columbia Center LLC	\$3,798,905	\$5,791,339	\$79,853
Milwaukee	Columbia St Mary's Inc - Columbia Campus	\$19,268,507	\$200,407,997	\$405,024
Milwaukee	Columbia St Mary's Inc - Milwaukee Campus	\$124,329,963	\$228,384,504	\$2,613,416
Milwaukee	Columbia St Mary's Inc - Sacred Heart Rehab Institute	\$292,965	\$14,818,716	\$6,158
Milwaukee	Wheaton Franciscan Healthcare-St Francis Inc	\$73,344,698	\$147,311,361	\$1,541,706
Milwaukee	Wheaton Franciscan Healthcare-St Joseph Inc	\$178,154,210	\$278,916,142	\$3,744,801
Monroe	The Monroe Clinic	\$33,067,325	\$116,467,465	\$808,165
Neenah	Children's Hospital of Wisconsin - Fox Valley	\$1,275,280	\$15,592,373	\$26,870
Neenah	Theda Clark Medical Center	\$92,380,555	\$143,557,154	\$1,946,458
Neillsville	Memorial Hospital Inc	\$6,094,903	\$14,623,040	\$144,815
New London	New London Family Medical Center	\$13,316,220	\$24,791,615	\$270,186
New Richmond	Westfields Hospital	\$9,625,329	\$24,709,383	\$162,379
Oconomowoc	Oconomowoc Memorial Hospital	\$52,841,782	\$87,257,446	\$736,086
Oconomowoc	Rogers Memorial Hospital - Oconomowoc	\$14,269,848	\$27,277,246	\$164,389
Oconto	Bond Health Center	\$6,537,954	\$2,172,553	\$131,871
Oconto Falls	Community Memorial Hospital	\$13,920,679	\$29,615,273	\$298,181
Osceola	Osceola Medical Center	\$6,667,739	\$18,305,095	\$108,684
Oshkosh	Aurora Medical Center of Oshkosh	\$86,138,236	\$67,895,652	\$1,817,517
Oshkosh	Mercy Medical Center of Oshkosh	\$84,675,276	\$100,326,251	\$1,786,648
Osseo	Osseo Medical Center	\$3,632,382	\$9,338,009	\$90,519
Park Falls	Flambeau Hospital Inc	\$5,857,032	\$18,178,496	\$123,583
Platteville	Southwest Health Center Inc	\$34,968,065	\$21,615,174	\$748,317
Portage	Divine Savior Healthcare Inc	\$40,849,848	\$51,385,148	\$841,507
Prairie du Chien	Prairie du Chien Memorial Hospital	\$9,942,476	\$23,835,729	\$237,625
Prairie du Sac	Sauk Prairie Memorial Hospital	\$17,433,062	\$39,249,420	\$292,352
Racine	Wheaton Franciscan Healthcare-All Saints Inc	\$181,580,252	\$386,616,169	\$3,860,396
Reedsburg	Reedsburg Area Medical Center	\$17,490,459	\$34,314,166	\$347,361
Rhineland	Saint Mary's Hospital Inc	\$75,230,094	\$97,023,101	\$1,366,931
Rice Lake	Lakeview Medical Center	\$13,857,765	\$42,027,810	\$274,661
Richland Center	The Richland Hospital Inc	\$21,787,320	\$32,165,419	\$515,052
Ripon	Ripon Medical Center	\$9,395,301	\$16,634,125	\$204,442
River Falls	River Falls Area Hospital	\$6,529,757	\$28,390,858	\$111,136
Shawano	Shawano Medical Center	\$26,571,064	\$32,533,602	\$547,364
Sheboygan	Aurora Sheboygan Memorial Medical Center	\$25,873,286	\$94,369,980	\$625,616
Sheboygan	St Nicholas Hospital	\$37,393,264	\$66,631,282	\$904,169
Shell Lake	Indianhead Medical Center Shell Lake Inc	\$364,217	\$5,789,001	\$6,326
Sparta	Franciscan Skemp Healthcare - Sparta	\$2,795,804	\$10,415,906	\$66,876
Spooner	Spooner Health System	\$4,313,567	\$12,685,968	\$77,903
St Croix Falls	Saint Croix Regional Medical Center	\$13,966,042	\$40,900,562	\$239,937
Stanley	Our Lady of Victory Hospital	\$16,396,000	\$17,882,000	\$319,394
Stevens Point	Saint Michael's Hospital	\$55,761,708	\$163,999,665	\$1,204,453
Stoughton	Stoughton Hospital Association	\$17,765,964	\$29,985,192	\$303,265
Sturgeon Bay	Door County Memorial Hospital	\$19,780,551	\$49,651,820	\$358,819
Superior	St Mary's Hospital of Superior	\$7,077,631	\$19,858,307	\$135,466
Tomah	Tomah Memorial Hospital Inc	\$14,391,179	\$24,753,438	\$331,285
Tomahawk	Sacred Heart Hospital Inc	\$9,939,968	\$13,140,954	\$181,404
Two Rivers	Aurora Medical Center of Manitowoc Co Inc	\$39,663,139	\$47,321,138	\$907,889
Viroqua	Vernon Memorial Hospital	\$32,962,792	\$41,550,208	\$707,052
Watertown	Watertown Memorial Hospital	\$37,466,652	\$59,756,798	\$724,980
Waukesha	Waukesha Memorial Hospital Inc	\$211,064,000	\$350,497,590	\$3,708,394
Waupaca	Riverside Medical Center	\$16,712,119	\$29,788,982	\$386,384
Waupun	Waupun Memorial Hospital	\$12,561,134	\$22,139,302	\$250,092
Wausau	Aspirus Wausau Hospital	\$136,283,462	\$248,703,922	\$3,239,458
Wauwatosa	Aurora Psychiatric Hospital Inc	\$6,977,693	\$27,411,143	\$134,251
Wauwatosa	Children's Hospital of Wisconsin	\$266,389,463	\$404,338,307	\$5,125,333
Wauwatosa	Froedtert Memorial Lutheran Hospital	\$256,348,000	\$652,450,000	\$4,932,136
West Allis	Rogers Memorial Hospital - Milwaukee	\$4,320,785	\$18,652,616	\$96,829
West Allis	West Allis Memorial Hospital	\$117,503,586	\$199,099,370	\$2,633,255
West Bend	St Joseph's Community Hospital	\$89,918,060	\$66,043,351	\$1,063,731
Whitehall	Tri-County Memorial Hospital Inc	\$6,565,169	\$12,245,593	\$141,348
Wild Rose	Wild Rose Community Memorial Hospital Inc	\$407,603	\$9,136,751	\$9,179
Wisconsin Rapids	Riverview Hospital Association	\$39,215,282	\$64,294,081	\$926,265
Woodruff	Howard Young Medical Center Inc	\$36,069,985	\$61,088,270	\$542,132
<b>TOTAL</b>		<b>\$5,828,962,667</b>	<b>\$11,574,782,838</b>	<b>\$117,433,415</b>

## HOSPITABLE TAXES

<sup>1</sup>For example, see: *Wisconsin's Revenue Gap: An Analysis of Corporate Tax Avoidance* (December 2007). Online at: [wisconsinsfuture.org/publications/taxes/WI\\_Revenue\\_Gap\\_12\\_2007.pdf](http://wisconsinsfuture.org/publications/taxes/WI_Revenue_Gap_12_2007.pdf). The Institute for Wisconsin's Future's home page is: [www.wisconsinsfuture.org/](http://www.wisconsinsfuture.org/).

<sup>2</sup>Wisconsin Legislative Fiscal Bureau: *Informational Paper No. 13: Property Tax Level in Wisconsin*, by Rick Olin. January 2007.

<sup>3</sup>Center on Wisconsin Strategy *The State of Working Wisconsin: Update 2007*. Online at: <http://cows.org/pdf/rp-soww-07.pdf>.

<sup>4</sup>Mary Reavey, City of Milwaukee Assessment Commissioner. Personal Interview: January 25, 2007.

<sup>5</sup>Based on data from the Wisconsin Hospital Association's *Guide to Wisconsin Hospitals, Fiscal Year 2006*, published in February 2008. The data in this WHA *Guide* was the basis for this report. The *Guide* is available online at: [http://www.whainfocenter.com/data\\_resources/2006\\_guide.htm](http://www.whainfocenter.com/data_resources/2006_guide.htm). The *Guide* reports data on 145 non-federal hospitals in Wisconsin. Of these, 10 are state or county operated; 11 are for-profit; and the remaining 124 are non-profit.

<sup>6</sup>Wisconsin Hospital Association's *Guide to Wisconsin Hospitals, Fiscal Year 2006*.

<sup>7</sup>For example, the WHA *Guide* notes two new hospitals for which it did not yet have full-year data (St. Clare's Hospital in Weston, Mercy Walworth Medical Center in Lake Geneva) and one addition from the previous year (Bond Health Center in Oconto). Hospitals under construction are observable around the state.

<sup>8</sup>WHA *Guide to Wisconsin Hospitals*. See footnote 4.

<sup>9</sup>Wisconsin Department of Revenue, *Town, Village and City Taxes – 2006*.

<sup>10</sup>WHA *Guide to Wisconsin Hospitals*, Table 2.

<sup>11</sup>Guy Boulton, "Non-profit in name only?" *Milwaukee Journal Sentinel*, April 20, 2007.

<sup>12</sup>Bruce Murphy, "Non-profit agencies following corporations' lead in pay for executives," *Milwaukee Journal Sentinel*, Oct. 121, 2004.

<sup>13</sup>Hospital Form 990s are available online at: <http://www.guidestar.org/>

<sup>14</sup>Corporate salaries are available on Shareholder Proxy statements available on the investor relations section of each individual company's web site.

<sup>15</sup>Philip Shoemaker and Mary Van Hulle Jones: "Infirmaries to Intensive Care: Hospitals in Wisconsin," in *Wisconsin Medicine Historical Perspectives*, edited by R. Numbers and J. Leavitt.

<sup>16</sup>Brenda Quinn and Ellen Langill, *Caring for Milwaukee: The Daughters of charity at St. Mary's Hospital*.

<sup>17</sup>Congressional Budget Office, *Nonprofit Hospitals and the Provision of Community Benefits*, December 2006.

<sup>18</sup>John Carreyrou and Barbara Martinez, "Nonprofit Hospitals, Once For the Poor, Strike It Rich." *The Wall Street Journal*, April 4, 2008.

<sup>19</sup>Stephen Diamond, "Efficiency and Benevolence," in *Property-Tax Exemption for Charities*, edited by Evelyn Brody: Washington, D.C. The Urban Institute, 2002.

<sup>20</sup>Tom Kertscher, "Hospital plan is approved," *Milwaukee Journal Sentinel*. Oct. 4, 2005.

<sup>21</sup>City of Milwaukee Assessor's Office, *Executive Summary: Assessor's Office 2007 Proposed Budget*.

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