

2001 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-SB55)

Received: 06/21/2001

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Spencer Black (608) 266-7521

By/Representing: McMurray

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax - property

Extra Copies:

Submit via email: YES

Requester's email: Rep.Black@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

110: Limit property tax exemption for medical research facility to one central facility

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 06/21/2001	wjackson 06/21/2001	haugeca 06/22/2001 rschluet 06/24/2001	_____	lrb docadmin 06/22/2001 lrb docadmin 06/24/2001	lrb docadmin 06/24/2001	

FE Sent For:

<END>

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LRB #: 1356

Assembly Democrat Budget Amendment Requests

Request Number: 110
(not LRB number)

Agency:

Description: Repeal property tax exemption for Marshfield clinic satellites

Attachments: LFB motion 145

Cost (if known):

Contact person: Susan McMurray, 266-7521, Representative Black's Office

JK

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

Property Tax Exemption for Nonprofit Medical Research Foundations

Motion:

Move to modify the current property tax exemption for nonprofit medical research foundations by limiting the exemption for entities that own and operate property in more than one location to the property in the one location that is the primary location for the receipt, aggregation and analysis of research data. Require the Department of Revenue to certify the property that is the primary location for the receipt, aggregation and analysis of the research data. Specify that property that is under common ownership or control shall constitute property of a single corporation, voluntary association, foundation or trust for purposes of applying the provision. Specify that the provision would be effective with property assessed as of January 1, 2002.

Note:

This motion is identical to LRB 2314/4 from the 1999 Legislative Session, except for the effective date. It would narrow the current property tax exemption and some property that is now exempt may become taxable. If so, property taxes would be shifted to that property from other property. State forestry tax collections would increase by an unknown amount.

[Change to Base: Unknown]

Larry Balow

State Representative

68th Assembly District



To: Rep. Black

From: Rep. Balow

Re: Tax Exempt Status for Marshfield Clinic 110

Date: June 15, 2001

I would like to request one additional amendment to the state budget bill for our caucus to propose. Currently the City of Eau Claire is losing \$374,000 per year due to the tax exempt status of Marshfield Clinic. City Manager Don Norrell has asked myself and Rep Kreibich to propose a statutory change for satellite facilities of non-profit medical research foundations. The language for this change is attached to the memo along with a resolution from the City of Eau Claire explaining their position.

Previously introduced by Rep. Tom Springer 1997 AB 607

Wis. Stats. S. 70.11 (25) to clearly limit the tax exemption for nonprofit medical research foundations to one central facility where data is received, aggregated and analyzed.

1997 - 1998 LEGISLATURE

1997 ASSEMBLY BILL 607

November 13, 1997 - Introduced by Representatives Springer, Albers, F. Lasee, R. Young, Bock and J. Lehman, cosponsored by Senators Decker and Wineke. Referred to Joint survey committee on Tax Exemptions. Act to amend 70.11 (25) of the statutes; relating to: narrowing the property tax exemption for nonprofit medical research foundations.

Analysis by the Legislative Reference Bureau

This bill narrows the property tax exemption for nonprofit medical research foundations so that it applies only to central facilities where data are received, aggregated and analyzed. This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to the bill. For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Section 1. 70.11 (25) of the statutes is amended to read:

70.11 (25) Nonprofit medical research foundations. Property owned and operated by a corporation, voluntary association, foundation or trust, no part of the net earnings of which inure to the benefit of any shareholder, member, director or officer thereof, which and that has received a certificate under section 501 (c) (3) of the Internal Revenue Code if the property is used exclusively for the purposes of: medical and surgical research the knowledge derived from which is applied to the cures, prevention, relief and therapy of human diseases; providing instruction for practicing physicians and surgeons, promoting education, training, skill and investigative ability of physicians, scientists and individuals engaged in work in the basic sciences which bear on medicine and surgery; or providing diagnostic facilities and treatment for deserving destitute individuals not eligible for assistance from charitable or governmental institutions. Such corporation, voluntary association, foundation or trust must have received a certificate under section 501 (c) (3) of the internal revenue code as a nonprofit organization exempt for income tax purposes. If the foundation operates at more than one location, the exemption under this subsection applies only to its central facility where data are received, aggregated and analyzed.

Section 2. Effective date.

(1) This act takes effect on the January 1 after publication.

(End)

2001-134

RESOLUTION

A RESOLUTION REQUESTING AMENDMENT OF WIS. STATS. SEC. 70.11(25) TO CLEARLY LIMIT TAX EXEMPTION FOR NON-PROFIT MEDICAL RESEARCH FOUNDATIONS TO ONE CENTRAL FACILITY WHERE DATA IS ACTUALLY RECEIVED, AGGREGATED, AND ANALYZED.

WHEREAS, Wisconsin statutes currently require that for medical clinic property to be tax exempt it must be "used exclusively" for medical research, education, or providing treatment for deserving destitute individuals not eligible for other assistance; and

WHEREAS, Marshfield Clinic has taken the position that all of its regional medical clinics are "used exclusively" to train physicians, provide charitable services, and gather information from patients that contributes to research conducted at its medical research facility in Marshfield, Wisconsin and therefore, all its regional medical clinics qualify for property tax exemption; and

WHEREAS, on January 29, 2001, the City of Eau Claire received a Notice of Circumstances of Claim and Claim from Marshfield Clinic claiming tax exempt status for its facilities located in the city of Eau Claire, alleging that the 2000 property taxes in the amount of \$374,714.61 were unlawful and demanding that the taxes plus interest be paid to Marshfield Clinic and that its property be exempt from taxation; and

WHEREAS, the City of Wausau was served with a similar Notice of Circumstances of Claim and Claim by Marshfield on January 31, 2001 regarding a medical clinic in Wausau; and

WHEREAS, Marshfield Clinic has already brought suit against the City of Mosinee in Marathon County Circuit Court and is currently litigating the tax exemption issue and the "used exclusively" statutory language with regard to another medical clinic located in Mosinee; and

WHEREAS, the City of Mosinee has initiated efforts to amend Wis. Stats. s. 70.11(25) relating to non-profit medical research foundations by clarifying the exemption by adding the following language:

"If the foundation operates at more than one location, the exemption of this subsection shall only apply to one central facility where data is received, aggregated and analyzed."

and

WHEREAS, the amendment of state statutes, as proposed by the City of Mosinee and supported by the City of Wausau, would resolve the existing claim faced by the City of Eau Claire and all local taxing authorities in the state without the need for litigation.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Eau Claire: that the City Council hereby strongly supports and requests amendment of Wis. Stats. s. 70.11(25) to clearly limit the tax exemption for nonprofit medical research foundations to one central facility where data is received, aggregated and analyzed; and

BE IT FURTHER RESOLVED that the City Clerk send copies of this resolution to area legislators, asking for their support of this proposed legislation; and

BE IT FURTHER RESOLVED that copies of this resolution be submitted to State Senator Russell S. Decker, the city clerks of Mosinee and Wausau, the county clerks for Eau Claire County and Marathon County, Chippewa Valley Technical College President William Ihlenfeldt, Eau Claire Area School District Superintendent William Klaus, the League of Wisconsin Municipalities, and other interested parties.

Adopted,

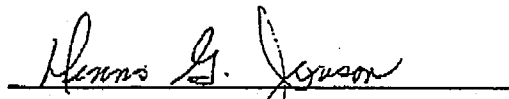
March 13, 2001

Motion to adopt the resolution.



David Fischer

Seconded by:



Dennis G. Jenson



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb1356/1

JK:.....

WLJ

ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2001 SENATE BILL 55

in 6-21-01

ADC

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 702, line 22: after that line insert:

3 "SECTION 2108d. 70.11 (25) of the statutes is amended to read:

4 70.11 (25) NONPROFIT MEDICAL RESEARCH FOUNDATIONS. Property owned and

5 operated by a corporation, voluntary association, foundation or trust, no part of the

6 net earnings of which inure to the benefit of any shareholder, member, director or

7 officer thereof, which property is used exclusively for the purposes of: medical and

8 surgical research the knowledge derived from which is applied to the cures,

9 prevention, relief and therapy of human diseases; providing instruction for

10 practicing physicians and surgeons, promoting education, training, skill and

11 investigative ability of physicians, scientists and individuals engaged in work in the

12 basic sciences which bear on medicine and surgery; or providing diagnostic facilities

1 and treatment for deserving destitute individuals not eligible for assistance from
 2 charitable or governmental institutions. Such corporation, voluntary association,
 3 foundation or trust must have received a certificate under section 501 (c) (3) of the
 4 ~~internal revenue code~~ ^{Internal Revenue Code} as a nonprofit organization exempt for income tax purposes.
 5 If a corporation, voluntary association, foundation, or trust owns and operates
 6 property, as described in this subsection, in more than one location, the exemption
 7 under this subsection applies only to the property in the one location, as certified by
 8 the department of revenue, that is the primary location for the receipt, aggregation,
 9 and analysis of research data. In this subsection, property under common ownership
 10 or control shall constitute property of a single corporation, voluntary association,
 11 foundation, or trust.”

History: 1971 c. 152, 154, 312; 1973 c. 90; 1973 c. 333 s. 201m; 1973 c. 335 s. 13; 1975 c. 39; 1975 c. 94 s. 91 (10); 1975 c. 199; 1977 c. 29 ss. 745m, 1646 (3), 1647 (5), (7); 1977 c. 83 s. 26; 1977 c. 273, 282, 391, 418, 447; 1979 c. 34 s. 2102 (39) (g); 1979 c. 221, 225; 1979 c. 310 s. 12; 1981 c. 20; 1983 a. 27 ss. 1177, 1178, 1179f; 1983 a. 189 s. 329 (16); 1983 a. 201, 327; 1985 a. 26, 29, 316, 332; 1987 a. 10, 27, 395, 399; 1987 a. 403 s. 256; 1989 a. 25, 31, 307; 1991 a. 37, 39, 269; 1993 a. 263, 307, 399, 490; 1995 a. 27 ss. 3344 to 3348m, 9126 (19); 1995 a. 201, 227, 247, 366; 1997 a. 27, 35, 134, 147, 164, 184, 237; 1999 a. 9, 32, 63, 65; 1999 a. 150 ss. 624, 672; 1999 a. 167, 185; s. 13.93 (1) (b).

12 **2.** Page 836, line 24: after that line insert:

13 “**SECTION 2205n.** 73.03 (57) of the statutes is created to read:

14 73.03 (57) To certify property that is eligible for the property tax exemption
 15 under s. 70.11 (25).”

16 **3.** Page 1405, line 16: after that line insert:

17 “(12m) NONPROFIT MEDICAL RESEARCH FOUNDATION. The treatment of sections
 18 70.11 (25) and 73.03 (57) of the statutes first applies to the property tax assessments
 19 as of January 1, 2002.”

20 (END)