

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5289/1	Introduction Number SB-1047
------------------------------------	---

Description
 the property tax exemption for nonprofit hospitals

Fiscal Effect

State:

- | | | |
|---|--|---|
| <input type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Indeterminate
<input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|---|--|---|

Local:

- | | | |
|---|--|--|
| <input type="checkbox"/> No Local Government Costs
<input checked="" type="checkbox"/> Indeterminate
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected
<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|---|--|--|

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS

Agency/Prepared By DOR/ Craig Steinfeldt (608) 266-5705	Authorized Signature Cari Redington (608) 266-2943	Date 2/27/2024
---	--	--------------------------

Fiscal Estimate Narratives

DOR 2/27/2024

LRB Number 23-5289/1	Introduction Number SB-1047	Estimate Type Original
Description the property tax exemption for nonprofit hospitals		

Assumptions Used in Arriving at Fiscal Estimate

The bill disallows a nonprofit hospital from being exempt from property taxation for a year in which the total amount of charity care provided by the hospital during the hospital's most recently completed fiscal year is less than the total amount of property taxes that would have been levied against the hospital's property. Current law generally exempts nonprofit hospital real property that is devoted to the diagnosis, treatment or care of the sick, injured, or disabled.

The fiscal estimate is indeterminate as the value of exempt property is not available whether it includes the entire parcel or part of the parcel. Under current law, each even number year, the owners of exempt property are required to provide an estimate of fair market value within a number of value ranges beginning with "\$1.00-\$10,000 and ending with "OVER \$100 million." Based on the 2022 tax exempt reporting data, the department estimated the exempt value of nonprofit hospitals at \$3.43 billion. Using the cities statewide net tax rate of \$18.07 mills for 2022-23, the property tax exemption could have saved nonprofit hospitals \$61.63 million in property tax payments. According to the FY 2022 Uncompensated Health Care Report, produced by the Wisconsin Hospital Association (WHA), charity care for Wisconsin hospitals totaled \$582.59 million. In the report, the WHA defined charity care as health care a hospital provides to a patient who is determined by the hospital to be unable to pay all or a portion of the hospital's normal billed charges.

The department does not have any administrative costs.

Long-Range Fiscal Implications