SUPREME COURT OF WISCONSIN

Milwaukee Regional Medical Center, Inc. v. City of Wauwatosa

735 N.W.2d 156 (Wis. 2007) · No. 2005AP1160 · Decided July 17, 2007

SUMMARY

The Wisconsin Supreme Court reviewed whether leased land and a day care facility were exempt from property taxation under Wis. Stat. § 70.11(2) or § 70.11(4). The court held that Milwaukee Regional Medical Center, rather than Milwaukee County, was the beneficial owner of the property and that MRMC was not an educational association, affirming the court of appeals.

CASE DETAILS

COURT	Supreme Court of Wisconsin
WRITING FOR THE COURT	David T. Prosser, J.
JURISDICTION	Wisconsin
DECIDED	July 17, 2007
DOCKET	2005AP1160
DISPOSITION	affirmed
PROCEDURAL POSTURE	Review of a published court of appeals decision reversing a Milwaukee County Circuit Court summary judgment that property leased by Milwaukee Regional Medical Center from Milwaukee County was exempt from property taxation.
STANDARD OF REVIEW	Interpretation and application of tax-exemption statutes present questions of law reviewed without deference to the circuit court. The party claiming an exemption bears the burden of proof, and exemptions are strictly construed with a presumption of taxation.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	City of Wauwatosa v. Milwaukee Regional Medical Center, Inc.

TOPICS

property tax · tax exempt organizations · municipal law · statutory interpretation · tax refunds

PRACTICE AREAS

property tax · municipal law · tax exemption · statutory interpretation · real estate

QUESTIONS PRESENTED

1. Whether MRMC or Milwaukee County was the beneficial owner of the leased land and day-care facility for purposes of the municipal-property exemption under Wis. Stat. § 70.11(2).
2. Whether MRMC qualified as an educational association and the property qualified for exemption under Wis. Stat. § 70.11(4).

HOLDINGS

1. Under the totality of the circumstances, MRMC, rather than Milwaukee County, was the beneficial owner of the leased land and day-care facility during the tax years at issue; therefore, the property was not exempt from taxation under Wis. Stat. § 70.11(2).
2. MRMC was not an educational association because it was not substantially and primarily devoted to educational purposes; consequently, the property was not exempt under Wis. Stat. § 70.11(4).
3. The beneficial-ownership determination applies to the circumstances existing during the tax years at issue and does not preclude a later reassessment if significant changes alter the totality of the circumstances.

KEY QUOTATIONS

> *"To determine whether MRMC or the County is the beneficial owner, we look at the totality of the facts and circumstances surrounding the case."* (164)

> *"We affirm the court of appeals and hold that MRMC is not exempt from property tax under Wis. Stat. § 70.11(2) or (4)."* (178)

FACTUAL BACKGROUND

Milwaukee County leased approximately 1.75 acres to MRMC for 50 years so that MRMC could construct and operate a day-care facility. MRMC built the facility at its own expense, retained title to it during the lease, paid nominal rent for the first 30 years, controlled daily operations, and bore maintenance, insurance, and debt-service obligations. Milwaukee County retained title to the land, approval and inspection rights, restrictions on use and transfer, and the right to obtain title to the facility when the lease ended. The City assessed property taxes for 2001 through 2003 after previously treating the property as exempt.

PROCEDURAL HISTORY

The City of Wauwatosa assessed property taxes for 2001 through 2003 on leased land and a day-care facility operated by Milwaukee Regional Medical Center. MRMC paid the taxes under protest, sought a refund, and filed suit after the City disallowed its claim. The circuit court granted MRMC summary judgment under Wis. Stat. § 70.11(2), while concluding that the property was not exempt under § 70.11(4). The court of appeals reversed the § 70.11(2) ruling and affirmed the § 70.11(4) conclusion. The Wisconsin Supreme Court affirmed the court of appeals and remanded for further proceedings.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The case was remanded to the Milwaukee County Circuit Court for further proceedings consistent with the Supreme Court's holding that MRMC was not exempt from property taxation under either Wis. Stat. § 70.11(2) or § 70.11(4).

CASES CITED

- Milwaukee Reg'l Med. Ctr., Inc. v. City of Wauwatosa, 2006 WI App 139, 295 Wis. 2d 211, 720 N.W.2d 161
- St. Elizabeth Hosp., Inc. v. City of Appleton, 141 Wis. 2d 787, 416 N.W.2d 620 (Ct. App. 1987)
- Trustees of Indiana University v. Town of Rhine, 170 Wis. 2d 293, 488 N.W.2d 128 (Ct. App. 1992)
- City of Franklin v. Crystal Ridge, Inc., 180 Wis. 2d 561, 509 N.W.2d 730 (1994)
- State ex rel. Wisconsin University Building Corp. v. Bareis, 257 Wis. 497, 44 N.W.2d 259 (1950)
- Mitchell Aero, Inc. v. City of Milwaukee, 42 Wis. 2d 656, 168 N.W.2d 183 (1969)
- Gebhardt v. City of West Allis, 89 Wis. 2d 103, 278 N.W.2d 465 (1979)
- National Foundation of Health, Welfare & Pension Plans, Inc. v. City of Brookfield, 65 Wis. 2d 263, 222 N.W.2d 608 (1974)
- Janesville Community Day Care Center, Inc. v. Spoden, 126 Wis. 2d 231, 376 N.W.2d 78 (Ct. App. 1985)
- Engineers & Scientists of Milwaukee, Inc. v. City of Milwaukee, 38 Wis. 2d 550, 157 N.W.2d 572 (1968)

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