

FILED
07-17-2024
Clerk of Circuit Court
Eau Claire County, WI
2024CV000374
Honorable Beverly
Wickstrom
Branch 6

STATE OF WISCONSIN
EAU CLAIRE COUNTY

CIRCUIT COURT

MARSHFIELD CLINIC, INC.,
a Wisconsin non-stock corporation,
1000 N. Oak Avenue
Marshfield, WI 54449,

MCHS HOSPITALS, INC.,
a Wisconsin non-stock corporation,
1000 N. Oak Avenue
Marshfield, WI 54449,

Plaintiffs,

vs.

CITY OF EAU CLAIRE,
a Wisconsin municipal corporation,
203 S. Farwell Street
Eau Claire, WI 54701,

Defendant.

Case No.

Classification: 30301 –
Money Judgment

For Official Use:

SUMMONS

THE STATE OF WISCONSIN, To each person named above as a defendant:

You are hereby notified that the plaintiffs named above have filed a lawsuit or other legal action against you. The Complaint, which is attached, states the nature and basis of the legal action.

Within twenty (20) days of receiving this Summons, you must respond with a written answer, as that term is used in Chapter 802 of the Wisconsin Statutes, to the Complaint. The Court may reject or disregard an answer that does not follow the requirements of the statutes. The answer must be sent or delivered to the Court, whose address is Eau Claire County Courthouse, 721 Oxford Avenue, Suite 2220, Eau Claire, Wisconsin, 54703, and to Joseph A. Pickart, Anthony Anzelmo and Amy Ambro of Husch Blackwell LLP, Plaintiffs’ attorneys,

whose address is 511 North Broadway, Suite 1100, Milwaukee, Wisconsin, 53202. You may have an attorney help or represent you.

If you do not provide a proper answer within twenty (20) days, the Court may grant judgment against you for the award of money or other legal action requested in the Complaint, and you may lose your right to object to anything that is or may be incorrect in the Complaint. A judgment may be enforced as provided by law. A judgment awarding money may become a lien against any real estate you own now or in the future, and may also be enforced by garnishment or seizure of property.

Dated this 17th day of July, 2024.

HUSCH BLACKWELL LLP
Attorneys for Plaintiffs
Marshfield Clinic, Inc.
and MCHS Hospitals, Inc.

Electronically signed

By: /s/ Anthony J. Anzelmo

Anthony J. Anzelmo
State Bar No. 1059455
Amy Ambro
State Bar No. 1116822

P.O. ADDRESS:

511 North Broadway, Suite 1100
Milwaukee, Wisconsin 53202
414-273-2100
414-223-5000 (fax)
anthony.anzelmo@huschblackwell.com
amy.ambro@huschblackwell.com

FILED
07-17-2024
Clerk of Circuit Court
Eau Claire County, WI
2024CV000374
Honorable Beverly
Wickstrom
Branch 6

STATE OF WISCONSIN
EAU CLAIRE COUNTY

CIRCUIT COURT

MARSHFIELD CLINIC, INC.,
a Wisconsin non-stock corporation,
1000 N. Oak Avenue
Marshfield, WI 54449,

MCHS HOSPITALS, INC.,
a Wisconsin non-stock corporation,
1000 N. Oak Avenue
Marshfield, WI 54449,

Plaintiffs,

vs.

CITY OF EAU CLAIRE,
a Wisconsin municipal corporation,
203 S. Farwell Street
Eau Claire, WI 54701,

Defendant.

Case No.

Classification: 30301 –
Money Judgment

For Official Use:

COMPLAINT

Plaintiffs, Marshfield Clinic, Inc. (“Marshfield”) and MCHS Hospitals, Inc. (“MCHS”), by and through their attorneys, Husch Blackwell LLP, state and allege their Complaint against Defendant, City of Eau Claire (the “City”) as follows:

INTRODUCTION

1. This is an action filed pursuant to Wis. Stat. § 74.35 to recover that amount of the general property tax imposed upon and paid by Marshfield and MCHS for the 2023 tax year because the City’s January 1, 2023 assessments were unlawful.

PARTIES

2. Marshfield Clinic, Inc., is a Wisconsin non-stock corporation, with its principal place of business located at 1000 N. Oak Avenue, Marshfield, Wisconsin 54449.

3. MCHS Hospitals, Inc., is a Wisconsin non-stock corporation, with its principal place of business located at 1000 N. Oak Avenue, Marshfield, Wisconsin 54449.

4. The City is a Wisconsin municipal corporation with its principal place of business located at 203 S. Farwell Street, Eau Claire, Wisconsin 54701.

VENUE AND JURISDICTION

5. This Court has jurisdiction over the subject matter of this dispute pursuant to Article VII, Section 8 of the Wisconsin Constitution, which provides for subject matter jurisdiction over all civil matters within this state.

6. The City is subject to this Court's jurisdiction pursuant to Wis. Stat. § 801.05, including – *inter alia* – subparts (1) and (6).

7. Venue is proper in Eau Claire County pursuant to Wis. Stat. § 801.50(2)(a) and (b) because it is the county where the claims arose and where the subject properties are situated.

8. Marshfield's and MCHS's complaints are being filed together for tax year 2023 pursuant to Wis. Stat. § 803.04 because they arise from a common series of transactions and have common issues of fact and law.

FACTS

9. At all relevant times, Marshfield owned the properties located in the City at 2102 Craig Road identified by the City as PIN 1822122709300039010; 2116 Craig Road identified by the City as PIN 1822122709300030005; 2235 Craig Road identified by the City as PIN 1822122709300020002; and 1128 Oakridge Drive identified by the City as PIN 1822122709300029003 (collectively the "Marshfield Properties").

10. At all relevant times, MCHS owned the property located in the City at 1202 W. Clairemont Avenue identified by the City as PIN 1822122709300030003 (the "MCHS Property").

11. Marshfield and MCHS are both exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

12. At all relevant times, Marshfield and MCHS used the Marshfield and MCHS Properties for exempt purposes, including as a benevolent facility licensed pursuant to Wis. Stat. Chapter 50 as a hospital of 10 beds or more devoted primarily to the diagnosis, treatment, or care of the sick, injured, or disabled. Such use affords exemption under Wis. Stat. § 70.11 as further detailed herein.

13. In order to be recognized as a hospital by the State of Wisconsin, the federal government (for purposes of obtaining provider-based Medicare reimbursements rates) and the Joint Commission (the chosen independent accrediting and certification agency), Marshfield and MCHS continuously comply with rigorous obligations.

14. The Properties have been recognized, certified, and licensed under Chapter 50 of the Wisconsin Statutes, and/or accredited as a hospital by the State of Wisconsin, Centers for Medicare and Medicaid Services, and/or the Joint Commission.

15. Conversely, the City has concluded the Marshfield and MCHS Properties do not constitute an exempt benevolent organization or hospital under Wis. Stat. § 70.11(4)(a) and/or (4m) and has assessed the Marshfield and MCHS Properties accordingly.

THE ASSESSMENTS

Marshfield's 2023 Assessments

16. For the tax year 2023, the City assessed the Marshfield Properties collectively at \$37,680,200, consisting of \$3,842,400 for land and \$33,837,800 for improvements thereon (the "2023 Marshfield Assessments"), on the basis that the Marshfield Properties were not exempt under Wis. Stat. § 70.11.

17. Marshfield's use of the Marshfield Properties was exempt from property taxes under Wis. Stat. § 70.11(4)(a) and/or (4m). Thus, the 2023 Marshfield Assessments unlawfully included \$37,680,200 collectively of property which qualified for exemption pursuant to Wis. Stat. § 70.11 ("Marshfield Unlawful Assessments").

18. In December 2023, the City issued property tax bills based on the 2023 Marshfield Assessments, which alleged a collective total property tax due of \$690,542.87.

19. Marshfield is timely paying the tax alleged to be due for the 2023 tax year.

20. By letters dated January 19, 2024, Marshfield served refund claims to recover unlawful taxes paid as a result of the Marshfield Unlawful Assessments ("Marshfield Refund Claims"), in a collective amount of not less than \$690,542.87, plus interest as provided by law.

21. The Marshfield Refund Claims were deemed automatically disallowed by the City.

22. Pursuant to Wis. Stat. § 74.35(3)(d), Marshfield timely commences the action relating to the 2023 tax year within 90 days after the Marshfield Refund Claims were disallowed.

23. Marshfield has not contested the 2023 Marshfield Assessments of the Marshfield Properties under Wis. Stat. §§ 74.33 or 806.04.

MCHS's 2023 Assessment

24. For the tax year 2023, the City assessed the MCHS Property at \$24,142,000, consisting of \$936,000 for land and \$23,206,000 for improvements thereon (the "2023 MCHS Assessment"), on the basis that the MCHS Property was not exempt under Wis. Stat. § 70.11.

25. MCHS's use of the MCHS Properties was exempt from property taxes under Wis. Stat. § 70.11(4)(a) and/or (4m). Thus, the 2023 MCHS Assessment unlawfully included \$24,142,000 of property which qualified for exemption pursuant to Wis. Stat. § 70.11 ("MCHS Unlawful Assessment").

26. In December 2023, the City issued a property tax bill based on the 2023 MCHS Assessment, which alleged a total property tax due of \$442,525.15.

27. MCHS is timely paying the tax alleged to be due for the 2023 tax year.

28. By letter dated January 19, 2024, MCHS served a refund claim to recover unlawful taxes paid as a result of the MCHS Unlawful Assessment (“MCHS Refund Claim”), in an amount of not less than \$442,525.15, plus interest as provided by law.

29. The MCHS Refund Claim was automatically disallowed by the City.

30. Pursuant to Wis. Stat. § 74.35(3)(d), MCHS timely commences the action relating to the 2023 tax year within 90 days after the MCHS Refund Claim was disallowed as a matter of law.

31. MCHS has not contested the 2023 MCHS Assessment of the MCHS Property under Wis. Stat. §§ 74.33 or 806.04.

CLAIMS FOR RELIEF

Unlawful Assessment – Marshfield’s 2023 Assessments

32. All of the foregoing paragraphs are incorporated as if fully re-alleged.

33. The 2023 Marshfield Assessments resulted in unlawful assessments of the Marshfield Properties, as defined in Wis. Stat. § 74.35, because the City’s 2023 Marshfield Assessments included exempt real property.

34. Marshfield is aggrieved by the imposition of general property tax based on the Marshfield Unlawful Assessments by the City and is, therefore, entitled to a refund under Wis. Stat. § 74.35 of the unlawful taxes it paid to the City for the 2023 tax year, together with interest as provided by Wis. Stat. § 74.35(4).

Unlawful Assessment – MCHS’s 2023 Assessment

35. All of the foregoing paragraphs are incorporated as if fully re-alleged.

36. The 2023 MCHS Assessment resulted in an unlawful assessment of the MCHS Property, as defined in Wis. Stat. § 74.35, because the City’s 2023 MCHS Assessment included exempt real property.

37. MCHS is aggrieved by the imposition of general property tax based on the MCHS Unlawful Assessment by the City and is, therefore, entitled to a refund under Wis. Stat. § 74.35 of the unlawful tax it paid to the City for the 2023 tax year, together with interest as provided by Wis. Stat. § 74.35(4).

WHEREFORE, Marshfield and MCHS respectfully request that this Court:

A. Declare, Find and/or Order the 2023 Marshfield and MCHS Assessments to be unlawful;

B. Declare, Find and/or Order that Marshfield and MCHS paid more than their fair share of taxes due to the assessment of exempt property in 2023;

C. Declare, Find and/or Order that Marshfield and MCHS are entitled to a refund of the unlawful taxes assessed by the City pursuant to Wis. Stat. § 74.35, together with interest pursuant to Wis. Stat. § 74.35(4);

D. Enter a judgment in favor of Marshfield and MCHS and against the City in the amount of (i) not less than \$690,542.87 for Marshfield and \$442,525.15 for MCHS as taxes paid on the amount of the unlawful assessments; (ii) interest on the unlawful taxes paid pursuant to Wis. Stat. § 74.35(4); and (iii) costs and attorneys’ fees allowed by law; and

E. Grant any and all other relief that the Court deems just and equitable under the circumstances.

Dated this 17th day of July, 2024.

HUSCH BLACKWELL LLP
Attorneys for Plaintiffs
Marshfield Clinic, Inc.
and MCHS Hospitals, Inc.

Electronically signed

By: /s/ Anthony J. Anzelmo

Anthony J. Anzelmo

State Bar No. 1059455

Amy Ambro

State Bar No. 1116822

P.O. ADDRESS:

511 North Broadway, Suite 1100

Milwaukee, Wisconsin 53202

414-273-2100

414-223-5000 (fax)

anthony.anzelmo@huschblackwell.com

amy.ambro@huschblackwell.com

HB: 4895-2356-1662.1