

Hospital merger means tax revenue loss

St. Joseph's was major tax source

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PARKERSBURG — According to Wood County Assessor Rich Shaffer when St. Joseph's Hospital is sold to the West Virginia United Health System it will become a tax-exempt entity, reducing tax revenue to the county, city, state and Wood County schools by a total of about \$817,456.

Officials with Camden-Clark Memorial Hospital and St. Joseph's Hospital Thursday announced their intention to join the West Virginia United Health System. Tom Jones, chief executive officer of United Health System, announced the intended purchase of St. Joseph's while simultaneously affiliating with Camden-Clark Memorial Hospital. Officials said the process is expected to be completed in four to six months.

"There will be no impact next year because as of July 1 they were a taxable entity. If they get everything worked out for the sale prior to July 1, 2011, that will exempt them for fiscal year 2012," Shaffer said, giving officials with the affected entities time to make adjustments for their 2012-2013 fiscal year budgets. "Hopefully there will be some additional business brought in through the cooperative merger and that could lessen the impact," Shaffer noted.

Columbia-St Joseph is the second highest real estate taxpayer and the fourth highest in personal property in Wood County, according to the assessor.

"The taxes for this year are \$585,163 for real estate not associated with the Physicians' Office Building, which is leased for private practice and will remain taxable," Shaffer said. "In addition, personal property taxable this year is \$272,343. This personal

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property will also become exempt. The prediction is this merger will attract other business and create a destination medical facility. When expansion of services and facilities take place, the increase in additional taxable properties will compensate for any loss in taxable revenue," Shaffer said.

Shaffer said Friday he's already talked with commission President Blair Couch and alerted Wood County Schools officials to the numbers.

"It is a substantial amount of money, and there has been some concern expressed. We need to look at the big picture, there are other opportunities. St.

Joseph's was formerly owned by the Sisters of St. Joseph and was at that time tax exempt, then they became a taxable entity, now they are going back to being tax exempt, things change. We have to deal with that. We have to be well-informed and take the big picture approach," Couch said. "This sale will affect a lot of people. Our hope is the good things they talked about by combining will come about and we've got some time to address any concerns," Couch said.

Parkersburg Mayor Bob Newell said city officials will be addressing the issue soon.

"We had a pretty good



idea of what we were looking at, but not a specific figure," Newell said. According to Shaffer the city is looking at a tax revenue loss of about \$146,954.

"We're also looking at a loss of business and occupation tax revenue which will happen as soon as the merger is approved. It's in the area of \$1 million a year. Of course, city council is aware it's an issue. We were already facing a \$1 million deficit because of the economy this year. It's something city council was going to start discussing soon. It's an issue. We will adjust, we have time to plan, but the business and occupation tax revenue loss is an immedi-

ate shortfall because non-profits are not responsible for B&O taxes. Council has been looking at different revenue sources through the Revenue Enhancement Committee which will be meeting on the 29th and they have been looking at this issue. Some decisions will have to be made pretty quickly," Newell said.

"This merger is a good thing for the community and for health care, local governments will have to adjust their budgets accordingly. We'll step up and do the right thing," the mayor said.

The projected tax losses are \$2,939 for the state; \$154,478 for Wood County; Wood County Schools regular levy loss will be \$228,073; Wood Co Schools excess levy will lose \$215,846; Wood County Schools bond levy revenue that will be lost, \$44,321; Parkersburg regular levy, \$146,954; Transit Authority excess levy revenue loss will be \$64,895.