

**Martha  
Jefferson Hospital**

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MAY 31 2005

County of Albemarle  
County Executive's Office

May 23, 2005

Board of Supervisors  
401 McIntire Road  
Charlottesville, VA 22902

Dear Board Members,

On behalf of Martha Jefferson Hospital, I am requesting exemption from property taxes for several Albemarle County based properties owned by Martha Jefferson Health Services. This request is made under the provisions of Virginia Code §58.1-3651 which allows for tax exemption for properties "owned by a nonprofit organization that uses such property for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes." Martha Jefferson Health Services basis its request for exemption on the grounds that its services are both charitable and benevolent.

Property tax exemption is sought for the following three properties:

- 1646 Park Ridge Drive, parcel number 056E0-00-00-00100, is used by Martha Jefferson Medical Services for its Crozet Family Medicine office.
- 3263 Proffit Road, parcel number 032A0-02-00-001A0, is occupied by both Martha Jefferson Hospital medical services and by physician practices which are owned by Martha Jefferson Health Services. Of the 20,000 square feet, Martha Jefferson offices occupy 13,200 (66%) square feet. The remaining 6,800 (34%) square feet is rented to private physicians. Martha Jefferson understands that the rented 6,800 square feet is taxable.
- Land parcel number 07800-00-00-020M0 at Peter Jefferson Place. Martha Jefferson is currently developing plans for the relocation of the Martha Jefferson Hospital campus to this parcel of land.
- Parcel number 07800-00-00-031I0 where the Martha Jefferson Outpatient Care Center is located. Of the 93,834 gross square feet, Martha Jefferson Hospital services occupy 86,109 (92%) square feet. The remaining 7,725 (8%) square feet will be occupied by an outsourced café and leased office space

Following are the seven considerations of Virginia Code §58.1-3651 and Martha Jefferson Health Service's responses:

1. Whether the organization is exempt from taxation pursuant to §501(c) of the Internal Revenue Code of 1954;

Martha Jefferson Health Services Corporation and several of its entities are exempt from taxation pursuant to 501(c) of the Internal Revenue Code as they are 501(c)(3) not-for-profit organizations. Following are the Tax ID numbers that are relevant to this request::

Entity	Tax ID
Martha Jefferson Health Services Corporation	54-1401355
Martha Jefferson Hospital	54-0261840

2. Whether a current annual alcoholic beverage license for serving alcoholic beverages has been issued by the Virginia Alcoholic Beverage Control board to such organization, for use on such property;

Martha Jefferson Hospital and Foundation do not have alcoholic beverage licenses.

3. Whether any director, officer, or employee of the organization is paid compensation in excess of a reasonable allowance for salaries or other compensation for personal services which such director, officer, or employee actually renders;

All board members of Martha Jefferson Health Services Corporation and its entities are volunteers and are not paid for their service to the organization. Compensation paid to executive staff is reviewed and approved annually by the Board of Directors assuring consistency with industry standards.

4. Whether any part of the net earnings of such organization inures to the benefit of any individual, and whether any significant portion of the service provided by such organization is generated by funds received from donations, contributions, or local, state or federal grants. As used in this subsection, donations shall include the providing of personal services or the contribution of in-kind or other material services;

The net earnings of Martha Jefferson Hospital are retained for future use of the organization in the provision of medical care to the community. Net earnings are not used to inure any individual. The Martha Jefferson Foundation regularly solicits and receives financial contributions to be used for the continued development and provision of health care services. Gifts have been used to development services which might otherwise be unaffordable by the hospital and to support the provision of health care services to the underserved and uninsured in the community.

5. Whether the organization provides services for the common good of the public;

Martha Jefferson Hospital provides services for the common good of the public in a number of ways. MJH provided \$10,518,000 of medical services to the community in

FY 2004 through charity care, uninsured care, unpaid cost of Medicaid, community health benefits, other uncompensated care and unpaid cost of Medicare. This care helped over 4,500 individuals receive free or reduced medical care.

The first property listed among those for which property tax exemption is sought houses the Martha Jefferson Crozet Family Medicine Practice (parcel number 056E0-00-00-00100). This practice of four physicians provides services to all persons including the uninsured and Medicaid patients. In the 2004 fiscal year, this practice provided charity care services valued at \$13,051.

The Forest Lakes Family Medicine Practice in the Martha Jefferson building on parcel number 032A0-02-00-001A0 has three physicians who provided charity care valued at \$58,645 in the 2004 fiscal year. Also at this property are radiology and lab services that provide care for free or at reduced charges to qualifying persons.

Martha Jefferson Hospital leads multiple free efforts to improve the healthcare of the community and partners with other local organizations in improving the health status of the community. This efforts and partnerships are described in the attached *Community Benefits Annual Report*.

6. Whether a substantial part of the activities of the organization involves carrying on propaganda, or otherwise attempting to influence legislation and whether the organization participates in, or intervenes in, any political campaign on behalf of any candidate for public office;

The Martha Jefferson Health Services Corporation and its entities do not get involved in political campaigns nor do they attempt to influence legislation.

7. The revenue impact to the locality and its taxpayers of exempting the property;

In 2004, Martha Jefferson Hospital and Foundation paid \$260,147 in property taxes for the properties associated with this request. A granting of the requested exemption would result in a continued property tax payment of \$18,000 per year for the taxable uses of space in the associated properties. This loss of revenue will be more than off-set by increases in revenue from other professional businesses locating to Albemarle County (see response to consideration #8).

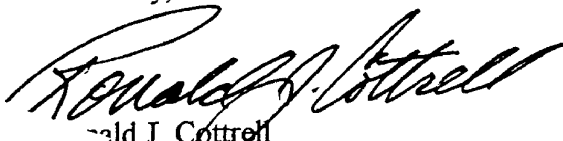
8. Any other criteria, facts and circumstances that the governing body deems pertinent to the adoption of such resolution.

Martha Jefferson Hospital's pending move to Peter Jefferson Place in Albemarle County (parcel number 07800-00-00-020M0) is already having a positive impact on the revenue of Albemarle County. Since Martha Jefferson Hospital announced the purchase of the Peter Jefferson Place property in 2000, several physician practices have moved to Albemarle County to be closer to the new hospital campus. Vacant space in Peter Jefferson Place buildings have been occupied by physician practices as have several other

office buildings in the Pantops area. Other office buildings are under construction or are being planned with the intent of serving the medical community wishing to be close to the new Martha Jefferson Hospital campus. Albemarle County has already benefited from the increased tax base resulting from the relocation of these professional services that have little to no negative environmental impact on the county. Growth in this tax base will continue up to the relocation of the Martha Jefferson Hospital campus and beyond.

Thank you for your consideration of this request. We at Martha Jefferson Hospital look forward to continuing our mutually beneficial relationship with Albemarle County. If you have questions, please call me at 982-7303.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald J. Cottrell". The signature is fluid and cursive, with a large initial "R" and "C".

Ronald J. Cottrell  
President, Planning and Corporate Development

enclosure