

**RESOLUTION
ROCK COUNTY BOARD OF SUPERVISORS**

County Board Staff Committee
INITIATED BY



Wisconsin Counties Association
DRAFTED BY

County Board Staff Committee
SUBMITTED BY

February 22, 2017
DATE DRAFTED

Supporting Efforts to Close Commercial Property Assessment Loopholes

1 **WHEREAS**, homeowners in Wisconsin already pay 70% of the total statewide property tax levy; and

2
3 **WHEREAS**, the disproportionate burden is about to get much worse unless the Legislature addresses
4 tax avoidance strategies that national chains like Walgreens, and big box establishments like Target
5 and Lowe’s are using across the country to gain dramatic reductions in their property tax bills at the
6 expense of homeowners and other taxpayers; and

7
8 **WHEREAS**, a carefully-orchestrated wave of hundreds of lawsuits in Wisconsin is forcing assessors
9 to slash the market value of thriving national retail stores, shifting their tax burden to local mom and
10 pop shops and homeowners; and

11
12 **WHEREAS**, Walgreens and CVS stores in Wisconsin have argued in communities across the state
13 that the assessed value of their property for property tax purposes should be less than half of their
14 actual sale prices on the open market; and

15
16 **WHEREAS**, in many cases the courts have sided with Walgreens and CVS, requiring communities to
17 refund tax revenue back to the stores; and

18
19 **WHEREAS**, there are over 200 Walgreens stores located in Wisconsin; and

20
21 **WHEREAS**, Target, Lowes, Meijer, Menards and other big box chains are using what is known as the
22 “Dark Store Theory” to argue that the assessed value of a new store in a thriving location should be
23 based on comparing their buildings to sales of vacant stores in abandoned locations for a different
24 market segment; and

25
26 **WHEREAS**, the Indiana Legislature has on two occasions in the last two years overwhelmingly passed
27 legislation prohibiting assessors from valuing new big box stores the same as nearby abandoned stores
28 from a different market segment; and

29
30 **WHEREAS**, the Michigan State House overwhelmingly passed similar legislation in May of 2016.

31
32 **NOW, THEREFORE, BE IT RESOLVED** that the Rock County Board of Supervisors duly assembled
33 this 9th day of March, 2017, does hereby urge the Governor and State Legislature to
34 protect homeowners and main street businesses from having even more of the property tax burden
35 shifted to them by passing legislation clarifying that:

- 36
37 1. Leases are appropriately factored into the valuation of leased properties; and
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39 2. When using the comparable sale method of valuation, assessors shall consider as
40 comparable only those sales within the same market segment exhibiting a similar highest
41 and best use rather than similarly sized but vacant properties in abandoned locations.

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Respectfully submitted:

FINANCE COMMITTEE

Absent
Mary Mawhinney, Chair

Sandra Kraft
Sandra Kraft, Vice Chair

Mary Beaver
Mary Beaver

Absent
Brent Fox

J. Russell Podzilni
J. Russell Podzilni

COUNTY BOARD STAFF COMMITTEE

J. Russell Podzilni
J. Russell Podzilni, Chair

Sandra Kraft
Sandra Kraft, Vice Chair

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Eva Arnold

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Henry Brill

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Betty Jo Bussie

Absent
Mary Mawhinney

Louis S. Peer
Louis Peer

Alan Sweeney
Alan Sweeney

Terry Thomas
Terry Thomas

FISCAL NOTE:

This resolution urges the Governor and State Legislature to close commercial property assessment loopholes and has no direct fiscal impact on Rock County operations in and by itself.

Sherry Oja

Sherry Oja
Finance Director

LEGAL NOTE:

Advisory only.

Jeffrey S. Kuglitsch
Jeffrey S. Kuglitsch
Corporation Counsel

ADMINISTRATIVE NOTE:

The impact of this approach to property assessment is largely the redistribution of property tax payments from certain businesses to homeowners and other businesses. The amount of the County's portion of taxes refunded to these businesses is added by the State to the County's levy limit in a subsequent year, essentially eliminating the direct impact on the County's budget.

Josh Smith
Josh Smith
County Administrator