

RESOLUTION NO. 2018-104

RESOLUTION BY THE GOVERNMENT SERVICES COMMITTEE IN SUPPORT OF STATE LEGISLATION ADDRESSING TAX AVOIDANCE STRATEGIES USED BY LARGE RETAILERS THAT DISPROPORTIONATELY BURDEN HOMEOWNERS, MANUFACTURERS, AND SMALL BUSINESS OWNERS

To the Honorable Members of the Racine County Board of Supervisors:

WHEREAS, generally, non-manufacturing property tax assessment is determined by a local assessor using statewide assessment practices prescribed by the Department of Revenue (DOR) and based on a property's market value, followed by aggregate review and "equalization" at the state level; and

WHEREAS, the Wisconsin Legislative Council recognizes that Wisconsin courts have grappled with questions relating to the extent to which a lease affects a property's market value, if any, and in what circumstances vacant properties should be used as points of comparison for commercial properties; and

WHEREAS, large retail operations commonly use a commercial property valuation theory known as the "Dark Store Method" to generate property tax reductions by contesting assessments on the basis that the assessed value of a new store in an economically successful location should reflect the market price sales comparisons from unoccupied retail establishments; and

WHEREAS, the use of unoccupied retail establishments as comparable sites by large retailers when contesting yearly property tax assessments prompts difficult questions for consideration yet also results in less revenue for local municipalities, which, in turn, forces local municipalities to shift the property tax burden to its citizens and/or make cuts in local services; and

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

WHEREAS, with increasing numbers of property tax challenges, that disproportionate burden may worsen unless the Legislature addresses and brings uniformity to property tax assessment practices; and

WHEREAS, lack of clarity on this complex issue puts municipalities in the unenviable position of choosing whether to settle with large retailers challenging property tax valuations or enduring costly litigation, while maintaining an environment that fosters economic growth and investment from the business community; and

WHEREAS, the power to determine the appropriate methodology for valuing property for taxation purposes lies with the Legislature;

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**NOW, THEREFORE, BE IT RESOLVED** that the Racine County Board of Supervisors joins those interested parties from various perspectives that have advocated a need for general clarification and uniformity in the appropriate methodology for valuing property in a way that simultaneously accounts for the unique real property needs of large retailers and reduces the volume of costly litigation for all parties, while also addressing the burden property tax avoidance strategies commonly employed by large retailers disproportionately place on homeowners, manufacturers, and small business owners; and

**BE IT FURTHER RESOLVED** that the Racine County Board of Supervisors expresses its support for legislation that appropriately factors leases into the valuation of properties and, when using the sales comparison method of valuation, principally relies on those sales most comparable to the subject property and that exhibit a similar highest and best use, rather than unoccupied retail establishments; and

**BE IT FURTHER RESOLVED** that the County Clerk is hereby directed to transmit a copy of this Resolution to the Governor, Racine County's Legislative Representatives, and the Wisconsin Counties Association.

Respectfully submitted,

**GOVERNMENT SERVICES COMMITTEE**

1st Reading 12-4-18  
2nd Reading 12-18-18  
BOARD ACTION  
Adopted yes  
For \_\_\_\_\_  
Against \_\_\_\_\_  
Absent \_\_\_\_\_

Janet Bernberg  
Janet Bernberg, Chairman

Thomas Roanhouse  
Thomas Roanhouse, Vice-Chairman

Melissa Kaprelian-Becker  
Melissa Kaprelian-Becker, Secretary

VOTE REQUIRED: Majority

ABSTAIN  
John A. Wisch

Scott Maier  
Scott Maier

Tom Kramer  
Tom Kramer

Eric C. Hillery  
Eric C. Hillery

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4 **The foregoing legislation adopted by the County Board of Supervisors of**  
5 **Racine County, Wisconsin, is hereby:**

6 **Approved:** X

7 **Vetoed:** \_\_\_\_\_

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9 **Date:** 12/18/18

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12 **Jonathan Delagrave, County Executive**