

RESOLUTION IN SUPPORT OF THE LCO vs EVERS DECISION

WHEREAS, In August of 2022 the Federal Court of Appeals in LCO v Evers ruled that lands owned by tribal members on reservation are not taxable, regardless of the chain of custody. This decision settled a decades long claim that tribal members were not subject to property tax on reservation lands; and,

WHEREAS, this decision overturned a long-standing practice of Tribal Land taxation as established by the Wisconsin Department of Revenue. This has had significant tax implications for the Counties with these tribal lands for the five years before the 2022 decision. Going forward it will create structural taxation challenges for local governments; and,

WHEREAS, the LCO V. Evers Tribal Taxation decision is not a town, school district or county issue. Rather it is an issue created by state and federal governments; and,

WHEREAS, the Court of Appeals held the 1854 treaty between the Chippewa Indians of Lake Superior and the Federal Government guaranteed reservation lands to tribal members in exchange for millions of acres of land in Northern Wisconsin. The court held that taxes conflicted with the treaty as originally agreed; and,

WHEREAS, as a result of the decision by the Court of Appeals, both the Federal and State Governments wholly reversed their position on the taxability of tribal lands. The State and Federal Government should now take ownership of the difficult position they have placed the counties, towns, schools, and technical colleges in; and,

WHEREAS, by state law, counties guarantee annual taxes to taxing entities (towns, cities, schools, counties, and technical colleges) regardless of payment by property owners. This is known as the settlement process. When taxes are not paid, counties make taxing entities whole. This ensures sufficient operational funds for the coming year for these entities. These out-of-pocket county payments are recouped after the tax delinquent property is sold by the County. The LCO v. Evers decision prohibits the county from taking ownership, meaning no tax sale, leaving counties unreimbursed for settlements. Of the five Wisconsin counties impacted by the decision, \$3.6 million was paid to taxing entities by counties between 2015 and 2022. The counties of Ashland, Bayfield, Iron, Sawyer and Vilas will not be reimbursed for these payments as a result of the decision. Counties are bearing the financial consequences of enforcing a tax policy created by the State that was found to be illegal. The State should be responsible for the policy created and enforced on municipalities and counties to follow.

WHEREAS, Tribal properties removed from the tax roll because of this decision substantially impacts the local tax base. In Bayfield County this represents approximately 25% reduction in total valuation in the Town of Russell, and in Ashland County the Town of Sanborn, an approximate 80% reduction. This means local government operational costs will be spread over a smaller tax base and a reduced number of property owners. The impact will be increases in local mill rates; and,

47 **WHEREAS**, Across the five counties the reduction in tax collections due to the court decision is
48 anticipated to be over \$900,000 annually or approximately \$1.8 million over the next two years.
49 This amount is expected to increase as additional parcels are removed from the tax roll; and,
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51 **WHEREAS**, Communities, schools, roads, and other infrastructure were planned and built based on
52 the financial viability and stability of the established tax structure. The recent court decision has
53 changed the situation dramatically for communities with Indian reservations. The Federal
54 Government currently pays local governments payments in lieu of taxes for Federal Forest
55 lands/parks. We request the Federal Government do the same for properties no longer subject to
56 tax but still in need of tax-funded assistance; and,
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58 **WHEREAS**, the Sawyer County Board of Supervisors, assembled this 15th day of June 2023 respects
59 the decision of the Federal Court on this long-standing tribal taxation argument. In accordance with
60 the court decision and direction from the Wisconsin Department of Revenue, Sawyer County
61 promptly acted implementing the court's action in 2022; and,
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63 **WHEREAS**, that Sawyer County understands that this is a major change impacting the lives of those
64 living on the Lac Courte Oreilles reservation in many ways. Sawyer County is committed to
65 understanding and listening to the interests of all parties on this matter. The County also
66 understands this is a complex issue impacting Tribal members, the LCO Tribe, non-tribal members
67 on the reservation, the Towns of Hayward and Bass Lake, and taxing entities; and,
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69 **WHEREAS**, that the County urges patience and respect and commits to hearing out all those
70 impacted.
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72 **NOW THEREFORE MAY IT BE RESOLVED**, Sawyer County asks of the Wisconsin Counties Association
73 to assist with legislation providing:
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- 75 1. That the State of Wisconsin reimburse counties for un-recoupable settlement payments
76 (\$3.6 million) made in accordance with state law, between 2015 and November 2022.
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- 78 2. That the State of Wisconsin makes aid payments over the next two years equal to the tax on
79 the valuation lost as a result of the decision in the amount of \$1.8 million, until a permanent
80 solution can be developed.
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83 Recommended for adoption by the Sawyer County Board of Supervisors at its meeting on June 15,
84 2023, by this Sawyer County Administrative Committee June 8, 2023.

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87 Tweed Shuman, Chair

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87 Ron Buckholtz, Vice Chair


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90 Ron Kinsley, Member


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90 Dale Schleeter, Member

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93 Tom Duffy, Member

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95 This Resolution is hereby adopted by the Sawyer County Board of Supervisors this 15th day of June,
96 2023.

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99 Tweed Shuman, Chair, Sawyer County Board of Supervisors


Lynn Fitch, County Clerk

