

2018 RES-505

URGING LEGISLATIVE ACTION TO CLOSE THE DARK STORES TAX LOOPHOLE

Sixty percent or more of voters approved a ballot measure in 23 counties, cities and villages last fall saying lawmakers should close the dark store loophole. In Dane County, almost 91 percent of voters supported closure of this commercial tax loophole.

'Dark store' refers to the practice of commercial taxpayers appealing their property tax assessments and, in many cases, owing less in taxes as a result. Commercial properties that are considered vacant, or dark, when they are assessed for tax value are said to use the "dark store" approach, where vacant building is assessed less for property taxes than one occupied by a business. Closing the loophole would effectively prevent valuation of ongoing commercial retail properties from being valued as though such properties were vacant.

Allowing the loophole allows an inequitable tax shift from commercial real estate to residential properties with the burden of taxes is shifted to local homeowners in the community. Residential properties made up about 68 percent of the approximately \$11 billion in gross property taxes paid in 2017 while commercial properties paid around 22 percent, according to Wisconsin Department of Revenue data.

Local governments in Wisconsin are limited in how much property taxes they can collect annually and how much they can depend on the property tax to pay for services like police, fire and road maintenance.

Last year two bills that would have closed the dark store loophole failed in the state Legislature despite bipartisan support.

NOW, THEREFORE, BE IT RESOLVED that the Dane County Board of Supervisors, based upon the overwhelming results of the November 6, 2018 "Dark Stores" advisory referendum, urges the Wisconsin State Legislature and Governor Evers to adopt legislation to close the Dark Stores loophole.

BE IT FINALLY RESOLVED that a copy of this resolution will be forwarded to the Dane County legislative delegation, Governor Tony Evers, and Department of Revenue Secretary Peter Barca, as well as to the Wisconsin Counties Association for inclusion in their legislative agenda.