

October 22, 2018

News release

FOR IMMEDIATE RELEASE

Contact: Jennie Tunkieicz
262-653-2831

**Local, state officials urge ‘yes’ vote in Nov. 6 referendum
on Dark Stores property tax loophole**

Local officials and state lawmakers from the Kenosha area gathered today to urge support for a nonbinding, countywide referendum on the Nov. 6 election ballot that calls upon the Legislature to close a loophole that allows large retailers to skirt property taxes.

Through what is called the “dark stores” loophole, major retailers and entities that own big-box store properties have successfully challenged municipalities to base their tax assessments not on comparable businesses, but rather on the assessments of shuttered stores that are no longer operating.

In so doing, the property tax burden is shifted further onto homeowners, who shoulder an increasingly large share of the property taxes paid across Wisconsin, Kenosha County Executive Jim Kreuser noted.

“This is all about leveling the playing field for homeowners,” Kreuser said. “We’re not saying we don’t want retail development. We want tax fairness.”

Kreuser and the other officials addressed the media today near the Somers Walmart store, which is an example of the dark store loophole in action. While it is a relatively new, thriving store, the old, long-vacant Walmart store on 52nd Street in Kenosha is what retailers consider a comparable property, for assessment purposes.

Kenosha County and the City of Kenosha are among the several units of local government across the state that have scheduled referendums on this issue. This comes as the Wisconsin Legislature has not taken action on a pair of bills with bipartisan support, which would close the loophole.

Local Reps. Peter Barca, D-Kenosha, Tod Ohnstad, D-Kenosha, and Samantha Kerkman, R-Salem Lakes, as well as Sen. Robert Wirsch, D-Somers, are among the more than 80 co-sponsors of AB 386/SB 292, which was never brought to a vote during the current legislative session.

That bill addresses the dark store loophole. A second bill, AB 387/SB 291, specifically addresses another concern – known as the “Walgreens Loophole” – through which owners of chain drugstore properties have received lower assessments through court decisions affirming that values should be determined based on hypothetical “market rents,” rather than the actual, higher rents being paid.

If the Legislature does not take action, property taxes will go up, Wirch cautioned.

“The best way to fight it is to vote ‘yes’ on the resolution on the ballot and lobby Madison leaders after the election, so they take care of this bill and hold property taxes down,” Wirch said.

Barca said the dark store loophole amounts to a property tax shift that will hurt homeowners and small businesses.

“Unquestionably for those people of modest means, their taxes are definitely going to go up if this is not addressed,” Barca said. “And to shift that burden from big-box stores to senior citizens, people of modest means, is just absolutely irresponsible. And that’s something we cannot continue to have.”

Said Ohnstad: “I don’t mind paying my taxes, but I don’t want to pay the taxes of Walgreens; I don’t want to pay the taxes of Walmart.”

Barring action to close the loophole, assessors in Kenosha County anticipate homeowners’ property taxes will increase next year by 17 percent in the Village of Pleasant Prairie, 9 percent in the City of Kenosha and 8 percent in the Village of Somers.

This comes as residential taxpayers’ share of the state’s overall property tax pie has increased to 67 percent, according to the League of Wisconsin Municipalities. In 1970, it was a near 50-50 split between homeowners and businesses.

“We’re seeing a massive shift from retail to the residential homeowners, and that has to stop,” said Kenosha Mayor John Antaramian. “One of the things that we’re looking to do today is to educate people that the dark-store legislation is imperative for all of us, and that we need to make sure that the state moves forward in dealing with this problem.”

Pleasant Prairie Village President John Steinbrink noted an estimate that village homeowners will see a property tax increase of nearly \$893, if the loophole is not closed.

“This is a serious issue,” Steinbrink said. “It needs to be addressed now. And if we don’t act now, that’s what the future is going to be.”

The countywide referendum question in Kenosha County reads:

“Should the State Legislature enact proposed legislation that closes the dark store loopholes, which currently allow commercial retail properties to significantly reduce the assessed valuation and property tax of such properties, resulting in a substantial shift in taxes levied against other tax paying entities, such as residential homeowners, and/or cuts in essential services provided by an affected municipality?”

In the City of Kenosha, a similar question appears in addition to the countywide referendum, asking:

“Should the State Legislature protect residential property taxpayers by preventing commercial and manufacturing property owners from using tax loopholes that shift an ever-increasing tax

burden to homeowners who already pay 68% of the statewide property tax levy by enacting legislation that: 1) prohibits using closed, vacant (dark) properties as comparable properties for determining the assessed value of open, occupied, and fully operational properties; and 2) overturns the 2008 Wisconsin Supreme Court decision in Walgreens v. City of Madison, which is being interpreted by the courts as requiring municipalities to assess many leased commercial properties at a substantial discount, often 50% below the actual sale prices of such properties?”

Kreuser said he hopes a positive result in these referendums will send a message to the Legislature to take swift, complete action on closing the dark-store loophole.

“Without this bill passing in the state Legislature,” Kreuser said, “it will shift the shaft to everybody who pays property taxes, except for those who try to get through this loophole.”

###