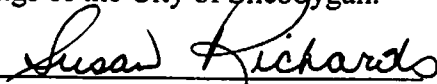


OFFICE OF THE CITY CLERK
Sheboygan, Wisconsin
CITY HALL

I hereby certify that this is a true copy of a
document from the Common Council
proceedings of the City of Sheboygan.



City Clerk

Res. No. 27 - 17 - 18. By Alderperson Bohren. June 5, 2017.

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

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

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

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

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

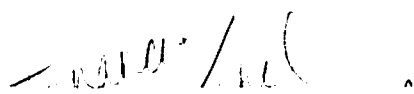
WHEREAS, there are over 200 Walgreens stores located in Wisconsin's cities and villages; and

WHEREAS, Target, Lowe's, Meijer, Menards and other big box chains are using what is known as the "Dark Store Theory" to argue that the assessed value of a new store in a thriving location should be based on comparing their buildings to sales of vacant stores in abandoned locations from a different market segment; and

WHEREAS, the City of Sheboygan has been heavily impacted by these tax avoidance strategies, losing \$556,186.10 in tax revenues just from revaluations in lawsuits filed by Walgreens and by the owner of the Memorial Mall; and

WHEREAS, it is not only the City, but the other taxing jurisdictions, including the County, School Districts, and Technical College District who lose out on such revaluations, such that the taxpayers of Sheboygan had to make up \$1,529,219.20 in tax revenue just as a result of those lawsuits; and

WHEREAS, the Republican-controlled Indiana state Legislature has on two occasions in the last two years overwhelmingly passed legislation prohibiting assessors from valuing new big box stores the same as nearby abandoned stores from a different market segment; and



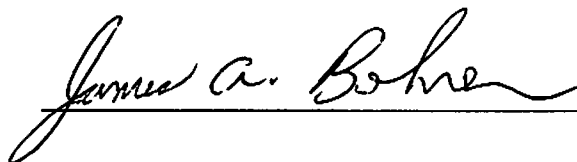
WHEREAS, the Michigan state house overwhelmingly passed similar legislation in May of 2016; and

WHEREAS, a "Dark Store Bill," (LRB 0373) has been introduced in the Wisconsin Legislature, supported by legislators from both major parties. The Legislative Reference Bureau has provided analysis of the bill that states that the bill 1) "provides that, for property tax purposes, real property includes any leases, rights, and privileges pertaining to the property, including assets that cannot be taxed separately as real property, but are inextricably intertwined with the real property"; 2) "requires real property to be assessed at its highest and best use"; 3) more precisely defines "arm's-length sales" used to determine that highest and best use and the value of lease provisions and rent; and 4) reverses the 2008 Wisconsin Supreme Court finding in *Walgreen Company v. City of Madison*, 2008 WI 80, "that a property tax assessment of leased retail property using the income approach must be based on 'market rents,' which is what a person would pay to rent the property, based on rentals of similar property, as opposed to "contract rents," which is the amount that the lessee actually paid to rent the property."

NOW, THEREFORE, BE IT RESOLVED, that the common council of the City of Sheboygan urges the Governor and the Legislature to protect homeowners and main street businesses from having even more of the property tax burden shifted to them by passing legislation clarifying that:

1. Leases are appropriately factored into the valuation of leased properties; and

2. When using the comparable sale method of valuation, assessors shall consider as comparable only those sales within the same market segment exhibiting a similar highest and best use rather than similarly sized but vacant properties in abandoned locations.



I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the 19th day of JUNE, 2017.

Dated JUNE 22, _____ 2017. Shawn S. Richards, City Clerk

Approved JUNE 22, _____ 2017. Michael Lindstrom Mayor

Published June 24, 2017.

Certified June 22, 2017 to - Mayor; Glenn Grothman

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