

Shifting the Tax Burden:

# DARK STORE LOOPHOLE

**VOTE ON AUG. 14**

Tell lawmakers what you think about this important tax issue on the Partisan Primary ballot



## Make Your Vote Count!

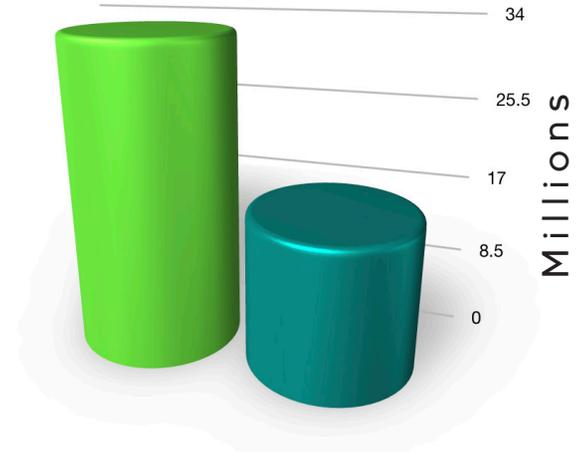
A **"YES"** vote means you are in favor of the State Legislature enacting state wide legislation to overturn the 2008 Supreme Court case, Walgreens Co. v. City of Madison and to address the "Dark Store" tax strategy, thereby requiring larger commercial ("big box") properties to pay their fair share of the accurate assessed value of the property without requiring those tax burdens to be disproportionately shifted to small local businesses and residential property owners.

A **"NO"** vote means you do not want the State Legislature to take action to overturn the 2008 Supreme Court Case, Walgreens Co. v. City of Madison and/or to address the "Dark Store" tax strategy, both of which allow larger commercial ("big box") properties to potentially achieve lower tax burdens by comparing their retail space to vacant or abandoned retail spaces from different market segments, thereby passing those tax burdens on to small local businesses and residential property owners and/or requiring cuts to municipal services.



The total value of the "Big Box" stores in West Allis is \$32.7 million. If the "Big Box" stores are approved to pay less property taxes, \$16 million in value could be shifted to other tax payers (i.e. residents) in order to make up the difference for what the "Big Box" stores are no longer required to pay.

■ Total value of Big Box Stores in West Allis  
■ Total amount that will be shifted to other tax players



[www.westalliswi.gov/darkstore](http://www.westalliswi.gov/darkstore)

## Important Dark Store Loophole Information

### WHAT IS THE DARK STORE LOOPHOLE?

The Dark Store Loophole is a tax break trick that commercial and manufacturing property owners use to save themselves from paying their fair share of property taxes.

Tax attorneys for big box stores use the Dark Store Loophole to argue that the value of a new store in a busy, popular area should be based on the value of empty stores.

### HOW IS A PROPERTY'S MARKET VALUE DETERMINED?

A property's value is usually set on an apples-to-apples basis; in other words, the assessed and taxable value of the property is based on properties similar in size and construction.

To cut their taxes, big box stores get an apples-to-rotten-apples appraisal of some of their properties, meaning that they use the Dark Store Loophole to argue that new properties have the same value as old, empty, or vacant properties. These

properties are worth less, so big box stores can pay less in local property taxes than they should be.

### WHY ARE PROPERTY TAXES IMPORTANT?

Every year property taxes are collected from homeowners, landlords, and business owners and used to provide city services like police and fire protection, snow plowing, garbage collection, recycling services, street and road repair, library services, and to support schools. Property taxes provide most of a city's budget.

### SO IF A BIG BOX STORE PAYS LESS IN PROPERTY TAXES, HOW DOES THAT IMPACT ME?

Cities prepare their annual budgets based on the amount of property taxes they expect to receive from taxpayers. If there is a shortfall in property taxes collected, cities need to find ways to make up the difference, like raising taxes or cutting services.

If a big box retailer uses the Dark Store Loophole to cut the amount they pay in property taxes, cities are forced to cut services to the entire community, or increase taxes across the board, which impacts homeowners and residents.

### WHY DO I HAVE TO PAY MORE IN TAXES IF A BIG BOX STORE PAYS LESS?

Think of a city's budget as a series of buckets. Property taxes are the biggest bucket in the budget, and all property taxes go into this bucket. Homeowners, landlords, and businesses large and small pay property taxes into this bucket. If one tax payer pays less, others must pay more to keep the bucket full and keep the budget balanced.

### IS THIS HAPPENING IN WEST ALLIS?

Yes. The City of West Allis is currently engaged in litigation on this issue.



**Vote on the Dark Store Loophole advisory referendum at the August 14 Partisan Primaries. Visit [www.westalliswi.gov/elections](http://www.westalliswi.gov/elections) for voter information.**