

Wisconsin Towns Association

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Towns Advocate for Closing “Dark Store” Tax Loophole

On Wednesday Wisconsin town officials testified in Madison to support legislation closing the “dark store” tax loophole. Big box stores use this loophole to argue their fully operational stores should have the same value as properties vacant for years, thus reducing their property tax bill. This loophole allows big box retailers to avoid their fair share of taxes and shift it to residential property and small business owners.

Gaylene Rhoden, Town of Rib Mountain Administrator, testified that big box retailers in her town used the dark store loophole to argue for a reduction of their assessed value by 25%. The companies claimed their stores were equal in value to vacant properties in Illinois.

Dave Schowalter, Town of Grand Chute Chairman, communicated that the litigation costs from lawsuits challenging big box assessments could mean reducing personnel on their police and fire departments. Meanwhile, these businesses account for a large portion of their town’s calls for service.

Mike Koles, Executive Director for the Wisconsin Towns Association stated “Wisconsin was built by small business owners. Some parties who oppose closing this loophole claim that local governments will raise taxes if these bills pass. This is completely inaccurate. Local governments have to adhere to levy limits. If the loophole remains, taxes will shift to residential property owners and small businesses and away from unfairly assessed big box stores. Failure to pass these bills penalizes hard working small business entrepreneurs that are the heart of our great state.”

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