



Legislation Details (With Text)

**File #:** 56052      **Version:** 1      **Name:** Authorizing Settlement for Tax Refund for Capitol Spring, LLC (Tax Years 2017 and 2018)

**Type:** Resolution      **Status:** Passed

**File created:** 5/28/2019      **In control:** Attorney's Office

**On agenda:** 7/2/2019      **Final action:** 7/2/2019

**Enactment date:** 7/5/2019      **Enactment #:** RES-19-00502

**Title:** Authorizing the settlement and payment of a tax refund for tax year 2017 and 2018 for Capitol Spring., LLC v. City of Madison, Dane County Circuit Court Case number 2018 CV1716. Authorizing entry into settlement agreement with Capitol Spring, LLC for tax years 2017 and 2018 for a total refund of \$94,071.73 and approving payment of approximately, \$37,127.47 from City resources to represent the City's share of the settlement.

**Sponsors:** Satya V. Rhodes-Conway

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
7/2/2019	1	COMMON COUNCIL	Adopt	Pass
6/24/2019	1	FINANCE COMMITTEE	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
6/11/2019	1	COMMON COUNCIL	Referred	
5/28/2019	1	Attorney's Office	Referred for Introduction	

**Fiscal Note**

The proposed resolution authorizes a \$94,071.73 total tax refund pursuant to a settlement agreement and approves payment of approximately \$37,127.47 from City resources to represent the City's share of the settlement. The subject property is a 75-unit, with parking, multi-family housing complex located at 1216 Spring Street in the City of Madison. The City's share of the refund will be paid through a reduction in property tax revenue budgeted in the 2019 Adopted Operating Budget.

**Title**

Authorizing the settlement and payment of a tax refund for tax year 2017 and 2018 for *Capitol Spring., LLC v. City of Madison*, Dane County Circuit Court Case number 2018 CV1716. Authorizing entry into settlement agreement with Capitol Spring, LLC for tax years 2017 and 2018 for a total refund of \$94,071.73 and approving payment of approximately, \$37,127.47 from City resources to represent the City's share of the settlement.

**Body**

**Background**

The subject property is a multi-family apartment complex located at 1216 Spring Street in the City of Madison. The subject property was built in 2010 consisting of 75 units with parking. For 2017 the City valued the property at \$16,471,000 and Capitol Spring filed an objection which was reduced by the Board of Assessors to \$14,400,000. Capitol Spring continued their objection before the Board of Review alleging the property's value was \$8,546,900 based on similar properties in close proximity. The Board of Review sustained the City's value at \$14,400,000 for tax year 2017.

For tax year 2018 the City again valued the property at \$14,400,000 and Capitol Spring objected. The Board of Assessors reduced the value to \$14,200,000 and the Board of Review sustained that value. Capitol Springs subsequently brought suit in the Dane County Circuit Court for tax year 2017 case number 2018CV1716 and have recently amended their complaint to include tax year 2018. Based on more accurate building data of the subject property including unit mix (which included a number of bedrooms without windows), market data, income and vacancy rates the City and Capitol Springs have reached a tentative settlement agreement of an assessed value of \$12,250,000 for both tax year 2017 and 2018.

## Settlement

The proposed settlement consists of a reduction of:

1. The 2017 assessment from \$14,400,000 to \$12,250,000
2. The 2018 assessment from \$14,200,000 to \$12,250,000

The proposed assessments remain equitable to other assessed values of other multi-family apartment complexes located near the subject in the downtown area taking into account the unique layout of the subject property. The proposed settlement results in an approximate refund for both tax years 2017 and 2018 for a total of \$94,071.73. The City's portion of the refund is approximately \$37,127.47. Under the proposed settlement Capitol Spring, LLC agrees to waive all interest and costs.

The City Attorney and the City Assessor recommend the approval of the proposed Settlement Agreement.

## Necessary Authorizations

This resolution

1. Approves the Settlement as outlined above.
2. Authorizes the City Attorney to sign the Settlement Agreement on behalf of the City.
3. Approves the payment in total of \$94,071.73 to settle tax years 2017 and 2018 for the subject property.

WHEREAS, Capitol Spring, LLC, pursued an action against the City of Madison for excessive assessment for its apartment complex located at 1216 Spring Street, in the City of Madison for tax years 2017 and 2018; and

WHEREAS, Capitol Spring, LLC and City of Madison have reached a proposed settlement regarding the 2017 and 2018 assessments, which settlement the Common Council finds is the best interest of the City; and

WHEREAS, The City Attorney, City Assessor and the Finance Director all recommend the approval of the settlement as described in this resolution; the City Attorney will subsequently enter into a Settlement Agreement for the following total tax refund of \$94,071.73 with no additional interest or costs.

NOW, THEREFORE BE IT RESOLVED, that the Common Council authorizes the payment of \$94,071.73 from City resources to Capitol Spring, LLC in full settlement for tax years 2017 and 2018;

BE IT FURTHER RESOLVED, that the Assessor and other City staff are authorized to file for reimbursement from other taxing jurisdictions pursuant to Wisconsin Department of Revenue procedures; and

BE IT FINALLY RESOLVED, that the City Attorney is authorized to sign the settlement agreement on behalf of the City of Madison.

