



Legislation Text

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Fiscal Note

The proposed resolution authorizes a \$57,969.33 total tax refund pursuant to a settlement agreement and approves payment of \$22,456.33 from City resources to represent the City's share of the settlement. The subject property is a hotel located at 4402 East Washington Avenue 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 2021 Adopted Operating Budget.

Title

Authorizing the settlement and payment of a tax refund for tax year 2019 for *RSS WFCM2013LC12-WI CPM, LLC vs. City of Madison*, Dane County Circuit Court Case number 2020CV001286. Authorizing entry into settlement agreement and approving payment of approximately \$57,969.33 from City resources to effectuate the settlement \$22,456.33 represents the City's approximate portion of the settlement.

Body

Background

The subject property, parcel number 0810-284-0110-7 located at 4402 East Washington Avenue, which is now the DoubleTree by Hilton at Madison East. For tax year 2019, the property was in receivership in Dane County and was sold to RSS WFCM2013LC12-WI CPM, LLC ("RSS") in March, 2019. With no other data available, the City assessed the subject property at the sale price of \$9,500,000. The City Board of Review reduced the assessment to \$9,070,000. As a result, this suit was brought in Dane County Circuit Court pursuant to Wis. Stat. § 74.37 as a claim for excessive assessment.

Subsequently, the subject property sold for \$6,500,000 in February, 2020 to Madison East DBL Lodging Investors, LLC. This sale price represents an arm's length transaction that is indicative of fair market value. The Plaintiff in this matter is the owner at the time of the assessment and prior to the 2020 sale.

Settlement

Based on the additional sale information supplied to the City for the 2020 assessment, it is appropriate therefore to reduce the 2019 assessed value to the sale of the subject \$6,500,000. The 2020 assessment is also set at the sale price of the subject property. This reduction would result in a refund of approximately \$57,969.33. The parties have reached this tentative settlement based on the recalculated assessment for tax year 2019. This resolution seeks approval of the settlement agreement with RSS along with all other approvals necessary to carry out the settlement including adjusting the City's revenues.

Under the proposed settlement, RSS would be paid a total of approximately \$57,969.33 as a refund for the 2019 tax year and in turn the parties would stipulate to the dismissal of the lawsuit. RSS will not be paid any additional interest or costs. This resolution authorizes the City Attorney to sign the Settlement Agreement on behalf of the City of Madison. The City's share of the settlement is approximately \$22,456.33.

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

Necessary Authorizations

This resolution:

- Approves the Settlement as outlined above.
- Authorizes the City Attorney to sign the Settlement Agreement on behalf of the City.
- Approves the payment in total of approximately \$57,969.33 to settle tax year 2019.

- The City's share of the settlement is approximately \$22,456.33.

WHEREAS, RSS pursued an action against the City of Madison for excessive assessment for its property located at 4402 E. Washington Ave. for tax year 2019; and,

WHEREAS, RSS and City of Madison have reached a proposed settlement regarding the 2019 assessment, which settlement the Common Council finds is in the best interest of the City; and,

WHEREAS, the City Attorney, City Assessor, and 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 approximately \$57,969.33 21 with no additional interest or costs,

NOW, THEREFORE BE IT RESOLVED, that the Common Council authorizes the payment of approximately \$57,969.33 from City resources to RSS, in full settlement for tax year 2019; and,

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 FURTHER RESOLVED, that the City Attorney is authorized to sign the settlement agreement on behalf of the City of Madison; and,

BE IT FINALLY RESOLVED, that the City's share of the settlement is approximately \$22,456.33.