

# Rolling Back Property Tax Payments:

How Wal-Mart Short-Changes Schools  
and Other Public Services by Challenging  
Its Property Tax Assessments



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# Rolling Back Property Tax Payments:

## How Wal-Mart Short-Changes Schools and other Public Services by Challenging Its Property Tax Assessments

by

Philip Mattera, Karla Walter,  
Julie Farb Blain and Colleen Ruddick

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Good Jobs First  
1616 P Street NW, Suite 210  
Washington, DC 20036  
202-232-1616  
[www.goodjobsfirst.org](http://www.goodjobsfirst.org)

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# ROLLING BACK PROPERTY TAX PAYMENTS EXECUTIVE SUMMARY

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When Wal-Mart proposes to build another of its giant stores, local residents often raise concerns about increased car and truck traffic, a loss of open space, higher crime rates and other negative impacts that they argue will lower the quality of life in the neighborhood and thus depress property values. The company responds to these concerns by painting a different picture, claiming that its stores provide substantial benefits to communities.

Yet what Wal-Mart does not disclose in site fights—but is revealed for the first time in this report—is the extent to which the company later in effect concedes the point about reduced property values. Once a store has been in operation for a while, Wal-Mart frequently challenges the assessed value that local officials assign to it for tax purposes. In an effort to cut the property tax it pays to local governments—revenue that pays for public education, police and fire protection and other vital services—Wal-Mart routinely tries to belittle the value of its own facilities.

Good Jobs First discovered this behavior in a labor-intensive, nine-month investigation of Wal-Mart's property tax behavior at more than 500 stores and distribution centers around the United States. We researched local property tax records, looking at assessment appeals on both real property (buildings and land) and business

personal property (fixtures and equipment), and found what appears to be a company policy of *systematically* challenging assessments.

While we did not explore the merits of individual appeals, the high volume of these actions suggests that Wal-Mart, rather than occasionally disagreeing with particular valuations, is engaged in a large-scale effort to roll back its assessments, lower its tax payments and thereby increase its after-tax profits. Our finding that the challenges are handled at the corporate level rather than by individual store managers reinforces this conclusion.

## OUR KEY FINDINGS

- An examination of a 10 percent random sample of Wal-Mart's 2,833 Supercenters and discount stores in operation as of the beginning of 2005 finds that at least one assessment challenge has been filed at 35 percent, or more than one-third, of the stores. Applying that rate to all Wal-Mart stores, we estimate that the company has brought challenges at more than 1,000 of its retail outlets nationwide.
- An examination of *all* of Wal-Mart's giant distribution centers in operation as of the same date shows that 40 percent have had an assessment

challenge—this despite the fact that many of the warehouses had previously been granted property tax abatements (exempting them from property taxes in whole or in part as an economic development subsidy) when they were first built.

- At many locations, Wal-Mart has filed challenges in multiple years—either because it was not initially successful or because it wanted an even bigger tax reduction. We estimate that the company has filed a total of more than 2,100 appeals at its stores and distribution centers nationwide.

Our findings are consistent with Wal-Mart’s reputation for obsessive cost-cutting; they suggest that the company treats property taxes the same way it treats suppliers and workers. But in this case, entire communities are affected. For only two things can happen when large companies like Wal-Mart reduce their property tax payments: either local public services are cut back or small businesses and homeowners are asked to pay more in taxes. Usually, it is some of both.

Our numbers probably understate the true extent of Wal-Mart’s challenges to its assessments, given that they do not include all the informal initiatives taken by the company, which are often not reflected in the local government records we obtained. Our figures also exclude those appeals that were filed but later withdrawn by the company before the hearing date. Finally, our totals are limited by the fact that many local governments keep appeals records for

only a limited number of years. The earliest data we were able to obtain were usually from the mid-1990s.

As aggressive and persistent Wal-Mart is in these challenges, the company frequently loses. In fact, when it comes to Supercenters and discount stores, Wal-Mart is denied more assessment reductions than it is granted. Wal-Mart’s win rate in appeals at these stores is only 45 percent. The rate at distribution centers is higher

*“Wal-Mart pushes, pushes and pushes, but I’m not bowing down to them.”*

(64 percent), but the company still loses more than one-third of those cases. For stores and distribution centers combined, Wal-Mart’s win rate is just under 50 percent. There are no comparable statistics available on other companies or on commercial property owners in general.

Wal-Mart’s mixed record can be attributed to the worthy efforts of assessors such as those in Johnson County, Arkansas, the company’s home state. When Good Jobs First phoned and said we were calling about Wal-Mart, a county official immediately responded: “We just kicked their butt.” The company had tried to get the valuation of its distribution center in Clarksville reduced from \$33 million to \$23 million. The county refused, so Wal-Mart sued. When we contacted the county, a circuit court judge had just ruled in its favor. “Wal-Mart pushes, pushes and pushes,” a county official said, “but I’m not bowing down to them.”

Thanks to such perseverance by local officials, the total dollar value of tax

savings that Wal-Mart has achieved in its appeals has apparently been kept to a moderate level. We found that the cumulative tax savings achieved by Wal-Mart at outlets that have had successful appeals averages \$43,000 per store; at distribution centers it is \$289,000. We estimate the company's *cumulative* tax savings nationwide for all Supercenters and discount stores at about \$23 million; for all distribution centers the amount is about \$6 million. This puts Wal-Mart's total cumulative tax savings in the neighborhood of \$30 million, or roughly \$3 million a year over the last decade.

Wal-Mart does not disclose how much it pays in annual property taxes nationwide, but a few years ago a company official implied that the amount was about \$400 million. If that is still the case, the amount it is recouping through assessment appeals is approaching one percent of its total property tax bill. The amount it *seeks* through those challenges is much higher, yet the sums involved would still be tiny for a company with \$350 billion in revenues and \$11 billion in profits. The fact that Wal-Mart goes to such lengths in assessment challenges is another example of its obsession with cost cutting.

The amounts involved in the appeals are also a far cry from the hundreds of millions of dollars Wal-Mart has received in economic development subsidies, which Good Jobs First documented in our 2004 report *Shopping for Subsidies*, now updated on our website Wal-Mart Subsidy Watch ([www.walmartsubsidywatch.org](http://www.walmartsubsidywatch.org)). If local government officials were less vigilant in defending their property valuations from Wal-Mart's appeals, it is likely that the gap between the two sets of numbers would be much smaller. In some cases, the two tax

avoidance methods go together. We found 12 cases of Wal-Mart distribution centers with property tax abatements or exemptions that also filed assessment appeals.

There are significant variations in the frequency of assessment challenges from state to state. In Texas, where the challenges are called appraisal protests, Wal-Mart engages in the practice to a much greater degree than we found in other states. In our research, Texas accounts for the largest absolute number of both total appeals and total successful protests. Because of the high numbers for Texas that turned up in our random sample, we did additional research on other Wal-Mart stores in the state. As a result, we documented more than 100 other locations in the Lone Star State with protests that have brought Wal-Mart more than \$6 million in total tax savings. (These additional Texas findings are summarized separately from the random sample.)

Here are the top six states in percentage of stores in our random sample that have at least one challenge (limited to those with 5 or more stores in the sample):

- Texas 83%
- Colorado 71%
- Kansas 71%
- California 67%
- New Hampshire 60%
- Georgia 55%

The states with the most frequent appeals are not always those in which Wal-Mart has the most success. While Texas has the most appeals, the company's success rate in the state is only 43 percent, far below the 82 percent success rate in Florida, for example. In California, the state where we

found the second largest number of appeals, its success rate is even lower—25 percent.

There is no clear relationship between the frequency of Wal-Mart's challenges and the property tax rates in different states. The list above includes Texas, which is considered to have high property taxes (it has no state income tax), and California, which since Proposition 13 has had low property taxes—as well as states that are not necessarily high or low.

Although Wal-Mart's overall campaign to downsize its property tax payments has been blunted in some states, the company has enjoyed substantial gains in certain individual communities. We document more than 20 locations at which Wal-Mart has won total tax savings of more than \$100,000. For example:

- In 2004 Wal-Mart proposed that the assessment of its distribution center in Tomah, Wisconsin be lowered from \$43.6 million to \$23 million. The city resisted, but Wal-Mart kept up the pressure. This year the matter was finally settled, with the city agreeing to drop the assessment to \$31.4 million and refund the company more than \$300,000 for each of three years—a total of \$949,000.
- Wal-Mart has filed 11 separate challenges at its distribution center in the northern California city of Red Bluff. The company first appealed for the years 1994-1996 but got no change. It then appealed for the years 1997-2002 and reached agreement on changes for each year, achieving total savings of \$644,000—a substantial amount but much less than what Wal-Mart was

seeking. The company returned with appeals for 2005 and 2006 and recouped another \$150,000.

- In 2003 Wal-Mart succeeded in getting the real property assessment of its Supercenter on East Hampden Avenue in the Denver suburb of Aurora reduced from about \$22 million to \$9.6 million. This brought the company tax savings of \$456,000.

Even when local governments defeat a Wal-Mart appeal entirely, there still may be substantial costs for the community. Assessors told us of major cases in which they had to spend tens of thousands of dollars on outside lawyers, appraisers and other consultants to prepare their defense.

While we may suspect that many of Wal-Mart's assessment challenges are motivated by obsessive cost-cutting rather than a belief that a facility is being taxed unfairly, this study does not analyze the merits of the company's claims. Like all other taxpayers, Wal-Mart has a right to challenge its assessments.

Good Jobs First typically presents public policy recommendations to go along with our research findings. Doing so in this report posed a special challenge, since we did not examine the standards and procedures used by different states in handling appeals.

Nonetheless, it seems to us that local officials are doing reasonably well in defending their valuations, thereby preventing Wal-Mart from drastically reducing its tax payments. The ability of these officials, confronted with the vast resources of a company such as Wal-Mart, to prevail in more than half the cases



## ROLLING BACK PROPERTY TAX PAYMENTS

strikes us as a respectable track record. Rather than offering any changes in public policy dealing with assessment appeals, we commend those local officials who have held their ground and urge others to do the same.

To local public officials, we also say: be sure to take into account the likelihood of future assessment appeals when you consider whether to welcome Wal-Mart into your community in the first place. If you refuse to give Wal-Mart a property tax abatement up front, you may later find yourself facing a demand from the retailer for a reduced assessment. Even if you grant

Wal-Mart a partial abatement, especially for a distribution center, you could later be asked for a lower assessment as well.

To Wal-Mart, we say: cease your assault on property taxes. If you are serious about being a responsible corporate “citizen” and you really care about the communities in which you operate, you should forget about assessment challenges and pay your tax bills in full without complaint. You can easily afford to do so, and the amounts involved mean a lot more to those communities than to your enormous bottom line.

### COMPREHENSIVE TALLY OF WAL-MART ASSESSMENT APPEAL FINDINGS

***Random sample of Supercenters and discount stores, with results extrapolated to all stores in those categories:***

Number of locations (out of 2,833) with at least one appeal .....	1,000
Share of stores with any appeal .....	35.3%
Number of locations with at least one successful appeal .....	550
Total number of appeals .....	2,060
Total number of successful appeals .....	880
Success rate (excluding pending appeals) .....	46.8%
Average tax savings among stores with successful appeals.....	\$43,000 (calculated excluding stores where information on savings was not available)
Total cumulative tax savings .....	\$23 million
Approximate annual tax savings.....	\$2.3 million

***Distribution centers (actual, not extrapolated):***

Number of centers (out of 78) with at least one appeal .....	31
Share of centers with any appeal .....	39.7%
Number of centers with at least one successful appeal .....	20
Total number of appeals .....	65
Total number of successful appeals .....	41
Success rate (excluding pending appeals) .....	64.1%
Average tax savings among distribution centers with successful appeals.....	\$289,000
Total cumulative tax savings .....	\$5.8 million
Approximate annual tax savings.....	\$600,000

***National estimates for stores and distribution centers combined:***

Number of locations with at least one appeal .....	1,031
Locations with an appeal as a portion of all locations .....	36.3%
Number of locations with at least one successful appeal .....	570
Total number of appeals .....	2,125
Total number of successful appeals .....	921
Success rate (excluding pending appeals) .....	49.8%
Total cumulative tax savings .....	\$28.8 million
Approximate annual tax savings.....	\$3 million

**Note:** Details on the facilities researched to obtain the results above can be found on the Good Jobs First website at [www.goodjobsfirst.org](http://www.goodjobsfirst.org). The Appendix below contains a complete list of all the facilities in these samples where appeals occurred plus additional appeal locations obtained through our

supplementary work on Texas and through searches of news archives and court dockets.

The information in the Appendix below is also available in searchable form on our website Wal-Mart Subsidy Watch ([www.walmartsubsidywatch.org](http://www.walmartsubsidywatch.org)).

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# INTRODUCTION: WAL-MART AND PROPERTY VALUES

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When a big-box retailer such as Wal-Mart announces plans to build a new store, one of the major concerns invariably raised is the impact on property values. Nearby homeowners worry that the arrival of a giant store and the changes that may accompany it—increased car and truck traffic, loss of open space, light and noise pollution, higher crime, etc.—will lower the quality of life in the neighborhood and therefore make their residences worth less. At the same time, owners of commercial property rented to local merchants whose survival may be threatened by Wal-Mart worry that the value of their land and buildings will sink.

In the past year alone, the risk to property values has been raised as an issue in site fights against Wal-Marts in places such as Florence, Kentucky; Knightdale, North Carolina; Greer, South Carolina; Wichita, Kansas; Berlin, New Jersey; Austin, Texas; and Miramar, Florida. Florence resident Brian Carroll told the *Cincinnati Enquirer*: “It’s fine to go shopping there, but who wants to live next to a Wal-Mart?”<sup>1</sup>

Wal-Mart and its supporters in a given community work hard to counteract arguments about sinking property values. Rather than arguing explicitly that their stores have a positive impact on values, Wal-Mart’s own spokespeople tend to emphasize other purported benefits to the

community, such as increased sales tax revenues. Yet the company’s boosters sometimes take on the issue of property values directly. A March 2006 press release issued by the front group Working Families for Wal-Mart quoted former Greeley, Colorado city council member Ken Crumb as saying: “In the city of Greeley, I’ve witnessed the positive impact Wal-Mart has on a community. Bringing Wal-Mart to our city revitalized an urban area of our community and raised property values of adjacent homes.”<sup>2</sup>

Given the absence of conclusive research on the subject—and the fact that in any given place many other factors besides the presence of a Wal-Mart can affect local property values—this debate is bound to continue.<sup>3</sup> But there is more to the issue than the amount that Wal-Mart’s neighbors can expect to reap when they sell their real estate. The ups and downs of property values have a direct effect on the general well-being of a community, since they affect how much local governments are able to collect in property taxes and thus have available to pay for services such as education and public safety.

Throughout the United States, local governments are heavily dependent on revenues they obtain from taxes levied on the value of land and buildings, both residential and commercial.<sup>4</sup> According to

the most recent national data from the U.S. Census Bureau, property taxes account for 46 percent of local government revenue, apart from federal and state funding.<sup>5</sup> This revenue source is especially important for public schools, which get 44 percent of their funding from local sources, and two-thirds of that amount comes from property taxes.<sup>6</sup> In some states, local property taxes provide more than half of school funding.

While property taxes are vital to local governments, they are not always adequate to fund public services. One reason is that for the past 30 years—ever since the Proposition 13 tax revolt in California—anti-tax groups have agitated for limits on the amount that governments can collect in property levies. The absolute amount of property tax revenue rises each year—in 2006 the total was \$376 billion<sup>7</sup>—but as a share of national income in recent years it has been lower than in the 1970s or 1990s.<sup>8</sup>

While tax protesters have stressed the burden on residential property, corporations have in some cases been the largest beneficiaries of reform. For example, the decision by the Florida legislature to cut all property tax bills by about 7 percent this year will save the average homeowner less than \$200, while the average commercial property bill will drop by \$941.<sup>9</sup>

In addition to riding the coattails of the tax revolt, corporations have their own ways of avoiding local taxes, and Wal-Mart is a leading practitioner. As Good Jobs First showed in our 2004 report *Shopping for Subsidies* and in the creation of our website Wal-Mart Subsidy Watch (which updates the data from the 2004 study), Wal-Mart

has been a frequent beneficiary of what are commonly known as “incentives” from state and local governments, receiving in excess of \$1.2 billion.<sup>10</sup> These take various forms, but some of the most significant are property tax abatements and tax-increment financing (which diverts property taxes), both of which decrease the revenue available to local governments to pay for education and other services.

In the current report, we look at the other major way the giant retailer tries to reduce its contribution to the property tax base of the communities in which it operates: by appealing the value put on its real estate by local officials.

#### DEFINING TERMS: HOW PROPERTY TAXES ARE ADMINISTERED

Originally applied to wealth of all kinds, the property tax has shrunk into a tax on the value of real estate and, in some jurisdictions, on fixtures, equipment and vehicles (known as *personal property* even when owned by a business).

Unlike the income tax, in which the taxpayer calculates how much is owed, real property tax amounts are determined by public officials. Since the tax is based on value (hence its other name, *ad valorem* tax), a local government official known as an assessor must estimate what each piece of property is worth. That amount is multiplied by an *assessment ratio* (100 percent or less) to determine the *taxable value*, which in turn is multiplied by the *tax rate* (or *millage rate*) to determine the amount owed.<sup>11</sup> Assuming a constant tax rate, a higher assessment means a bigger tax bill. Some jurisdictions update assessments every year, while others do it less frequently.

Assessors use a variety of methods to determine market value. The main ones are:

- *The Sales Comparison Approach*, which involves looking at the amount that similar properties have sold for in recent transactions;
- *The Cost Approach*, which involves looking at what it would cost to construct a similar property; and
- *The Income Approach*, which involves looking at how much income the property can generate from tenants.

Although assessors are usually diligent in applying these methods to reach a reasonable valuation, the process contains a certain degree of subjectivity. Taxpayers therefore are given the right to challenge the assessments made on their property. This usually begins with an informal discussion with the assessor's office, but unresolved cases can be brought before special assessment review bodies and even the courts. For homeowners, appeals are usually simple proceedings. They make their case and accept the result. Big-business taxpayers have much more at stake and have the resources to mount more elaborate challenges. They frequently hire expensive lawyers and consultants to argue the matter, which—as seen in some of Wal-Mart's cases discussed below—can turn into protracted legal battles.

Unlike subsidy deals, which often become matters of public debate and receive news coverage, most business property assessment appeals have a low profile. The issues are usually technical in nature, and assessment review bodies are obscure entities. Yet the outcome of these

proceedings can have a significant impact on local government finances.

Given the vast size of Wal-Mart's U.S. operations, we were unable to examine the use of appeals at all its facilities. Yet, as described below, we undertook the labor-intensive process of contacting hundreds of local officials responsible for preparing assessments of a significant portion of the company's properties. What we found strongly suggests that Wal-Mart approaches assessment appeals—as with most things—in a centralized, systematic way. The company apparently sees assessment appeals as another way to improve its bottom line. That may be gratifying to shareholders, but it is another example of how the colossal company pursues policies detrimental to the fiscal health of the communities in which it operates.

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# I. INVESTIGATING WAL-MART'S USE OF ASSESSMENT APPEALS

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As with economic development subsidies, there is no central source of information on property tax assessment appeals at the national level. Nor are there such sources at the state level, with the exception of Arizona.<sup>12</sup> While a substantial number of localities now make assessment data available in electronic form on the Internet or via commercial services, we found only a handful of localities that distribute information on assessment *appeals* the same way. Therefore, finding out about appeals generally requires contacting the local body—usually at the county level but sometimes the city, town or township—that prepares the assessment.

Given this reality and the fact that Wal-Mart has more than 4,000 retail outlets in the United States, it was not possible to research appeals at every location. To make the task more manageable, we decided to focus our research, first, on a random sample of 10 percent of the company's stores (limited to discount stores and Supercenters) that were open as of the beginning of 2005. We also researched every one of the Wal-Mart distribution centers that were in operation as of the same date. We eliminated newer stores and distribution centers on the assumption that appeals were not likely to be considered until a facility had been operating for a couple of years.<sup>13</sup>

In addition to these facilities, we researched an additional group of properties. We noticed a high frequency of appeals at the company's stores and distribution centers in Texas, the state that accounts for the largest number of Wal-Mart establishments. We dug deeper in the Lone Star State, focusing on those counties with the largest number of Wal-Mart stores. This research revealed more than 100 additional stores at which challenges had occurred (see Chapter IV for details). Our national estimates, however, are based only on an extrapolation from the random sample of stores as well as the comprehensive survey of distribution centers.

Wherever we identified an appeal, we obtained information on whether Wal-Mart was successful in its effort—either through an informal appeal, an administrative proceeding or a court case. In those instances in which the company got its assessment reduced, we found out the amount of the reduction. Then, with the assistance of local officials, we calculated how much the lowered values reduced Wal-Mart's property tax bill for the year in question. See the following sections for details on the results for each of our samples.

Because of the large number of appeals we were examining, we could not consider the merits of individual cases. Our subject here is not the arcane field of commercial property valuation; our goal is to determine whether Wal-Mart appeals its assessments in wholesale fashion.

It is also beyond the scope of this report to analyze the fiscal impact of Wal-Mart's property tax avoidance on local governments. Yet we have no doubt that there are many communities that have struggled to pay for education and other essential public services in part because of Wal-Mart's behavior.

### THE MANY WAYS WAL-MART ENGAGES IN STATE AND LOCAL TAX AVOIDANCE

During the past year, Wal-Mart has been the target of much criticism over reports that the company uses a real estate gimmick to avoid paying millions of dollars in state corporate income taxes. The controversy erupted in February 2007, when the *Wall Street Journal* published a front-page story revealing that the giant retailer was putting many of its stores under the ownership of a real estate investment trust (REIT) controlled by the company.<sup>14</sup> The stores would pay rent to the captive REIT and deduct those payments as a business expense. This trick, essentially paying rent to itself, reduces the company's taxable income and thus lowers the amount it pays to state governments. An April 2007 report by Citizens for Tax Justice estimated that Wal-Mart had thereby avoided some \$2.3 billion in state income tax payments between 1999 and 2005.<sup>15</sup> Numerous state legislatures have been taking action to try to close this loophole.

*Rolling Back Property Tax Payments* deals with a different kind of tax avoidance: the company's use of real estate assessment appeals to reduce the amount of taxes it pays to local, rather than state, governments. Both of these initiatives by the company—along with its widespread use of economic development subsidies that often reduce its property, income, and sales tax payments—are examples of how Wal-Mart seeks to minimize its contribution to the costs of running state and local governments.

Incidentally, in looking at the assessment records of hundreds of Wal-Mart facilities, we saw numerous cases in which legal ownership has been switched to an entity that appears to be a captive REIT.

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## II. SUPERCENTERS AND DISCOUNT STORES: A RANDOM SAMPLE

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At the core of our research is an examination of a random sample of the company's discount stores and Supercenters. We began with a list of all of Wal-Mart's stores in operation as of early 2007, numbering just over 4,000. We eliminated the Neighborhood Markets (the small-scale retail outlets that make up a minor portion of Wal-Mart's operations) as well as the Sam's Club warehouse-type stores. We also eliminated all discount stores and Supercenters that had opened since the beginning of 2005.

This left us with a total of 2,833 stores. We arranged the list in random order and then chose every tenth store, giving us a sample size of 283 stores (101 discount stores and 182 Supercenters) whose geographic distribution closely mirrors that of Wal-Mart stores as a whole. The sample covers 43 states. The remaining states (Alaska, Delaware, Montana, North Dakota, Rhode Island, South Dakota and Vermont) had so few discount stores or Supercenters at the beginning of 2005 that they were eliminated when we derived our random sample. There are no Wal-Marts in the District of Columbia.

The state with the most stores in the sample is Texas, with 23, reflecting the fact that Texas has, by far, the most Wal-Mart stores overall. The other states with the

most stores in the sample are Florida (17), California (12), Ohio (12), Oklahoma (12), Georgia (11), Illinois (11), North Carolina (11) and Tennessee (10). A list of locations in the sample—and our findings for each—can be found on the Good Jobs First website at [www.goodjobsfirst.org](http://www.goodjobsfirst.org).

For every store in the sample, we contacted local officials to determine if there had been any assessment appeals filed in connection with the outlet since it opened, or at least as far back as the agency could easily check. We asked about challenges covering real property (land and buildings) as well as business personal property (equipment, fixtures, furnishings and certain vehicles) in those states that tax the latter.

We found one or more appeals at 100 of the stores in the sample, or 35 percent. The large majority of these appeals involved real property, found at 94 locations. Eight locations have appeals on both real and business personal property, while 6 locations have appeals only on business personal property.

The low number of appeals on business personal property is not surprising, given that many states allow companies to provide their own assessments, thus precluding appeals. In Florida, where county appraisers are responsible for



valuing business personal property, Wal-Mart conducted a crusade to change the way those assessments are calculated. Over a period of five years, it filed lawsuits against 17 counties and took the matter all the way to the state supreme court. In 2002 the high court unanimously ruled against Wal-Mart, putting a crimp in the company’s tax reduction campaign in the Sunshine State.<sup>16</sup>

At numerous locations, Wal-Mart has appealed more than once, so there is a grand total of 206 different appeals, of which 174 deal with real property and 32 with business personal property. The appeals, in both categories, are about evenly split between Supercenters and discount stores.

These numbers probably understate the true extent of Wal-Mart’s challenges to its assessments, given that they do not include all the informal initiatives taken by the company, which are often not reflected in the local government records that we obtained. They also exclude those appeals that were filed but later withdrawn by the company before the hearing date.

The following summarizes the overall frequency of appeals among the 283 sampled stores:

- Stores with at least one appeal on real property only: 86
- Stores with at least one appeal on business personal property only: 6
- Stores with appeals on both real and business personal property: 8
- Stores with at least one appeal on real or business personal property: 100

- Stores with an appeal as a share of total stores in sample: 35.3%

The following summarizes the total number of appeals:

- Total appeals on real property: 174
- Total appeals on business personal property: 32
- Total appeals of either type: 206

Looked at geographically, the frequency of appeals is greatest in a handful of states, led by Texas, Colorado and Kansas. The states with the highest percentage of stores with appeals in the 10-percent random sample (among those with at least 5 stores in the sample) are:

- Texas 83%
- Colorado 71%
- Kansas 71%
- California 67%
- New Hampshire 60%
- Georgia 55%

There is no clear relationship between the frequency of Wal-Mart’s challenges and the property tax rates in different states. The list above includes Texas, which is considered to have high property taxes (it has no state income tax), and California, which since Proposition 13 has had low property taxes—as well as states that are not necessarily high or low.

The states with the largest absolute number of *real property* appeals are:

- Texas 36
- California 25
- Ohio 13
- Colorado 9

- Kansas 8
- Arizona 7
- Georgia 7
- Illinois 7

Stores in only 6 states have appeals on business personal property:

- California 10
- Florida 9
- Texas 9
- Ohio 2
- Georgia 1
- Michigan 1

Combining both types of appeals, the states with the largest totals are:

- Texas 45
- California 35
- Ohio 15
- Florida 11
- Colorado 9
- Georgia 8
- Kansas 8
- Arizona 7
- Illinois 7

In some cases, Wal-Mart has sought huge reductions in assessments. For example, at a discount store in Apple Valley, California (San Bernardino County), Wal-Mart has been seeking to cut the valuation by more than more than 60 percent—from \$7.6 million to \$3 million. The matter is pending.

We also found stores where multiple appeals have been filed over the years—the most being 12 appeals (6 on real property and 6 on business personal property) at a discount store in Oceanside, California. Discount stores in Duarte, California and Streetsboro, Ohio each had

7 different appeals. Three locations— a discount store in El Cajon, California; a discount store in Yucca Valley, California; and a Supercenter in San Antonio, Texas (Bandera Road)—each had half a dozen.

SUCCESS RATES IN APPEALS

While Wal-Mart files a substantial number of appeals, it is far from uniformly successful. In fact, Wal-Mart loses more appeals than it wins. The following is a summary of its success rate for appeals as a whole:

- Total number of appeals filed: 206
- Total number pending: 11
- Total number resolved: 195
- Total number of successes: 88
- Success rate in resolved cases: 45.1%

Wal-Mart’s success rate on real property appeals (46 percent) is a bit higher than the success rate on business personal property appeals (42 percent). Since there are no available statistics on other companies or on commercial property owners in general, it is not possible to make comparisons.

Wal-Mart has prevailed in appeals at stores in 23 different states in our sample, but its success rate varies significantly. Here are the states with the largest number of successful appeals and the success rate in each:

STATE	NUMBER OF SUCCESSFUL APPEALS	SUCCESS RATE
TEXAS	18	43%
FLORIDA	9	82%
OHIO	9	75%
CALIFORNIA	8	25%
COLORADO	6	67%

### TAX SAVINGS FROM APPEALS

Wal-Mart's objective in filing assessment appeals is, of course, to shrink its property tax bills. In each case where we documented a successful appeal, we calculated how much the reduced assessment lowered the tax on the property for the year in question.

Given the substantial effort that Wal-Mart apparently puts into these appeals, we were surprised at the relatively small amounts—sometimes only a few thousand dollars—that it saved in many of the cases we examined. This appears to reflect the fact that, even when Wal-Mart wins an appeal, it is often awarded a reduction in the assessment that is far less than what it sought. The same goes for the many instances in which it settles a case before going through a formal administrative or court process.

On the other hand, we found a few individual appeals that yielded savings of hundreds of thousands of dollars each. For example:

- A successful appeal of the 2003 assessment on real property at its Supercenter on East Hampden Avenue in the Denver suburb of Aurora saved Wal-Mart \$456,000.
- In 2004 Wal-Mart saved \$253,000 from a challenge to the real property assessment at its Supercenter in the town of Bad Axe in eastern Michigan; it appealed again in 2006 and recouped another \$80,000.

The Aurora case is the largest tax savings found at a single store in our random sample (see the next chapter for data on

distribution centers). After the total of \$333,000 at Bad Axe, the other largest total savings are \$160,000 at a Supercenter in Claremont, New Hampshire and \$132,000 at a discount store in Auburn Hills, Michigan. The amounts for personal property appeals are considerably lower, the largest being the \$38,000 recouped at a Supercenter on US Highway 77 in Corpus Christi, Texas.

Overall, the average tax savings among those stores where we found a successful appeal is \$43,000 (excluding 2 stores where we were told that a successful appeal had occurred but the data needed to calculate savings were not available).

The states where we found Wal-Mart's largest total tax savings from appeals on real property and/or business personal property for stores are:

• Colorado	\$556,351
• Michigan	\$465,503
• Texas	\$354,316
• New Hampshire	\$171,608
• Pennsylvania	\$107,774

The total tax savings found for the entire sample are as follows:

- Savings from real property appeals: \$2,131,238
- Savings from business personal property appeals: \$133,694
- Savings from both types of appeals combined: \$2,264,932

These are not the total costs to local government. Win or lose, communities sometimes incur substantial procedural expenses while defending their valuations.

Assessors told us of major cases in which they had to spend large sums on outside lawyers, appraisers and other technical consultants to prepare their defense.

EXTRAPOLATING FROM THE SAMPLE

Since the stores we researched are a random sample representing 10 percent of all of Wal-Mart's discount stores and Supercenters (as of the beginning of 2005), we can multiply our results by a factor of ten to provide national estimates:

- Estimated total number of stores with appeals: 1,000

- Estimated total number of appeals: 2,060
- Estimated total number of successful appeals: 880
- Estimated cumulative dollar value of tax savings from successful appeals: \$23 million

Given that our data mainly cover the past decade, we estimate the company's *annual* tax savings at its stores at about \$2.3 million.

DOUBLE DIPPING

As noted above, assessment appeals are not the only way Wal-Mart cuts its property tax payments. Some of its stores receive subsidy packages that include property tax abatements or exemptions. Amazingly, at a few of these stores, Wal-Mart has also filed assessment appeals.

Perhaps the most egregious case is a discount store in Streetsboro, Ohio, where the company received about

\$490,000 in real and personal property tax abatements through the state's enterprise zone program after the outlet opened in 1996. Wal-Mart then filed 7 appeals on real property assessments between 1998 and 2006. It succeeded in 5 cases and won total tax savings of about \$52,000. Another case is pending. The following chapter on distribution centers contains many more cases of such double dipping.

# III. DISTRIBUTION CENTERS: BIGGER ROLLBACKS PER FACILITY

Wal-Mart operates one of the largest and most sophisticated distribution networks in the world. These huge facilities, some with more than one million square feet of floor space and in excess of 1,000 workers on the payroll, are the domestic spine of the company’s widely studied global logistics system. Some handle general merchandise, while others specialize in groceries to assist Wal-Mart’s continuing push into the supermarket business. Many are filled with state-of-the-art equipment.

In our 2004 report *Shopping for Subsidies*, Good Jobs First found that these facilities were being massively subsidized: more than 90 percent of the distribution centers had received economic development “incentives” totaling more than \$600 million. Because the number of distribution centers is much more manageable than the number of stores, we were able to contact

local officials in every one of the communities and ask about subsidies. We decided to do the same for Wal-Mart’s assessment appeals, examining every one of the 78 major distribution centers that the company had in operation as of the end of 2004.

The distribution centers we examined are spread among 33 states, with the largest numbers in Texas (10), Georgia (5) and Florida (4). A list of the locations—and our findings for each—can be found on the Good Jobs First website at [www.goodjobsfirst.org](http://www.goodjobsfirst.org).

As with the store sample, we investigated both appeals on real property and on business personal property, the latter being especially important in facilities with large amounts of expensive equipment. Yet, given that many states allow owners to

WAL-MART DISTRIBUTION CENTERS OWNED BY PUBLIC AUTHORITIES

LOCATION	LEGAL OWNER
Brundidge, Alabama	City of Brundidge
Douglas, Georgia	Douglas-Coffee County Development Authority
LaGrange, Georgia	LaGrange Industrial Development Authority
Monroe, Georgia	Development Authority of Walton County
Mount Pleasant, Iowa	Wal-Mart Properties Inc-Lessee of City of Mt Pleasant
Opelousas, Louisiana	St. Landry Parish Economic & Industrial Development Authority
Robert, Louisiana	Tangipahoa Industrial Development District
Harrisonville, Missouri	City of Harrisonville
St. James, Missouri	City of St. James
Los Lunas, New Mexico	Village of Los Lunas
Marcy, New York	Oneida County Industrial Development Agency
Sharon Springs, New York	Schoharie County Industrial Development Agency
Shelbyville, Tennessee	Industrial Development Board of the City of Shelbyville

assess their own business personal property, we did not expect many appeals of this type.

We also assumed that the frequency of assessment appeals among the distribution centers would be lower than with the stores. After all, many of the subsidy packages received by the centers sharply lowered the amount Wal-Mart had to pay in property taxes. Apart from outright abatements (full or partial exemptions), numerous distribution centers are technically owned by a city or local public authority (and leased to Wal-Mart), making them entirely exempt from property taxes. (See box on previous page.)

Contrary to our assumption, assessment appeals turned out to be more common among the distribution centers than among the sampled stores. The following summarizes the overall frequency of appeals among the distribution centers:

- Centers with at least one appeal on real property only: 28
- Centers with at least one appeal on business personal property only: 1
- Centers with appeals on both real and business personal property: 2
- Centers with at least one appeal on real or business personal property: 31
- Centers with an appeal as a share of all 78 distribution centers : 39.7%

Again, we found numerous facilities with multiple appeals. Those warehouses with appeals averaged about two apiece:

- Total appeals on real property: 62

- Total appeals on business personal property: 3
- Total appeals of either type: 65

The distribution center with the largest number of appeals (11) is in Red Bluff, California. Wal-Mart first appealed for the years 1994-96 but got no change. It then appealed for the years 1997-2002 and reached agreement on changes for each year. The company returned with appeals for 2005 and 2006 and got additional tax reductions.

We found 12 distribution centers with property tax abatements — and one with a tax-increment financing (TIF) deal— that filed assessment appeals. These facilities are located in:

- Opelika, Alabama
- Seymour, Indiana
- Marcy, New York
- Grove City, Ohio
- Bedford, Pennsylvania
- Woodland, Pennsylvania
- Cleburne, Texas
- Dallas, Texas
- New Braunfels, Texas
- Palestine, Texas
- Sanger, Texas
- Terrell, Texas
- Menomonie, Wisconsin (TIF)

Red Bluff, the warehouse with the largest number of appeals, is not among the distribution centers with a property tax abatement or exemption, but the facility with the second highest number does fall into that category. The warehouse in Marcy, New York (7 appeals) is technically owned by the Oneida County Industrial Development Agency, making it exempt from basic real property taxes (New York

doesn't tax business personal property). Instead, Wal-Mart makes a payment in lieu of taxes that is lower than what the standard tax bill would be. The company is also required to pay a relatively small amount of standard tax on the full value of the facility to a special taxing district.

In an attempt to lower the latter payment, Wal-Mart appealed its valuation each year from 1996 through 2002. According to an official in Marcy, Wal-Mart threatened to shut down the facility if it didn't get a reduction. After the matter ended up in court, the city gave in and agreed to a reduction of the assessment (for the purposes of the special taxing district) from about \$60 million down to \$41 million.

Wal-Mart recently filed suit against the property appraiser in DeSoto County, Florida over the valuation of its distribution center in Arcadia. Because the giant warehouse opened in 2005, it is not included in our distribution center sample. Wal-Mart has not indicated how much of a reduction it wants in the giant facility's \$99 million assessed value, yet it is worth noting that the distribution center was given subsidies (infrastructure assistance and state tax credits) worth more than \$23 million.<sup>17</sup>

### SUCCESS RATES IN APPEALS

As with stores, Wal-Mart does not always succeed in its appeals on distribution centers. When Good Jobs First phoned the assessor's office in Johnson County, Arkansas and said we were calling about Wal-Mart, an official replied: "We just kicked their butt." The company had tried to get the valuation of its distribution center in Clarksville reduced from \$33 million to \$23 million. The county refused,

so Wal-Mart sued. When we contacted the county, a circuit court judge had just ruled in its favor. "Wal-Mart pushes, pushes and pushes," the official said, "but I'm not bowing down to them."

Not all assessors, however, are so defiant or so successful in court. Wal-Mart's success rate in assessment appeals is significantly higher for distribution centers than for stores. Here is a summary of its track record for the 78 distribution centers we researched:

- Total number of appeals filed: 65
- Total number pending: 1
- Total number resolved: 64
- Total number of successes: 41
- Successes as a portion of total resolved: 64.1%

While Wal-Mart did not succeed in any of the 3 appeals it filed on business personal property at the distribution centers, it won 67 percent of its appeals on real property. The distribution centers with the most successes were the same two listed above with the most appeals—Red Bluff, California (8 successes) and Marcy, New York (4).

In some cases Wal-Mart has sought huge reductions in assessed value. For example, when the facility in Opelika, Alabama received an initial valuation of \$46 million after it opened in 2000, Wal-Mart commissioned its own appraisal and claimed that the assessment should be lowered to \$19 million, a drop of nearly three-fifths. The Board of Equalization wouldn't go that low, and eventually a compromise was reached on \$31 million, which applied to the period 2001-2006.

## TAX SAVINGS FROM APPEALS

Wal-Mart's distribution centers are bigger and more valuable than its stores, so the company typically gains more from a successful assessment appeal at one of these giant warehouses. The average tax savings at distribution centers with a successful appeal is \$289,000. We found 17 cases of six-figure tax reductions, the largest in Tomah, Wisconsin. In 2004 Wal-Mart proposed that the assessment of its distribution center there be lowered from \$43.6 million to \$23 million. The city resisted, but Wal-Mart kept up the pressure. This year the matter was finally settled, with the city agreeing to drop the assessment to \$31.4 million and refund the company more than \$300,000 for each of three years—a total of \$949,000.

The procedural costs that local governments incur when defending their assessment are often much larger in cases involving distribution centers, because of their size and complexity. One assessor told us his county had probably spent “hundreds of thousands of dollars” in fees for outside lawyers and appraisers to respond to multiple appeals filed by Wal-Mart over the years.

The largest savings from single appeal episodes are:

- Seymour, IN (2002)      \$367,000
- Cleburne, TX (2003)    \$352,000
- Tomah, WI  
(each year 2004-06)    \$316,000
- Raymond, NH (2004)    \$250,000
- Buckeye, AZ (2007)    \$238,000
- Searcy, AR (1995)      \$237,000

The distribution centers with the largest cumulative tax savings from all appeals combined are:

- Tomah, WI              \$948,786
- Red Bluff, CA        \$794,000
- Opelika, AL          \$480,000
- Cleburne, TX         \$419,313
- Marcy, NY             \$380,000
- Seymour, IN         \$366,629
- Raymond, NH        \$339,432
- Buckeye, AZ         \$237,706
- Searcy, AR            \$236,731
- Bedford, PA         \$233,000
- Sanger, TX            \$231,951
- Woodland, PA        \$221,394

Tax savings for all the distribution centers combined totaled \$5.8 million. Given that our data mainly cover the past decade, we estimate the company's *annual* distribution center tax savings at about \$600,000. Together with our estimate for stores, the company is recouping about \$3 million a year from its assessment appeals.



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## IV. AVOIDING TAXES IN TEXAS

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Wal-Mart may be headquartered in Arkansas, but the heart of the company is really Texas. The Lone Star State has by far the largest number of Wal-Mart stores—more than 400 as of August 2007 (counting Sam’s Clubs and Neighborhood Markets as well as Supercenters and discount stores). It also has more than a dozen of Wal-Mart’s giant distribution centers. Wal-Mart’s Texas payroll includes more than 150,000 “associates.” In the fiscal year ending in January 2007, the company collected over \$1.4 billion in sales taxes in Texas and claims to have paid \$261.8 million in state and local taxes there.<sup>18</sup>

Texas is also the apparent epicenter of Wal-Mart’s crusade to lower its assessments. In our random sample of 10 percent of the company’s discount stores and Supercenters, Texas stands out in terms of the frequency of appraisal protests (as they are called there): 83 percent of discount stores or Supercenters show at least one. This is the highest rate of any state (apart from several with only one or two stores in the sample) and more than twice the 35 percent rate for the country as a whole.

In absolute numbers in our sample, Texas accounts for a total of 45 protests (36 on real property and 9 on business personal property), also by far the most of any state. Eleven of the 23 Texas stores in the sample have multiple appeals, including a

Supercenter in San Antonio (Bandera Road) with 6 appeals, and a pair stores in Corpus Christi—a Supercenter on Highway 77 and a discount store on South Padre Island Drive—with 5 each.

Wal-Mart’s behavior is not unusual for Texas. Given the absence of a state income tax, property taxes are relatively high, so it is common for both commercial and residential owners to file protests with county Appraisal Review Boards. What apparently makes Wal-Mart different is the scope of its challenges and its persistence.

To further document these tendencies, we decided to go beyond our random sample and collect additional data on Wal-Mart’s appraisal protests in Texas. We focused on counties where the company has a large presence, including the following:

- Bexar (San Antonio area)
- Brazoria (south of Houston)
- Collin (north of Dallas)
- Dallas
- Denton (north of Fort Worth)
- El Paso
- Harris (Houston area)
- Hidalgo (McAllen area)
- Montgomery (north of Houston)
- Smith (Tyler area)
- Tarrant (Fort Worth area)
- Travis (Austin area)
- Williamson (north of Austin)

Because of the large number of Wal-Marts in some of these counties—there are more than 30 stores in Harris County alone—we were not able to obtain protest information on all the company’s stores in each one. We therefore cannot draw conclusions about the exact frequency of challenges in these counties, but we found that in most cases there was at least one appeal at most of the Wal-Mart stores we asked about (Montgomery County was an exception, reporting no appeals at the 6 stores we researched). We identified a total of 104 stores with protests as a result of these requests, including 18 in Tarrant County, 14 in Harris County, 12 in Bexar County, and 9 in Collin County.

Even with our incomplete research, we discovered remarkable numbers of Wal-Mart protests in these counties. We found 57 in Bexar, 54 in Tarrant, 42 in Harris, 41 in El Paso County, 38 in Travis, 26 in Collin, 19 in Brazoria, 16 in Denton, and 15 in Dallas County. We identified 80 locations in these counties with more than one protest, including a couple in double digits. These numbers are all the more remarkable in that most counties were able to check for appeals during only a limited number of past years.

The locations we found in these counties are listed in the Appendix below, which also contains locations in other Texas counties that had appeals that came to our attention via references in newspaper articles or listings in court dockets (which we then checked with local officials).

Cumulatively, our additional Texas research found 340 protests, of which 205 were successful, yielding some \$6.3 million in tax savings (17 cases are pending). There are 24 locations that each produced \$100,000 or more in tax reductions. Tarrant County (Fort Worth) accounts for a disproportionately large share of the total tax savings—\$2.4 million—we found in our supplementary work.<sup>19</sup>

Some of the more notable individual cases include the following:

- A Supercenter on West Interstate 20 in Grand Prairie (Tarrant County) won 4 separate real property protests totaling \$263,000 in tax savings. In 2002, it won its largest appeal, saving \$180,000 in taxes that year alone.
- A San Antonio Supercenter at 3302 SE Military Drive (Bexar County) also had one very large successful protest. In 2006 the store was able to reduce its taxes by \$183,000. It appealed again for the 2007 tax year and avoided another \$32,000.
- For the past decade, two Austin stores (Travis County) have filed protests almost every year, despite being turned down repeatedly. The discount store on US Highway 290 West has filed a total of 15 challenges on real and business personal property, with only 5 successes. The Supercenter on Norwood Park Blvd. has filed 12 protests, with only 4 successes (none on its 7 appeals on real property).

SUMMARY OF TEXAS FINDINGS

	LOCATIONS WITH APPEALS	NUMBER OF APPEALS	NUMBER OF SUCCESSES	TOTAL TAX SAVINGS
Random sample (not extrapolated)	19	45	18	\$354,000
Distribution centers	7	15	9	\$975,000
Additional stores	104	340	205	\$6,287,000
Total	130	400	232	\$7,616,000

ROLLING BACK PROPERTY TAX PAYMENTS

The substantial number of additional examples we found in Texas suggests that the frequency of appeals found in our random sample is not a fluke; if anything, the random sample may understate the true extent of Wal-Mart's appeals in Texas.

While Wal-Mart repeatedly contends that its properties are overvalued, Texas appraisers

seem to think the opposite is true for commercial properties overall. A 2006 study by the Texas Association of Appraisal Districts found that commercial properties (in urban areas, at least) are actually *undervalued* by about 40 percent, in part because of the absence of mandatory disclosure of sales prices.<sup>20</sup>

2006 WAL-MART REQUEST FOR REVALUATION OF TEN DENTON COUNTY STORES

# WAL★MART

WAL-MART STORES, INC.  
PROPERTY TAX DEPARTMENT  
1301 S.E. 10th STREET  
BENTONVILLE, AR 72716-0555  
PHONE (479) 273-8411  
FAX (479) 273-4432

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FRED F. BUNCH ..... PROPERTY TAX MANAGER  
TRUDY HARRIS ..... PROPERTY TAX SPECIALIST

CERTIFIED MAIL 7006 0810 0002 1703 1134

May 30, 2006

Denton Central Appraisal District  
PO BOX 50804  
Denton, Texas 76206

Re: 2006 Value notices for Wal-Mart Stores, Inc.

Dear Chief Appraiser,  
Wal-Mart Stores, Inc. wishes to file a protest on the following accounts:

ACCT#	SITUS	CITY	STORE#
R203086	801 WEST MAIN	LEWISVILLE	01-0217
R204328	4691 STATE HWY 121	THE COLONY	01-0426
20229900000 MURPHY	1515 SOUTH LOOP 288	DENTON	01-0467
R202298	1515 SOUTH LOOP 288	DENTON	01-0467
R0232461	18121 MARSH LANE	DALLAS	01-2996
R232462	18121 MARSH LANE	DALLAS	01-2996
R232468	18121 MARSH LANE	DALLAS	01-2996
R0241489	1035 HICKORY CREEK BLVD	HICKORY CREEK	01-3286
R0255446	1035 HICKORY CREEK BLVD	HICKORY CREEK	01-3286
R239199	1035 HICKORY CREEK BLVD	HICKORY CREEK	01-3286
R0227336 MURPHY	1515 FM 407	LEWISVILLE	01-3287
R280597	1515 FM 407	LEWISVILLE	01-3287
R251605	190 EAST FM 3040	LEWISVILLE	01-5092
R251606	190 EAST FM 3040	LEWISVILLE	01-5092
R251607	190 EAST FM 3040	LEWISVILLE	01-5092
R251608	190 EAST FM 3040	LEWISVILLE	01-5092
R251609	190 EAST FM 3040	LEWISVILLE	01-5092
R251610	190 EAST FM 3040	LEWISVILLE	01-5092
R251779	1228 N HWY 377	ROANOKE	01-5247
R0224930	2120 N STEMMONS FREEWAY	SANGER	07-6068
R0224950	2120 N STEMMONS FREEWAY	SANGER	07-6068
R224929	2120 N STEMMONS FREEWAY	SANGER	07-6068
R258658	2120 N STEMMONS FREEWAY	SANGER	07-6068
R203087	751 W MAIN STREET	LEWISVILLE	18-6381

We are appealing based on an excessive valuation in comparison to fair market value and equalization. Additional information will be submitted later. We would ask that you give us at least two weeks advance notice so travel arrangements can be made.

It is Wal-Mart's intention to resolve any difference value prior to any hearing. If you have any questions please contact Fred Bunch at (479) 273-8411, or (479) 277-9084.

Sincerely,  
  
Fred F Bunch  
Property Tax Manager  
Wal-Mart Stores, Inc.

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## V. CONCLUSION

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Based on our analysis of a random sample of 10 percent of Wal-Mart's Supercenters and discount stores, all its distribution centers (except for the very newest) and scores of additional stores in Texas, we conclude that Wal-Mart has a centralized, systematic policy of challenging its property tax assessments. The fact that the challenges are handled at the corporate level rather than by individual store managers reinforces this conclusion.

This behavior is a legitimate concern for any community considering whether to allow a new Wal-Mart facility. For if the arrival of a Wal-Mart induces growth, local bodies will have to hire more teachers, build more classrooms, widen more roads, pick up more trash and respond to more emergency police and fire calls. All of those things cost money; there is no such thing as free growth. If Wal-Mart does not pay its fair share of property taxes, either the quality of services will go down or everyone else's tax rates will go up, or some of both.

Given that the company has apparently filed challenges at more than one-third of its stores and at two-fifths of its distribution centers, it is clear these are more than occasional disagreements with individual assessors over discrepant valuations.

An assessor in California, which does not offer a great deal in the way of economic development subsidies, opined that Wal-Mart uses assessment appeals to make up for the absence of large property tax abatements. He said: "They are trying to recoup their expenses another way."

Wal-Mart does not disclose how much it pays in annual property taxes nationwide, but a few years ago a company official implied that the amount was about \$400 million.<sup>21</sup> If that is still the case, the amount it is recouping through assessment appeals—which we found to be about \$3 million a year—is approaching one percent of its total property tax bill. The amount it *seeks* through those challenges is much higher, yet the sums involved would still be tiny for a company with \$350 billion in revenues and \$11 billion in profits. The fact that Wal-Mart goes to such lengths in assessment challenges is another example of its obsession with cutting costs. The company appears to approach its local tax bills in a manner akin to its effort to squeeze every last penny from its suppliers and its history of minimizing wages and shifting healthcare costs to taxpayers via Medicaid and the State Children's Health Insurance Program.

Approaching assessment appeals in a systematic way does not necessarily mean filing protests on every property every

year. Given that some states do not produce annual assessments, there may be nothing new to challenge. Moreover, it would probably be an overwhelming burden, even for Wal-Mart, to file appeals for more than 4,000 locations.

It may be that the one-third level we found is the result of an analysis by the company of what frequency is required to achieve its apparent overall goal of keeping assessment increases in check and lowering its tax burden wherever possible. And it may be significant that one-third is also the proportion of its retail projects for which Wal-Mart seeks economic development subsidies, according to a 2001 statement by a company official.<sup>22</sup>

While Wal-Mart's use of development subsidies and assessment challenges share the aim of reducing its state and local tax burden, there is an important difference between the two practices. As we have shown, the amounts that Wal-Mart recovers from its successful assessment appeals are much lower than the financial benefits it receives in subsidy deals. Part of the reason is that in most subsidy situations, the company is operating in concert with local officials, whereas with appeals Wal-Mart is literally fighting such officials and often does not prevail. One assessor said of Wal-Mart officials: "They feel like they can push us around—but that hasn't happened."

While we may suspect that many of Wal-Mart's assessment appeals are motivated by obsessive cost-cutting rather than a belief that a facility is being taxed unfairly, this study does not analyze the merits of the company's claims. Like all taxpayers, Wal-Mart has a right to challenge its assessments.

Good Jobs First typically presents public policy recommendations to go along with our research findings. Doing so in this report posed a special challenge, since we did not examine the standards or procedures used by different states in handling appeals.

Nonetheless, it seems to us that local officials are doing reasonably well in defending their valuations, thereby preventing Wal-Mart from drastically reducing its tax payments. The ability of these officials, confronted with the vast resources of a company such as Wal-Mart, to prevail in more than half of the cases strikes us as a respectable track record. Rather than offering any changes in public policy dealing with assessment appeals, we commend those who have held their ground and urge others to do the same.

To local public officials, we also say: be sure to take into account the likelihood of future assessment appeals when you consider whether to welcome Wal-Mart into your community in the first place. If you refuse to give Wal-Mart a property tax abatement up front, you may later find yourself facing a demand from the retailer for a reduced assessment. Even if you grant Wal-Mart a partial abatement, especially for a distribution center, you could later be asked for a lower assessment as well.

To Wal-Mart, we say: cease your assault on property taxes. If you are serious about being a responsible corporate "citizen" and you really care about the communities in which you operate, you should forget about assessment appeals and pay your tax bills in full without complaint. You can easily afford to do so, and the amounts involved mean a lot more to those communities than to your enormous bottom line.

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# METHODOLOGY

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We set out to determine how often Wal-Mart files property tax assessment appeals at its stores and distribution centers around the country. Our general approach is set out in the body of the report. Here we present some additional details of how we gathered and analyzed the data.

## DEFINING THE SAMPLES

We started out with two lists: one was a spreadsheet containing information on every Wal-Mart store as of January 2007. The other was a spreadsheet with similar information on the company's distribution centers. Since the store list contained more than 4,000 entries, we had to find ways to turn it into a more manageable sample. We began by removing the Neighborhood Markets, the smaller-scale stores that are not a significant part of Wal-Mart's operations. We also eliminated the Sam's Club warehouse-type stores, since they represent a different business model. There have also been reports that Wal-Mart may sell off that part of its business.

That left us with about 3,500 stores. We then decided to eliminate all stores that were listed with an opening date after December 31, 2004. This was based on the assumption that stores were not likely to consider filing appeals until after they had been in operation at least a few years. This reduced the list to 2,833 stores. We then put the list in random order and chose

every tenth store. This gave us a random sample of 10 percent of the stores open as of the beginning of 2005, or a total of 283 locations.

Once we were well into our research, we came across some examples of appeals filed soon after a store opened, raising questions about our assumption. Nonetheless, we decided to stick with our original sample. We did not rule out early appeals found for the stores in the sample. The only effect of our decision was that our random sample does not contain any Wal-Mart stores that opened in 2005 or 2006. Since there is no evidence that Wal-Mart changed its policy on assessment appeals during that period, we do not think the cutoff date affects the accuracy of our results.

We also used the same cutoff date for the list of distribution centers. However, because that list was much more manageable in size, we decided to research every one of the 78 major distribution centers that were in operation as of the beginning of 2005.

In the course of researching the random sample of stores, we noticed a high rate of appeals in Texas. For this reason, we gathered additional information relating to about a dozen Texas counties with large numbers of Wal-Mart stores. The results of this supplementary research are presented

in Chapter IV. As noted there, we were unable to obtain appeals information on *every* Wal-Mart in those counties. Thus we did not try to calculate an appeals rate. We simply used the additional Texas research to document more examples of appeals. We do not mix these findings with those from the random sample when providing national estimates.

### GATHERING THE INFORMATION

For each of the total of about 500 facilities in the three categories—random sample of stores, distribution centers and supplementary Texas research—we sought to obtain information on any assessment appeals that may have been filed. That meant contacting public officials, usually at the county level, but sometimes the city, town or township was responsible.

To prepare for this, we first searched for existing online assessment data for the locations. We used the extensive property records contained on the Nexis database along with information from those jurisdictions that have set up websites with the data. We found only a handful of jurisdictions that put assessment *appeals* information online, so the main benefit of checking Nexis and the websites was to learn the parcel or other identifying number for the property. Having this information available made it much easier to request appeals data from public officials.

We then telephoned the assessor's office. In most cases that office had information on appeals, though in some cases we were referred to special appeals bodies or the county or city clerk's office. Where a case moved from a review board to court, we contacted the court to learn the outcome.

In some cases, we were able to get the information immediately on the telephone, though we requested documents or printouts to verify what we were being told. In other cases, we were asked to submit written requests—via e-mail, fax or postal mail—to get the information, and in some cases we were charged fees. We sometimes had to make separate requests for appeals on real property and those on business personal property. Along with the appeals data, we asked about the name of the Wal-Mart entity listed as owner of the property and whether the facility had received a property tax abatement or tax-increment financing.

We requested that jurisdictions check on appeals going back to when the facility opened. This was not always possible. Some jurisdictions keep appeals data going back only a few years, so we likely missed some older appeals. The earliest data we were able to obtain were usually from the mid-1990s.

Only a handful of jurisdictions refused to provide us information on appeals, saying it was considered confidential. In a few places we were able to find out that there had been an appeal but could not find out all the details. For about 17 stores from our original sample, we were not able, despite repeated phoning, to get local officials to return our calls. In each of those cases, we substituted another Wal-Mart store from the same (or a nearby) county.

In reviewing the data given to us by local officials, we excluded any appeals that were filed but subsequently withdrawn before a hearing could take place. When it came to cases in which Wal-Mart informally tried to get an assessment reduction before filing a formal action, we included it

in our tally if we were told about it by local officials. Some jurisdictions keep records of these activities, others don't. We could not know how many of these informal actions we were not told about.

### CALCULATING THE SAVINGS

Once we had the data on assessment changes, we then sought to calculate the tax savings Wal-Mart received when a valuation had been reduced. This information was usually not included in the appeals documents we obtained. In most cases, we had to calculate the savings ourselves, using assessment ratios and tax rates provided by local officials—often tax collectors rather than assessors. Where possible, we asked those officials to confirm our calculations.

We recorded savings only for those years for which an appeal had been filed. In many cases, the reductions in valuation mean that assessments (and thus tax bills) in subsequent years became lower than if the appeal had not taken place. In other cases, however, assessors raised the valuation substantially in a subsequent year, so there might not have been a compound impact from the previous reduction. Our approach was thus consistently conservative.

Despite extensive research, we could not find any general statistics on the filing of assessment appeals or their outcome, so we were unable to compare our findings for Wal-Mart to other individual companies or to retailers or commercial property owners in general. We hope that this study will encourage others to perform similar research so that a comparative body of literature can begin to develop.

## ACKNOWLEDGMENTS

We would like to express our appreciation to the hundreds of local officials around the country who assisted us with our information gathering.

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# APPENDIX: WAL-MART LOCATIONS WITH ASSESSMENT APPEALS

In this table we list all Wal-Mart locations that turned up in our research with at least one assessment appeal. It includes entries from our random sample of stores, the distribution centers we examined, the additional Texas locations we researched and about 50 locations from other states that turned up in our searches of news archives and court dockets. Altogether, this appendix includes data on 289 locations.

STATE	CITY	TYPE	ADDRESS	COUNTY	ASSESSMENT APPEAL YEARS	SUCCESSFUL APPEAL YEARS	TOTAL SAVINGS (\$)
AL	Mobile	Supercenter	101 E I65 Service Rd S	Mobile	2006	none	0
AL	Montgomery	Supercenter	6495 Atlanta Hwy	Montgomery	2004-2006	none	0
AL	Opelika	distribution center	2701 Andrews Rd	Lee	2001	2001	480,000
AL	Semmes	Supercenter	7855 Moffatt Rd	Mobile	2006	none	0
AR	Bentonville	distribution center	5801 SW Regional Airport Blvd	Benton	2001	2001	185,203
AR	Clarksville	distribution center	3300 Sterlin Hurley Ind Hwy	Johnson	2003, 2004, 2005	none	0
AR	Little Rock	Supercenter	8801 Baseline Rd	Pulaski	2006	none	0
AR	Searcy	distribution center	405 E Booth Ave	White	1995	1995	236,731
AZ	Avondale	Supercenter	13055 E Rancho Santa Fe Blvd	Maricopa	2001-2002	none	0
AZ	Buckeye	distribution center	23701 W Southern Ave	Maricopa	2007	2007	237,706
AZ	Chandler	discount store	800 W Warner Rd	Maricopa	1997-1999, 2002, 2007	1997-1999, 2007	20,775
AZ	Cottonwood	Supercenter	2003 E Rodeo Dr	Yavapai	2004	none	0
AZ	Glendale	Supercenter	18551 N 83rd Ave	Maricopa	2008	none (08 pending)	0
AZ	Mesa	discount store	1305 W Main St	Maricopa	2000, 2002, 2003	2000, 2003	36,357
AZ	Mesa	Supercenter	1955 S Stapley Dr	Maricopa	2006	2006	20,999
AZ	Phoenix	discount store	4617 E Bell Rd	Maricopa	1997, 1999, 2002	1999	13,929
AZ	Phoenix	Supercenter	5250 W Indian School Rd	Maricopa	2004	2004	200,433
AZ	Scottsdale	Supercenter	15355 N Northsight Blvd	Maricopa	2003	none	0
AZ	Tempe	Supercenter	1380 W Elliot Rd	Maricopa	1997-2002	1998-1999, 2002	31,000
AZ	Tucson	Supercenter	8250 N Cortaro Rd	Pima	2004	2004	95,908
CA	Anaheim	discount store	440 N Euclid St	Orange	2005	none	0
CA	Apple Valley	discount store	20251 US Highway 18	San Bernardino	2006	none (06 pending)	0
CA	Duarte	discount store	1600 S Mountain Ave	Los Angeles	1997-2003	none	0

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STATE	CITY	TYPE	ADDRESS	COUNTY	ASSESSMENT APPEAL YEARS	SUCCESSFUL APPEAL YEARS	TOTAL SAVINGS (\$)
CA	El Cajon	discount store	13487 Camino Canada	San Diego	1997, 2002, 2004	none	0
CA	Oceanside	discount store	705 College Blvd	San Diego	1997, 1999-2000, 2002, 2005-2006	1997, 2002 (06 pending)	21,539
CA	Panorama City	discount store	8333 Van Nuys & Roscoe	Los Angeles	1994	none	0
CA	Porterville	distribution center	1300 S F St	Tulare	1996-1997	1996-1997	38,000
CA	Red Bluff	distribution center	10817 State Highway 99W	Tehama	1994-2002, 2005-2006	1997-2002, 2005-2006	794,000
CA	Selma	discount store	3400 Floral Ave	Fresno	2005	none	0
CA	Yucca Valley	discount store	57980 29 Palms Hwy	San Bernardino	1995-2000	1995-2000	19,346
CO	Aurora	Supercenter	9400 E Hampden Ave	Arapahoe	2003	2003	456,168
CO	Broomfield	Supercenter	500 Summit Blvd	Broomfield	2005, 2007	2005, 2007	160,720
CO	Cortez	Supercenter	1835 E Main St	Montezuma	2001, 2003, 2005	2001, 2003, 2005	87,969
CO	Denver	Supercenter	7800 E Smith Rd	Denver	2003, 2005-2006	2006	883
CO	Gunnison	discount store	900 N Main St Bldg A	Gunnison	2003	2003	4,169
CO	Littleton	discount store	7700 W Quincy Ave	Denver	2000, 2006	none	0
CO	Littleton	discount store	6675 Business Center Dr	Douglas	2001-2003	none	0
CO	Loveland	distribution center	7500 E Crossroads Blvd	Larimer	2001	none	0
CO	Rifle	Supercenter	1000 Airport Rd	Garfield	2005, 2007	2005	8,045
FL	Arcadia	Distribution center	6785 SW Enterprise Blvd	DeSoto	2007	none (07 pending)	0
FL	Bradenton	Supercenter	2911 53rd Ave E	Manatee	2001-2002	none	0
FL	Bradenton	Supercenter	5415 Cortez Rd W	Manatee	2001-2002	none	0
FL	Brooksville	distribution center	5100 Kettering Rd	Hernando	1997	1997	47,540
FL	Brooksville	Supercenter	7305 Broad St	Hernando	2002	2002	7,193
FL	Lehigh Acres	Supercenter	2523 Lee Blvd	Lee	1997-2000	1997-1998	16,263
FL	New Smyrna Beach	discount store	1998 State Hwy 44	Volusia	2005	2005	19,436
FL	Ocoee	Supercenter	10500 W Colonial Dr	Orange	1997-1999	1997-1999	4,906
FL	Palmetto	Supercenter	508 10th St E	Manatee	2002	none	0
FL	Sarasota	discount store	8320 N Lockwood Ridge Rd	Manatee	2001-2002	none	0
FL	Venice	Supercenter	4150 Tamiami Trail S	Sarasota	1996, 2000	1996, 2000	22,531
GA	Albany	Supercenter	2825 Ledo Rd	Lee	2001	2001	32,436
GA	Carrollton	distribution center	3101 Hwy 27 N	Carroll	2003-2005	2003-2005	106,000
GA	Duluth	Supercenter	2635 Pleasant Hill Rd	Gwinnett	2005	2005	42,825
GA	Fayetteville	Supercenter	125 Pavillion Pkwy	Fayette	2001-2003, 2007	2002-2003 (07 pending)	6,000
GA	Hartwell	Supercenter	1572 Anderson Hwy	Hart	2005	none	0
GA	Roswell	Supercenter	970 Mansell Rd	Fulton	2000-2001, 2003	none	0
GA	Valdosta	Supercenter	3274 Inner Perimeter Rd	Lowndes	1999	none	0

## ROLLING BACK PROPERTY TAX PAYMENTS

STATE	CITY	TYPE	ADDRESS	COUNTY	ASSESSMENT APPEAL YEARS	SUCCESSFUL APPEAL YEARS	TOTAL SAVINGS (\$)
GA	Woodstock	Supercenter	6435 Bells Ferry Rd	Cherokee	2005	none	0
IA	Coralville	Supercenter	2801 Commerce Dr.	Johnson	2001	2001	40,000
IA	Iowa City	discount store	1001 Hwy 1 W	Johnson	1996, 1999, 2005-2006	2006	7,042
IA	Mount Pleasant	distribution center	1501 E Mapleleaf Dr	Henry	1988	none	0
IL	Crystal Lake	discount store	5641 Northwest Hwy	McHenry	1998, 2000, 2002, 2005	2000, 2005	14,410
IL	Elgin	discount store	1001 N Randall Rd	Kane	2000	2000	6,100
IL	Vernon Hills	discount store	555 E Townline Rd	Lake	2001-2002	2001	6,192
IN	Richmond	Supercenter	3601 E Main St	Wayne	2001	none	0
IN	Seymour	distribution center	2100 E Tipton St	Jackson	2002	2002	366,629
KS	Coffeyville	discount store	1705 W 11th St	Montgomery	1993	none	0
KS	Manhattan	Supercenter	101 E Bluemont Ave	Riley	2005	2005	22,333
KS	Topeka	Supercenter	1501 SW Wanamaker Rd	Shawnee	2006	2006	16,584
KS	Wichita	Supercenter	6110 W Kellogg Dr	Sedgwick	1996-1997, 2001, 2006	2006	16,057
KS	Winfield	discount store	2202 Pike Rd	Cowley	2005	2005	10,327
KY	Lexington	discount store	3180 Richmond Rd	Fayette	1995	1995	n.a.
KY	London	distribution center	3701 Russell Dyché Mem. Hwy	Laurel	1996-1997	1996-1997	189,280
KY	London	Supercenter	Highway 80	Laurel	1996-1997	1996-1997	154,876
KY	Nicholasville	Supercenter	1024 N Main St	Jessamine	1991	none	0
LA	Lake Charles	Supercenter	3451 Nelson Rd	Calcasieu	1996	1996	23,847
MA	Pittsfield	discount store	555 Hubbard Ave	Berkshire	1998, 2002, 2004	n.a.	n.a.
MD	Hanover	discount store	7081 Arundel Mills Cir	Anne Arundel	2004, 2006	none	0
MI	Auburn Hills	discount store	300 N Opdyke Rd	Oakland	2005-2006	2005-2006	132,078
MI	Bad Axe	Supercenter	901 N Van Dyke Rd	Huron	2004, 2006	2004, 2006	333,425
MI	Canton	discount store	39500 Ford Rd	Wayne	2006	none	0
MN	Faribault	discount store	150 Western Ave	Rice	2005	2005	15,404
MO	Ballwin	discount store	13901 Manchester Rd	St. Louis	2001	2001	779
MO	Chesterfield	discount store	100 THF Blvd	St. Louis	2002	2002	6,739
MO	Saint Joseph	Supercenter	4201 N Belt Hwy	Buchanan	1998, 2002	2002	64,180
MO	Springfield	Supercenter	2021 E Independence St	Greene	2005	none	0
MS	Ridgeland	Supercenter	815 S Wheatley St	Madison	2005	none (05 pending)	0
NC	Jacksonville	Supercenter	2025 N Marine Blvd	Onslow	2006	none	0
NC	Knightdale	discount store	7106 E US Hwy 64 N	Wake	2000	2000	n.a.
NC	Monroe	Supercenter	2406 W Roosevelt Blvd	Union	2000	none	0
NE	Fairbury	discount store	1501 K St	Jefferson	1997, 2005	1997, 2005	3,884
NE	Lincoln	Supercenter	8700 Andermatt Dr	Lancaster	2005-2006	2006	35,940
NH	Claremont	Supercenter	14 Bowen St	Sullivan	2004-2006	2006	160,000
NH	Manchester	discount store	300 Keller St	Hillsborough	2004, 2006	2006	11,608
NH	Raymond	distribution center	42D Freetown Rd	Rockingham	2004	2004	339,432
NH	Rochester	discount store	116 Farmington Rd	Strafford	2006	none	0

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STATE	CITY	TYPE	ADDRESS	COUNTY	ASSESSMENT APPEAL YEARS	SUCCESSFUL APPEAL YEARS	TOTAL SAVINGS (\$)
NJ	Brick	discount store	1872 Hwy 88	Ocean	2004-2007	none (07 pending)	0
NV	Henderson	discount store	300 E Lake Mead Pkwy	Clark	2004-2005	2004-2005	18,962
NY	Auburn	Supercenter	297 Grant Ave	Cayuga	2000	none	0
NY	Marcy	distribution center	8827 Old River Rd	Oneida	1996-2002	2003-2006 (change applied to future years)	380,000
NY	Monticello	Supercenter	41 Anawana Lake Rd	Sullivan	2002-2003, 2007	none (07 pending)	0
NY	Oneida	Supercenter	1294 Upper Lenox Ave	Madison	1999-2007	2002-2007	116,975
NY	Oswego	discount store	341 St Hwy 104 E	Oswego	2003	2003	21,445
NY	Saratoga Springs	Supercenter	16 Old Glick Rd & Hwy 50	Saratoga	1992, 2006, 2007	none (06-07 pending)	0
NY	Valley Stream	discount store	77 Green Acres Rd	Nassau	2006-2008	none	0
NY	Watkins Glen	Supercenter	515 E 4th St	Schuyler	2003, 2006	2003, 2006	247,495
OH	Delaware	discount store	1760 Columbus Pike	Delaware	1999	1999	14,689
OH	Fremont	Supercenter	2052 St Hwy 53 N	Sandusky	2001-2002, 2006	2001-2002 (06 pending)	9,227
OH	Greenville	Supercenter	1501 Wagner Ave	Darke	1999, 2005	1999 (05 pending)	17,977
OH	Grove City	distribution center	3880 Southwest Blvd	Franklin	1992	none	0
OH	Heath	Supercenter	911 Hebron Rd	Licking	1999	1999	6,091
OH	Macedonia	discount store	8160 Macedonia Commons Blvd	Summit	1999, 2002- 2003	2002-2003	61,156
OH	Middletown	discount store	2900 Towne Blvd	Warren	2006	none (06 pending)	0
OH	Millersburg	Supercenter	1640 S Washington St	Holmes	2001	none	0
OH	New Philadelphia	Supercenter	231 Bluebell Dr NW	Tuscarawas	2003, 2005- 2006	2003, 2005 (06 pending)	78,298
OH	North Olmsted	discount store	24801 Brookpark Rd	Cuyahoga	2006	none (06 pending)	0
OH	Sandusky	Supercenter	5500 Milan Rd	Erie	2006	none (06 pending)	0
OH	South Point	Supercenter	223 County Road 410	Lawrence	2001	2001	7,854
OH	Streetsboro	discount store	9440 St Hwy 14	Portage	1998-2003, 2006	2000-2003, 2006	52,141
OH	Urbana	Supercenter	1840 E US Highway 36	Champaign	2001-2003	2001-2003	6,203
OH	Wauseon	Supercenter	485 Airport Hwy	Fulton	2002	none	0
OH	West Union	Supercenter	11217 State Route 41	Adams	2004	2004	64,159
OH	Zanesville	Supercenter	2850 Maple Ave	Muskingum	2000-2001, 2006	2001, 2006	9,137
OK	Shawnee	Supercenter	196 Shawnee Mall Dr	Pottawatomie	2005	2005	27,191
OR	McMinnville	discount store	2375 N 99 W	Yamhill	2000	none	0
OR	Newport	discount store	160 NW 25th St	Lincoln	2000	none	0
PA	Bedford (Cessna)	distribution center	181 Wal-Mart Rd	Bedford	2001, 2004	2001, 2004	233,000

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STATE	CITY	TYPE	ADDRESS	COUNTY	ASSESSMENT APPEAL YEARS	SUCCESSFUL APPEAL YEARS	TOTAL SAVINGS (\$)
PA	Cranberry Township	discount store	20245 Route 19	Butler	1998, 2002-2003	1998, 2002-2003	38,389
PA	East Stroudsburg	Supercenter	355 Lincoln Ave	Monroe	2006	none	0
PA	Everett	discount store	72 Bedford Sq	Bedford	2001, 2004	2001, 2004	27,554
PA	Gettysburg	discount store	1270 York Rd	Adams	2003, 2007	2003, 2007	27,383
PA	Lehighton	discount store	1204 E Blakeslee Dr	Carbon	2003	2003	18,303
PA	Mansfield	Supercenter	1169 S Main St	Tioga	2002, 2006	2002, 2006	51,354
PA	Mill Hall	Supercenter	167 Hogan Blvd	Clinton	2006	2006	56,420
PA	Montoursville	discount store	1015 N Loyalsock Ave	Lycoming	2001, 2004, 2006	2001, 2004, 2006	42,359
PA	Mt. Pocono	Supercenter	500 Route 940	Monroe	2006	none	0
PA	Mt. Pocono	distribution center	Rte 611	Monroe	2006	none (06 pending)	0
PA	Sayre	discount store	511 N Elmira St	Bradford	2002, 2005	2002, 2005	33,914
PA	State College	Supercenter	1665 N Atherton St	Centre	2004, 2006	none (06 pending)	0
PA	State College	Supercenter	373 Benner Pike	Centre	2004-2006	2005	n.a.
PA	Tunkhannock	discount store	809 SR 29 S	Wyoming	2005	2005	12,841
PA	Wilkes Barre	Supercenter	2150 Wilkes Barre Twp Mktpl	Luzerne	2007	none	0
PA	Woodland	distribution center	100 Walmart Dr	Clearfield	2004	2004	221,394
SC	Charleston	discount store	1231 Folly Rd	Charleston	2001	none	0
SC	Charleston	Supercenter	7400 Rivers Ave	Charleston	1995	1995	6,272
SC	Columbia	Supercenter	7520 Garners Ferry Rd	Richland	2006	none	0
SC	Hilton Head Island	discount store	25 Pembroke Dr	Beaufort	2004	2004	37,605
TN	Knoxville	Supercenter	8445 Walbrook Dr	Knox	1996	1996	n.a.
TN	Memphis	discount store	5000 American Way	Shelby	1996	1996	6,504
TN	Nashville	Supercenter	7044 Charlotte Pike	Davidson	2005	none	0
TX	Alvin	Supercenter	400 S Bypass 35	Brazoria	2002, 2006	2002, 2006	45,441
TX	Amarillo	Supercenter	3700 I 40 E	Potter	2002	2002	68,093
TX	Angleton	Supercenter	1801 N Velasco St	Brazoria	2003, 2005-2007	2003, 2005-2007	38,665
TX	Arlington	Supercenter	4801 S Cooper St	Tarrant	2001-2002, 2004-2007	2001-2002, 2004-2007	159,723
TX	Arlington	Supercenter	915 E Randol Mill Rd	Tarrant	2006	none	0
TX	Austin	discount store	5017 US Hwy 290 W	Travis	1996-2001, 2003, 2005-2007	1996-1997, 1999, 2006-2007	241,717
TX	Austin	Supercenter	1030 Norwood Park Blvd	Travis	1996-2001, 2003, 2006-2007	1996-1997, 1999, 2007	109,640
TX	Austin	Supercenter	12900 N IH 35	Travis	2005-2007	2005, 2007	116,628
TX	Austin	Supercenter	710 E Ben White Blvd	Travis	2006-2007	2006-2007	151,950
TX	Austin	Supercenter	9300 S IH 35 Bldg B	Travis	2007	2007	75,543

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STATE	CITY	TYPE	ADDRESS	COUNTY	ASSESSMENT APPEAL YEARS	SUCCESSFUL APPEAL YEARS	TOTAL SAVINGS (\$)
TX	Austin	Supercenter	8201 N FM 620	Travis	2007	none (07 pending)	0
TX	Austin	Supercenter	13201 Farm FM 620	Williamson	2004-2005, 2007	2004-2005	44,809
TX	Azle	Supercenter	721 Boyd Rd	Tarrant	2006-2007	2006-2007	34,187
TX	Baytown	Supercenter	4900 Garth Rd	Harris	2001-2004	2001-2004	250,741
TX	Bedford	Supercenter	4101 Hwy 121	Tarrant	2003-2007	2003-2004, 2006-2007	156,307
TX	Belton	Supercenter	2604 N Main St	Bell	2006	none	0
TX	Bryan	Supercenter	2200 Briarcrest Dr	Brazos	2004-2006	2004 (05-06 pending)	20,575
TX	Carrollton	Supercenter	1213 E Trinity Mills Rd	Dallas	2006-2007	2007	80,866
TX	Cedar Park	Supercenter	201 Walton Way	Williamson	2004-2005, 2007	none	0
TX	Cleburne	distribution center	3470 Windmill Rd	Johnson	2003-2005	2003-2005	419,313
TX	Corpus Christi	discount store	4833 S Padre Island Dr	Nueces	1997-1998, 2000, 2004, 2006	2000	18,955
TX	Corpus Christi	Supercenter	3829 US Hwy 77	Nueces	1997-1998, 2000, 2006	2000	38,481
TX	Dallas	discount store	13739 N Central Expwy	Dallas	2006-2007	2006-2007	90,405
TX	Dallas	distribution center	4130 Port Blvd	Dallas	2003-2004	2003	142,438
TX	Dallas	Supercenter	3200 W Wheatland Rd	Dallas	2005-2007	2005	14,255
TX	Dallas	Supercenter	15220 Montfort Dr	Dallas	2006-2007	none (07 pending)	0
TX	Dallas	Supercenter	18121 Marsh Ln	Denton	2007	2007	40,798
TX	Deer Park	Supercenter	9025 Spencer Hwy	Harris	2004-2006	2004-2006	137,487
TX	Denton	Supercenter	1515 S Loop 288	Denton	2003-2007	2003-2007	159,132
TX	Denton	Supercenter	1035 Hickory Creek Blvd	Denton	2005, 2007	2005, 2007	14,490
TX	Edinburg	Supercenter	1724 W University Dr	Hidalgo	2007	none (07 pending)	0
TX	Edinburg	Supercenter	4101 S McColl Rd	Hidalgo	2007	none (07 pending)	0
TX	El Paso	Supercenter	7555 N Mesa St	El Paso	1998-2000, 2002, 2004- 2006	2000, 2002, 2004-2006	51,476
TX	El Paso	Supercenter	4534 Woodrow Bean Transmtn Dr	El Paso	1998-2002, 2004-2006	1998-2002, 2004, 2006	111,689
TX	El Paso	Supercenter	1850 N Zaragoza Rd	El Paso	1998-2000, 2004-2006	1998-2000, 2006	88,131
TX	El Paso	Supercenter	10727 Gateway Blvd W	El Paso	1998-2001, 2004-2006	1998-2001, 2006	77,366
TX	El Paso	Supercenter	9441 Alameda Ave	El Paso	1998-2000, 2004, 2006	1999, 2004, 2006	75,078
TX	El Paso	Supercenter	7101 Gateway Blvd W	El Paso	1998-1999, 2002-2006	2006	21,445



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STATE	CITY	TYPE	ADDRESS	COUNTY	ASSESSMENT APPEAL YEARS	SUCCESSFUL APPEAL YEARS	TOTAL SAVINGS (\$)
TX	Fort Worth	Supercenter	7451 McCart Ave	Tarrant	2002-2003, 2005-2007	2002-2003, 2006-2007	202,765
TX	Fort Worth	Supercenter	9500 Clifford St	Tarrant	2006-2007	2006-2007	201,652
TX	Fort Worth	Supercenter	6360 Lake Worth Blvd	Tarrant	2002, 2005- 2006	2002, 2006	154,455
TX	Fort Worth	Supercenter	3851 Airport Fwy	Tarrant	2005-2007	2005-2007	129,181
TX	Fort Worth	Supercenter	1401 N Saginaw Blvd	Tarrant	2005-2007	2005-2007	104,646
TX	Fort Worth	Supercenter	8520 N Beach St	Tarrant	2006-2007	2006-2007	99,075
TX	Fort Worth	Supercenter	6770 Westworth Blvd	Tarrant	2007	2007	69,537
TX	Fort Worth	Supercenter	6300 Oakmont Blvd	Tarrant	2006-2007	2006-2007	51,276
TX	Frisco	Supercenter	Hwy 423 & El Dorado Pkwy	Collin	2006-2007	2006-2007	22,158
TX	Garland	Supercenter	555 Hwy 30 W	Dallas	2006-2007	none	0
TX	Georgetown	Supercenter	620 S IH 35	Williamson	2004	2004	25,191
TX	Granbury	Supercenter	735 US Hwy 377 E	Hood	2005	2005	8,202
TX	Grand Prairie	Supercenter	2225 W Interstate 20	Tarrant	2002, 2005-2007	2002, 2005-2007	262,850
TX	Grapevine	Supercenter	1601 W State Highway 114	Tarrant	2004, 2006-2007	2004, 2006-2007	251,287
TX <sup>23</sup>	Houston	discount store	13484 Northwest Fwy	Harris	1995-1998, 2000, 2005, 2007	1995-1998, 2005, 2007	130,449
TX <sup>24</sup>	Houston	discount store	9555 S Post Oak Rd	Harris	1999-2000, 2004-2005	1999-2000, 2005	45,088
TX	Houston	Supercenter	3450 Fm 1960 W	Harris	2004	none	0
TX	Houston	Supercenter	15955 FM 529 Rd	Harris	2004	none	0
TX <sup>25</sup>	Houston	Supercenter	7075 FM 1960 W	Harris	1995-1998, 2001	1995-1996	14,000
TX	Houston	Supercenter	2727 Dunvale Rd	Harris	2002	2002	85,249
TX	Houston	Supercenter	2700 S Kirkwood Rd	Harris	2002, 2004-2005	2002, 2005	65,101
TX	Houston	Supercenter	12353 FM 1960 W	Harris	2005	2005	29,887
TX	Humble	Supercenter	6626 Fm 1960 Rd E	Harris	2005	2005	27,031
TX	Humble	Supercenter	9451 FM 1960 Bypass Rd W	Harris	2005, 2007	2005	33,288
TX	Hurst	Supercenter	1732 Precinct Line Rd	Tarrant	2004, 2006-2007	2004, 2006- 2007	120,463
TX	Irving	Supercenter	4100 W Airport Fwy	Dallas	2004, 2006-2007	2007	49,177
TX <sup>26</sup>	Katy	Supercenter	1313 N Fry Rd	Harris	1994-1998, 2000, 2004	1994-1997	112,000
TX	Katy	Supercenter	25108 Market Place Dr	Harris	2006	2006	58,114
TX	Kemah	Supercenter	255 Fm 518	Galveston	2003	none	0
TX	Kilgore	Supercenter	1201 Stone Rd	Gregg	2003-2004	none	0
TX	Killeen	Supercenter	1400 Lowes Blvd	Bell	2003, 2005-2006	none	0
TX	Lake Jackson	Supercenter	121 Highway 332 W	Brazoria	2003, 2005-2006	2003, 2005-2006	51,243
TX	Lewisville	Supercenter	801 W Main St	Denton	2005-2007	2005-2007	59,346

APPENDIX

STATE	CITY	TYPE	ADDRESS	COUNTY	ASSESSMENT APPEAL YEARS	SUCCESSFUL APPEAL YEARS	TOTAL SAVINGS (\$)
TX	Lewisville	Supercenter	190 E Round Grove Rd	Denton	2005, 2007	2005-2007	34,946
TX	Lindale	Supercenter	105 Centennial Blvd	Smith	2006	none	0
TX	Livingston	Supercenter	1620 W Church St	Polk	2005	none	0
TX	Mansfield	Supercenter	930 N Walnut Creek Dr	Tarrant	2002-2003, 2006	2002-2003	42,268
TX	McAllen	Supercenter	1200 E Jackson Ave	Hidalgo	2007	none (07 pending)	0
TX	McKinney	Supercenter	5001 McKinney Ranch Pkwy	Collin	2004-2007	2005-2007	36,114
TX	McKinney	Supercenter	2041 Redbud Blvd	Collin	2004-2007	2006-2007	10,436
TX	Mineola	Supercenter	135 NE Loop	Wood	2000-2001	n.a.	n.a.
TX	Mission	Supercenter	2410 E Expy 83	Hidalgo	2007	none (07 pending)	0
TX	Mission	Supercenter	215 E Mile 3 Rd	Hidalgo	2007	none (07 pending)	0
TX	New Braunfels	distribution center	3920 North IH 35	Comal	2006	2006	171,311
TX	North Richland Hills	Supercenter	9101 N Tarrant Pkwy	Tarrant	2002-2003, 2006-2007	2002-2003, 2006-2007	198,527
TX	North Richland Hills	Supercenter	6401 NE Loop 820	Tarrant	2001, 2007	2001, 2007	126,978
TX	Palestine	distribution center	201 Old Elkhart Rd	Anderson	2007	2007	10,140
TX	Palestine	distribution center	14863 FM 645	Anderson	2005, 2007	none	0
TX	Palestine	Supercenter	2223 S Loop 256	Anderson	2006	2006	15,407
TX	Pasadena	Supercenter	1107 S Shaver St	Harris	2000, 2005	2005	40,769
TX	Pearland	Supercenter	10505 Broadway	Brazoria	2003-2004, 2006	2003-2004, 2006	67,066
TX	Pearland	Supercenter	1710 Broadway St	Brazoria	2003, 2005- 2006	2006	10,544
TX	Plano	Supercenter	6001 N Central Expwy	Collin	2004-2007	2004, 2006 (07 pending)	10,862
TX	Plano	Supercenter	425 N Coit Rd	Collin	2003-2006	2003-2004, 2006	9,497
TX	Plano	Supercenter	8801 Ohio Dr	Collin	2004-2005, 2007	2004 (07 pending)	4,939
TX	Plano	Supercenter	1700 Dallas Parkway	Collin	2006-2007	none (07 pending)	0
TX	Plano	Supercenter	6000 Coit Rd	Collin	2007	none (07 pending)	0
TX	Richmond	Supercenter	5330 FM Hwy 1640	Fort Bend	2005-2006	2005-2006	67,239
TX	Roanoke	Supercenter	1228 N Hwy 377	Denton	2007	2007	19,726
TX	Round Rock	Supercenter	2701 S I H 35	Williamson	2003, 2005	2005	61,397
TX	Round Rock	Supercenter	4700 E Palm Valley Blvd	Williamson	2005, 2007	none	0
TX	Rowlett	Supercenter	2501 Lakeview Pkwy	Dallas	2007	2007	98,208
TX	San Antonio	discount store	8500 Jones Maltzberger Rd	Bexar	2000-2002, 2004, 2006-2007	2001, 2006	114,670

## ROLLING BACK PROPERTY TAX PAYMENTS

STATE	CITY	TYPE	ADDRESS	COUNTY	ASSESSMENT APPEAL YEARS	SUCCESSFUL APPEAL YEARS	TOTAL SAVINGS (\$)
TX	San Antonio	discount store	5025 NW Loop 410	Bexar	2000-2001, 2004-2007	2004, 2006- 2007	22,650
TX	San Antonio	Supercenter	8030 Bandera Rd	Bexar	2001-2002, 2004-2006	2001, 2004- 2006	61,006
TX	San Antonio	Supercenter	8315 Fm 78	Bexar	2005-2006	2005-2006	13,013
TX	San Antonio	Supercenter	1515 N FM 1604 E	Bexar	2000, 2006- 2007	2006	13,401
TX	San Antonio	Supercenter	1430 Austin Hwy	Bexar	2005-2007	2005-2006	17,388
TX	San Antonio	Supercenter	5555 De Zavala Rd	Bexar	2000-2007	2001, 2004, 2006	59,612
TX	San Antonio	Supercenter	1603 Vance Jackson Rd	Bexar	2005-2007	2005-2007	32,435
TX	San Antonio	Supercenter	6703 Leslie	Bexar	2005-2007	2006	7,381
TX	San Antonio	Supercenter	3302 SE Military Drive	Bexar	2006-2007	2006-2007	215,369
TX	San Antonio	Supercenter	1200 SE Military Dr	Bexar	2005-2007	2005-2006	61,215
TX	San Antonio	Supercenter	16503 Nacogdoches Rd	Bexar	2001-2002, 2004-2007	2004, 2006	30,082
TX	San Antonio	Supercenter	2100 Loop 410 SE	Bexar	2003-2007	2004, 2006	9,622
TX	San Antonio	Supercenter	8923 W Military Dr	Bexar	2006	none	0
TX	San Benito	Supercenter	1126 W Bus 77	Cameron	2006	none	0
TX	Sanger	distribution center	2120 N Stemmons Fwy	Denton	2004-2006	2004-2006	231,951
TX	Seagoville	Supercenter	220 Hwy 175 N	Dallas	2005-2007	2005	314
TX	Spring	Supercenter	155 Louetta Crossing	Harris	2004	none	0
TX	Stephenville	Supercenter	2765 W Washington St	Erath	2003, 2005	none	0
TX	Taylor	Supercenter	3701 N Main St	Williamson	2005	none	0
TX	Temple	Supercenter	3401 S 31st St	Bell	2003, 2006	2006	47,129
TX	Terrell	distribution center	591 Apache Trail	Kaufman	2005-2006	none	0
TX	The Colony	Supercenter	4691 State Hwy 121	Denton	2004-2006	2005-2006	44,497
TX	Tyler	Supercenter	5050 Troup Hwy	Smith	2006	2006	9,906
TX	Tyler	Supercenter	6801 S Broadway Ave	Smith	2004-2006	none	0
TX	Tyler	Supercenter	3820 State Hwy 64 W	Smith	2004-2005	none	0
TX	Vidor	discount store	1350 N Main St	Orange	2005	none	0
TX	Weslaco	Supercenter	1310 N Texas Blvd	Hidalgo	2005	none	0
TX	West Columbia	discount store	301 N Columbia Dr	Brazoria	2003, 2005-2007	2003, 2005-2007	28,981
TX	Wylie	Supercenter	2050 N Hwy 78	Collin	2004, 2007	2004 (07 pending)	1,076
UT	Hurricane	distribution center	150 N Highway 91	Washington	1995	none	0
VA	Culpeper	Supercenter	801 James Madison Hwy	Culpeper	2003, 2007	2003	6,810
VA	Williamsburg	distribution center	9305 Pocahontas Trail	James City	2006	none	0
WA	Auburn	discount store	1425 Supermall Way	King	2001	none	0
WA	Grandview	distribution center	546 Woodall Rd	Yakima	2005	none	0
WA	Renton	discount store	743 Ranier Ave S	King	1992, 1998, 2001	2001	3,606
WI	Menomonie	distribution center	6100 3M Dr	Dunn	1993	none	0
WI	Tomah	distribution center	525 Industrial Ave	Monroe	2004-2006	2004-2006	948,786
WY	Laramie	Supercenter	4308 Grand Ave	Albany	2002	none	0

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# ENDNOTES

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1. Quoted in Brenna Kelly, "Wal-Mart Says Traffic Fix a Must," *Cincinnati Enquirer*, May 9, 2007, p.1a.
2. <http://www.forwalmart.com/news/releases/Release-2006-03-02-Colorado-Steering-Committee-Ann/>
3. There appears to be a limited amount of academic literature on Wal-Mart's impact on property values, and the results have not been consistent. Lester Hadsell, writing in the *New York Economic Review* ("Large Retailers, Economic Development, and the Property Tax Base," Fall 2002), found that the arrival of a Wal-Mart store in smaller communities did not have an impact on overall property values. Michael J. Hicks, writing in the *Atlantic Economic Journal* ("Wal-Mart's Impact on Local Revenue and Expenditure Instruments in Ohio," Vol. 35, 2007), found that the presence of a Wal-Mart increases local commercial property tax assessments. See also: Michael J. Hicks, *The Local Economic Impact of Wal-Mart* (Youngstown, NY: Cambria Press, 2007), especially pages 162-163.
4. The following few paragraphs borrow heavily from: Philip Mattera, Allison Lack and Karla Walter, *Growing At Whose Expense? How Tax Avoidance by Shopping Mall Developer General Growth Properties, Inc. Harms Communities and Burdens Other Taxpayers* (Washington, DC: Good Jobs First, August 2007), p.9; available online at <http://www.goodjobsfirst.org/pdf/ggp.pdf>.
5. Percentage calculated from Census Bureau data on state and local governments available online at [http://www.census.gov/govs/estimate/0500ussl\\_1.html](http://www.census.gov/govs/estimate/0500ussl_1.html)
6. U.S. Census Bureau, *Public Education Finances: 2005*, April 2007, pp. ix and 4; available online at <http://ftp2.census.gov/govs/school/05f33pub.pdf>
7. U.S. Census Bureau quarterly data on state and local tax revenue available online at <http://ftp2.census.gov/govs/qtax/table1.pdf>
8. David H. Bradley, *Property Taxes in Perspective* (Washington, DC: Center on Budget and Policy Priorities, March 17, 2005); available online at <http://www.cbpp.org/3-17-05sfp.htm>
9. Scott Blake and Wayne T. Price, "Tax Savings: Corporations Get the Most Relief in Legislature-Approved Tax Reforms," *Floridatoday.com*; <http://www.floridatoday.com/apps/pbcs.dll/article?AID=/20070826/BUSINESS/708260321/1003>
10. Philip Mattera and Anna Purinton, *Shopping for Subsidies: How Wal-Mart Uses Taxpayer Money to Finance Its Never-Ending Growth* (Washington, DC: Good Jobs First, May 2004); available online at <http://www.goodjobsfirst.org/pdf/wmtstudy.pdf>. Wal-Mart Subsidy Watch can be found at <http://www.walmartsubsidywatch.org/>
11. The tax due may be reduced by an exemption or abatement, which may be granted to businesses for economic development purposes or to individuals as a matter of public policy. Some states tax different classes of property at different rates.

12. See the Arizona State Board of Equalization online docket at [http://www.sboe.state.az.us/cgi-bin/name\\_lookup.pl](http://www.sboe.state.az.us/cgi-bin/name_lookup.pl)>. Several other states have special state courts that hear appeals of tax cases and that have searchable electronic dockets, but these dockets do not include appeals that were resolved at a lower level.
13. Once we were well into our research, we learned of cases in which Wal-Mart did bring challenges soon after a facility opened. Nonetheless, we stuck with our original sample, making sure to include early appeals we found for those stores. We believe that our cutoff date relating to store openings did not make any significant difference in our results, since there is no evidence that Wal-Mart has changed its approach to assessment appeals in recent years.
14. Jesse Drucker, "Wal-Mart Cuts Taxes by Paying Rent to Itself," *Wall Street Journal*, February 1, 2007, p.A1.
15. *New Research Shows Wal-Mart Rigs the System to Skip Out on \$2.3 Billion in State Taxes* (Washington, DC: Citizens for Tax Justice, April 16, 2007); available online at <http://www.ctj.org/pdf/walmart041607.pdf>
16. Jeffrey S. Solocheck, "Top Court Affirms Wal-Mart Tax Bill," *St. Petersburg Times*, June 14, 2002, p.1.
17. Jon F. Sica, "Wal-Mart Sues Local Officials," *Charlotte Sun-Herald*, September 21, 2007. The subsidy figure comes from Wal-Mart Subsidy Watch [www.walmartsubsidywatch.org](http://www.walmartsubsidywatch.org).
18. All the numbers in this paragraph are from Wal-Mart's Wal-Mart Facts website. The page on Texas is at <http://www.walmartfacts.com/StateByState/?id=43>
19. The 2007 appeal decisions were finalized in June of this year, before the tax rates were published. Therefore, 2007 tax savings were estimated using the tax rates established for the 2006 fiscal year.
20. Terrence Stutz, "Appraisers See Flaws in System," *Dallas Morning News*, December 1, 2006, p.1A.
21. Anita French, "Report Critical of Wal-Mart Incentives," *Northwest Arkansas Morning News*, May 25, 2004. In this article Wal-Mart spokesperson Gus Whitcomb is quoted as saying that the company had paid \$4 billion in local property taxes over the previous ten years.
22. The statement appeared in an opinion article by B. John Bisio published in the Dubuque (Iowa) *Telegraph Herald* on March 30, 2001. Bisio is identified as "Community Affairs Manager, Wal-Mart Stores Inc., Bentonville, Ark."
23. Harris County Appraisal District (HCAD) was unable to supply Good Jobs First with 1995-1998 and the 2007 property tax millage rates. Tax savings for the earlier years is estimated based on the 2001 millage rate. Tax saving for 2007 is estimated based on the 2006 millage rate.
24. HCAD was unable to supply Good Jobs First with 1999 and 2000 property tax millage rates. Tax savings for these years is estimated based on the 2001 millage rate.
25. HCAD was unable to supply Good Jobs First with 1995 and 1996 property tax millage rates. Total tax savings is estimated based on the 2002 millage rate.
26. HCAD was unable to supply Good Jobs First with 1994 through 1997 property tax millage rates. Total tax savings is estimated based on the 2002 millage rate.