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To: Senate Committee on Revenue, Financial Institutions and Rural Issues
From: City Administrator Kevin Lahner
Copy: Mayor Shawn Reilly
Waukesha Common Council
Representative Scot Allen
Representative Adam Neylon
Senator Chris Kapenga

Date: August 28, 2017

RE: Support of SB 291 and SB 292

Thank You Chairman Marklein and members of the Senate Committee on Revenue, Financial Institutions and Rural Issues for providing me with the opportunity to testify in support of Senate Bills 291 and 292. I am here today as a representative of the City of Waukesha, Wisconsin's 7th largest city. The City of Waukesha Common Council unanimously passed a resolution in support of this legislation and Mayor Shawn Reilly is an enthusiastic supporter of these bills.

We support the passage of Senate Bills 291 and 292. These Bills are needed to stop the unfair and ongoing property tax shift that is continually increasing the property tax burden on homeowners, while providing a windfall to the big box stores and chain pharmacies.

Waukesha is in various stages of tax assessment appeals with at least eight big box or pharmacy establishments, all of whom are using the Dark Store theory or the Walgreen vs. City of Madison theory to contest their assessments. Some examples of the impact of these tax assessment appeals are as follows:

- a) In 2006 Menards paid \$14 million for its property. Menards took out a building permit to build its store for \$7 million. Menards' current opinion of value is \$8.2 million.
- b) In 2008, Walmart paid \$8.2 million for its property. Walmart took out a building permit to build its store for \$10.5 million. Walmart's 2017 Board of Review objection form indicates that its opinion of value is \$8.8 million.
- c) In 2008, Target paid \$2.6 million for its property. Target took out a building permit for \$7 million. Target's most recent court filing indicates its opinion of value is \$5 million.



- d) After the Walgreens Supreme Court ruling, Waukesha settled with Walgreens at approximately \$2.5 million for each of our four Walgreens stores. The Walgreens store at 230 Madison Street sold in 2012 for \$4.9 million. Because of the court rulings, Waukesha is not able to increase the assessed value on any of the Walgreens based on that sale. Just this month, the property has sold again for \$6.4 million. Again, because of current law the City will not be able to increase our assessment based on this sale. That is a \$3.9 million tax shift to Waukesha homeowners, and this is only one property.
- e) In 2012, Woodmans paid \$11.8 million for its property. Woodman's took out a building permit to build its store, showing the cost to build as being \$12 million. Woodmans' 2017 Board of Review objection form indicates that its opinion of value is \$14 million.

Each of the stores mentioned are in prime commercial corridors within the City of Waukesha, with continued new construction and thriving retailers. These stores should not receive an unfair property tax break, especially when the result is a continued unfair tax shift to the residential property owners in our community.

Making the situation even more unfair, the need for city services required for these types of commercial uses is greater than for other uses. During the calendar year of 2016 our Police Department responded to approximately 85 calls for service at Menards, 93 calls for service at Target and 71 calls for service at one Walgreens. Just yesterday, the Walgreens store mentioned previously required a significant police response that spanned several hours due to an armed robbery.

I appreciate Senator Roth and Senator Stroebel and all the sponsors for leading the way on this legislation. Thank you all for your time and interest in this issue. I strongly urge this committee and the members of the Waukesha legislative delegation to support these measures.

Respectfully,

Kevin Lahner
City Administrator, City of Waukesha