

Chairman Macco and members of the Assembly Ways and Means Committee:

Thank you for the opportunity to address you about AB 386 and AB 387, which seek to reverse some disturbing trends in property assessments that are negatively impacting taxation fairness for Wisconsin property owners. I am Steve Cummings, Mayor of the City of Oshkosh, and I want to share with you first hand why this legislation is necessary for local governments throughout our state.

AB 387 seeks to reverse the *Walgreens* case, a decision that has already resulted in the City of Oshkosh refunding over \$300,000 to Walgreens for two of its Oshkosh stores. This \$300,000 refund has to be redistributed to other Oshkosh taxpayers, particularly residential property owners and small businesses, some of whom compete directly with Walgreens, but now at a distinct disadvantage. Since the *Walgreens* case, other “big box” retailers have used the *Walgreens* case argument to shift another \$275,000 in taxes to other Oshkosh taxpayers.

In recent years, other large chain commercial property owners have begun using the “Dark Store” theory in conjunction with the *Walgreens* case to argue that their properties should be valued the same as dilapidated blighted commercial properties that have been closed for years. In one case in Oshkosh, a Lowe’s store is arguing that a commercial development initially costing \$15.6 million with an initial land value of \$4.6 million should now be valued a total of \$5.3 million. It is inconceivable that a building costing \$11 million to construct now has an effective value on its improvements of only \$700,000, or only 6.4% of its original value. The impact of applying the Dark Store argument to this one Lowe’s store amounts to an annual shift of \$96,000 to other Oshkosh taxpayers. This is an unfair shift to residential property owners. If other commercial properties follow suit, our potential loss of value is as much as \$184 million, which represents 5% of the city’s total value.

A core value of a local property assessor is fairness. Another core value is adherence to laws and administrative rules related to property assessment as prescribed by the Wisconsin Department of Revenue in the DOR Assessor’s manual. As you know, assessors are required to consider three approaches when assessing properties, (1) Construction cost approach, (2) Market sales approach, and (3) Income approach. Furthermore, assessors are directed to refer to the real estate transfer form to identify the value for a commercial property. As a result of the *Walgreens* case, local assessors are told that these decades long approaches to valuing commercial property are no longer valid. This places our assessors in a dilemma: either ignore the laws established by the legislature and administered by the DOR, or ignore the courts who have overreached their authority. This is a problem that demands a legislative solution. I applaud the sponsors of AB 386 and AB 387 for their recognition of this problem. I ask that the Ways and Means Committee advance these bills to the full Assembly to enable our local assessors to return fairness to local property assessment. Thank you for your time today.