

Mayor Kathy Ehley

Talking points for testimony to Ways and Means Committee, June 29, 2017

AB 386 and AB 387

- Thank you for the opportunity to speak with you today. I am pleased to be here today advocating for the passage of these critical pieces of legislation to defend and support the property tax base in Wauwatosa and across the state of Wisconsin. This legislation clarifies what has long been standard assessment practice in the State of Wisconsin – to include the value of a lease in the assessed value. It is critically important for communities such as Wauwatosa.
- Additionally, it does not make sense to consider a property as vacant when there is an active and vibrant business being run out of the structure. Furthermore, sales of vacant or foreclosed stores should not be seen as a comparable for the assessment of a new and operating store.
- These types of properties require substantial support from our police, fire and EMS, AND on a daily basis they require far more service than a household, apartment building or a small business.
- In fact, these bills will prevent a large tax shift from commercial properties to other property classes, primarily residential and local businesses. In Wauwatosa, residential properties already pay 58.9% of the property tax levy.
- With each appeal, the City of Wauwatosa's taxpayers bear the burden of paying the ALL legal fees to address this issue on behalf of the other taxing entities. We are currently up to a dozen appeals annually. In 2010 the City had 6 such appeals. In 2014 we had 7. In 2016 we had 12 and in 2017 we are at 12 and possibility more.
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- When I was elected Mayor in 2012, Wauwatosa had budgeted \$75,000 for outside counsel and expert witness expenses to deal with these types of appeals, the actual expenditure that year was \$160,000. In 2016, we spent OVER \$440,000 for outside counsel and expert witnesses on appeal cases. That is a huge burden for the City but we will no longer cave to the repeated annual appeal to reduce property tax responsibility of these businesses.

- When the City of Wauwatosa has to pay a refund in these appeal cases, it impacts all the taxing districts – the local government, the school district, the technical college, and the county - limiting and challenging our ability to meet our associated service responsibilities and stated budgets.
- Without this important legislation, the tax burden that should be borne by a segment of our business community will be shifted onto residential taxpayers and small business taxpayers. Approx. tax dollar shift to Wauwatosa residents each year would be about \$386.
- It is very difficult for me to explain to residents when they open their tax bill and it has gone up that the City is NOT raising property tax but the shifting from commercial taxes to the residential owner is the cause.
- I have heard for years consistent messaging from state legislators and the Governor to ease the property tax burden. I am surprised that our State of Wisconsin legislators and the Governor are willing to allow a shift in the tax responsibilities from thriving large corporate businesses to small businesses and residential homeowners who are the voters.
- This legislation is in no way limiting the ability to appeal one's assessed value, but to codify a fair and equitable framework for the valuation of the commercial class of properties throughout the State.
- I respectfully request your serious consideration to support for this very important bipartisan legislation and move this on to the assembly for passage.