

Testimony

State of Wisconsin Assembly Committee Ways and Means

Kraig Sadownikow

Mayor, City of West Bend

June 29, 2017

Wisconsin Assembly Committee on Ways and Means
Public Hearing
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Chairman Macco and Committee on Ways and Means:

Thank you for taking time to solicit comments from the public regarding this important topic. I have been Mayor in West Bend for a bit over 6 years and was re-elected to a 3rd term in April.

In West Bend, we have an intelligent constituency that pays attention to their local governmental activities. They see the City, Washington County and our local School District working hard to offer the best possible service at the lowest possible cost. They see us prioritize and invest in the most important roles of government, making difficult decisions often at the expense of less critical operations. They see us respecting their tax dollars and they have confidence we invest wisely into our community. I have spoken to hundreds of people about this topic from around the full spectrum of political leanings. They understand the Dark Store Theory and Walgreen challenges to assessments put at risk the financial stability of communities in Wisconsin. They know current law will place an undue burden on small business, manufacturing, agriculture and homeowners.

As the old saying goes "You don't know what you don't know". No one knew this loophole existed, nor did anyone know the dramatic negative ramifications that would result from the discovery of this loophole. Congratulations goes to the accountants and attorneys who discovered and are benefiting from finding it. I hold no ill will toward the businesses who are, on behalf of their organizations, exploiting this flaw in legislation. I don't think it is a coincidence West Bend has gone decades with little more than a handful of assessment challenges per year, mainly residential and then 3-4 years ago, BAM we are hit with Walgreens, Meijer, WalMart, Shopko, Menards..all challenging 50-60 and in some cases almost 70% ? Of course that is not a coincidence, it is when they found the loophole. They brought it to our attention, fortunately we now know about it and I ask you and the Legislature to close it.

In West Bend, we have two Walgreens stores that recently sold for a combined \$14,000,000. Walgreens challenged and won. They are now assessed at a combined \$4,800,000. This approximate \$9,000,000 drop equates to about \$180,000 to our taxing bodies. In fact, the West Bend School District had to cut a check back to Walgreens for about \$80,000 and is experiencing a permanent revenue reduction on an annual basis equating to more than an FTE teaching position. *The free and open market said the buildings are worth \$14,000,000. Walgreens attorneys and current Wisconsin Loophole says they are worth about 1/3rd of that. Quite honestly, I trust the free market more than Walgreen's attorneys.*

Meijer opened a new 200,000 square foot facility just a few weeks ago. They paid \$6,000,000 for the land and their initial assessment stands at \$20,000,000. Even before they opened their store and the ribbon was cut, before they ever paid a full tax bill, their attorneys filed a challenge demanding an assessment of \$9,000,000. The difference between what they paid for the property and their demanded assessment is \$3,000,000 or \$15 per square foot of building, ridiculously low. Left unchecked, this kind of strategy is damaging to Wisconsin and I ask you to make it stop.

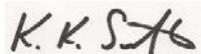
In addition to the examples above, West Bend has assessment challenges from WalMart, Menard's and ShopKo, I hear rumblings of others as well. The slippery slope appears to have no ending.

Walgreens and Meijer are not being asked to pay someone else's property tax, just their own, under the same format Wisconsin has been using for decades. I would like them to stop demanding that we pay theirs.

This important legislation knows no political boundaries. I ask each of you to support the passage of these bills, quickly, for the benefit of Wisconsin.

Thank you for your time.

Sincerely,



Kraig K. Sadownik
Mayor
City of West Bend, WI