



May 3, 2017

Dear Wisconsin State Legislator:

The League of Wisconsin Municipalities, the Wisconsin Counties Association, the Wisconsin Towns Association, and the Wisconsin Association of School Boards urge you to support legislation reversing the 2008 *Walgreens v. City of Madison* decision, LRB-0372, which Rep. Rob Brooks and Sen. Duey Stroebel are currently circulating for co-sponsors. The 2008 decision continues to control how assessors must value Walgreens, CVS, and other single-tenant retail stores, despite changes made to the *Wisconsin Property Assessment Manual* to counteract the effects of that decision. Walgreens and CVS are successfully using the decision to convince the courts that their assessed values should be less than half of the actual sale prices of the properties on the open market. As a result, more of the property tax burden is shifted to homeowners and other taxpayers.

Even though chain drugstores have become the most popular single-tenant properties in the national real estate investment market, regularly selling for \$5 million or more in Wisconsin, attorneys for Walgreen and CVS argue that their actual sale prices don't represent market value and the underlying leases are the wrong tool for determining the property's value for property tax purposes.

Real World Example from Oshkosh: Walgreens challenged the City of Oshkosh's assessments for two of its stores. The city based its assessment on the actual amounts for which the properties were sold. The court rejected the city's approach and ordered the city to refund the two Walgreens for several tax years. The total amount of the refunds equaled \$305,672. Other taxpayers in Oshkosh now have to pick up Walgreen's former share of the tax burden.

Real World Example from Appleton: The Court of Appeals recently relied on the *Walgreens v. City of Madison* decision to affirm that a CVS property in Appleton should be valued at \$1.8 million, much less than the City's \$4.4 million assessment, which was based on an actual sale of the property. Appleton is now looking at a \$350,000 refund.

LRB 0372 restores common sense to how Walgreens and CVS stores should be assessed.

Wisconsin's local government associations have prepared this packet of background information on why the *Walgreens v. City of Madison* decision needs to be overturned. We urge you take a look at the information and then sign on to the bill and help stop even more of the property tax burden from being shifted to homeowners.

Sincerely,

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