

MEMO: Target Assessed Value settlement for 2011-2013

DATE: October 2nd, 2013

TO: Finance Committee

FROM: DeAnn Brosman, City Assessor

I am requesting approval of the mediated assessed values and tax refund amounts for the 2011–2013 tax years for the Target store at 1800 S. Kensington Dr. as described below. I am also requesting approval of the attached claim for excessive assessment for 2013 which is required in order to provide the refund. This settlement will be presented to the court next Monday, October 7th via conference call.

- 2011: Reduce assessed value from \$8,190,000 to \$7,131,300 resulting in a tax refund of \$23,959.23 (incl. \$33.36 interest). The city portion of this refund is \$8,641.53.
- 2012: Reduce assessed value from \$8,190,000 to \$7,131,300 resulting in a tax refund of \$23,538.41 (incl. \$17.59 interest). The city portion of this refund is \$8,508.88.
- 2013: Reduce assessed value from \$8,050,000 to \$6,630,900 resulting in an estimated tax refund of \$31,527.72. The city portion of this refund is \$11,396.93. The 2012 tax rate was used for this estimate. This refund would occur in 2014. This assessed value is lower than 2011-2012 due to a citywide commercial revaluation.

In the absence of this settlement, we will go to trial where Target is requesting that the court reduce the 2011 assessed value to \$4,837,390 or a \$75,704 tax refund (\$27,327 city portion); reduce the 2012 value to \$5,166,000 or a \$67,104 tax refund (\$24,281 city portion); and reduce the 2013 value to \$5,000,000 or an estimated \$67,761 tax refund (\$24,495 city portion)

Target Corp. has met the statutory procedures required for a refund. In July, 2012 they filed a court complaint under WI Statute 74.37 claiming excessive assessment for the 2011 tax year. In May, 2013 this complaint was amended to include the 2012 tax year. One month ago on August 19th, Target appeared in front of the Board of Review in order to meet its statutory requirement for a 74.37 claim for 2013.

The judge ordered that mediation be conducted. The five hour mediation session occurred last Thursday, September 26th. The city was represented by myself, Jim Walsh, and outside council Amy Seibel. During mediation, information was provided by Target that was not provided prior. The above values represent the results of that mediation session and will help avoid a lengthy trial and related legal expenses.

Prior to this summer, Target provided insufficient evidence for an assessed value change. However this July, they provided me with an appraisal of their store in the amount of \$5,000,000. Although I have many concerns with the work of their appraiser, he has an extensive resume and designations which qualify him to be an expert witness in court. His court experience in tax cases is extensive. The city also hired an appraiser with very good credentials who valued the store at \$8,200,000. I am recommending the mediated values because they fit between these two figures and remain equitable with the other big box stores within the E. Calumet/E. College corridors.

Thank you for your consideration.