Nov. 4, 2015

Dear Members of the House Tax Policy Committee,

The Michigan Tax Tribunal’s decision to abandon decades of practice in the valuation of commercial property has distorted Michigan’s system for fair and proper handling of property taxes. If action is not taken promptly, the current crisis for local communities across Michigan will turn into a catastrophe.

We urge the Committee to consider legislation designed to restore fairness to property valuation practices. Bills are being developed that are the products of months of discussion among stakeholders, legal experts, legislators and members of the Executive Branch. Statutory changes are needed soon and should not be made lightly — nor should they be designed to single out or punish a business or retail sector.

The Michigan Tax Tribunal was the first such agency in the nation to accept the “Dark Store” theory of valuation and the argument is now being attempted by major retailers in other states. But, unlike what’s happening in Michigan, it has generally NOT been successful in other states.

One reason why the valuations have been adjusted in Michigan, but not in other states, is because Michigan has not enacted a solution. By contrast, our colleagues in Indiana have recognized the “Dark Store” crisis, drafted language and enacted it in the last year.

Without legislative action, Michigan is left with an unbalanced tax system that could unfairly burden small businesses and homeowners.

It is time for Michigan to move quickly, yet prudently, from crisis to solution. We offer our collective assistance to work with you in forging a restoration of a fair and property valuation system.

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