



MTA On the Issues ...

'Dark Store' Assessing Theory

House Bill 5578 creates fair, transparent and equitable solution to 'Dark Store' issue

MTA supports taxation policies that are fair, equitable and efficiently administered, and property values that are based on the highest and best use of the property.

However, in recent years, the Michigan Tax Tribunal (MTT) has used a faulty assessing theory when determining the value of fully functional "big box" retail stores, such as Menards, Lowe's and Target. Under the "dark store" assessing theory, an operational store's value is compared to other similarly sized structures—even if they are vacant, abandoned or operating under a completely different use. These appeals have distorted Michigan's property tax system, drastically reducing property values for these large corporations—and giving them a huge tax advantage over smaller "Main Street" businesses in their community.

This issue is having a growing impact on state and local governments, with fast food restaurants, auto parts stores and national chain pharmacies now seeking the same treatment—all at the expense of local governments, their residents and other businesses in the community.

A common-sense solution

HB 5578, sponsored by Rep. David Maturen (R-Brady Twp.) would put a stop the "dark stores" loophole. Ask your legislator to support HB 5578 because it:

- Requires the MTT to consider all methods of value, including the income, sales and cost methods.
- Creates a fair, transparent and equitable system of property assessment review.
- Requires that the MTT determine the highest and best use of property in its market.
- Enforces current law by clarifying that MTT must independently evaluate the parties' stipulation as to any valuation method.
- Limits the use of deed restrictions to prevent the "dark store" theory of using vacant, deed restricted properties for the purpose of lowering value and eliminating competition.
- Requires the MTT to make independent findings of fact and conclusions of law in their opinions.
- Is consistent with state law defining a property's true cash value.

Take action—call your lawmaker today and urge support of HB 5578.