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Mega-retailers shouldn't exploit faulty 'dark store theory'

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So when is an empty store an asset? When you can use it to get a property tax break on existing stores.

As Nick Manes of MiBiz reports on Page 14, that's exactly what retailers such as Meijer, Target, Wal-Mart and others have been doing.

The argument, called the "dark-store theory," is that operating stores should be assessed at the value of closed ones instead of another measure, such as construction costs. The reasoning is that their stores are customized to their specific purpose to such an extent that they are worth very little when empty.

That argument has been successful with the Michigan Tax Tribunal — and, indeed, tax tribunals in other states — which has meant municipalities across the state have refunded millions of dollars.

Adding insult to injury is that many big-box retailers have deed restrictions on their properties that prevent competitors from buying them.

This seems unfair to us. At a minimum, retailers should not be allowed to use deed-restricted empty stores for comparison, a legislative step Indiana took this year.

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