

MARQUETTE CHARTER TOWNSHIP

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May 17, 2016

Michigan House of Representatives
Tax Policy Committee
P.O. Box 30014
Lansing, MI 48909-7514

Dear Committee Members,

RE: Marquette Charter Township Support of House Bill No. 5578

We are writing to you on behalf of the citizens of Marquette Charter Township, and the regional entities for which we collect and distribute vital tax revenues.

We know that fixing the Dark Store problem has been a priority of our Township's Representative, Rep. John Kivela, since coming to Lansing. House Bill No. 5578 is a step in the right direction.

We thank Rep. Maturen for participating in the Dark Store issue workgroup, developing proposed legislation, and sponsoring House Bill No. 5578. By this letter, we are formally expressing our support for that bill.

We have welcomed development of our Township. We have appreciated, and we continue to appreciate, the jobs provided and the broad range of services and goods offered by new and existing developments, including big box stores. We do not blame the corporate leadership for capitalizing on the gift given them by the Michigan Tax Tribunal.

However, like many other Michigan communities, our Township has suffered from the Tax Tribunal allowing the big box stores use of the new Dark Store tactic to reduce their property taxes to levels far below what anyone could possibly consider to be their fair share.

Since 2010, the Tax Tribunal has repeatedly applied this new valuation theory to big box stores, slashing their property values by 50% or more. To give you just one example, the Tax Tribunal took our Lowe's store built at a cost of \$10 million and slashed its "true cash value" to only 4 million only a year after it was built! As a result of cases like this, hundreds of big box stores across Michigan have been devalued and local governments and k-12 schools have lost tens of millions of dollars in tax revenues.

Mission Statement:

"Recognize and meet the needs of the Township Community."

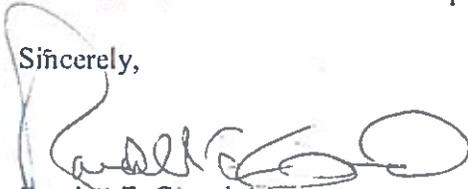


The Dark Store tactic used by the Tax Tribunal in these cases compares operating big box stores with obsolete or failed stores that have become vacant or gone out of business, often referred to as "Dark Stores". Examples of the "comparables" being used include a store converted to a church and a store converted to a warehouse. Some townships, like our Township, have tried to fight for proper values in the Tax Tribunal and have even tried to appeal the Tribunal rulings on big box stores to the courts, but the courts have upheld the Tribunal, or refused to address the issue. Proposal A effectively prevents future increases in taxable values for future years, so once reduced, the big box values are stuck at these unfairly low levels.

House Bill No. 5578 will help ensure a level playing field for municipalities facing big box store appeals in the Tribunal. It requires that a determination of the property's *highest and best use* be made. The bill also requires that comparable properties are actually comparable; in other words, comparable properties must be in the same specific market and have the same highest and best use. Contrary to the current method of relying on the Dark Store tactic, the bill requires as a general rule excluding Dark Stores and properties subject to deed restrictions as "comparable" sales.

We support and urge you to pass HB 5578. We believe the bill will help put an end to the Dark Store valuation tactic and allow all properties to be assessed fairly and uniformly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Randell E. Girard", written over a faint circular stamp or seal.

Randell E. Girard, Manager
Marquette Charter Township
On behalf of the Township Board

cc: Representative John Kivela
Marquette County Board of Commissioners
Marquette Charter Township Board of Trustees
Michigan Townships Association