

[Rep. David Maturen](#) is bringing his 40 years of work in real estate appraisal and assessing to bear in heading up a workgroup examining what, if anything, to do about how the assessment of large commercial real estate properties works, and Mr. Maturen said Friday in an interview there is clearly a problem.

The workgroup has held two meetings with a third planned for next week. It is the last one scheduled at this point. Mr. Maturen (R-Vicksburg) said he expects to submit legislation for introduction in early 2016.

Even as the issue of energy continues to consume considerable oxygen in the Capitol, the topic of "dark stores," the phenomenon in which large big box stores see lower than expected property valuations because the property is valued based on comparable sales of other properties instead of true cash value, looms as perhaps the biggest issue in 2016.

Cities, counties, villages and townships have mounted a campaign to change state law on how local assessors value those properties following Michigan Tax Tribunal decisions requiring the comparable sale method to be used. Local governments say the reduced valuations are spreading to the point where revenues are falling everywhere.

But business groups are mounting a furious defense of existing law and policy.

The workgroup includes all the major players - local assessors and equalization officers, the Department of Treasury, the State Tax Commission, legislators with heavy interest in the issue as well as some expert background, retailers, manufacturers, business organizations and realtors.

"I'm trying to see what kind of consensus we can get, if possible. I think everybody will probably not be on board," Mr. Maturen said. "I'd rather address the arguments up front than put something out there and have it shot full of holes."

Mr. Maturen owns his own real estate appraisal firm. In the 1970s and 1980s, he was a level three assessor in the Property Tax Division of the Department of Treasury.

It was this background that prompted both Mr. Maturen and [Rep. Jeff Farrington](#) (R-Utica), the chair of the House Tax Policy Committee, which has held two hearings on the issue so far, to agree Mr. Maturen should helm the workgroup.

"I almost felt an obligation when I heard about this to get involved," he said.

The workgroup has gone into greater nuance than the committee, Mr. Maturen said, delving deeper into the arcana of the General Property Tax Act and the Tax Tribunal rules.

"I think the way the Tribunal has approached valuation of these big box retail stores, in my opinion, doesn't represent sound appraisal principles," he said. "They're down a pathway that I would like to change. I think lots of folks recognize that."

Mr. Maturen said a new Costco in Kalamazoo County is a case in point. It is on a prime piece of real estate and is a primary entryway into the Kalamazoo area. Between what Costco paid for the land and listed on its building permit, it spent \$17.5 million to build the store. Assessors, using the true cash value standard valued it at \$8.5 million, and Costco immediately countered by claiming it was worth \$4 million under the comparable value standard.

"I tell people this and they scratch their head and say 'you're kidding me,'" Mr. Maturen said. "That's the extension of the theory that the Tax Tribunal has accepted for the valuing of these large retail facilities. Most people would think that's not the type of property tax system we would want in this state."

Mr. Maturen said his goal is equal treatment among properties.

There is a bill now in the Senate requiring the use of true cash value as the assessing model, but Mr. Maturen said he had some concerns about it specifying when property could be used for comparable purposes. He said that is an inappropriate role for the Legislature.

Mr. Maturen also mostly dismissed questions that business groups have raised about the constitutionality of the Legislature changing the standard. He said there is sufficient permission in the law for the Legislature to change the definition of true cash value.

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