

PROPERTY TAX & ASSESSMENT INFORMATION



MOST COMMONLY ASKED QUESTIONS

WHY DID MY ASSESSMENT AND TAXABLE VALUE INCREASE, NOTHING NEW WAS DONE TO MY PROPERTY?

OR

WHY DID MY ASSESSED VALUE DECREASE BUT MY TAXABLE VALUE STILL INCREASE?

Assessments are required by law to be set annually, done by Mass Appraisal @ an estimated 50% of True Cash/Market Value, which may increase with a strong real estate market. Taxable Values Increase for all property across the board based on the national rate of inflation or 5% whichever is the lesser of the two.

WHY DID MY TAXABLE VALUE INCREASE BY MORE THAN THE RATE OF INFLATION?

If property had a transfer of ownership/sale the prior year, the taxable value will “uncap” to the Assessed Value. If the property had missing improvements (such as a new blacktop driveway or new A/C unit, etc.) or new construction, 50% of the missing improvements or new construction value will be added to the Taxable Value.

WHY IS MY NEIGHBOR PAYING HALF THE TAXES THAT I AM WHEN THEIR HOUSE IS TWICE AS BIG?

Voters passed Proposal A, which put a “cap” on property “Taxable Values” starting in 1994, limiting property tax growth to the rate of inflation. Proposal A means the longer a person owns a property, the possible bigger difference there could be in their Assessed Value versus Taxable Value. Taxable Value is limited to the rate of inflation, but the Assessed is required by law to follow the real estate market.

UNDERSTANDING VALUES ON PROPERTY TAX BILLS & ASSESSMENT CHANGE NOTICES

TAXABLE VALUE or TV = the value used to calculate out property taxes.

ASSESSED VALUE or AV = an annual 50% estimation of the true cash value or market value based on a combination of actual real estate market sales, building depreciation, inflation rates and local building cost factors.

STATE EQUALIZED VALUE or S.E.V. = If the unit has it's Assessed Values at an approximate 50% of the estimated True Cash Values the SEV is typically the same as the Assessed.

MORE DETAILED EXPLANATION OF THE VALUES:

Taxable Value (TV) is the value used to calculate property taxes using the local levied millage rate. TV will increase/decrease annually by the rate of inflation or 5% (whichever is the lesser of the two), unless there is new value added to the property (i.e. omitted value from previous roll or new construction), or there is a non-exempt transfer of ownership or sale of the property.

Assessed Value (AV) is generally the same as the State Equalized Value (S.E.V.) and is 50% of the estimated market/True Cash Value of a property. The AV is based on a Mass Appraisal process using a 24-month sales study period of valid Real Estate Sales. Because the Assessed Value is based on the Real Estate Market the AV can fluctuate tremendously from year to year.

State Equalized Value (S.E.V.) is generally the same as the Assessed Values, unless the unit falls below the estimated 49-50% ratio of Assessed Value, then the State will adjust the tax roll to “equalize” across the board, either increasing or decreasing values, to ensure parcels are being taxed at the estimated 50% true cash value.

ESTIMATING PROPERTY TAXES

Property taxes can be estimated using the following formula: 1 Mill=\$1.00 per \$1,000 of TV

(Example: \$100,000 Taxable Value with a Township millage rate of 30 mills is calculated as follows: \$100,000/\$1,000 = 100 * 30 mills = \$3,000 in property taxes

Or visit: <http://www.michigan.gov/taxes>

PROPERTY VALUES & TAXES THE MICHIGAN WAY

UNIQUELY MICHIGAN – Prior to Proposal A (1994), property taxes were calculated from property State Equalized Values (SEV), equal to 50% of the estimated True Cash Value/Market Value. With the fluctuating real estate market that process was creating a rollercoaster effect on property values, which directly affected property taxes. Proposal A limits property tax increases to coincide with the rate of inflation. This change created the new terms, such as Capped Value (CV), and Taxable Value (TV), which is the value property taxes are calculated from. With the passing of Proposal A, the longer a property owner owns their property, the larger the gap could potentially be between the estimated Assessed Value (AV = 50% of TCV) and their Taxable Value (TV). This also means that if a property sells or has a transfer of ownership this year that this year's “Capped Value” will become uncapped to whatever the AV/SEV value is estimated to be for the next tax year. The year after the property value uncaps, the value will re-cap and will remain capped for as long as the new owner owns the property and no new value is added or previously omitted. See TRANSFER OF OWNERSHIPS/UNCAPPINGS

Transfers of Ownerships and Uncapping of Property Assessments - It is important to note that a property does not uncap to the selling price but to the AV/SEV of the property the year following the transfer of ownership.

Figure A.1 illustrates a property that sold in 2017 resulting in the taxable value uncapping for 2018. The 2017 capped/taxable value was \$77,084 and the Assessed Value was \$92,400. Proposal A states the new Capped Value will be the AV/S.E.V. resulting in the 2018 Taxable Value of \$92,800.

SEE BACK FOR INFO ON EXEMPT TRANSFERS

FIGURE A.1

TAXABLE VALUE OR TV CALCULATED AS FOLLOWS = (CV-LOSSES) X CPI + ADDITIONS

	AV/SEV	CAPPED VALUE OR CV	TV	CPI	STATUS
2015	80,700	76,169	76,169	1.6%	
2016	80,900	76,169	76,397	1.3%	
2017	92,400	88,700	77,084	1.9%	SOLD
2018	92,800	92,800	92,800	2.1%	Uncapping

UNDERSTANDING TV | AV | S.E.V.

The AV/SEV must be re-determined annually for all properties using the Mass Appraisal Method. A property's value is set based on how the property was as of December 31st of the prior year, referred to as **Tax Day**.

Taxable Values (TV) will increase (rarely decrease) by the CPI* or 5%, whichever is the lesser of the two, *UNLESS* the current year's AV/SEV is less than the previous year's TV calculation. If the current AV/SEV is **lower** than last year's TV calculation, then the current Taxable Value will be the same as the SEV. * See CPI CALCULATIONS

Figure A.2 illustrates how a property's AV/SEV can decrease but TV still increases. (for example, if the Real Estate market declines it impacts the overall AV/SEV and because the TV is lower than the AV/SEV it increases due to the rate of inflation.

FIGURE A.2

MARKET STATUS	AV/SEV	Taxable Value
INCREASES	145,900	80,179
INCREASES	146,100	81,461
DECLINES	144,700	82,764
DECLINES	143,800	83,012

*CPI (Rate of Inflation)

The CPI (rate of inflation) is determined based on a ratio calculated from the average of two 12 month periods and the most recent information on the CPI can be found on-line at the US Department of Labor, Bureau of Labor Statistics.

The Equalization Timetable – Assessments are set based off of a 24 month sales study period and include properties that have sold between April 1st through March 31st of the last 24 months from the current tax year.

It is ILLEGAL in the State of Michigan for Assessors to set individual property assessments based off of what it sold for. We are required by law to look at a collection of sales and use the Assessor's Manual in determining our assessments. We do not visit every property every year as that would be cost prohibitive. Michigan Assessor's use the Mass Appraisal Approach to set annual assessments.

Valuation Appeals made to the Local Board of Review should include relevant sales comparison data from the time period of the sales study.

WAYS TO SAVE

Principal Residence Exemption (PRE) - Years ago this was also referred to as a HOMESTEAD exemption. Today, *HOMESTEAD* exemptions are for *INCOME* tax filing purposes and Principal Residence Exemptions (PRE) are for PROPERTY tax purposes. A PRE is available to those that **own and occupy** their home as their principal residence. A PRE exempts a property from the local school operating millage portion of a property tax bill.

PLEASE NOTE, if you currently have a Principal Residence Exemption on your property and you no longer own and occupy the property as your primary residence, you must rescind the Principal Residence Exemption with the Assessor's Office. If your property is up for sale and un-occupied, you may qualify for a Conditional Rescind Exemption.

Qualified Agricultural Property Exemption -

Property that is utilized for certain Agricultural purposes may qualify for an Agricultural Exemption, which exempts a property from the school millage portion of a property tax bill. Hobby Farms, as defined by law, are not considered Qualified Agricultural Property.

Disable Veteran's Exemption - Military Veterans that **own and occupy** their home as their principal Residence and are 100% disabled (or you are an unmarried surviving spouse of a 100% disabled Veteran), may be exempt from ALL property taxes. Michigan's way of recognizing their service and sacrifice for our Freedoms.

**MORE INFORMATION ON SALES / TRANSFERS

NEW Laws are in effect exempting property values from uncapping if transfer of the property is between *first degree blood related family members*. It is the responsibility of the buyer to file a Property Transfer Affidavit (PTA) with the Assessor's Office with-in 45 days of the property transfer to notify the Assessor of the transfer and type of transfer to avoid uncapping of the property value.

Actual Sale Price DOES NOT = True Cash

Value - The law defines True Cash Value as the **usual** selling price of a property. The Legislature and the Courts have very clearly stated that **the actual selling price of a property is not a controlling factor in the True Cash Value or State Equalized Value** as calculated by the Assessor. **Foreclosure Sales** - are generally NOT considered as typical sales in the valuation of property for assessment purposes nor are they reliable indicators of value when making market comparisons for current assessed values or appeals.

FOR MORE INFORMATION OR FORMS PLEASE REFER TO THE FOLLOWING:

<http://www.michigan.gov/treasury>

I am here to serve the public. I am mandated by law to perform specific assessment duties. I am also a taxpayer, which drives me to take the extra time to ensure accuracy, provide excellent service to our community members, promote understanding and education of the property assessment and taxation process and help answer questions or concerns.

Please don't hesitate to contact me:

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