

# PROPERTY TAX INFORMATION

2017 EDITION



## UNDERSTANDING PROPERTY ASSESSMENTS & 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?

Taxable Value (TV) is the value used to calculate millages from for property taxes. TV will increase/decrease annually by the rate of inflation or 5% (whichever is the lessor 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 True Cash Value of a property. The AV is based on a Mass Appraisal process using a 24-month sales study period of Real Estate Sales. Because the Assessed Value is based on the Real Estate Market the AV can fluctuate tremendously from year to year.

**How It All Works** – It use to be that property taxes were calculated from a property’s State Equalized Value (SEV), which was 50% of the estimated True Cash Value/Market Value. Because the real estate market fluctuates so dramatically this process sometimes caused huge value and property tax increases. In 1994 Proposal A was voted in by Michigan Residents to limit property tax increases to coincide with the rate of inflation. This change created new terms, such as Capped

Value (CV), which keeps property tax growth in line with the rate of inflation, 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

The AV/SEV must be re-determined annually for all properties. A property’s value is set based on how the property was as of December 31<sup>st</sup> 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

**Transfers of Ownerships and Uncapping of Property Assessments** - It is important to note that a property does not uncaps 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 2016 resulting in the value uncapping for 2017, and value re-capping in 2018. The 2016 capped/taxable value was \$42,500 and the Assessed Value was \$87,600. Proposal A states the new Capped Value will be the previous year’s AV/S.E.V. resulting in the 2017 value of \$88,700. In 2018 the AV/SEV increased to \$95,200, however the property value re-caps the year after an uncapping, resulting in the Taxable Value only increasing by the rate of inflation, which is a Statewide increase for all properties.\*\*SEE BACK FOR INFO ON EXEMPT TRANSFERS

FIGURE A.1

	AV/SEV	CAPPED	TAXABLE = (CV-LOSSES) X CPI + ADDITIONS	
2015	86,600	40,560	40,560	
2016	87,600	42,500	42,500	SOLD
2017	88,700	88,700	88,700	UNCAPPED
2018	95,200	88,700 *	*	WILL RE-CAP

### Example of DECREASE in AV/SEV but INCREASE in Taxable Value

Figure A.2 illustrates how a property’s AV/SEV can decrease but TV still increases. (Real Estate market declines impact AV/SEV and TV increases are from rate of inflation increase.

FIGURE A.2

	AV/SEV	Taxable Value
2014	145,900	80,179
2015	146,100	81,461
2016	144,700	82,764
2017	143,800	83,012

### \*CPI (Rate of Inflation)

The 2017 CPI (rate of inflation) is determined based on a ratio calculated from the average of two 12 month periods :

Source: US Department of Labor, Bureau of Labor Statistics

INFLATION RATE MULTIPLIER FOR 2017  
(Applied to Taxable Values)

Ratio: 1.009 = A/B **Percent Change: .9%**

**The Equalization Timetable** - For 2017 assessments the 24 month sales study includes properties that have sold between October 1<sup>st</sup>, 2014 through September 30<sup>th</sup>, 2016.

Use of a 24 month sales study allows assessments to accurately reflect current real estate market conditions.

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

### ESTIMATING PROPERTY TAXES

Property taxes can be estimated using the following formula:

1 Mill=\$1.00 per \$1,000 of TV

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

**FOR MORE INFORMATION  
OR FORMS PLEASE REFER TO THE  
FOLLOWING:**

[www.townshipassessing.com](http://www.townshipassessing.com)

or

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

We are here to serve the public. We are mandated by law to perform specific assessment duties as our job. We are also taxpayers, which drives us to take the extra time to ensure accuracy, provide excellent service to our community members, promote understanding and education of the property taxation process and help answer questions or concerns.

Please don't hesitate to contact us:

Dave Brown, MAAO  
(Michigan Advanced Assessing Officer)

Jill Brown, MCAO  
(Michigan Certified Assessing Officer)

Amanda Brown, MCAT  
(Michigan Certified Assessing Technician)

Phone: 231-881-4000

Forms and Correspondence can be sent to:  
[www.townshipassessing@gmail.com](mailto:www.townshipassessing@gmail.com)

**OR**

Mailed to: Dave Brown, Assessor  
7421 Hency Rd.  
Kingsley, MI 49649

**WAYS TO SAVE** - Information on qualification and filing requirements for certain property tax exemptions:

**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.

**UNDERSTANDING PROPERTY TAXES**

**HOW PROPERTY TAXES ARE DETERMINED**

Taxing jurisdictions (such as schools, colleges, counties, townships, etc.) inform the collecting jurisdiction's Treasurer of the applicable millage rates or mills (most often voted on by the people) to be used for calculating Property Taxes. The Mills are multiplied by the Property's Taxable Value resulting in the property tax due. Property Taxes are calculated and billed to property owners for the Summer and Winter. The Treasurer calculates, prints, mails and collects payments for Property taxes. The Assessor does not have access to the Property Tax database and does not determine the millage, mill calculation, billing or collection process.

**THE ASSESSOR'S ROLE IN PROPERTY TAXES**

Assessors **determine property values** based on specific State mandated formulas, Sales Studies and Mass Appraisals.

Assessors **DO NOT** determine millage rates or establish tax laws.

Assessors **DO NOT** have access to the Treasurer's Property Tax database and therefore cannot answer specific tax dollar amount related questions.

**WHAT TO DO IF YOU DISAGREE WITH  
YOUR PROPERTY TAXES**

Let's face it, none of us enjoy paying taxes. While necessary for government operation and services, the best option is to keep costs down and be aware of how voting form millage increases affect your property taxes. If you feel your taxes are too high, get involved with your local government and volunteer your time and/ or offer cost saving solutions.

**WHAT TO DO IF YOU DISAGREE WITH  
YOUR PROPERTY VALUE**

**Request A Visit From Your Assessor** - We welcome the opportunity to meet with property owners and re-evaluate assessments to ensure accuracy. This is especially important if buildings have been removed, or otherwise destroyed.