Frequently Asked Questions

What is the difference between the Assessed Value and the Taxable Value?

Each year the Assessing Office must calculate the Assessed Value and Taxable Value of each property. The Assessed Value of your property is based on 50% of market value as required by the State of Michigan. The Assessor considers a number of factors in determining the assessed value of a property. These include age, size, quality and type of construction, lot size, extra amenities, the neighborhood, and the selling price of similar properties in that area. All property assessments are reviewed annually; with notice of these assessments provided to all property owners in March of each year. A review of all arms length sales within each neighborhood for the required study period is used to determine individual Assessed Values. The 2009 Residential assessments included sales activity between 10/01/07 and 9/30/08. Commercial and Industrial properties were studied using a 2 year study of 04/01/06 through 03/31/08. After the assessment rolls are reviewed and approved by the County and State, the assessed values become the State Equalized Values (SEV). SEV's are not subject to a "cap".

The Taxable Value is the value to which the millage rate is applied, thereby determining your taxes. Taxable Value is subject to a "cap" and can be increased only by the amount of the Consumer Price Index (CPI) or 5%, whichever is less (the CPI for 2010 was .997%) plus or minus any specific property changes. Proposal A intended to put a cap on the Taxable Value of property so that taxpayers wouldn't be as affected by a strong economy and significant increases in valuation, the intention was to make changes to the Taxable Valuation more gradual by tying it to the rate of inflation.

Capped Value = (prior year's Taxable Value – Losses) x (the lower of the CPI or 5%) + Additions

The Taxable Value is the lower of the SEV or Capped Value.

Sales prices in my neighborhood have been decreasing. Will my property valuation decrease as well?

If you've owned your property for a significant amount of time, it is likely that your Assessed Value exceeds your Taxable Value. If this is the case, a decrease in market value as determined by city sales studies, would result in a decreased assessed valuation and Assessed Value. The Taxable Value however, is required by the Michigan Constitution to increase each year by the rate of inflation or 5%, whichever is lower. In the case of a long time property owner, the Assessed Value could decrease, while the Taxable Value would increase. **The Taxable Value cannot be higher than the Assessed Value.**

How does that impact my tax bill?

Because the taxes are based on the Taxable Value rather than the Assessed Value or SEV, even with a decrease in the Assessed Value, the taxes could still go up.

I just bought my house. Will the Assessed Value automatically be half of what I paid?

No. By state law, a home's Assessed Value is not half of its purchase price, but half of its market value. The study period and process identified in paragraph 1 is used to determine market values. The Assessor and the Board of Review must follow the same procedures for determining the Assessed Value (SEV) of properties that have experienced a "transfer of ownership" as are used for properties that have not experienced a "transfer of ownership".

Does the sale of a property change its Taxable Value?

For all properties sold during a year, the Taxable Value is "uncapped" and becomes equal to the SEV of the property. There is no limit to the amount of change in Taxable Value in the year after a property transfers, however, the next year the cap goes back on the Taxable Value. A property that has sold more recently will likely have a higher Taxable Value, and therefore pay more in property taxes, than a similar property that has not transferred ownership.

If I refinance my home, will it "uncap"?

No. If the property is still under the same ownership, but was just refinanced, the Taxable Value remains capped.

What types of home improvement will increase my taxable value?

Normal maintenance and repair items such as: replacement siding, roof, furnace, windows, remodeling of kitchens or baths, and other maintenance items, <u>will not</u> cause an increase in the Taxable Value of a property. New items that had not been previously assessed, however, <u>are</u> added to the Taxable Value. Examples of new items could be: deck or patio, addition, finished basement, air conditioning, or new bathroom.

How are property taxes determined?

Your property taxes are calculated by multiplying the millage (tax) rate per thousand dollars of Taxable Value of a property.

I believe that my property taxes are too high, what can I do?

Claiming that your property taxes are too high and continue to increase is not a valid basis for an appeal. As previously mentioned, the State of Michigan requires the assessor to increase the Taxable Value annually by the CPI or 5%, whichever is less. To actually see a reduction in taxes, the Assessed Value (SEV) or Capped Value must decrease to less than the level of your current Taxable Value.

How do I appeal my assessment?

If after reviewing your Notice of Assessment, you wish to appeal your property assessment, contact the assessor's office at the number below to schedule an appointment at the March Board of Review meetings. The exact meeting dates and times are provided on the Notice of Assessment.

You will receive notification of the Board's decision regarding your appeal several weeks after the Board adjourns. This notification also provides you with information for further appeal to the Michigan Tax Tribunal (MTT), if you are not satisfied with the Board's decision. Residential appeals are required to have appealed first to the local Board of Review and finalize payment on any property taxes you may owe. Residential appeals to the MTT must be filed by July 31st, and commercial and industrial appeals must be made with the MTT by May 31st of each year.

What is a Principal Residence Exemption and how do I qualify?

A Principal Residence Exemption (PRE) currently results in a reduction of 18 mills on your tax bill. Residential property that is owned and occupied as a primary residence by May 1st of each year may qualify for this exemption. New property owners may request this exemption by filing the PRE form with the assessor's office prior to May 1st (forms are available on this website). Typically, property owners are entitled to only one exemption at a time on the home that is listed as their principal residence. Some of the things that characterize a primary residence are: where you are registered to vote, address on your driver's license, primary address on income tax records, where children attend school, etc. Recently the State of Michigan has enacted legislation that will allow a second exemption on property that did have a valid exemption but that is now vacant and listed for sale. For more information on this subject, please refer to the Conditional Rescind form.

Within 90 days of a property no longer being used as a primary residence, the owner must file a Rescind of the Principal Residence Exemption (form available on this website). For additional questions about the Principal Residence Exemption, please contact the assessor's office at the number listed below.

How to reach us –

Assessor files and sales information are available to the public at City Hall from 8:00 a.m. to 4:00 p.m., Monday through Friday. For questions, please contact us at (734) 439-0580.