

Bay County Equalization Department



»» Understanding Your
Assessed Value,
Taxable Value and
Property Taxes

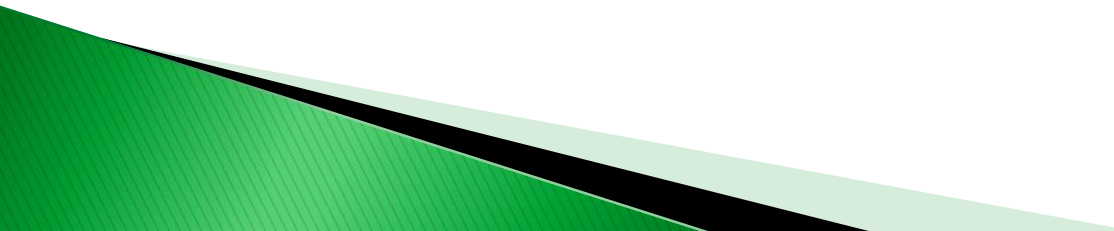
Assessment

- ▶ The assessed value is determined by the local assessor based on the condition of the property as of December 31st (also known as Tax Day) of the previous year. December 31, 2012 for 2013 Assessment Year.
- ▶ Assessed Value is 50% of True Cash Value.
- ▶ Each year, the local assessor must calculate the assessed value for every property based upon the time frame set forth by the State Tax Commission.
 - The State Tax Commission ordered the use of 2012 single year sales studies for the 2013 starting base for the residential class for all local units.
 - **For 2013 assessments, the 12 month sales study begins October 1, 2011 and ends September 30, 2012.**
 - Use of a 12 month study allows 2013 assessments to more accurately reflect current market conditions, however, there may be a limited number of current sales in some areas.
- ▶ Prior to Proposal A, property taxes were based upon State Equalized Value (SEV). With the implementation of Proposal A, property taxes are now based upon Taxable Value.

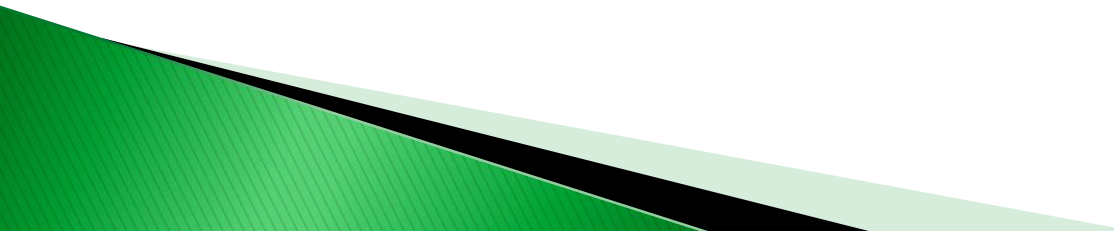
Actual Sale Price is not True Cash Value

- ▶ 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. For this reason, when analyzing sales for the purpose of determining assessment changes, the Assessing Office will review all sales but exclude non-representative sales from the assessment analysis.

Foreclosure Sales

- ▶ Inherent in the definition on usual selling price is the assumption that the sale does not involve any element of distress from either party.
 - ▶ The State Tax Commission has issued guidelines concerning foreclosure sales and if it is determined that the sale is not an arms-length transaction it would inhibit the Assessor from considering that foreclosure sale when calculating values for assessment purposes.
 - ▶ For this reason, all distressed sales, such as sales involving **mortgage foreclosure** or sales involving transfers to or from relocation companies, are 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.
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Equalization Process

- ▶ First, as stated previously, the local Assessor determines the assessed value.
 - ▶ Second, the Board of Commissioners in each county equalizes the values to ensure that property owners in all municipalities within the county pay their fair share of that unit's taxes.
 - ▶ Third, the State Tax Commission then applies an adjustment factor to the county assessments to bring the total valuation across counties as close to 50% as possible. This process produces the property's state equalized value, or SEV.
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Proposal A

- ▶ On March 15, 1994, Michigan voters approved the constitutional amendment known as Proposal A.
- ▶ Proposal A was designed to limit the growth in property taxes by the Inflation Rate Multiplier (IRM) until ownership in the property was transferred.

How it works

- ▶ Each property has a Capped Value. Capped Value is calculated by multiplying the prior year's Taxable Value, with adjustments for additions and losses, by the IRM as calculated by the State of Michigan and cannot increase by more than 5%. **For 2013, the IRM has been calculated at 2.4%.**
- ▶ Taxable Value (TV), which property taxes are based on, is defined as the **lower** of State Equalized Value or Capped Value.
- ▶ Generally speaking, this means that unless the current year SEV is less than the previous year Taxable Value multiplied by the IRM, the current years Taxable Value will increase by the IRM.

SEV = 50% of True Cash Value

Capped Value = (Prior TV-Losses) x (1+ IRM*) + Additions

* Percent of change in the rate of inflation or 5%, whichever is less, expressed as a multiplier

Taxable Value = The lesser of State Equalized Value or Capped Value unless there is a transfer of ownership.

Transfers of Ownerships and Uncapping of Taxable Value

- ▶ According to Proposal A, when a property (or interest in a property) is transferred, the following year's SEV becomes that year's Taxable Value. In other words, if you purchased a property in 2008, the Taxable Value for 2009 will be the same as the 2009 SEV. The Taxable Value will then be "capped" again in the second year following the transfer of ownership. It is the responsibility of the buyer in a transfer to file a Property Transfer Affidavit with the Assessor's Office within 45 days of the transfer.
- ▶ **Again, it is important to note that a property does not uncap to the selling price but to the SEV in the year following the transfer of ownership.**

Principal Residence Exemption

- ▶ If you **own and occupy** your home as your principal residence, it may be exempt from a portion of local school operating taxes. You may check your percentage of principal residence exemption on your “Notice of Assessment”.
- ▶ If the percentage exempt as “Principal Residence” is 0% on your assessment notice and you wish to claim an exemption for the current year, a Principal Residence Exemption Affidavit must be completed and filed with the Assessor’s Office.
- ▶ Furthermore, 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.

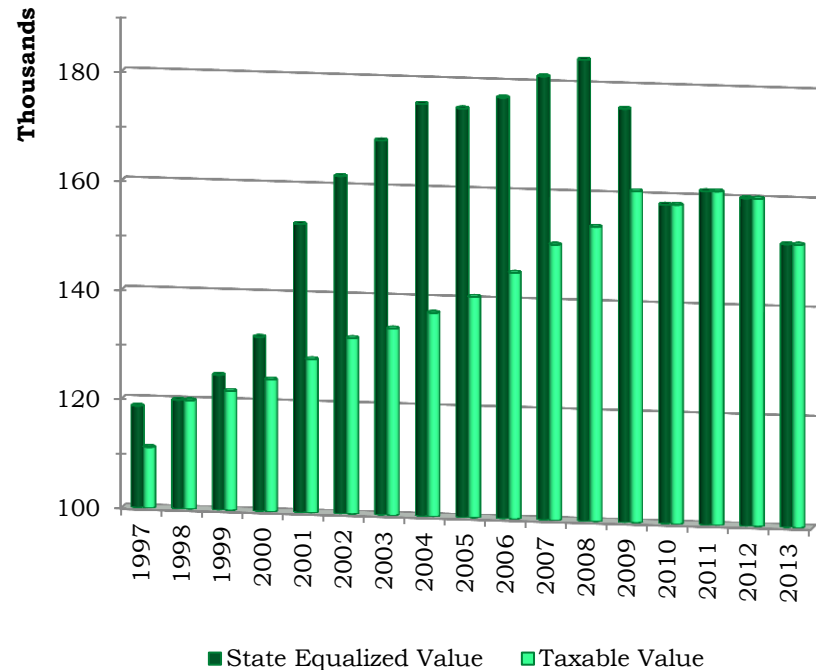
How can my Taxable Value go up when my SEV goes down?

- ▶ Remember that the definition of Taxable Value is the lesser of SEV or last year's Taxable Value (adjusted for physical changes) times the IRM. (2.4% for 2013). Since the beginning of Proposal A in 1994, overall increases in SEV have generally been greater than the increase in Taxable Value capped at the IRM. The longer a property has been owned and capped, the greater the gap between SEV and Taxable Value. Even with a decrease in SEV for 2013, **if there is still a gap between SEV and Taxable Value and the 2013 SEV is greater than the Taxable Value in the previous year, the Taxable Value will increase to the limit of the IRM cap.**
- ▶ If, however, the 2013 SEV is **lower** than the calculation of last year's Taxable Value multiplied by the IRM, then the 2013 Taxable Value will be the same as the 2013 SEV.

Example of Declining State Equalized Value and Increasing Taxable Value

- ▶ This example illustrates a property, purchased in 1997 and uncapped in 1998. In 1998 the SEV becomes the new Taxable Value and then the property is subsequently recapped at the IRM. The SEV will increase or decrease based on market conditions. The Capped Value is adjusted by the IRM in the following year. Taxable Value is determined by using the SEV or Capped Value, whichever is less.

Year	State Equalized Value	Capped Value	Taxable Value	IRM
1997	118,700	111,190	111,190	2.80%
1998	120,000	114,192	120,000	2.70%
1999	124,800	121,920	121,920	1.60%
2000	132,000	124,236	124,236	1.90%
2001	152,900	128,211	128,211	3.20%
2002	161,900	132,313	132,313	3.20%
2003	168,700	134,297	134,297	1.50%
2004	175,600	137,385	137,385	2.30%
2005	175,000	140,544	140,544	2.30%
2006	177,200	145,181	145,181	3.30%
2007	181,300	150,552	150,552	3.70%
2008	184,600	154,014	154,014	2.30%
2009	175,800	160,790	160,790	4.40%
2010	158,500	160,307	158,500	-0.30%
2011	161,200	161,194	161,194	1.70%
2012	160,100	165,546	160,100	2.70%
2013	151,900	163,942	151,900	2.40%



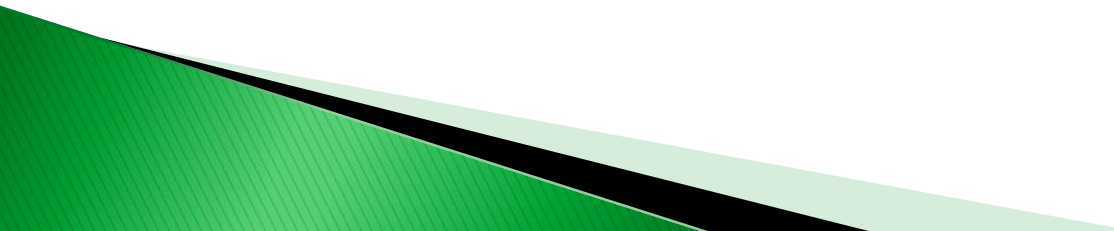
Calculating Your Taxes

- ▶ Property owners can calculate their tax bill by multiplying their taxable value by the millage rate.
- ▶ FOR EXAMPLE, if the millage rate is 20 mills, property taxes on a home with a taxable value of \$45,000 would be \$900. The mathematical equation illustrates how this is figured: $(20/1,000) \times \$45,000 = \900
- ▶ Administration Fee: This fee is based upon the amount of property tax paid and is limited to one percent (1%). This helps cover the Township/City costs to determine and defend annual assessments and collect taxes for all taxing authorities.
- ▶ To figure the amount due in administration fees on a home with a taxable value of \$45,000, see the following example:
 - $\$900 \text{ property taxes} \times 0.01 = \9.00
- ▶ Total Taxes Due: In the example above, the administration fee of \$9 added to \$900 in property tax would equal a total of \$909 owed.

Bay County 2012 Millage Rates

<u>Unit</u>	<u>School District</u>	<u>Twp/City Operating</u>	<u>County Operating Extra Voted</u>	<u>State Education Tax</u>	<u>Non PRE/Q Ag Tax</u>	<u>School Bonded Debt</u>	<u>Intermediate School District</u>	<u>Delta College</u>	<u>Total PRE/Q Ag (Homestead)</u>	<u>Total Non PRE/Q Ag</u>	<u>Commercial Personal Property</u>	<u>Industrial Personal Property</u>
Bangor Township												
	09030 - Bangor	2.5351	11.4638	6.0000	18.0000	2.1700	4.9233	2.0427	29.1349	47.1349	35.1349	23.1349
Beaver Township												
	09010 - Bay City	4.6606	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	32.0804	50.0804	38.0804	26.0804
	09090 - Pinconning	4.6606	11.4638	6.0000	18.0000	2.9950	4.9233	2.0427	32.0854	50.0854	38.0854	26.0854
Frankenlust Township												
	09010 - Bay City	2.1952	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	29.6150	47.6150	35.6150	23.6150
	73200 - Freeland	2.1952	11.4638	6.0000	17.6994	4.2000	2.0872	2.0427	27.9889	45.6883	33.6883	21.9889
Fraser Township												
	09090 - Pinconning	3.1536	11.4638	6.0000	18.0000	2.9950	4.9233	2.0427	30.5784	48.5784	36.5784	24.5784
Garfield Township												
	09090 - Pinconning	2.5674	11.4638	6.0000	18.0000	2.9950	4.9233	2.0427	29.9922	47.9922	35.9922	23.9922
Gibson Township												
	06050 - Standish/Sterling	2.0921	11.4638	6.0000	18.0000	5.5000	4.9233	2.0427	32.0219	50.0219	38.0219	26.0219
	09090 - Pinconning	2.0921	11.4638	6.0000	18.0000	2.9950	4.9233	2.0427	29.5169	47.5169	35.5169	23.5169
Hampton Township												
	09010 - Bay City	6.6500	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	34.0698	52.0698	40.0698	28.0698
	09050 - Essex./Hampton	6.6500	11.4638	6.0000	18.0000	3.1500	4.9233	2.0427	34.2298	52.2298	40.2298	28.2298
Kawkawlin Township												
	09010 - Bay City	2.1208	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	29.5406	47.5406	35.5406	23.5406
	09090 - Pinconning	2.1208	11.4638	6.0000	18.0000	2.9950	4.9233	2.0427	29.5456	47.5456	35.5456	23.5456
Merritt Township												
	09010 - Bay City	2.6898	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	30.1096	48.1096	36.1096	24.1096
	79110 - Reese/Tuscola	2.6898	11.4638	6.0000	17.7372	4.7000	4.2409	2.0427	31.1372	48.8744	37.1372	25.1372
Monitor Township												
	09010 - Bay City	1.9784	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	29.3982	47.3982	35.3982	23.3982
Mt. Forest Township												
	09090 - Pinconning	3.4879	11.4638	6.0000	18.0000	2.9950	4.9233	2.0427	30.9127	48.9127	36.9127	24.9127
Pinconning Township												
	06050 - Standish/Sterling	1.1759	11.4638	6.0000	18.0000	5.5000	4.9233	2.0427	31.1057	49.1057	37.1057	25.1057
	09090 - Pinconning	1.1759	11.4638	6.0000	18.0000	2.9950	4.9233	2.0427	28.6007	46.6007	34.6007	22.6007
Portsmouth Township												
	09010 - Bay City	2.6983	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	30.1181	48.1181	36.1181	24.1181
Williams Township												
	09010 - Bay City	4.4000	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	31.8198	49.8198	37.8198	25.8198
City of Auburn												
	09010 - Bay City	12.0000	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	39.4198	57.4198	45.4198	33.4198
City of Bay City												
	09010 - Bay City	20.0935	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	47.5133	65.5133	53.5133	41.5133
City of Essexville												
	09050 - Essex./Hampton	19.1300	11.4638	6.0000	18.0000	3.1500	4.9233	2.0427	46.7098	64.7098	52.7098	40.7098
City of Pinconning												
	09090 - Pinconning	14.6736	11.4638	6.0000	18.0000	2.9950	4.9233	2.0427	42.0984	60.0984	48.0984	36.0984
City of Midland												
	09010 - Bay City	14.7900	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	42.2098	60.2098	48.2098	36.2098

Appeal Process

- ▶ If a taxpayer disagrees with the assessed value, taxable value, or classification of property, they may appeal to the local board of review. Township board of reviews meet in the week containing the second Monday in March to hear protest.
 - ▶ If the taxpayer is unsatisfied with the local board of review results, they may then appeal to the Michigan Tax Tribunal.
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Additional Information

- ▶ Michigan Department of Treasury – Property Tax Information
<http://www.michigan.gov/taxes/0,1607,7-238-43535---,00.html>
- ▶ Michigan Department of Treasury Property Tax Estimator
<https://treas-secure.state.mi.us/ptestimator/ptestimator.asp>
- ▶ Michigan Taxpayer's Guide
<http://www.legislature.mi.gov/documents/Publications/TaxpayerGuide2013.pdf>
- ▶ Michigan Tax Tribunal
<http://www.michigan.gov/taxtrib>

Contact Information

<u>Township</u>	<u>Assessor</u>	<u>Telephone #</u>
Bangor	Dan Darland	(989) 684-7100
Beaver	Joan Fackler	(989) 843-6000
Frankenlust	Paul Arnold	(989) 686-5300
Fraser	Steven Coucke	(989) 697-5151
Garfield	James Dubay	(989) 879-2552
Gibson	Joan Fackler	(989) 843-6000
Hampton	David Swinson	(989) 893-7541
Kawkawlin	Joan Fackler	(989) 843-6000
Merritt	Patti Peltier	(989) 659-2136
Monitor	Margaret Ford	(989) 684-7304
Mt. Forest	Sharon Stalsberg	(989) 879-7575
Pinconning Twp.	Sharon Stalsberg	(989) 879-4018
Portsmouth	Patti Peltier	(989) 892-7221
Williams	Paul Arnold	(989) 662-4241

<u>City</u>	<u>Assessor</u>	<u>Telephone #</u>
Auburn	Patti Peltier	(989) 662-6761
Bay City	Coiene Tait	(989) 894-8123
Essexville	David Swinson	(989) 893-0772
Pinconning Cty.	Tom Boetefuer	(989) 879-2360
Midland	Reid Duford	(989) 837-3334

Bay County Equalization Department (989) 895-4075