

**Property Tax Class**

Welcome

**Definitions / Roles**

**True Cash Value (TCV)**  
The actual value of your home, as determined by the local assessor

**Assessed Value**  
**State Equalized Value (SEV)**  
50 percent of the actual value of your home

**Definitions / Roles**

**Taxable Value**  
The capped value of your home. By law, increases in your taxable value are limited to the inflation rate (Consumer Price Index (CPI)) or 5 percent, whichever is less.

**Definitions / Roles**

**Assessor** – The local government entity charged with creating and adjusting assessments for every parcel of property in your community.

1. Inventory and list all properties within the municipality.
2. All taxable property must be equitably evaluated annually in accordance with the Michigan General Property Tax Laws.
3. Calculate the Taxable Value

**Definitions / Roles**

**Assessor**  
Notes:

- Annual evaluation is as of Dec. 31st
- Mass Assessment
- Sales price is not necessarily a factor

**Definitions / Roles**

**Board of Review (BOR)** – A board of local citizens who examine and review the assessments as determined by the assessor and to correct errors in names, descriptions and assessments. They also hear taxpayer protests of their assessments and have limited power to grant homestead, qualified agricultural exemptions and hardship exemptions

## Definitions / Roles

### **BOR – Members**

1. Electors of the Township
2. 18 yrs old, US citizen, min. 30 day res.
3. 2/3 must be property owners
4. 2 year term
5. No Township Board members
6. Not related to assessor

## Definitions / Roles

### **BOR – Meetings**

1. March – correct errors, protests by taxpayers, agricultural exemptions
2. July and December – clerical errors, homestead, poverty exemptions

## The beginning of your assessment

### **You build a house**

The assessor gathers information on the property and improvements

- Property Record Card
  - House prints (Blue prints)
  - Physical inspection
  - Survey

## The beginning of your assessment

### **A True Cash Value (TCV) is established**

- Utilizing information about the land and the improvements
- Cost of Construction
- Two Year Sales Study

**SEV is set at 50 percent of the TCV**  
**Taxable Value is the same as SEV**

## The beginning of your assessment

### **Two Year Sales Study**

For 2009 the sales study starts April 1<sup>st</sup>  
~~2006 thru March 31<sup>st</sup> 2008~~

A One Year Sales Study is possible if there is a **declining market**. If one is allowed it would be from October 1, 2007 thru September 30, 2008

## The beginning of your assessment

### **Declining Market**

- Requires significant evidence of a declining market
- Single year sales studies must contain a sufficient number of valid sales
- Single year studies may be initiated by the local assessor or the equalization director. Coordination between both is emphasized
- Must consider whether decline is limited to a sub-population

### One Year vs Two Year Study

- Richland and Texas Township are the only two Townships that are using the Two Year Study for 2009
- All other Townships in Kalamazoo County are using the One Year Study for 2009

### The beginning of your assessment

#### Property Tax

TCV = \$200,000  
SEV = \$100,000  
Taxable Value = \$100,000

### The beginning of your assessment

#### Property Tax Formula

Taxable Value X Millage Rate  
 $\$100,000 \times .032 = \$3200$

Millage Rate is determined by the municipality and represents \$1 of tax for every \$1,000 of Taxable Value

Non-Principal Residence Exemption (PRE) or (Homestead) is 18 Mills higher

### The beginning of your assessment

#### Principal Residence Exemption (PRE)

- Filed with the township
- Only one PRE allowed
- Qualify once you reside in home
- Start date is January 1<sup>st</sup>
- Forgiveness for PRE up to May 1<sup>st</sup>
- Non-PRE is 18 Mills higher

### Your Assessment Grows

#### Assessment notice each year

**SEV** – Increases by the amount of sales study (Market / Sales Study)

**Taxable Value** – Increases by CPI or 5%  
2009 CPI = 4.4%

### Your Assessment Grows

#### Assessments change most years

##### SEV

- Grows at an uncapped rate (Sales Study)
- Usually at a faster rate than the Taxable
- It can go up or down

##### Taxable

- Grows at a capped rate, CPI no more than 5%
- CAN NOT be higher than the SEV

## Uncapping your Assessment

### You sell your property!

**Taxable Value** – This amount uncaps and becomes the same number as the SEV in the year following the Transfer of ownership

**Growth of Taxable and SEV start over for the new owner**

Where does the sales price fit into your assessment?  
Chasing Sales?

## Uncapping your Assessment

**2008 – Sale occurs**

**SEV = \$145,000**

**Taxable = \$100,000 (Tax \$3,200)**

**2009**

**SEV = \$150,000**

**Taxable = \$150,000 (Tax \$4,800)**

What about your Tax Escrows?  
What else changes your Taxable Value?

## Appealing your Assessment

### Caution!

If you don't want the BOR or assessor to look closely at your assessment...  
They are not looking to find other errors in your assessment but they can't ignore what is in front of them.

## Appealing your Assessment

### Board of Review (BOR) Schedule

Meets the first Tuesday following the first Monday in March to review the Tax Roll

Meets the week containing the second Monday in March to hear protests (appeals).

## Appealing your Assessment

### BOR Schedule

- Meet with taxpayer or representative
- Limited time for each meeting 5-15 min.
- No decisions are made at that time

## Appealing your Assessment

### What are you Protesting?

- SEV / Assessed Value, Taxable Value, Classification
- Error(s) in the assessment
- Inconsistent assessments in an area
- Based on Appraisal
- Taxes too high

## Appealing your Assessment

### **SEV / Assessed Value, Taxable Value, Classification**

What lowers your taxes?

## Appealing your Assessment

### **Errors**

- Review Property Record Card
  - Definitions
  - Measurements
  - Contents

## Appealing your Assessment

### **Inconsistent assessments in an area**

- Compare to other assessments
  - Neighborhood
  - Similar neighborhood
  - Similar situation (Acres, lakes)

## Appealing your Assessment

### **Based on Appraisal**

- Why did you do an appraisal?
  - Refinance
  - Sale
  - BOR
- When did you do an appraisal?
  - Current
  - Time of Sales Study

## Appealing your Assessment

### **Based on CMA / Realtor**

- Realtors are not supposed to do a CMA for tax purposes
- Comparable sales
  - Invalid Sales
    - Foreclosure
    - Sale to Relative

## Appealing your Assessment

### **Taxes Too High**

- Are you any higher than your neighbors?
- Comparing Assessed Values or Taxable Values?
- PRE filed?

## Appealing your Assessment

### Key Points

The burden is on the property owner to make their case. Bring evidence.

Have a logical approach to your appeal

## Appealing your Assessment

### Key Points

This is not an adversarial process.

The members of the BOR are people. They are local taxpayers like yourself that are giving of their time to serve.

## Appealing your Assessment

### What can help you in your appeal? (Depends)

- Assessment notice
- Property Record Card
- Other relevant record cards
- Relevant pictures
- Appraisal
- Listings that apply
- Sold data that applies
- Any other information that proves your case

## Appealing your Assessment

### Prepare your presentation

- Know ahead of time what you want the BOR to give you (Amount of change \$)
- Have handouts for the BOR
- Handouts should be in a logical order
- Include a written summation of your appeal. (Letter)

## Appealing your Assessment

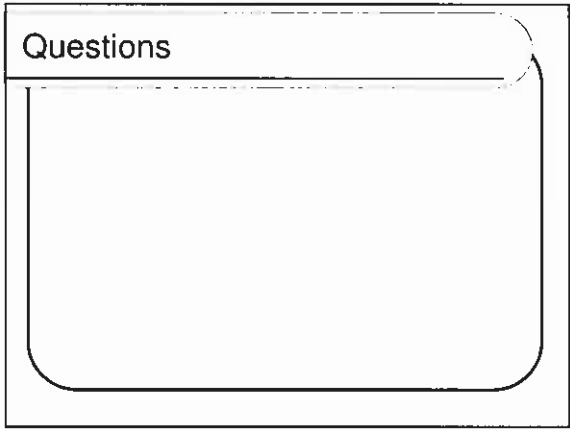
### What if you loose your protest?

- Michigan Tax Tribunal is your next step
- Must go to the BOR before going to the Tribunal
- The Tribunal is another appointed board
- Please be prepared

## Appealing your Assessment

### Equality in your Assessment?

Questions

A rectangular box with a header labeled "Questions" and a large empty space below it for writing. The box has a double-line border and rounded corners. The header is a horizontal bar at the top, and the main area is a large rectangle below it.

CPI = Consumers Price Index

CPI History	
1995	1.026
1996	1.028
1997	1.028
1998	1.027
1999	1.016
2000	1.019
2001	1.032
2002	1.032
2003	1.015
2004	1.023
2005	1.023
2006	1.033
2007	1.037
2008	1.023
2009	1.044

\*NOTE  
4.4%

1.044 is a 4.4% INCREASE  
+ THE CURRENT YEAR.