

**GENERAL QUESTIONS AND FACTS REGARDING THE ASSESSMENT PROCESS**

**THE FOLLOWING ARE ASSESSING TERMS FREQUENTLY REFERRED TO:**

- **ASSESSED VALUE (AV)** = is required by the State Constitution, a property is uniformly assessed at 50% of the usual selling price. The usual selling price is often referred to as “True Cash Value”.
- **STATE EQUALIZED VALUE (SEV)** = Assessed Value as adjusted following “Equalization” as determined by the County Board of Commissioners and the State Tax Commission to ensure that the property is at the constitutional 50% level of assessment.
- **TAXABLE VALUE (TV)** = TV is the amount upon which your property taxes are calculated. TV changes from year to year by the “rate of inflation” or 5% (also known as the Consumer Price Index) (CPI) whichever is lower. For 2019 the inflation rate multiplier as determined by the State Tax Commission is 1.024.
- **PROPERTY TRANSFER AFFIDAVIT (PTA)** = this form must be filed whenever real estate is transferred. A transfer of property is not limited to a transfer including a monetary transaction. A transfer of property can occur, including but not limited to, upon an inheritance or a gift. It must be filed by the new owner with the assessor within 45 days of the transfer. If it is not filed timely, a penalty of \$5/day (maximum \$200) applies.
- **PRINCIPAL RESIDENCE EXEMPTION (PRE)** = formerly known as the “Homestead Exemption”. The Principal Residence Exemption (PRE) exempts you from paying 18 mills of school operating tax. The deadline to file the *PRE Affidavit* for taxes levied after December 31<sup>st</sup> is June 1 for the summer tax levy and November 1 ONLY if there is a levy of school taxes (**the Township does NOT have this**).

**HOW ARE MY PROPERTY TAXES CALCULATED?**

Taxable value times millage rate divided by 1,000 equal taxes. To estimate your property taxes, the 2019 millage rate information is:

<b>2019 SUMMER TAX LEVY</b>			<b>2019 WINTER TAX LEVY</b>		
<b>SCHOOL DIST.</b>	<b>82430</b>	<b>81070</b>		<b>82430</b>	<b>81070</b>
SET	6.0000	6.0000	COUNTY	0.9897	0.9897
SCH OPER	18.0000*	18.0000*	JAIL	0.9381	0.9381
SCH DEBT	2.9800	7.3500	HCMA	0.2117	0.2117
SINKING	0.4911	0.0000	WCCC	3.2408	3.2408
RECREATION	-	0.0972	DETROIT ZOO	0.1000	0.1000
RESA/ ISD	3.4643	5.3285	TOWNSHIP	0.9047	0.9047
COUNTY	5.6483	5.6483	PUBLIC SAFETY	6.4317	6.4317
			LIBRARY OPER	1.4355	1.4355
			LIBRARY DEBT	0.6200	0.6200
			PARKS	0.2459	0.2459
			RESA - ENH	2.0000	
			DET.INST ART	0.2000	0.2000
<b>Total PRE</b>	<b>18.5837</b>	<b>24.4240</b>		<b>17.3181</b>	<b>15.3181</b>
<b>Total NON PRE</b>	<b>36.5837</b>	<b>42.4240</b>		<b>17.3181</b>	<b>15.3181</b>
<b><u>2019 TOTAL</u></b>					
<b>PRE</b>	<b>35.9018</b>	<b>39.7421</b>			
<b>NON-PRE</b>	<b>53.9018</b>	<b>57.7421</b>			

\*If PRE, subtract “SCH OPER” millage

THESE AMOUNTS DO NOT INCLUDE ANY ADMINISTRATIVE FEES OR SPECIAL ASSESSMENTS THAT MAY APPLY TO YOUR PROPERTY. There is a Property Tax Estimator located at: [www.michigan.gov/propertytaxestimator](http://www.michigan.gov/propertytaxestimator)

## **WHAT IS THE DIFFERENCE BETWEEN ASSESSED VALUE AND TAXABLE VALUE?**

Assessed Value is defined by State Law as 50% of the true cash (or market) value of the property as of December 31<sup>st</sup> of the preceding year. True cash value is what your property would sell for in the open market. Taxable Value is derived from a formula created by Proposal A in 1994, designed to limit Taxable Value increases to the rate of inflation.

## **HOW IS MY ASSESSED VALUE CALCULATED?**

All Assessed Values are calculated according to State Tax Commission standards. Buildings are measured and features are noted to determine a replacement value using the State Assessor Manual, which contains average construction costs for the State of Michigan. The resulting cost is then adjusted by a county multiplier which will adjust the average State costs to Wayne County construction costs. Depreciation is then deducted from the replacement cost. This resulting value is further adjusted by an Economic Condition Factor (ECF) which adjusts the value to its specific neighborhood in Van Buren Township. (ECF's are determined by analyzing and verifying sales in each neighborhood). The final building value is combined with the established land value for a true cash (or market) value. 50% of this true cash value is the assessed value.

## **HOW IS MY TAXABLE VALUE CALCULATED?**

Taxable Value is applied to the millage rate to determine taxes to be paid. In accordance with the 1994 constitutional amendment known as Proposal A the first step in the process is to calculate the Capped Value of every parcel of assessable property using the following formula:

### **CAPPED VALUE FORMULA:**

**PRIOR YEAR'S TAXABLE VALUE – TAXABLE VALUE OF LOSSES X LESSER OF 5% OR CPI MULTIPLIER + TAXABLE VALUE OF ADDITIONS = CAPPED VALUE**

CPI is the Consumer's Price Index (Inflation rate) as determined by the State of Michigan each fall. The legislature has defined Taxable Value to be the lesser of SEV or Capped Value. Assessors are required to annually calculate a Capped Value for each individual parcel of real property. The Capped Value is then compared to the SEV of that property, and the lower of the two will be its Taxable Value upon which taxes are levied. The year following an eligible transfer of ownership, the property will become "uncapped".

## **WHAT DOES "UNCAP" MEAN?**

Under Proposal A, a property is "uncapped" in the year following a transfer of ownership. This means that the taxable value for the year following a transfer will be the same as the assessed value for that year. The year after the property is uncapped, increases to the taxable value will once again be limited by the Consumer Price Index or 5%, whichever is lower unless there are physical changes made to the property.

## **WHY ARE MY TAXES HIGHER THAN MY NEIGHBORS?**

Under Proposal A, you and your neighbor can live in identical houses and pay a different amount of taxes. If your neighbor has lived in their home for several years and you recently purchased yours, you may pay more taxes than your neighbor. This would be because of the "uncapping" as explained above.

## **WHEN I BOUGHT MY HOME, WHY WAS THE SEV NOT PLACED AT 50% OF MY SALE PRICE IF MY SALE PRICE IS FAIR MARKET VALUE?**

By State Law, a Property's Assessed Value is not half its purchased price, but half of its market value. With each sale, different factors go into an agreed upon sales price between a buyer and seller. In today's market we have Bank Owned Sales, Auction Sales, Estate Sales, Short Sales, etc. and one sale does not and cannot determine the average sales price for a given neighborhood. Therefore, it is important to note that 50% of a sales price does not automatically become the SEV for that property. The SEV is based upon the overall market within a neighborhood and that "one sale" does not necessarily determine the value for that property. Only verified and qualified sales are used to determine values. This process can be compared to the methods that an appraiser uses when they gather comparable sales to determine market value when a new mortgage is being applied for.

## **HOW OFTEN IS MY PROPERTY EVALUATED?**

The General Property Tax Law requires all properties to be evaluated each year. This does not necessarily mean that a field inspection is made of each individual parcel each year. Assessed Values are generally determined by mass appraisal techniques. This is done by neighborhood analysis of verified sales as well as performing field inspections on samples of properties. Other forms of evaluation include, but not limited to, building permits, parcel splits and combinations along with site verifications of sales. It is important that property owners periodically review their property records to verify the property characteristics (square footage, number of bathrooms, etc.)

## **HOW CAN I FIND WHAT INFORMATION YOU HAVE ON MY PROPERTY?**

Assessment information on your property is public record, and the Assessor's Office has some of its data available on the Township's website. You can access this information free by visiting the online property information on our website. For a small fee you may also obtain copies of Assessment Record Cards, which are available through the Assessor's Office during normal business hours.

## **WHAT IF I FEEL MY MORTGAGE COMPANY OR LENDING INSTITUTION IS INCORRECT IN THE AMOUNT THEY ARE REQUIRING FOR MY ESCROW?**

The Assessment Office is more than willing to assist Property Owners with a letter to their Mortgage Company estimating tax amounts. We see many cases in which a lending institution is estimating taxes based on an incorrect millage rate or taxable value increasing the monthly mortgage payment. Please contact the Assessment Office at 734-699-8946 for more information.

## **WHAT IF I DISAGREE WITH THE ASSESSED VALUE PLACED ON MY PROPERTY?**

Click on <http://vanburen-mi.org/wp-content/uploads/2020/01/2020-Assessment-Notices-The-Appeal-Process.pdf> for more information on this process.

PLEASE FEEL FREE TO CONTACT THE ASSESSOR'S OFFICE AT 734-699-8946 IF YOU HAVE ANY FURTHER QUESTIONS.