



## **ASSESSMENT NEWS FOR 2016**

A Resident's Guide to Understanding Assessments

### **IMPORTANT ASSESSING DATES**

ASSESSMENT NOTICES SHOULD BE IN THE MAIL BY MARCH 4, 2016

### **MARCH BOARD OF REVIEW DATES ARE AS FOLLOWS:**

MONDAY, MARCH 21, 2016: 9AM TO NOON AND 1:30PM TO 4:30PM

TUESDAY, MARCH 22, 2016: 1PM TO 4PM AND 6PM TO 9PM

APPOINTMENTS ARE **NECESSARY**

### **PROPOSAL "A" OF 1994**

On March 15, 1994, Michigan voters approved the constitutional amendment known as Proposal A. It was designed to limit the growth in property taxes by the Consumer Price Index until ownership in the property was transferred. Prior to Proposal A, property taxes were based on the State Equalized Value (SEV), which may fluctuate from year to year. With the implementation of Proposal A, property taxes are based on your property's Taxable Value (TV).

### **TAXABLE VALUE**

In 1994, all properties became "capped". The property's SEV then became the new Taxable Value. From that point forward, Taxable Value could increase in the following three ways: 1. A Transfer of Ownership 2. A physical change to the Property or 3. Change in the Consumer Price Index (CPI) not to exceed 5%, this is also referred to as the Inflation Rate Multiplier.

### **TRANSFER OF OWNERSHIP**

When a transfer of ownership takes place on a property, the Taxable Value is uncapped to the Assessed Value for the following year. From that point forward, the Taxable Value is capped until the next transfer.

### **PHYSICAL CHANGES**

Any change in Assessed Value due to a physical change will also change the Taxable Value beyond the CPI increase. Any loss in value would be subtracted and any new value would be added after applying the Inflation Rate Multiplier (CPI). All assessments are based on what is physically on the property as of each December 31<sup>st</sup>. Most maintenance items such as roofs, siding, windows, etc., are not considered as a physical addition to the property.

### **INFLATION RATE MULTIPLIER (CPI)**

Every year the State of Michigan calculates the Inflation Rate Multiplier (CPI). The multiplier is calculated by statute, on the Consumer Price Index (CPI), as measured by the Federal Bureau of Labor Statistics and is based on a two year average of the consumer price index based on the state fiscal year. All property in Michigan will have an average increase based on the Inflation Rate Multiplier or 5% (whichever is lower). The 2016 Inflation Rate Multiplier (CPI) is 1.003.

### **MARKET VALUE**

The Assessed Value represents 50% of a property's Market Value. The figure is calculated through a study of sales in the City for a one year period. The State regulated dates for the two year study time frame are 10/1/2013 through 9/30/2015. The City is divided into nine (9) different study areas and sales in each area are evaluated to establish the percentage that values will change.

### **FORECLOSURES**

The State Tax Commission has issued specific guidelines regarding the inclusion of foreclosure sales in Assessor's sales studies. These guidelines require the Assessor to review each foreclosure sale utilizing the established criteria. The Assessor makes a determination based on the guidelines whether to include specific sales in the study.