

# ***A Guide to your Property Taxes, Proposal A & Board of Review***

## **WHAT ARE PROPERTY TAXES BASED ON?**

On March 15, 1994 Michigan voters approved the Constitutional Amendment known as Proposal A. Prior to Proposal A, property tax calculations were based on State Equalized Value (SEV). Proposal A established Taxable Value (TV) as the basis for the calculation of property taxes. Increases in Taxable Value are limited and cannot increase more than the rate of inflation or 5% whichever is less, except for additions (new construction) or losses to the property. The limit does not apply to a property in the year following the sale or transfer of a property because the law mandates that in the year following a sale or transfer the taxable value shall be uncapped.

## **HOW ARE PROPERTY TAXES CALCULATED?**

Property Taxes = Taxable Value/1,000 x Local Millage Rate + 1% Administration Fee + Special Assessments  
(PRE OR NPRE) (if applicable)

## **WHAT IS ASSESSED VALUE (AV)?**

The Michigan Constitution requires that property be uniformly assessed and the assessment should not exceed 50% of the True Cash Value or usual selling price of a property. Each year the Assessor determines the Assessed Value (AV) of each property in the Township based upon the status as of tax day in the previous year. If property values are increasing in your neighborhood, the Assessed Value of your property will likely increase.

## **HOW ARE PROPERTY VALUES DETERMINED?**

Market Sale transactions for real property are used by Michigan Assessor's to compare current assessed values (AV) with the actual sale price (market value) for those same properties. Market Value is defined as the most probable price, as of a specific date, where both buyer and seller are willing, knowledgeable and neither is under duress. Foreclosures and Short Sales are not considered to be Market Sales. The average ratio between the Assessed Value (AV) and the sale price should not exceed 50%. Since the market in real estate constantly changes, and all properties have different desirability, the average ratio will usually not be 50%. Your local Assessor is required by State Law to annually review all market sales and reestablish the assessment of property in the Township.

## **WHAT IS STATE EQUALIZED VALUE (SEV)?**

State Equalized Value (SEV) is the Assessed Value as adjusted after County and State Equalization. The County Board of Commissioners and the State Tax Commission must review local assessment jurisdictions yearly and adjust (equalize) the assessments (if they are not adjusted by the Township) so that they do not exceed 50%.

## **WHAT IS TAXABLE VALUE (TV)?**

Taxable Value (TV) is the lesser of State Equalized Value (SEV) unless the property experienced a Transfer of Ownership in the prior year.

## **WHAT HAPPENS TO THE ASSESSED & TAXABLE VALUE AFTER YOU PURCHASE A HOME?**

When a property is sold or an interest in a property is transferred, the Taxable Value (TV) is uncapped in the year following the sale and becomes equal or the same as that year's State Equalized Value (SEV). In the second year following the sale or transfer of ownership the Taxable Value will then be capped and cannot increase by more than 5% or the rate of inflation (whichever is less), unless you add or build something new.

## **BOARD OF REVIEW**

The Board of Review is made up of three Township Residents, two of which must be Taxpayers in the Township. Assessments and Taxable Value may be appealed to the Board of Review in March only. The Board of Reviews job is to review and determine if the Assessment in the Township, within a given area or neighborhood are equitable and fair. The Board of Review has the authority to increase or decrease the assessments.

Property taxes levied cannot be appealed because the Board of Review has no jurisdiction over taxes. They do not have the authority to change millage rates.

NOTICES OF ASSESSMENT CHANGE are mailed each year at the end of February. The March Board of Review by law meets annually on the second Monday in March and will continue at various times during that week. Your annual Assessment Change Notice will show the exact times and date when appeals will be heard. Appointments can be made by calling the Assessor's Office in March at 517-546-3259.

If you believe your Assessed Value (AV) exceeds 50% of the True Cash Value (TCV) of your property you may appeal both values to the March Board of Review. You may also appeal the Classification of your property to the Board of Review. The Board of Review also hears appeals requesting Hardship or Poverty Exemptions.

You as the taxpayer have the burden of proof to support your claim that the Assessment is excessive. You will need to provide market evidence and documentation to the members of the Board of Review to support your contention. State Law mandates that the sale price of a property cannot be the sole determining factor of the assessment of a property. Neither the Assessor nor the Board of Review can raise or lower a property assessment based solely on a purchase or sale price.

The Board of Review also meets in July and December each year. Appeals from property owners are not heard at the July and December meetings. The purpose of the July and December meetings is to correct clerical errors as to the assessment and to hear hardship or poverty appeals.

If you disagree with the decision of the Board of Review you can appeal it further to the Michigan Tax Tribunal at P.O. Box 30232, Lansing, MI 48909

If you have any questions regarding the functions of the Assessing Department, your specific property or Board of Review, do not hesitate to contact me.

Bonny L. Moore  
Oceola Township Assessor