Frequently asked questions:

<u>What is a Poverty/Hardship Exemption? How do I qualify? And when do I file?</u>

Poverty/Hardship Exemptions are one-year exemptions from a portion (or all) of property taxes. This exemption must be applied for annually to the March, July, or December Board of Review. In order for the Board of Review to grant an exemption you must: 1) Complete the application and supply the supporting documents. 2) Be at or below the income limit applicable for the size of your household. 3) Have less than $6,000 of assets (not including your home and 1 vehicle per licensed driver). 4) Occupy the home as your primary residence.

<u>What if I disagree with my assessment?</u>

You will receive an annual Notice of Assessment in February of each year. If you disagree with the Assessor's determination of your property's value, you may protest the assessment in person or in writing to the March Board of Review (the City Commission voted to allow residents of the City to appeal by letter). The March Board of Review is a citizen panel that reviews assessments for the current year. It is recommended that you call the Assessor's office to schedule an appointment to meet with the Board, but you may also appear without an appointment during the duration of the meeting dates and times. Keep in mind, if you have residential property then you must appeal to the March Board of Review on a timely basis, if you wish to appeal. If you are not satisfied with the decision of the March Board of Review you can then appeal further to the Michigan Tax Tribunal. The Board of Review cannot hear valuation appeals once they have adjourned their meetings in March, and by not making an appeal in March you are forfeiting your right to appeal to the Tax Tribunal. In other words, do not wait until you receive a tax bill before you address any valuation concerns you may have.

<u>Are there special benefits available to me as a homeowner?</u>

Yes, if you own and occupy your home as your principal residence, then you can file a form with the City Assessor and have your annual taxes substantially reduced. Such homeowners do not pay the 18-mill local school operating tax. You can have only one principal residence even if you own more than one home. Please contact the City Assessor's office if you think you qualify but have not yet filed the proper form. Note-If you have an additional vacant lot that is assessed separately and is part of your yard, you can also receive this exemption on that parcel too.

<u>What is a Principal Residence?</u>

Principal Residences are properties that serve as your principal home. They are not cottages, summer homes, rentals etc. Principal Residences are the property at which you reside, where you register to vote at and claim on your income tax filings. The School Operating Tax is removed on these properties when you declare them to be your "Principal Residence" and therefore your property taxes are reduced. You may not have more than one "Principal Residence".

<u>We move to Florida in the winter, can I still have a Michigan Principal Residence Exemption?</u>

Yes. However, if at some point you declare yourself a Florida resident, or receive a similar exemption in that state, you would no longer qualify in Michigan.

What if I didn’t file a Principal Residence Exemption (PRE)? Can I file now?

Yes! Submit a completed “PRE” form immediately. This form will begin a review which is the only way this exemption can be provided. Remember you must “Own and Occupy” a home by June 1st in order to receive this benefit for the current year. This exemption actually removes the 18 mills for School Operating. You may qualify for previous years also, but this form is necessary to start that review.

What is the difference between the Assessed Value, the State Equalized Value, and the Taxable Value?

Each year the Assessor’s Office must calculate the Assessed Value (AV) of each property. The Assessed Value is required by the Michigan Constitution and laws to be 50% of the true cash value of the property. In determining the Assessed Value, the Assessor reviews the characteristics of each property, identifies area neighborhoods and uses a two-year sales study to analyze market values within each neighborhood, comparing the sales price of a property to its assessed value. The sales study period for the 2020 assessments was from 4/1/17 to 3/31/19. A review of all arms-length sales within each neighborhood for the required study period is used to adjust individual Assessed Values to the current market conditions.

The State Equalized Value (SEV) is the Assessed Value as adjusted by an annual review by the counties and the state of assessments throughout Michigan to ensure that assessing practices are uniform.

The Taxable Value (TV) is a term resulting from Proposal A, adopted by the voters as an amendment to the Michigan constitution in 1994, intended to limit tax increases so that taxpayers wouldn’t be as affected by a strong economy and significant increases in valuation. The intention was to make changes to the Taxable Value more gradual by tying them to the rate of general inflation. Thus, the Taxable Value is the value to which the various tax millage rates are applied, thereby determining your tax bills. The Taxable Value on the property is set to be “Capped” if the property owner did not purchase it in the preceding year. On “Capped” properties, the Taxable Value is calculated by multiplying the annual Consumer Price Index factor by the prior year’s Taxable Value. However, the Taxable Value will NEVER by more than the SEV. When a property is sold or otherwise transferred, the Taxable Value in the FOLLOWING year will be equal to the SEV and thus is said to be “Uncapped” for the year. The Taxable Value is also adjusted for any new constructions (like adding a new addition) or for losses (like tearing down a garage).

I think sales prices in my neighborhood have been decreasing. Will my property valuation decrease as well?

If you’ve owned your property for a significant amount of time, it is likely that your SEV exceeds your Taxable Value. If this is the case, a decrease in market value would result in a decreased Assessed Value and SEV. The Taxable Value, however, is required by the Michigan Constitution to be calculated as stated above. In such a case, the SEV could decrease while the Taxable Value would increase. But remember, the Taxable Value cannot be higher than the SEV.

How does that impact my tax bill?

Because the taxes are based on the Taxable Value, even with a decrease in the SEV the taxes could still go up.

I just bought my house. Will the Assessed Value automatically be half of what I paid?

By state law, a home's Assessed Value is not half of its purchase price, but half of its *usual selling price*. For a variety of reasons, the purchase price may not represent the normal market value of the property. The sales study and process identified above are used to determine market values. The Assessor must follow the same procedures for determining the Assessed Value of properties that have experienced a "transfer of ownership" as are used for properties that have not experienced a "transfer of ownership".

What does it mean for a property to "Uncap"?

A property is said to "uncap" the year after there is a change in ownership. When an "uncapping" occurs, the property's Taxable Value is "uncapped", and made equal to the Assessed Value.

If I refinance my home will it "uncap"?

No, if the property is still under the same ownership and the mortgage was refinanced, the Taxable Value remains "capped".

Am I required to file a Property Transfer Affidavit?

Yes. All property transfers of ownership occurring in the State of Michigan since 1994 must be reported on a PTA form to the City's Assessor's Office within 45 days of sale or transfer to avoid penalties.

What types of home improvement will increase my Taxable Value?

Normal maintenance and repair items such as: replacement siding, roof, furnace, windows, remodeling of kitchens or baths, and other maintenance items, will not cause an increase in the Taxable Value of a property. New items that had not been previously assessed, however, are added to the Taxable Value. Examples of new items are: deck or patio, addition, finished basement, air conditioning, or new bathroom. Likewise, property that is removed is subtracted from the Taxable Value. Examples are: demolition of a garage, a fire loss, or removal of an in-ground pool.