



**Understanding Your  
Assessed Value,  
Taxable Value  
and Property Taxes**

**Bay County  
Equalization Department**

# Assessment

- The assessed value is determined by the local assessor based on the condition of the property as of December 31<sup>st</sup> (also known as Tax Day) of the previous year. December 31, 2015 for the 2016 Assessment Year.
- Assessed Value is 50% of True Cash Value.
- Each year, the local assessor must calculate the assessed value for every property based upon the time frame set forth by the State Tax Commission.
  - The State Tax Commission ordered the use of two year sales studies for the 2016 starting base for the residential class for all local units.
  - **For 2016 assessments, the 24 month sales study begins October 1, 2013 and ends September 30, 2015.**
- Prior to Proposal A, property taxes were based upon State Equalized Value (SEV). With the implementation of Proposal A, property taxes are now based upon Taxable Value.

# Actual Sale Price is not True Cash Value

- The law defines True Cash Value as the **usual** selling price of a property. The Legislature and the Courts have very clearly stated that **the actual selling price of a property is not a controlling factor in the True Cash Value or State Equalized Value** as calculated by the Assessor. For this reason, when analyzing sales for the purpose of determining assessment changes, the Assessing Office will review all sales but exclude non-representative sales from the assessment analysis.

# Foreclosure Sales

- Inherent in the definition on usual selling price is the assumption that the sale does not involve any element of distress from either party.
- The State Tax Commission has issued guidelines concerning foreclosure sales and, generally speaking, these guidelines preclude the Assessor from considering foreclosure sales when calculating values for assessment purposes.
- For this reason, all distressed sales, such as sales involving **mortgage foreclosure** or sales involving transfers to or from relocation companies, are not considered as typical sales in the valuation of property for assessment purposes nor are they reliable indicators of value when making market comparisons for current assessed values or appeals.

# Equalization Process

- First, as stated previously, the local Assessor determines the assessed value.
- Second, the Board of Commissioners in each county equalizes the values to ensure that property owners in all municipalities within the county pay their share of that unit's taxes.
- Third, the State Tax Commission then applies an adjustment factor to the county assessments to bring the total valuation across counties as close to 50% as possible. This process produces the property's state equalized value, or SEV.

# Proposal A

- On March 15, 1994, Michigan voters approved the constitutional amendment known as Proposal A.
- Proposal A was designed to limit the growth in property taxes by the Inflation Rate Multiplier (IRM) until ownership in the property was transferred.

# How it works

- Each property has a Capped Value. Capped Value is calculated by multiplying the prior year's Taxable Value, with adjustments for additions and losses, by the IRM as calculated by the State of Michigan and cannot increase by more than 5%. **For 2016, the IRM has been calculated at 0.3%.**
- Taxable Value (TV), which property taxes are based on, is defined as the **lower** of State Equalized Value or Capped Value.
- Generally speaking, this means that unless the current year SEV is less than the previous year Taxable Value multiplied by the IRM, the current years Taxable Value will increase by the IRM.

**SEV = 50% of True Cash Value**

**Capped Value** = (Prior TV-Losses) x (1+ IRM\*) + Additions

\* Percent of change in the rate of inflation or 5%, whichever is less, expressed as a multiplier

**Taxable Value** = The lesser of State Equalized Value or Capped Value unless there is a transfer of ownership.

# Transfers of Ownership and Uncapping of Taxable Value

- According to Proposal A, when a property (or interest in a property) is transferred, the following year's SEV becomes that year's Taxable Value. In other words, if you purchased a property in 2014, the Taxable Value for 2015 will be the same as the 2015 SEV. The Taxable Value will then be "capped" again in the second year following the transfer of ownership. It is the responsibility of the buyer in a transfer to file a Property Transfer Affidavit with the Assessor's Office within 45 days of the transfer.
- **Again, it is important to note that a property does not uncap to the selling price but to the SEV in the year following the transfer of ownership.**

# Principal Residence Exemption

- If you **own and occupy** your home as your principal residence, it may be exempt from a portion of local school operating taxes. You may check your percentage of principal residence exemption on your “Notice of Assessment”.
- If the percentage exempt as “Principal Residence” is 0% on your assessment notice and you wish to claim an exemption for the current year, a Principal Residence Exemption Affidavit must be completed and filed with the Assessor’s Office.
- Furthermore, if you currently have a Principal Residence Exemption on your property and you no longer own and occupy the property as your primary residence, you must rescind the Principal Residence Exemption with the Assessor’s Office.

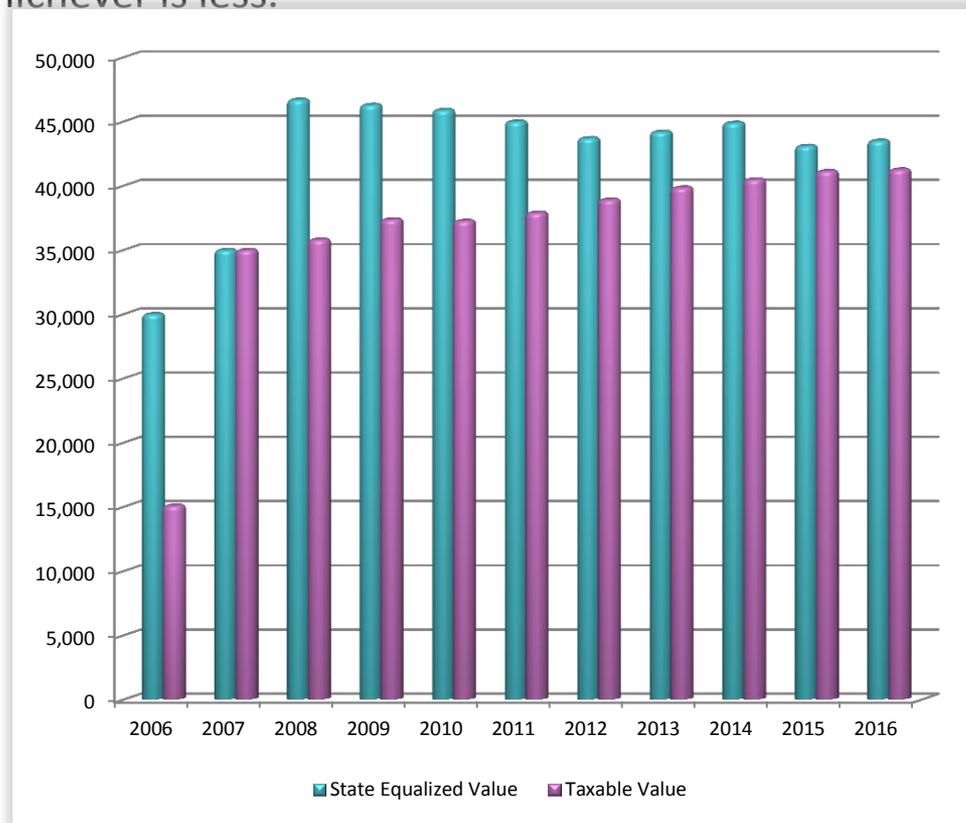
# How can my Taxable Value go up when my SEV goes down?

- Remember that the definition of Taxable Value is the lesser of SEV or last year's Taxable Value (adjusted for physical changes) times the IRM. (0.3% for 2016). Since the beginning of Proposal A in 1994, overall increases in SEV have generally been greater than the increase in Taxable Value capped at the IRM. The longer a property has been owned and capped, the greater the gap between SEV and Taxable Value. **If there is still a gap between SEV and Taxable Value and the 2016 SEV is greater than the Taxable Value in the previous year, the Taxable Value will increase to the limit of the IRM cap.**
- If, however, the 2016 SEV is **lower** than the calculation of last year's Taxable Value multiplied by the IRM, then the 2016 Taxable Value will be the same as the 2016 SEV.

# Example of Declining State Equalized Value and Increasing Taxable Value

- This example illustrates a property, purchased in 2006 and uncapped in 2007. In 2007 the SEV becomes the new Taxable Value and then the property is subsequently recapped at the IRM. The SEV will increase or decrease based on market conditions. The Capped Value is adjusted by the IRM in the following year. Taxable Value is determined by using the SEV or Capped Value, whichever is less.

<u>Year</u>	<u>State Equalized Value</u>	<u>Capped Value</u>	<u>Taxable Value</u>	<u>IRM</u>
2006	30,000	15,100	15,100	3.30%
2007	35,000	15,658	35,000	3.70%
2008	46,700	35,805	35,805	2.30%
2009	46,300	37,380	37,380	4.40%
2010	45,900	37,267	37,267	-0.30%
2011	45,000	37,900	37,900	1.70%
2012	43,700	38,923	38,923	2.70%
2013	44,200	39,857	39,857	2.40%
2014	44,900	40,494	40,494	1.60%
2015	43,100	41,141	41,141	1.60%
2016	43,500	41,264	41,264	0.30%



# Calculating Your Taxes

- Property owners can calculate their tax bill by multiplying their taxable value by the millage rate.
- FOR EXAMPLE, if the millage rate is 20 mills, property taxes on a home with a taxable value of \$45,000 would be \$900. The mathematical equation illustrates how this is figured:  $(20 \text{ mills}/1,000) \times \$45,000 = \$900$
- Administration Fee: This fee is based upon the amount of property tax paid and is limited to one percent (1%). This helps cover the Township/City costs to determine and defend annual assessments and collect taxes for all taxing authorities.
- To figure the amount due in administration fees on a home with a taxable value of \$45,000, see the following example:
  - $\$900 \text{ property taxes} \times 0.01 = \$9.00$
- Total Taxes Due: In the example above, the administration fee of \$9 added to \$900 in property tax would equal a total of \$909 owed.

# Bay County 2015 Millage Rates

<u>Unit</u>	<u>School District</u>	<u>Twp/City Operating</u>	<u>County Operating Extra Voted</u>	<u>State Education Tax</u>	<u>Non PRE/Q Ag Tax</u>	<u>School Bonded Debt</u>	<u>Intermediate School District</u>	<u>Delta College</u>	<u>Total PRE/Q Ag (Homestead)</u>	<u>Total Non PRE/Q Ag</u>	<u>Commercial Personal Property</u>	<u>Industrial Personal Property</u>
Bangor Township	09030 - Bangor	2.7227	11.4638	6.0000	18.0000	2.5500	4.9233	2.0427	29.7025	47.7025	35.7025	23.7025
Beaver Township	09010 - Bay City	3.9533	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	31.3731	49.3731	37.3731	25.3731
	09090 - Pinconning	3.9533	11.4638	6.0000	18.0000	2.9400	4.9233	2.0427	31.3231	49.3231	37.3231	25.3231
Frankenlust Township	09010 - Bay City	2.1932	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	29.6130	47.6130	35.6130	23.6130
	73200 - Freeland	2.1932	11.4638	6.0000	18.0000	3.8000	2.0872	2.0427	27.5869	45.5869	33.5869	21.5869
Fraser Township	09090 - Pinconning	3.1536	11.4638	6.0000	18.0000	2.9400	4.9233	2.0427	30.5234	48.5234	36.5234	24.5234
Garfield Township	09090 - Pinconning	2.5663	11.4638	6.0000	18.0000	2.9400	4.9233	2.0427	29.9361	47.9361	35.9361	23.9361
Gibson Township	06050 - Standish/Sterling	1.0921	11.4638	6.0000	18.0000	4.2500	4.9233	2.0427	29.7719	47.7719	35.7719	23.7719
	09090 - Pinconning	1.0921	11.4638	6.0000	18.0000	2.9400	4.9233	2.0427	28.4619	46.4619	34.4619	22.4619
Hampton Township	09010 - Bay City	6.6500	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	34.0698	52.0698	40.0698	28.0698
	09050 - Essex./Hampton	6.6500	11.4638	6.0000	18.0000	6.6500	4.9233	2.0427	37.7298	55.7298	43.7298	31.7298
Kawkawlin Township	09010 - Bay City	3.1208	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	30.5406	48.5406	36.5406	24.5406
	09090 - Pinconning	3.1208	11.4638	6.0000	18.0000	2.9400	4.9233	2.0427	30.4906	48.4906	36.4906	24.4906
Merritt Township	09010 - Bay City	2.6535	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	30.0733	48.0733	36.0733	24.0733
	79110 - Reese/Tuscola	2.6535	11.4638	6.0000	17.7372	4.2400	4.2409	2.0427	30.6409	48.3781	36.3781	24.6409
Monitor Township	09010 - Bay City	3.9284	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	31.3482	49.3482	37.3482	25.3482
Mt. Forest Township	09090 - Pinconning	3.4624	11.4638	6.0000	18.0000	2.9400	4.9233	2.0427	30.8322	48.8322	36.8322	24.8322
Pinconning Township	06050 - Standish/Sterling	1.1759	11.4638	6.0000	18.0000	4.2500	4.9233	2.0427	29.8557	47.8557	35.8557	23.8557
	09090 - Pinconning	1.1759	11.4638	6.0000	18.0000	2.9400	4.9233	2.0427	28.5457	46.5457	34.5457	22.5457
Portsmouth Township	09010 - Bay City	4.2766	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	31.6964	49.6964	37.6964	25.6964
Williams Township	09010 - Bay City	4.4000	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	31.8198	49.8198	37.8198	25.8198
City of Auburn	09010 - Bay City	12.0000	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	39.4198	57.4198	45.4198	33.4198
City of Bay City	09010 - Bay City	21.3365	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	48.7563	66.7563	54.7563	42.7563
	09030 - Bangor	21.3365	11.4638	6.0000	18.0000	2.5500	4.9233	2.0427	48.3163	66.3163	54.3163	42.3163
City of Essexville	09050 - Essex./Hampton	21.4172	11.4638	6.0000	18.0000	6.6500	4.9233	2.0427	52.4970	70.4970	58.4970	46.4970
City of Pinconning	09090 - Pinconning	14.6736	11.4638	6.0000	18.0000	2.9400	4.9233	2.0427	42.0434	60.0434	48.0434	36.0434
City of Midland	09010 - Bay City	15.0000	11.4638	6.0000	18.0000	2.9900	4.9233	2.0427	42.4198	60.4198	48.4198	36.4198

\*\* Does not include DDA millage. Add 1.9260 in the City of Bay City, 1.0000 in the City of Essexville & 2.0000 in the City of Midland for properties in the DDA district.

# Appeal Process

- If a taxpayer disagrees with the assessed value, taxable value, or assessment classification of property, they may appeal to the local board of review. Township review boards meet in the week containing the second Monday in March to hear protest.
- If the taxpayer is unsatisfied with the local board of review results, they may then appeal to the Michigan Tax Tribunal.

# Additional Information

- Michigan Department of Treasury – Property Tax Info.

<http://www.michigan.gov/taxes/0,1607,7-238-43535---,00.html>

- Michigan Department of Treasury Property Tax Estimator:

<https://treas-secure.state.mi.us/ptestimator/ptestimator.asp>

- Michigan Taxpayer's Guide

<http://www.legislature.mi.gov/Publications/TaxpayerGuide2016.pdf>

- Michigan Tax Tribunal

<http://www.michigan.gov/taxtrib>

# Contact Information

<u>Township</u>	<u>Assessor</u>	<u>Telephone #</u>
Bangor	Dan Darland	(989) 684-7100
Beaver	Joan Fackler	(989) 843-6000
Frankenlust	Paul Arnold	(989) 686-5300
Fraser	Steven Coucke	(989) 697-5151
Garfield	Brent Rifembark	(989) 879-1222
Gibson	Joan Fackler	(989) 843-6000
Hampton	Ellen Kasper	(989) 893-7541
Kawkawlin	Joan Fackler	(989) 686-8710
Merritt	Patti Peltier	(989) 659-2136
Monitor	Tod Fackler	(989) 684-7203
Mt Forest	Sharon Stalsberg	(989) 879-7575
Pinconning	Sharon Stalsberg	(989) 879-4018
Portsmouth	Patti Peltier	(989) 892-7221
Williams	Paul Arnold	(989) 662-4241
<u>City</u>	<u>Assessor</u>	<u>Telephone #</u>
Auburn	Patti Peltier	(989) 662-6761
Bay City	Coiene Tait	(989) 894-8123
Essexville	Fran DeWyse	(989) 893-0772
Midland	Reid Duford	(989) 837-3334
Pinconning	Paul Arnold	(989) 879-2360
Bay County Equalization Department		(989) 895-4075