

Property Assessment and Taxable Value

Understanding Your Property Assessment and Taxable Value

The following is a brief explanation of how Assessed and Taxable Values function in the calculation of property tax.

Most residential properties in the City of Allen Park have experienced assessed value decreases for 2010, while some property values may have been increased to better reflect the true value of their property. The Assessor's Office has spent a considerable amount of time analyzing actual sales that have occurred in order to estimate property values as of December 31, 2009.

Please review the Notice of Assessment, Taxable Valuation, and Property Classification. The Notice provides the property owner with pertinent information regarding their property. There are three important areas for review.

- The Notice provides the 2009 valuations, the 2010 valuations and the amount of change.
- The document will show if the property's taxable value was "uncapped" as a result of an ownership transfer. The Notice will indicate whether there "was" or "was not" a change of ownership of the property during 2009. If there was a transfer of ownership, the taxable value will "uncap" and be the same as the Assessed Value.
- The Notice will indicate the percentage of the property being used as a Principal Residence. If you own and occupy the property as your principle residence, the percentage indicated should be 100%. Property owners are encouraged to review each of these areas for accuracy.

If the property owner is in disagreement with the valuations on the Notice, they may appeal to the March Board of Review. The meeting dates are listed on the Notice. **Valuation disputes must be heard by the March Board of Review.** Protest letters by residents and non-residents will be accepted if received by the last day of the Board of Review. Please feel free to contact the Assessor's Office for more information at 313-928-2124.

Assessed Value represents 50% of the estimated property value. Taxable Value is a mathematical formula which is based on the preceding years Taxable Value increased by the Inflation Rate Multiplier (IRM). The 2010 IRM for the entire State has been determined to be -.3% (4.4% for 2009) and is applied by each municipality. In addition to the IRM, Taxable Value may also increase for physical additions or decrease for physical losses or if there has been a transfer of ownership. During 2010, the appropriate millage rates will be multiplied against the 2010 Taxable Value to determine the 2010 property taxes.

In 1994, the people of Michigan voted to limit the amount of property tax. Property Taxes would be calculated using Taxable Value instead of Assessed Value. Proposal A limited the amount Taxable Value could increase to the inflation rate or circumstances stated above. This has limited the property taxes that would have been collected if Proposal A had not been implemented.

Since the implementation of Proposal A, the majority of property values in the City of Allen Park have increased greater than the IRM creating a gap between Assessed Value and Taxable Value. However, for 2010, falling property values have eliminated much of this gap for most properties.

The following examples illustrate how the Taxable Value can change independently of the Assessed Value. The examples will assume no physical changes have been made to the properties.

If a homeowner has owned their home since the Constitutional Amendment, known as Proposal A passed in 1994, they could receive 2009 & 2010 values as follows:

	<u>Assessed Value</u>	<u>Taxable Value</u>
2009	\$70,000	\$55,000
2010	\$65,000	\$54,835 (decrease of .3% IRM)

The example shows that Assessed Values can change independently of each other. This is a function of Proposal A. Taxable Value cannot be higher than the Assessed Value.

When the calculation of the Taxable Value would exceed the Assessed Value, State statute mandates the Assessed Value becomes the Taxable Value. The following example illustrates this concept:

	<u>Assessed Value</u>	<u>Taxable Value</u>
2009	\$70,000	\$67,500
2010	\$65,000	\$65,000

In the above example the 2009 Taxable Value of \$67,500 would decrease to \$67,297 if the -.3 % IRM is applied. However, since the 2010 Assessed Value is \$65,000, Proposal A requires that Taxable Value cannot exceed Assessed Value.

The March Board of Review does not have the authority to change the Taxable Value based on the Inflation Rate Multiplier of -.3%.

Notices of Assessment, Taxable Valuation, and Property Classification are mailed to all property owners of record in February. The IRM percentage is printed on the Notice. **Please review the Notice carefully by checking mathematical calculations, principle residence exemption percentage and transfer of ownership information.** Should you have any questions or concerns about your Notice, feel free to contact the Assessor's Office at 313-928-2124

Paula Grivins-Jastifer, Assessor

City of Allen Park