

**UNDERSTANDING
PROPOSAL A
AND YOUR
PROPERTY ASSESSMENT
IN A
DECLINING MARKET**

On March 15, 1994, Michigan voters approved the Constitutional Amendment, known as Proposal A, which limited the amount that property taxes could increase on an annual basis. Prior to Proposal A, property taxes were based upon Assessed Value (AV). Since the passage of Proposal A, property taxes are now based upon Taxable Value (TV). Taxable Value increases are limited to the Inflation Rate Multiplier (IRM), also referred to as the Consumer Price Index (CPI), or five percent (5%) whichever is lower, not to exceed Assessed Value until ownership in the property is transferred. The year following a transfer, the Assessed Value and Taxable Value will be the same. This is referred to as an uncapping. Proposal A has limited the property taxes that would have been collected if Proposal A had not been implemented, which has saved the average homeowner in Macomb Township thousands of dollars each year, since 1994.

Assessed Value represents approximately 50% of the estimated Market Value (or True Cash Value). Your Assessed Value is not based on 50% of your individual sales price. The law defines Market Value as the usual selling price of the property. The Michigan Legislature and courts have clearly stated that the actual sales price of a property is not the only controlling factor in determining the True Cash Value and Assessed Value. Recently, certain neighborhood property values have shown very little growth, and in some cases, have experienced a decline in property values. For the 2010 assessing year, the assessor's office used a one year sales study, using the sales data from October 1, 2008 through September 30, 2009, in order to estimate property market values as of December 31, 2009. Use of a 12 month study allows 2010 Assessed Values to more accurately reflect current market conditions.

Foreclosure Sales – Inherent in the definition of 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 foreclosures sales when calculating values for assessment purposes. For this reason, all distressed sales, such as foreclosures or transfers to or from relocation companies, are not considered in the valuation of property for assessment purposes or appeals.

Taxable Value is a mathematical formula, which is based on the prior year Taxable Value increased by the IRM or 5%, whichever is lower. The IRM is determined for the entire State of Michigan and applied by each municipality. The 2010 IRM has been determined to be .997%. This is the first year that the IRM has been below 1.0; therefore, based on the multiplier only, all taxable values will decrease by .3%. Taxable Value may also increase for physical additions and decrease for physical losses.

During the 1990's and early 2000's, property value increases greatly exceeded the annual IRM. Therefore, if a property owner has owned their property since Proposal A was implemented; they may see a significant difference in the amount of their Assessed Value and Taxable Value. For example:

	Assessed Value	Taxable Value
2009	\$200,000	\$163,680
2010	\$180,000 (decrease 10%)	\$163,190 (decrease of .997% IRM)

The example above shows that Assessed Value can decrease by 10%, while Taxable Value only decreases by .3%. This is a function of the statute. Taxable Value may increase or decrease from year to year, until its ceiling of Assessed Value is reached. Taxable Value may not exceed Assessed Value.

When the calculation of prior years Taxable Value multiplied by the IRM exceeds the current years Assessed Value, the Statute mandates that the Assessed Value becomes the Taxable Value. The following example illustrates this concept:

	Assessed Value	Taxable Value
2009	\$200,000	\$196,000
2010	\$180,000	\$180,000

In the above example, the 2009 Taxable Value of \$196,000 would decrease to \$195,412 for 2010, if the .997% IRM is applied. However, since the 2010 Assessed Value is only \$180,000, the Taxable Value will also be \$180,000. The Taxable Value may not exceed Assessed Value.

UNDERSTANDING YOUR ASSESSMENT NOTICE

Homeowner's are encouraged to review your Notice of Assessment, Taxable Valuation, and Property Classification. This notice provides the property owner with pertinent information regarding their property. There are three important areas to review.

- The notice provides the 2009 valuations, the 2010 valuations and the amount of change.
- The document will show if the Taxable Value was "uncapped" as a result of a transfer of ownership. Line 5 of the notice will indicate whether there "was" or "was not" a transfer of ownership of the property during 2009. If there was a transfer of ownership, the Taxable Value will 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 principal residence, the percentage indicated should be 100%.

Please review each of these areas for accuracy. If you believe that the values, the property classification, the Principal Residence percentage, or the information on line 5 is incorrect, please contact the Assessor's Office.

Also, you may verify your property record information online at: www.macomb-mi.gov, then to Assessing Department and Public Data Records, or you may obtain a copy of your property record information from the Assessor's Office.

If you believe there is an error on any of the information on your notice or your property record information, or if you have any questions or concerns regarding any of this information, please contact the Assessor's Office.

If you have determined that there are no errors in the information on your notice or in your property record information, but you still do not agree with your values you may appeal them to the Board of Review, as explained in the following section.

BOARD OF REVIEW

If you wish to make an appointment for an appeal hearing with the Board of Review, please call the Assessor's Office. An appeal must be made by the party to whom the property is assessed or their authorized agent. **Please see "Policies and Guidelines for Board of Review" at the end of this section.** Property owners protesting assessments should be prepared to present factual evidence to the Board of Review to support their contention that the Assessed Value exceeds 50% of the Market Value (True Cash Value) of the property. A Petition will be mailed to you, which you will need to fill out and bring with you, along with four (4) copies of **all** information you would like the Board to consider (these copies will not be returned to you). You will have 10 Minutes to present your case to the Board. You will be notified by mail of the Board's decision. **The March Board of Review does not have the authority to change the decrease in taxable value based on the Inflation Rate Multiplier of .997%.**

A non-resident may protest to the Board of Review by letter. Letter appeals must be accompanied by a completed Board of Review Petition Form L-4035. Letter appeals must be **received** by the Board of Review **prior to their adjournment on March 12, 2009 at 5:00 p.m.**

The Board of Review may also consider Poverty Exemption applications. Poverty Exemption guidelines have been adopted by the Macomb Township Board of Trustees. Property owners applying for a Poverty Exemption must submit a completed Hardship Application, including all required documentation. Applicants must personally appear before the Board of Review and request an application when scheduling an appointment. All hardship applications must be **received** by the Board of Review **no later than Wednesday, March 10, 2010 at 5:00 p.m.** Hardship applicant hearings will be scheduled on a day following the receipt of the completed application.

March Board of Review date and times:

Monday, March 8, 2010
9:00 a.m. to 9:00 p.m.

Tuesday, March 9, 2010
1:00 p.m. to 9:00 p.m.

Wednesday, March 10, 2010
9:00 a.m. to 5:00 p.m.

Thursday March 11, 2010
1:00 p.m. to 9:00 p.m.

Friday, March 12, 2010
9:00 a.m. to 5:00 p.m.

Appointments are made on a first come, first served basis. Property owners are encouraged to make their appointments as soon as possible.

**POLICIES AND GUIDELINES
FOR
BOARD OF REVIEW**

A resident property owner, who wishes to appeal to the Board of Review, must do so in person or by their agent or representative.

A property owner requesting an appearance before the Board of Review must do so by appointment only.

A petition that is submitted by an agent/representative to appear before the Board of Review, on behalf of a property owner, must include a Letter of Authorization from the property owner(s) appointing them as their agent/representative.

Letters of Authorization must have an **original** legible signature(s) of the property owners(s) with the printed name(s) below.

Letters of Authorization must include parcel identification number(s) for the parcel(s) under protest.