

# ASSESSOR'S OFFICE: FREQUENTLY ASKED QUESTIONS 2021 ASSESSMENT YEAR

## 1. What is Assessed Value?

Assessed Value is a property value estimated by the assessor as of Tax Day. For 2021, Tax Day is December 31, 2020. That property value is subject to appeal at the March Board of Review.

## 2. What is State Equalized Value?

After all appeals are heard, the March Board of Review confirms the assessment roll. That roll is then subject to review by the county and state. Following those reviews State Equalized Value (SEV) is set. SEV is then considered to be 50% of Market Value or True Cash Value as determined on Tax Day.

## 3. What is the formula for Capped Value?

The Capped Value calculation is used to determine Taxable Value. 2021 Capped Value (CV): The 2021 formula is:  $(2020\ TV - 2021\ Losses \times IRM + 2021\ Additions = 2021\ Capped\ Value)$ . The 2021 Inflation Rate Multiplier (IRM) is 1.014. Losses are considered to be physical losses to the property. Additions are considered to be physical additions to the property.

## 4. What is Taxable Value?

Taxable Value (TV) is the lesser of Assessed Value and Capped Value. In the year following a transfer of ownership, the Taxable Value will be equal to the Assessed Value. In Michigan, taxes are based on Taxable Value, not State Equalized Value. Taxable Value can never be higher than the Assessed Value.

## 5. Why aren't my assessed and taxable values equal to each other?

For most properties, market values are increasing. The state constitution requires that properties are assessed at 50% of market value. However taxable value increases are limited to the 2021 statewide IRM or commonly called inflation rate of 1.014. So even if your neighborhood increases 10% because of market activity, your taxable value will only increase 1.014.

## 6. Why isn't my new assessment 50% of my purchase price?

The simple answer is that it is against the law. MCL 211.27 states that the purchase price is no longer the presumptive True Cash Value of a property. Market sale transactions for real property are used by Michigan assessors to compare assessed (AV) with the actual sale prices (market value) for those properties. Market value can be defined as the most probable price, as of a specific date, where both buyer and seller are knowledgeable and neither is under duress.

**7. What is the time period considered in the 2021 sales study?**

The State Tax Commission requires counties to perform preliminary equalization using a 12 month and a 24 month sales study for each community. The study will be used that favors the taxpayer. Wayne County Equalization has determined that for 2021, a 24 month study was utilized. That period is from April 1, 2018 to March 31, 2020. The 24 month sales study helps the taxpayer because it considers older sales.

**8. When can I appeal my assessment?**

By law, the only time you may appeal your assessment is at the **2021 March Board of Review**. Dates and times for appointments are printed on the Notice of Assessment. Petitions will be available on-line or at the Assessing Department counter. Letter of Appeals can be submitted by indicated deadline.

**9. What happens if I'm not happy with the decision of the March Board of Review?**

State law provides the next level of appeal at the Michigan Tax Tribunal. A Petition of appeal on RESIDENTIAL property must be filed by July 31<sup>st</sup> (**following an appeal at the March Board of Review**). You can obtain the Petition on the Michigan Tax Tribunal website: [michigan.gov/taxtrib](http://michigan.gov/taxtrib)  
Phone : 517-335-9760

Commercial and Industrial appeals are no longer required to file with the Board of Review first and can file directly with the Michigan Tax Tribunal by May 31<sup>st</sup> of the current year.

**10. Why can't I protest my taxes when I get my tax bill in July?**

The State law provides for one time per year to protest the value of your property. That protest may be made at the March Board of Review only.

**11. Is there any way to apply for tax relief due to hardship?**

You may apply for a Poverty Exemption. This is based on your income using the Federal Poverty Income Guidelines. You must obtain the application from the Assessor's Office or on the Township website and submit ALL requested documentation. You can apply for this at the March, July or December Board of Review meetings. This exemption does not necessarily reduce your taxes to zero depending on the local government guidelines. Please contact the Assessor's Office for additional information.

**12. Do you have all of your information on line?**

Almost all of the information in the Assessor's Office is public record. You may look up information by name, address or parcel number. Please visit: [www.twp.northville.mi.us](http://www.twp.northville.mi.us) Under Your Government; Departments; Assessing.

### **13. Why is my neighbor paying fewer taxes than me?**

On March 15, 1994, Michigan voters approved the constitutional amendments known as Proposal "A". Prior to Proposal "A" property tax calculations were based on State Equalized Value (SEV). Proposal "A" established "Taxable Value" as the basis for the calculation of property taxes. Increases in Taxable Value (TV) are limited to the percent of change in the rate of inflation or 5%, whichever is less, as long as there were no losses or additions to the property. The limit on TV does not apply to a property in the year following a transfer of ownership (sale).

Suppose your neighbor purchased his home March 20, 2019 and his 2019 State Equalized Value (SEV) was 50,000 and his Taxable Value was 35,000. His July 2019 tax bill will be calculated based on the prior owners taxable value of 35,000 for 2019 only. The year following the transfer the property becomes uncapped. Based on sales of homes in your neighborhood your neighbors new SEV for 2020 is 60,000. Because of Proposal "A" your neighbor's home became uncapped for tax year 2020 and his TV will be the same as his SEV for 2020. His July 2020 tax bill will be calculated using 60,000 TV instead of the prior year's 35,000.

In other words since Proposal "A" passed, you can no longer compare property taxes with your neighbors. You can compare SEV, but remember to compare apples to apples. Items to compare would be square footage of the home, how many baths, fireplace, fireplace, garage, decks, lot size, etc.

### **14. How are property taxes calculated?**

Property Taxes = Taxable Value/1,000 x your local school district millage rate.