

# City Assessor-Frequently Asked Questions

(YOU MAY CLOSE THIS WINDOW AT ANY TIME TO RETURN TO THE ASSESSOR'S MAIN PAGE)

## **My tax bills are calculated based on taxable value instead of state equalized value. What does taxable value mean to me?**

Taxable values began in 1995 as part of Proposal A. Taxable values are adjusted each year by the Consumer Price Index (CPI) or 5% whichever is less until property title transfers. Your taxable value cannot be greater than your state equalized value. In other words, Proposal A "capped" taxable value increases by the CPI or 5%, whichever is less.

## **Can my taxable value increase more than the rate of inflation?**

Yes, if:

1. A sale and/or title transfer occurs. In the year following a sale and/or title transfer, the property becomes "uncapped" making the state equalized value (SEV) and taxable value the same. Michigan law states the actual sale price must not be the sole basis for the new SEV for that property.

New construction to a property is added to the taxable value.

2. The value of items omitted from the previous year(s) assessed value is added to the taxable value.

## **If my taxes are now based on taxable value, why is there an assessed value?**

The Michigan Constitution still requires all properties to be assessed annually at 50% of market value.

## **How was my assessed value determined?**

Assessors use a state required mass appraisal method to value properties. We estimate land values from sales data and building values from a state cost manual. Then, we analyze sales data from your neighborhood and develop factors we use to further adjust our estimates to reflect local market value

## **.I haven't made any improvements to my house. Why did my assessed value change?**

Your market value can change even when there is no physical change to your property. A growing economy or increasing population can push housing values steadily upward. Likewise, a decreasing economy or decreasing population can push housing values downward. The Assessor does not create increases/decreases in property value. He/she recognizes changes as they occur and must adjust values accordingly.

## **Why is my change in assessed value different than my neighbor's?**

Assessed value changes vary according to the individual characteristics of houses in relation to sales in your area. Building style, size and amenities such as porches, decks, garages, and extra bathrooms affect value estimates.

## **My assessed value didn't change, but my taxable value increased/decreased. Why?**

The current sales information for your neighborhood may show no value increase or decrease over last year's value. However, the taxable value is tied to the Consumer Price Index and calculated annually causing an increase/decrease in your taxable value.

## **How do I know if my assessed value is reasonable?**

Compare the market value of your property with sales of similar homes in your neighborhood. The sales should be on homes that are similar to yours in size, style, age and condition.

## **I just bought a new house, why isn't my assessed value one half of my sale price?**

Michigan law prohibits assessors from basing values on one sale price. We are required to value your

property based on the methods used to value other properties in your area. Typically family sales, foreclosure sales, bank sales and estate sales are not valid sales and are not used in determining value. While we hope our value estimate is close to your sale price, it is an estimate and may not be the same as your recent sale.

### **What if I disagree with the assessed value on my property?**

After gathering the facts about your assessed value, contact the Assessor at 989/269-8060, or via email at: [erichthompson@cityofbadaxe.com](mailto:erichthompson@cityofbadaxe.com). Appeals are heard at the Board of Review, either by letter or in person. This step preserves your appeal rights for further action at the Michigan Tax Tribunal.

### **What is a property transfer affidavit?**

Changes in state law after Proposal A created the property transfer affidavit. An affidavit must be filed whenever title of real estate or buildings on leased land is transferred. It must be filed even if you are not recording a deed. Filing with the local assessor is mandatory.

### **Where do I obtain and file the affidavit?**

Property transfer affidavits can be obtained from closing agents such as a title office, financial institution or attorney. They can also be obtained at your local assessor's office. The new owner must file the affidavit with the local assessor within 45 days of the transfer.

### **What is the purpose of the affidavit?**

Assessors use the affidavit to make sure that property is assessed properly and receives the correct taxable value.

### **What is a "transfer of ownership?"**

State law defines a "transfer of ownership" as "the conveyance of title to or present interest in property, including the beneficial use of the property." Transfers include deeds, land contracts, and a variety of transactions outlined on the back of the affidavit form.

### **What happens after ownership of a property is transferred?**

The Michigan Constitution limits how much a property's taxable value can increase while owned by the same person. Once the property is transferred, the assessor must change the taxable value to 50% of the property's usual selling price. In other words, in the year following the sale the taxable value equals the current state equalized value.

### **Are certain types of transfers exempt from adjustment?**

Yes. Some of the exempt transactions include changes in ownership solely to exclude or include a spouse, transferring a property into a trust where the sole beneficiary is the creator of the trust or that person's spouse, redemption from a tax sale, or transfer to effect a foreclosure. Some of the exempt transactions are listed on the affidavit form and full descriptions are in MCL Section 211.27a(7)(a-m).

### **What is the principal residence exemption?**

State law grants a principal residence exemption from local school operating taxes for principal residences and qualified agricultural properties. Currently this is a reduction of 18 mills of school tax.

### **How do I qualify for the exemption?**

To qualify you must own the property and occupy it as your legal, primary residence. The deadline to qualify for any given year is May 1 of that year. Buyers who close and/or occupy the residence after that date are eligible for exemption in the following year.

### **What form do I use?**

If this is your first principal residence application or you are buying a property that was not previously a principal residence, you can use the Affidavit for Principal Residence Exemption (2368). Principal Residence forms are available at the Assessor's Office.

### **What if I stop using my principal residence as my primary residence?**

If you stop using your exempt property as your principal residence but are not selling it, you are required to file a Request to Rescind Principal Residence Exemption (2602). This form must be filed within 90 days of the change. The exemption remains in effect through December 31 of that year.

### **What if I sell my house and buy a new one?**

You need to rescind the principal residence on the house you sold and request a principal residence on your new house. Use a Request to Rescind Principal Residence Exemption (2602) form to rescind your old principal residence and the Affidavit for Principal Residence Exemption (2368) form for your new principal residence. The Michigan Department of Treasury recommends the forms be completed and distributed by the closing agent who supervises real estate transactions. Principal Residence forms are also available at the Assessor's Office.

### **What period do my tax bills cover?**

Although the taxing agencies on your bills may have different fiscal years, your bills are for the calendar year in which they are billed. Add your July and December tax bills together for your total annual taxes.

### **How are my taxes computed?**

Taxes are computed by multiplying your taxable value times the total mills. A mill is \$1.00 per thousand dollars of taxable value. An easy formula to calculate taxes is shown below:

	Taxable Value	X	Mills	/	1,000	=	Taxes
Homestead	100,000	X	41.23	/	1,000	=	4,133
Non-homestead	100,000	X	59.23	/	1,000	=	5,933

Remember, a principal residence is exempt from 18 mills of school operating taxes!

This is only meant as an example formula, not necessarily an accurate estimate of your taxes.

### **Why did my taxes increase?**

Taxes can increase because:

1. The tax rate increased. Periodically, voters have an opportunity to renew or approve increases to tax rates at special elections. If voters approve additional millage, your taxes will increase.
2. Your taxable value increased. Your taxable value may have increased because (a) it was adjusted by the annual Consumer Price Index, (b) it was uncapped after property ownership transferred, or (c) new construction or omitted items were added.

### **Why are my neighbor's taxes less than mine?**

Property values are determined individually and differences in style, size, condition and amenities cause differences in taxable value. If you recently purchased your property, your taxable value was uncapped. Your neighbor's taxable value may still be capped and less than yours. A lower taxable value means lower taxes.

### **I'm building a new house. How can I estimate the taxes?**

Estimate your annual taxes by multiplying 1/2 of the estimated total value of the completed home times the tax rate. Be sure to add land value to your value estimate before computing your estimated taxes.

### **I don't have any children in school, why do I have to pay school taxes?**

Michigan law requires everyone to support local public schools through property taxes. Eligible homeowners may be exempt for 18 mills of school operating taxes, but are still responsible for school debt, building funds and state education taxes.

**My mortgage company raised my house payment because of my taxes. Why did the taxes go up so much?**

Typically this happens about one year after you buy a new house. Your mortgage company probably based your original tax escrow payment on the last known taxes. After you purchased the property its taxable value was uncapped for the next tax year. The taxes were then based on a higher value. Once this happens, your mortgage company reevaluated your escrow amounts and changed your payment to cover the actual taxes on your home. They may also increase your payment to make up any shortfalls in the previous year.

**How can I estimate my monthly tax escrow payment?**

One way to avoid escrow shortages is to base your tax escrow payments on estimated taxes. Use ½ of your sale price (if it is a market value sale) times the tax rate to estimate your total taxes. Divide by 12 to get a monthly amount.

**Who owns the vacant lot next to the brown house on ABC Street ?**

When trying to locate information on vacant property, you need to come into our office and let us help you locate the property on a tax map. This way you can be sure you're getting the correct information.

**How can I find my property lines?**

If you need to find your property lines, you should contact a local surveyor to perform this service. Several are listed in the yellow pages of the phone books. We can provide your lot size and a copy of your plot map to get you started, but we cannot survey or locate stakes on your property.

**Where do I get a deed prepared for my property?**

Contact an attorney for a new deed. If you are familiar with property transactions and feel comfortable preparing legal documents by yourself, deed forms are available at most office supply stores.

**Where can I get a copy of my deed?**

Copies of recorded deeds and land contracts can be obtained from the Huron County Register of Deeds Office in Bad Axe.

**I have a question that wasn't answered on this page. What do I do?**

[Contact us!](#)