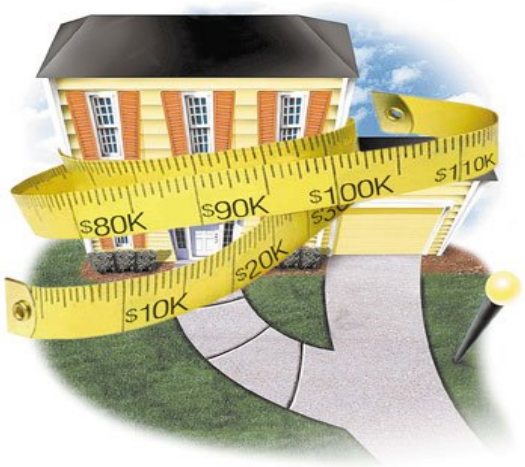

City of Portage Property Tax Forum

Presented by Joyce Foondle

Southwest Michigan Governmental Consultants

Agenda

- Assessment Process
  - Cost Approach
  - Sales Comparison
- Notice of Assessment
- Board of Review and Michigan Tax Tribunal
- Question and Answer
- One-on-One Review Assessors Office Staff

Cost Approach to Value

- Land Value
- Plus Replacement Cost New of Structure(s)
- Less Depreciation of Structure(s)
- Equals Value

Sales Comparison Approach to Value

- Similar Sold Properties
- Like Neighborhoods and Influences
- Similar Styles, Age and Condition
- Living Area Square Footage Approximately the Same
- Land Area, Location and Influence in Common

Sales Comparison Approach, continued

- Sometimes Adjustments must be made to Comparable Properties to Arrive at the Estimated Market Value
- This Approach is the Most Preferred and Utilized When Sales are Available

Sample Assessment Change Notice

(See next page)

How to read your assessment notice

Every year, you will receive a form like this, indicating changes in the assessed value and the taxable value of your property. The numbers give you an idea of how much this property could sell for and how much of that value you will pay taxes on.

IF THIS IS NOT A TAX BILL, WHAT IS IT?

Your assessment notice is just that — a notice. It indicates what the local assessor determines your property is worth and how much of that value is taxable. It does not indicate what your taxes will be for this year.

WHY YOUR ASSESSMENT CHANGED

The assessor recalculates the value of your property every year, and these lines give a general explanation of why assessments change. Even if you have not made any changes to your property in the past year, your assessment will likely still change to reflect the current real estate market. Your assessment can also fluctuate based on changes you make to your property.

WHAT YOUR HOUSE IS WORTH AND HOW MUCH OF IT YOU WILL PAY TAXES ON

The most important figure on this notice is the taxable value of your property for this year. Your taxes should be based on the amount in that box unless you appeal it. If you have owned your home for more than a year, it should be less than the assessed value, which is half of what the state calculates your property is worth in a specified year. Taxable and assessed value will be the same the year after you buy a property, but the gap between them will usually grow the longer you own the property.

ARE YOU SAVING AS MUCH AS YOU CAN?

If this property is your primary residence, it should qualify for an exemption that would save you a significant amount on your taxes. If the exemption has been filed for properly, your bill will say your home is 100-percent exempt as a "principal residence." If you think you are eligible for the exemption but the notice does not say you are exempt, contact your local assessor's office. If the property is farmland, it can qualify for reduced taxes under another exemption.

NOTICE OF ASSESSMENT ENCLOSED

NOTICE OF ASSESSMENT, TAXABLE VALUATION (INCLUDING LEASEHOLD IMPROVEMENTS) AND PROPERTY CLASSIFICATION

THIS IS NOT A TAX BILL

NAME AND ADDRESS OF OWNER OR PERSON NAMED ON ASSESSMENT ROLL:

PROPERTY IDENTIFICATION:

THIS PROPERTY IS CLASSIFIED AS:	401
PRIOR YEAR'S CLASSIFICATION IF DIFFERENT:	

Proposal A, passed by voters on March 15, 1994, places a limit on the value used to compute property taxes. Starting in 1995, your property taxes were calculated on Taxable Value (see line 1 below). If there is a number entered in the "Change" column at the right side of the Taxable Value line, that number is not your change in taxes. It is the change in Taxable Value.

Prior to 1995, your taxes were calculated on State Equalized Value (see line 4 below). State Equalized Value (SEV) is the Assessed Value multiplied by the Equalization Factor, if any (see line 3 below). State Equalized Value must approximate 50% of market value.

IF THERE WAS A TRANSFER OF OWNERSHIP on your property in 2004, your 2005 Taxable Value will be the same as your 2005 State Equalized Value. Please see line 5 below regarding transfer of ownership on your property.
IF THERE WAS NOT A TRANSFER OF OWNERSHIP on your property in 2004, your 2005 Taxable Value is calculated by multiplying your 2004 Taxable Value (see line 1 below) by 1.023 (which is the Inflation Rate Multiplier for the current year). Physical changes in your property may also increase or decrease your Taxable Value. Your 2005 Taxable Value cannot be higher than your 2005 State Equalized Value.

	PRIOR AMOUNT YEAR 2004	CURRENT AMOUNT YEAR 2005	CHANGE
1. TAXABLE VALUE (Current amount is tentative):	67,542	116,800	49,258
2. ASSESSED VALUE:	116,000	116,800	800
3. TENTATIVE EQUALIZATION FACTOR: 1.00000			
4. STATE EQUALIZED VALUE (Current amount is tentative):	116,000	116,800	800
5. THERE Was A TRANSFER OF OWNERSHIP ON THIS PROPERTY IN 2004.			

If you believe that these values, the property classification, or the information on line 5 is incorrect you may protest to the Local Board of Review. A nonresident may protest to the Board of Review by letter. Letter appeals are to be accompanied by a completed Board of Review petition form (form L-4035 or an alternate petition form used by the local unit of government). The petition form approved by the State Tax Commission (form L-4035) is available at www.michigan.gov/treasury.
The Board of Review will begin meeting on March 22, 2005 to consider appeals on assessments at the following address: City of Grosse Pointe Park, 15115 East Jefferson Avenue, Grosse Pointe Park, MI 48230. March 22 from 9:00 AM-9:00 PM and March 23 9:00 AM-5:00 PM --BY APPOINTMENT ONLY-- call (313) 822-4361 for questions or appointments. Written appeals are accepted if postmarked by March 23, 2005.

% Exempt As "Homeowner's Principal Residence":	100.0000
% Exempt As "Qualified Agricultural Property":	

The denial of an exemption from the local school operating tax for "qualified agricultural properties" may be appealed to the local Board of Review. The denial of an exemption from the local school operating tax for "homeowner's principal residence" may be appealed to the Michigan Tax Tribunal. Protest at the Board of Review is nesessary to protect your right to further appeals to the Michigan Tax Tribunal for valuation and exemption appeals and to the State Tax Commission for classification appeals.

Leasehold Improvement Information: If this notice form is for the personal property of a tenant who has installed leasehold improvements, the following are the 2005 Taxable Value (TV) and the 2005 State Equalized Value (SEV) of the leasehold improvement portion of the total property:

2005 TV 0	**2005 SEV** 0

Homeowner's Principal Residence Affidavit Information Required by P.A. 247 of 2003: If you purchased your principal residence after May 1 last year, to claim the principal residence exemption, if you have not already done so, you are required to file an affidavit before May 1 this year.

2348

Source: Research by NATE TRELA/Detroit Free Press

JOHN W. FLEMING/Detroit Free Press

Notice of Assessment, Taxable Valuation, and Property Classification

- Property Classification (Residential/Commercial, etc)
- Prior Year's Classification
- *Proposal A* Language / CPI (Consumer Price Index)
  - Determined by the State of Michigan Annually
- Taxable Value (TV)
- Assessed Value (AV)
- Tentative Equalization Factor
- State Equalized Value (SEV)

Notice of Assessment, continued

- Transfer of Ownership
- Board of Review Dates & Times
- % Exempt as Homeowners Principal Residence
- Appeal Deadlines
- Principal Residence Exemption Reminder

Taxable Value-no Transfer of Ownership

2011 SEV	$131,250
2011 Taxable	$76,579
2012 SEV	$128,000

Using capped value formula:
[$76,579 - $0) x 1.027)+ $0] = $78,647

2012 SEV	$128,000
2012 Capped	$78,647
2012 Taxable	$78,647

Taxable Value With Transfer of Ownership

2011 SEV	$131,250
2011 Taxable	$76,579
2012 SEV	$128,000

Transfer of ownership occurs in 2011

2012 SEV	$128,000
2012 Taxable	$128,000

Board of Review and Michigan Tax Tribunal

- Board of Review will meet March 13th – March 15th
- Appointments will be taken by the Assessor's office beginning March 5th
- Letter appeals
- Agent Authorization Forms
- *"2012 Assessment Appeal Procedure"* is included in the handout.

Principal Residence Exemption

- Formerly known as “homestead exemption”
- Must own & occupy as principal residence by May 1st to be eligible
- Exempt from school operating taxes
- Principal Residence Exemption appeals must be made to July or December Boards of Review.

True Cash Value vs. Sale Price

- Michigan Law
- Beginning December 31, 1994
- Purchase price paid in transfer of property is <u>not</u> the presumptive true cash value of the property transferred
- Assessor shall assess property using same valuation method used to value all other property

Foreclosure Sales

- Was a market value appraisal obtained before listing and was the list price reflective of the appraised value?
- Did the seller have the right to refuse all offers?
- Did the property have full market exposure after governmental intervention?
- Was the property marketed for an adequate period of time?
- Whether the seller was obligated to prorate taxes in accordance with local custom and provide evidence of title and a warranty deed to the purchaser.

Foreclosure Sales, continued

- Was property purchased “as is” and was property well maintained during the marketing period?
- Was purchaser supplied with a disclosure and/or lead paint statement?
- Did seller help with financing? If yes, then the sale must also be treated as a creative financed sale and follow the same rules established for adjusting creatively financed sales.

Foreclosure sales, continued

- Were concessions involved and if so, are they typical of the market?
- Were sale conditions affected by the financial institutions requirement to dispose of the foreclosed property within 1 year to avoid the uncapping of taxable value or because of banking regulation conditions requiring special treatment of property owned by the institution?

Board of Review Appeals

- The Board of Review is not the Assessor
- The function of the Board of Review is to act as an intermediary between the Assessor and the taxpayer
- The Board of Review accepts information from the taxpayer and the Assessor, then determines what information is most relevant

What should the taxpayer bring to the Board of Review?

- Estimates of market value (for a valuation appeal)
- Documents of transfer or non-transfer (for an uncapping appeal)
- Areas used for particular uses (for a classification appeal)
- Remember…Principal Residence Exemption appeals for exemption of school operating millage can not be appealed to the March Board of Review.

What should the taxpayer bring to the Board of Review? (continued)

- Homeowner Insurance Replacement Cost
- CMA Reports From Realtors
- Taxpayer Estimates from Market Transactions
- Sales Data Obtained from the Assessor's Office
- Any other data relevant to current market value

What if the Board of Review denies my appeal? Is there a next step?

- If your appeal was denied or you disagree with the Board of Review decision, you may file with the Michigan Tax Tribunal.
- You should receive a notice of Board of Review action approximately two to three weeks after your visit with the Board.
- Once you have received a notice of denial or an unfavorable decision from the city, send a letter to the Michigan Tax Tribunal. Their address is P.O. Box 30232, Lansing, MI. 48909.

Board of Review, MTT, continued

- Your letter should simply state that you wish to appeal your assessment.
- A form will be sent to you to complete by a given date.
- Your completed form, along with a form for the Assessor to complete, will be sent to the Assessor.
- Be prepared for a wait. The Tax Tribunal is approximately a year + behind in hearing appeals. You may check the status of your appeal at any time by going to Michigan.gov, departments, DELEG, Tax Tribunal and on the right hand side of the screen you will see MTT docket lookup. Click on lookup and you will be able to enter your name. The progress on your appeal should be shown.

Board of Review, MTT, continued

- I suggest that you contact the Assessor to see if an agreement can be reached.
- If your home/business has not been visited recently, ask the Assessor if a visit can be made. This may help with an agreement.
- At any time during the year you may ask for a copy of your record appraisal card to check for accuracy.
- If you do not understand the information on the card, contact the Assessor.