

Property Assessment and Taxable Value

Understanding Your Property Assessment and Taxable Value

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, 2012. The following are answers to some frequently asked questions as to how the Taxable Value can change independently of the Assessed Value.

How can my Taxable Value go up when my Assessed Value stays the same or even goes down?

Genoa Township knows this is an area of great concern to our taxpayers. Assessments are a function of property value and property taxes are calculated on your taxable value. In 1994 Proposal A required property taxes be calculated based on your **Taxable Value** not the Assessed Value. By law, Taxable Values are annually increased each year by the CPI (Consumer Price Index) or 5% whichever is lower; unless there are physical changes to the property or a transfer of ownership occurred. The 2012 State mandated CPI will reflect a 2.4% increase.

During the 1990's and early 2000's, property values greatly exceeded the annual CPI. That has created a gap between the Assessed and Taxable Values. Property taxes will continue to rise until the taxable value is equal to the Assessed Value. Therefore, it is possible for your assessment to go down, yet a Taxable Value will increase until the Assessment and taxable value are equal. Proposal A *does not* permit the taxable value to ever be higher than the assessed value.

Are financial institution sales used in the sales study?

Normally, sales that involved mortgage foreclosures and sales from relocation companies (Distressed Sales) are not considered typical sales and are not used to determine the value of property in the assessment process. The State Tax Commission has allowed the use of these sales in this declining market, but only under strict conditions. In part, they must be in the same physical condition as when they were assessed (normal maintenance). Genoa Township was unable to use any foreclosure sales in 2013 because of the strict guidelines.

Current real estate listings are not used in determining true cash value of property.

I just bought my property, why isn't my Assessed Value exactly half of the sales price?

Assessments are 50% of the *usual* selling price of the property. The Michigan Legislature and Michigan Supreme Court have clearly stated that the actual sales price of a property is not the controlling factor determining the True Cash Value and the Assessed Value is calculated by the assessing officer. The local assessor must analyze the sales in each neighborhood to arrive at a uniform and equitable assessment for all properties.

This is very similar to the process that is required when you buy a property and want the bank to lend you the money. The bank requires an appraisal to determine the usual selling price or market value.

<p>The reality of Proposal A is that property taxes will not decrease until the Taxable Value exceeds the Assessed Value or a reduction of millage rates.</p>
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