



Understanding Your
Assessed Value,
Taxable Value
and Property Taxes

Bay County
Equalization
Department

- The assessed value is determined by the local assessor based on the condition of the property as of December 31st (also known as Tax Day) of the previous year. December 31, 2019 for the 2020 Assessment Year.
- Assessed Value is 50% of True Cash Value.
- Each year, the local assessor must calculate the assessed value for every property based upon the time frame set forth by the State Tax Commission.
 - The State Tax Commission ordered the use of two year sales studies for the 2020 starting base for the residential class for all local units.
 - For 2020 assessments, the 24 month sales study begins April 1, 2017 and ends March 31, 2019.
- Prior to Proposal A, property taxes were based upon State Equalized Value (SEV). With the implementation of Proposal A, property taxes are now based upon Taxable Value.

- The law defines True Cash Value as the **usual** selling price of a property. The Legislature and the Courts have very clearly stated that **the actual selling price of a property is not a controlling factor in the True Cash Value or State Equalized Value** as calculated by the Assessor. For this reason, when analyzing sales for the purpose of determining assessment changes, the Assessing Office will review all sales but exclude non-representative sales from the assessment analysis.

- Inherent in the definition on 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 foreclosure sales when calculating values for assessment purposes.
- For this reason, all distressed sales, such as sales involving **mortgage foreclosure** or sales involving transfers to or from relocation companies, are not considered as typical sales in the valuation of property for assessment purposes nor are they reliable indicators of value when making market comparisons for current assessed values or appeals.

- First, as stated previously, the local Assessor determines the assessed value.
- Second, the Board of Commissioners in each county equalizes the values to ensure that property owners in all municipalities within the county pay their share of that unit's taxes.
- Third, the State Tax Commission then applies an adjustment factor to the county assessments to bring the total valuation across counties as close to 50% as possible. This process produces the property's state equalized value, or SEV.

- On March 15, 1994, Michigan voters approved the constitutional amendment known as Proposal A.
- Proposal A was designed to limit the growth in property taxes by the Inflation Rate Multiplier (IRM) until ownership in the property was transferred.

- Each property has a Capped Value. Capped Value is calculated by multiplying the prior year's Taxable Value, with adjustments for additions and losses, by the IRM as calculated by the State of Michigan and cannot increase by more than 5%. **For 2020, the IRM has been calculated at 1.9%.**
- Taxable Value (TV), which property taxes are based on, is defined as the **lower** of State Equalized Value or Capped Value.
- Generally speaking, this means that unless the current year SEV is less than the previous year Taxable Value multiplied by the IRM, the current years Taxable Value will increase by the IRM.

SEV = 50% of True Cash Value

Capped Value = (Prior TV-Losses) x (1+ IRM*) + Additions

* Percent of change in the rate of inflation or 5%, whichever is less, expressed as a multiplier

Taxable Value = The lesser of State Equalized Value or Capped Value unless there is a transfer of ownership.

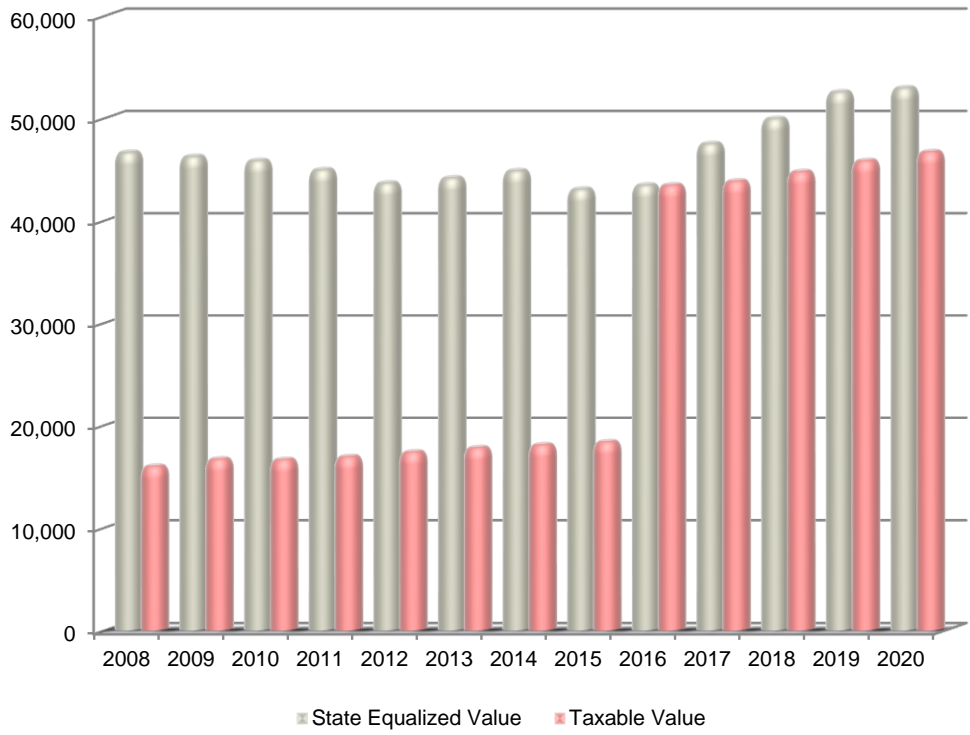
- According to Proposal A, when a property (or interest in a property) is transferred, the following year's SEV becomes that year's Taxable Value. In other words, if you purchased a property in 2014, the Taxable Value for 2015 will be the same as the 2015 SEV. The Taxable Value will then be "capped" again in the second year following the transfer of ownership. It is the responsibility of the buyer in a transfer to file a Property Transfer Affidavit with the Assessor's Office within 45 days of the transfer.
- Again, it is important to note that a property does not uncap to the selling price but to the SEV in the year following the transfer of ownership.

- If you **own and occupy** your home as your principal residence, it may be exempt from a portion of local school operating taxes. You may check your percentage of principal residence exemption on your “Notice of Assessment”.
- If the percentage exempt as “Principal Residence” is 0% on your assessment notice and you wish to claim an exemption for the current year, a Principal Residence Exemption Affidavit must be completed and filed with the Assessor’s Office.
- Furthermore, if you currently have a Principal Residence Exemption on your property and you no longer own and occupy the property as your primary residence, you must rescind the Principal Residence Exemption with the Assessor’s Office.

- Remember that the definition of Taxable Value is the lesser of SEV or last year's Taxable Value (adjusted for physical changes) times the IRM. (1.9% for 2020). Since the beginning of Proposal A in 1994, overall increases in SEV have generally been greater than the increase in Taxable Value capped at the IRM. The longer a property has been owned and capped, the greater the gap between SEV and Taxable Value. **If there is still a gap between SEV and Taxable Value and the 2020 SEV is greater than the Taxable Value in the previous year, the Taxable Value will increase to the limit of the IRM cap.**
- If, however, the 2020 SEV is **lower** than the calculation of last year's Taxable Value multiplied by the IRM, then the 2020 Taxable Value will be the same as the 2020 SEV.

➤ This example illustrates a property, purchased in 2015 and uncapped in 2016. In 2016 the SEV becomes the new Taxable Value and then the property is subsequently recapped at the IRM. The SEV will increase or decrease based on market conditions. The Capped Value is adjusted by the IRM in the following year. Taxable Value is determined by using the SEV or Capped Value, whichever is less.

Year	State Equalized Value	Capped Value	Taxable Value	IRM
2008	46,700	16,018	16,018	2.30%
2009	46,300	16,722	16,722	4.40%
2010	45,900	16,671	16,671	-0.30%
2011	45,000	16,954	16,954	1.70%
2012	43,700	17,411	17,411	2.70%
2013	44,200	17,828	17,828	2.40%
2014	44,900	18,113	18,113	1.60%
2015	43,100	18,402	18,402	1.60%
2016	43,500	18,457	43,500	0.30%
2017	47,550	43,891	43,891	0.90%
2018	50,000	44,812	44,812	2.10%
2019	52,600	45,887	45,887	2.40%
2020	53,000	46,758	76,758	1.90%



- Property owners can calculate their tax bill by multiplying their taxable value by the millage rate.
- FOR EXAMPLE, if the millage rate is 20 mills, property taxes on a home with a taxable value of \$45,000 would be \$900. The mathematical equation illustrates how this is figured:

$$(20 \text{ mills}/1,000) \times \$45,000 = \$900$$

- Administration Fee: This fee is based upon the amount of property tax paid and is limited to one percent (1%). This helps cover the Township/City costs to determine and defend annual assessments and collect taxes for all taxing authorities.
- To figure the amount due in administration fees on a home with a taxable value of \$45,000, see the following example:
 - \$900 property taxes x 0.01 = \$9.00
- Total Taxes Due: In the example above, the administration fee of \$9 added to \$900 in property tax would equal a total of \$909 owed.

Bay County 2019 Millage Rates

<u>Unit</u>	<u>School District</u>	<u>Twp/City Operating</u>	<u>County Operating Extra Voted</u>	<u>State Education Tax</u>	<u>Non PRE/Q Ag Tax</u>	<u>School Bonded Debt</u>	<u>Intermediate School District</u>	<u>Delta College</u>	<u>Total PRE/Q Ag (Homestead)</u>	<u>Total Non PRE/Q Ag</u>	<u>Commercial Personal Property</u>	<u>Industrial Personal Property</u>
Bangor Township	09030 - Bangor	4.0638	11.3138	6.0000	18.0000	2.3500	4.9233	2.0427	30.6936	48.6936	36.6936	24.6936
Beaver Township	09010 - Bay City	4.6530	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	31.9228	49.9228	37.9228	25.9228
	09090 - Pinconning	4.6530	11.3138	6.0000	18.0000	3.0200	4.9233	2.0427	31.9528	49.9528	37.9528	25.9528
Frankenlust Township	09010 - Bay City	2.6941	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	29.9639	47.9639	35.9639	23.9639
	73200 - Freeland	2.6941	11.3138	6.0000	18.0000	3.5995	3.0872	2.0427	28.7373	46.7373	34.7373	22.7373
Fraser Township	09090 - Pinconning	3.1536	11.3138	6.0000	18.0000	3.0200	4.9233	2.0427	30.4534	48.4534	36.4534	24.4534
Garfield Township	09090 - Pinconning	3.2608	11.3138	6.0000	18.0000	3.0200	4.9233	2.0427	30.5606	48.5606	36.5606	24.5606
Gibson Township	06050 - Standish/Sterling	1.5653	11.3138	6.0000	18.0000	3.5000	4.9233	2.0427	29.3451	47.3451	35.3451	23.3451
	09090 - Pinconning	1.5653	11.3138	6.0000	18.0000	3.0200	4.9233	2.0427	28.8651	46.8651	34.8651	22.8651
Hampton Township	09010 - Bay City	7.0500	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	34.3198	52.3198	40.3198	28.3198
	09050 - Essex./Hampton	7.0500	11.3138	6.0000	17.9641	4.7800	4.9233	2.0427	36.1098	54.0739	42.0739	30.1098
Kawkawlin Township	09010 - Bay City	3.1147	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	30.3845	48.3845	36.3845	24.3845
	09090 - Pinconning	3.1147	11.3138	6.0000	18.0000	3.0200	4.9233	2.0427	30.4145	48.4145	36.4145	24.4145
Merritt Township	09010 - Bay City	2.6535	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	29.9233	47.9233	35.9233	23.9233
	79110 - Reese/Tuscola	2.6535	11.3138	6.0000	18.0000	3.9000	4.2409	2.0427	30.1509	48.1509	36.1509	24.1509
Monitor Township	09010 - Bay City	3.9284	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	31.1982	49.1982	37.1982	25.1982
Mt. Forest Township	09090 - Pinconning	3.4549	11.3138	6.0000	18.0000	3.0200	4.9233	2.0427	30.7547	48.7547	36.7547	24.7547
Pinconning Township	06050 - Standish/Sterling	1.1587	11.3138	6.0000	18.0000	3.5000	4.9233	2.0427	28.9385	46.9385	34.9385	22.9385
	09090 - Pinconning	1.1587	11.3138	6.0000	18.0000	3.0200	4.9233	2.0427	28.4585	46.4585	34.4585	22.4585
Portsmouth Township	09010 - Bay City	4.2725	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	31.5423	49.5423	37.5423	25.5423
Williams Township	09010 - Bay City	5.4000	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	32.6698	50.6698	38.6698	26.6698
City of Auburn	09010 - Bay City	15.5000	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	42.7698	60.7698	48.7698	36.7698
City of Bay City (**)	09010 - Bay City	20.7115	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	47.9813	65.9813	53.9813	41.9813
	09030 - Bangor	20.7115	11.3138	6.0000	18.0000	2.3500	4.9233	2.0427	47.3413	65.3413	53.3413	41.3413
City of Essexville (**)	09050 - Essex./Hampton	17.4031	11.3138	6.0000	17.9641	4.7800	4.9233	2.0427	46.4629	64.4270	52.4270	40.4629
City of Pinconning	09090 - Pinconning	14.6736	11.3138	6.0000	18.0000	3.0200	4.9233	2.0427	41.9734	59.9734	47.9734	35.9734
City of Midland (**)	09010 - Bay City	15.1385	11.3138	6.0000	18.0000	2.9900	4.9233	2.0427	42.4083	60.4083	48.4083	36.4083

**Does not include DDA millage. Add 1.9260 in the City of Bay City, 1.0000 in the City of Essexville & 2.0000 in the City of Midland for properties in the DDA district.

- If a taxpayer disagrees with the assessed value, taxable value, or assessment classification of property, they may appeal to the local board of review. Township review boards meet in the week containing the second Monday in March to hear protest.
- If the taxpayer is unsatisfied with the local board of review results, they may then appeal to the Michigan Tax Tribunal.

- Michigan Department of Treasury - Property Tax Info.
<http://www.michigan.gov/taxes/0,1607,7-238-43535---,00.html>
- Michigan Department of Treasury Property Tax Estimator:
<https://treas-secure.state.mi.us/ptestimator/ptestimator.asp>
- Michigan Taxpayer's Guide
<https://www.legislature.mi.gov/Publications/CitizensGuide.pdf>
- Michigan Tax Tribunal
<http://www.michigan.gov/taxtrib>

<u>Township</u>	<u>Assessor</u>	<u>Telephone #</u>
Bangor	Tod Fackler	(989) 684-7100
Beaver	Joan Fackler	(989) 843-6000
Frankenlust	Vacant	(989) 686-5300
Fraser	Steven Coucke	(989) 697-5151
Garfield	Anissa Zaucha	(989) 225-1070
Gibson	Anissa Zaucha	(989) 225-1070
Hampton	Ronda Parks	(989) 893-7541
Kawkawlin	Joan Fackler	(989) 686-8710
Merritt	Patti Peltier	(989) 659-2136
Monitor	Tod Fackler	(989) 684-7203
Mt Forest	Joan Fackler	(989) 879-7575
Pinconning	Joan Fackler	(989) 879-4018
Portsmouth	Patti Peltier	(989) 892-7221
Williams	Vacant	(989) 662-4241

<u>City</u>	<u>Assessor</u>	<u>Telephone #</u>
Auburn	Patti Peltier	(989) 662-6761
Bay City	Wade Slivik	(989) 894-8123
Essexville	Ronda Parks	(989) 893-0772
Midland	Kayla Ripley	(989) 837-3334
Pinconning	Mike Dijak	(989) 879-2360
Bay County Equalization Department		(989) 895-4075