

A Guide to Your Property Taxes

City of Kalamazoo Assessor's Office
241 W. South Street
Kalamazoo, MI 49007
269-337-8640

WHAT DOES MY ASSESSOR DO?

Each year the Assessor is responsible for discovering, listing and assigning value to every property within his/her jurisdiction. That value is based on the condition of the property on December 31 (Tax Day) of the previous year. A property record card indicating ownership, address, sale information as well as property characteristics of every parcel in the City is maintained by the assessor.

The Assessor uses the features of your property, as well as sales studies for the whole city and for your neighborhood to determine your property's market value.

WHAT ARE PROPERTY TAXES BASED ON?

In 1994, Michigan voters approved the Michigan Constitutional amendment known as Proposal A, establishing "Taxable Value" as the basis for calculating property taxes. There are four major figures that every taxpayer should know:

- (1) ASSESSED VALUE (AV)** equals half of the *usual* selling price (the usual selling price is also referred to as the "True Cash Value"). The Michigan constitution requires that Assessed Value shall not exceed 50% of market value or true cash value of the property.
- (2) STATE EQUALIZED VALUE (SEV)** is the Assessed Value as adjusted by an annual review by the County Equalization Department and State Tax Commission to ensure that all assessing jurisdictions' values are not exceeding 50% of market value and assessing practices through out the state are uniform. In the City of Kalamazoo, the SEV is almost always equal to the Assessed Value.
- (3) CAPPED VALUE (CV)** equals last year's taxable value increased by the amount of inflation (Consumer Price Index, up to a maximum of 5%) plus/minus physical changes (additions/losses) to the property.
- (4) TAXABLE VALUE (TV)** equals the lesser of the State Equalized Value or the Capped Value. The Taxable Value is used for the calculation of property taxes.

WHAT IS "UNCAPPING"

The Taxable Value on a property is said to be "Capped" if the property owner did not purchase it in the preceding year. By State Law, when a property is sold or otherwise transferred, the Taxable Value in the year *FOLLOWING* the transfer, will be made equal to the SEV and thus is said to be "Uncapped" for the year. After the

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“Uncapping”, the Taxable Value is capped for future years until there is another transfer of ownership on the property.

Whenever a transfer of ownership occurs, a Property Transfer Affidavit (PTA) must be filed at the Assessor's Office by the purchaser within 45 days from the date of transfer: http://www.michigan.gov/documents/2368f_2605_7.pdf

YOUR ANNUAL NOTICE OF ASSESSMENT

Each year, prior to the March Board of Review meetings, informational notices are mailed. The “Notice of Assessment, Taxable Valuation, and Property Classification” also includes State Equalized Value, the percent of exemption as a Principal Residence or Qualified Agricultural Property, and if there was or was not an Ownership Transfer.

This notice includes the dates and times of the local Board of Review and the process for appealing an assessment. A property owner who makes an appeal must provide documented evidence as to why the assessment is wrong. Evidence may include an appraisal, a list of sales in your neighborhood that are similar to your home, or pictures of physical problems that may exist, among other things.

WHAT IS A PRINCIPAL RESIDENCE EXEMPTION (“PRE”)?

If you own and occupy your home as your principal residence by May 1st of the current year, you may be exempt from a portion of local school operating taxes by filing a Principal Residence Exemption form with the Assessor's Office. http://www.michigan.gov/documents/2368f_2605_7.pdf

If you change your principal residence, the law requires that you file a Rescission of Principal Residence Exemption form with the Assessor's Office and file a new Principal Residence Exemption Affidavit form with the assessor in the unit in which your new principal residence exists: http://www.michigan.gov/documents/2602f_2607_7.pdf

Starting in 2008, a homeowner can establish a new PRE on a second home AND keep the PRE on the first home for up to 3 years, as long as the first home is:

- A. Not occupied
- B. For sale
- C. Not being leased
- D. Not being used for any business or commercial purpose.

A form must be filed with the Assessor's Office no later than May 1st after the PRE is claimed on the newly purchased home: http://www.michigan.gov/documents/taxes/4640_231633_7.pdf

The owner must also re-file this form each year by December 31, to continue the exemption for up to two additional years if the property remains qualified.

EXAMPLES

A: You purchased a new home (UNCAPPING)

Last year, you purchased a new home valued at \$200,000 (true cash value) with Assessed Value (AV) and State Equalized Value (SEV) both at \$100,000, and a Taxable Value (TV) of \$80,000.

A study of sales in the neighborhood shows that the true cash value of your property has increased to \$220,000 for the current year.

Value	Prior Year	Current Year
Current Year: Assessed Value (AV) is	\$100,000	\$110,000
State Equalized Value (SEV) is	\$100,000	\$110,000
Capped Value (CV) is (\$100,000 x 1.023)	\$100,000	\$110,000
Taxable Value, the lesser of SEV or CV, is	\$100,000	\$110,000
 Tax Bill	 \$3,600	 \$4,950

The Taxable Value is “uncapped” the year following an ownership transfer (sale) of a property. The Taxable Value becomes the same as the State Equalized Value for that year.

B: You added a family room to your home

Last year, your home valued at \$200,000 (true cash value) had a \$100,000 State Equalized Value (SEV), and a Taxable Value (TV) of \$80,000. You added a family room addition valued at \$40,000 true cash value (\$20,000 taxable value).

A study of sales in the neighborhood shows that the true cash value of your property has increased to \$220,000 for the current year.

Current Year: Assessed Value (AV) is	\$100,000	\$110,000
State Equalized Value (SEV) is	\$100,000	\$110,000
Capped Value (CV) is (\$100,000 x 1.023)	\$100,000	\$101,840
Taxable Value, the lesser of SEV or CV, is	\$100,000	\$101,840
 Tax Bill	 \$3,600	 \$4,582

EXAMPLES

C: You made no changes to your property in an increasing market

Last year, your home valued at \$200,000 (true cash value) had a \$100,000 State Equalized Value (SEV), and a Taxable Value (TV) of \$80,000.

A study of sales in the neighborhood shows that the true cash value of your property has increased to \$220,000 for the current year.

Current Year: Assessed Value (AV) is	.....	\$100,000	\$110,000
State Equalized Value (SEV) is	.....	\$100,000	\$110,000
Capped Value (CV) is (\$80,000 x 1.023)*	.....	\$100,000	\$81,840
Taxable Value, the lesser of SEV or CV, is	.....	\$100,000	\$81,840
Tax Bill		\$3,600	\$3,682

D: You made no changes to your property in a decreasing market

Last year, your home valued at \$200,000 (true cash value) had a \$100,000 State Equalized Value (SEV), and a Taxable Value (TV) of \$80,000.

A study of sales in the neighborhood shows that the true cash value of your property has decreased to \$180,000 for the current year.

Current Year: Assessed Value (AV) is	.....	\$100,000	\$90,000
State Equalized Value (SEV) is	.....	\$100,000	\$90,000
Capped Value (CV) is (\$80,000 x 1.023)*	.....	\$100,000	\$81,840
Taxable Value, the lesser of SEV or CV, is	.....	\$100,000	\$81,840
Tax Bill		\$3,600	\$3,682

**The Inflation Rate Multiplier is determined annually by the State Tax Commission, and is derived from the federal Consumer Price Index (CPI). A 1.023 multiplier (or a 2.3% increase) is used in the examples above.*

***An estimated 45 mill Principal Residence tax rate is used in the examples above.*