

# FREQUENTLY ASKED QUESTIONS

## Assessing Department

Nicole Wilson, CMAE3, PPE  
City Assessor

Sandy Peterson-Egnor  
Administrative Assistant

### **Where is your office located?**

Our office is in the Public Service Building, which is located at 900 S. Marshall Avenue. Mail should be addressed to Assessor's Office, City of Marshall, 323 W. Michigan Avenue, Marshall, MI 49068. Our Phone number is 269.781.9812 and our Fax number is 269.789.4628. Our web address is: [www.cityofmarshall.com](http://www.cityofmarshall.com) /City Services/Assessing.

### **What are your office hours?**

The Assessing Department is open from 7:30 a.m. until 4:00 p.m., Monday through Friday, except for holidays and as otherwise noticed.

## Valuation & Tax Bill Questions

### **What is the difference between the Assessed Value and Taxable Value of my home?**

Assessed Value is defined by state law as 50% of the market value of the property as of December 31<sup>st</sup> of the preceding year. Taxable Value is derived from a formula created by Proposal A in 1994, designed to limit Taxable Value increases at the rate of inflation.

### **How is my assessed value calculated?**

All assessed values are calculated according to State Tax Commission standards. This value is shown as the State Equalized Value or SEV on your tax statement. It is a mass appraisal technique that takes into account the current cost to replicate your house and then depreciates that cost based on the age of the structure. It is then adjusted to market value by comparing the depreciated cost of homes that have sold in your area to their sales price. Each year, the Assessor is required by law to analyze sales within economic neighborhoods using a two-year sales study to adjust that neighborhood so that assessed values are at 50% of market value.

### **How is my Taxable Value calculated?**

The term Taxable Value was used in the 1994 constitutional amendment known as Proposal A to replace SEV in the property tax equation to calculate property tax bills. The first step in the process of determining Taxable Value is to calculate the Capped Value of every parcel of assessable property using the following formula:

#### CAPPED VALUE FORMULA:

$$\text{Prior Taxable Value} - \text{Taxable Value of Losses} * \text{Lesser of 5\% or CPI Multiplier} + \text{Taxable Value of Additions} = \text{Capped Value}$$

CPI is the Consumer's Price Index (Inflation rate) as calculated by the State of Michigan each fall.

The legislature has defined Taxable Value to be the lesser of SEV or Capped Value. Assessors are required to annually calculate a Capped Value for each individual parcel of real property. The Capped Value is then compared to the SEV of that property, and the lower of the two will be its

Taxable Value upon which taxes are levied. The year following an eligible transfer of ownership, the SEV of the transferred property set in that year is its Taxable Value.

**I just purchased my home. Shouldn't the assessed value be half of what I paid?**

No. By state law, a home's assessed value is not half its purchased price, but half of its market value. Section 211.27(5) of Michigan Compiled Law states "Beginning December 31, 1994, the purchase price paid in a transfer of property is NOT the presumptive true cash value of the property transferred. In determining the true cash value of transferred property, an Assessing Officer shall assess that property using the same valuation method used to value all other property of that same classification in the assessing jurisdiction." Also, please see the State Tax Commission's Bulletin No. 19, 1997 on "Illegal Practices of A: "Following Sales" and B: "Assessing over 50%" for more information: [http://www.michigan.gov/treasury/0,1607,7-121-1751\\_2228-7878--,00.html](http://www.michigan.gov/treasury/0,1607,7-121-1751_2228-7878--,00.html)

**I recently purchased a home. Will my taxes on this property be about the same amount as the prior owner's taxes?**

No. Until 1994, property was valued for tax purposes at half its market value. This is called "State Equalized Value" or SEV. In 1994 voters passed Proposal A, which limited the growth of property tax assessments. The formula under Proposal A keeps the Taxable Value of a property from growing as fast as the SEV. This gap can increase over time. However, in the year following an eligible transfer of ownership, the Taxable Value is uncapped and is made equal to the SEV, but only for that year following the transfer of ownership. When a parcel is uncapped there could be a substantial increase in the tax depending on the difference between the Taxable Value and the State Equalized Value of the property. See above for Taxable Value Calculation explanation.

**My neighbor and I have very similar homes. Why is my tax bill higher than theirs?**

As mentioned above, there are two distinctly different numbers associated with each property. The SEV represents half the property's market value and Taxable Value which is a multiplier in your tax bill. If you have a home that is truly similar to your neighbor's home your SEV should be about equal to theirs; however, the Taxable Values would probably not be the same.

Since the passage of Proposal A in 1994 the Taxable Value is used to calculate tax bills. Each Taxable Value will depend on the Capped Value formula and whether or not there has been a transfer of ownership or a CPI increase. The Taxable Value calculation is also subject to any additions and/or losses to the property. **SEV and Taxable Value are not the same and should not be compared when calculating a tax bill.**

The calculation for your tax bill is as follows:

$$\text{Taxable Value} * \text{Voter Approved Millage Rate} = \text{Property Tax Bill.}$$

**How can I find out what information you have on my property or on my neighbor's property?**

Assessment information on your property is public record, and the Assessor's Office has some of its data available on the internet. You can access this information free by visiting the following website:

[http://www.cityofmarshall.com/cityDepartments/assessing.taf?\\_function=page&name=onlinetax](http://www.cityofmarshall.com/cityDepartments/assessing.taf?_function=page&name=onlinetax)

For a small fee you may also obtain copies of Assessment Record Cards, which are available through the Assessor's Office, located in the Public Services Building, 900 S. Marshall Avenue.

### **Why did my taxes go up so much this year?**

There are several factors that affect your tax rate:

1. The Taxable Value of a property is adjusted each year based on the Consumer's Price Index (CPI). An increase in taxable value will result in an increase in your taxes.
2. A Millage increase will cause your taxes to increase. Your tax bill includes voter authorized Millage for City, County, State Education, miscellaneous school taxes, and other voter approved Millages. Your tax bill is based on your home's taxable value multiplied by the Millage rate.
3. You purchased a home. Proposal A, which was passed in 1994, places an annual cap on the growth of property tax assessments; however, when the home is sold, the cap comes off and the assessment reverts to the State Equalized Value (SEV) of the year following an eligible transfer of ownership.
4. You may not be taking advantage of the Principal Residence/Homestead Exemption.
5. You may have added something new to the property which in turn can increase both the assessed and taxable value of the property, i.e. central air conditioning, new deck or porch, new bathroom, new basement finish, new square footage, new shed, new garage, etc.

### **What can I do if I disagree with the Assessed Value or Taxable Value placed on my property?**

Check the records of the Assessing Office or on the Assessor's website concerning your appraisal to make sure they are correct. If you disagree with the assessment, you should talk with the Assessor about the valuation of your property. If you are still not satisfied with the valuation and wish to proceed with filing an appeal, you will need to schedule an appointment to appear before the March Board of Review. Please call the Assessor's Office at 269.781.9812 to schedule an appointment. The March Board of Review has jurisdiction on valuation appeals for the current year only. You may not (by state law) dispute prior year valuation at the March Board of Review. Once the March Board of Review closes its public meeting, the assessment roll is closed and certified. No further changes can be made except those allowed by state law...i.e. clerical error, mutual mistake of fact, qualified error, or Principal Residence Exemption/Homestead corrections, Michigan Tax Tribunal or State Tax Commission judgments.

### **What if I am not satisfied with the Board of Review's decision on my appeal?**

You have the right to file an appeal with the Michigan Tax Tribunal. This appeal must be filed with the Michigan Tax Tribunal on or before June 30th of the current year. Failure to appear before the March Board of Review before hand may eliminate your right to appeal your value at the Tribunal.

## Principal Residence/Homestead Exemption

### **Who qualifies for the Principal Residence/Homestead exemption?**

If you own and occupy your principal residence, it may be exempt from a portion of your local school operating taxes. To claim an exemption, you must complete the Principal Residence Exemption Affidavit and file it with the Assessor's office by May 1<sup>st</sup> of the year of the claim. The Assessor's Office will adjust your taxes on your next property tax bill. Note that this is an exemption from part of the taxes and does not affect your assessment. **You must own and occupy your principal residence to receive this exemption.**

**Owning** means you hold the legal title to the principal residence or that you are currently buying it on a notarized or recorded land contract. Renters should NOT file this form.

**Occupying** means this is your principal residence, the place you intend to return to whenever you go away. It is the address that appears on your driver's license or voter registration card. You may have only one principal residence at a time. Vacation Homes and Income property which you do not occupy as your principal residence may not be claimed.

If you are living only in a part of the home you may file a partial homestead exemption. Please call the Assessor's Office at 269.781.9812. We will help you calculate the proper percentage.

You may also file an exemption(s) if you own vacant and contiguous land next to your homestead property.

**I have not been claiming a homestead exemption on my home. What should I do?**

Contact our Assessing Department at 269.781.9812 to obtain the form necessary to correct your homestead status. Recent tax law changes allow the City to correct the homestead status for the current year, and with Board of Review approval, three prior years. After Board of Review approval, if you are due a refund from prior year's tax payments, your refund will be issued by the Calhoun County Treasurers Office.

**Rescinding your Exemption:** If you claim an exemption, then stop using the property as a principal residence, you must notify the City Assessor within 90 days of the change or you may be penalized. This can be done using the Form 2602, Request to Rescind Homeowner's Principal Residence Exemption.

## Property Transfer Affidavits

**What is a Property Transfer Affidavit?**

A Property Transfer Affidavit MUST be filed whenever real estate or some types of personal property are transferred (even if you are not recording a deed). It is used by the Assessor to ensure the property is assessed properly and receives the correct Taxable Value. It must be filed by the new owner with the Assessor for the City or Township where the property is located within 45 days of the transfer. If it is not filed timely, a penalty of \$5/day ((maximum \$200) applies. The information on this form is NOT confidential.

Transfer of ownership means the conveyance of title or the beneficial use of the property. There are both partial and whole transfers of ownership. The Assessor's office will determine the correct percentage and uncap the Taxable Value accordingly. Please see Taxable Value Calculation listed above for more information.

## Real Property Statements

**What is a Real Property Statement and why are you asking me this information?**

The Michigan Supreme Court has ordered that information about the financing of property sales must be gathered. The purpose is to determine whether favorable financing provided by the sell may have caused the sale price to increase, i.e. mortgage amounts, interest rates, and any personal property received by the buyer, etc. If so, any increase in price due to the

favorable seller-provided financing must be removed before the sale is considered for property assessment study purposes. Information disclosed on Real Property Statements is strictly CONFIDENTIAL and will only be shared by the Assessor, State Tax Commission, County Equalization Department, and others involved in and for the determination of assessments.

## Miscellaneous Items

### **Moving?**

If you are moving, please inform the Assessor's Office in writing as soon as possible. Our mailing address is: Assessor's Office, 323 W. Michigan Avenue, Marshall, MI 49068. Our fax number is 269.789.4628.

### **Name Change?**

If you recently married and wish to change your name on your City of Marshall accounts please supply the Assessor's Office with a short note letting us know you would like to change your name, a copy of your marriage license and a copy of your driver's license (with picture) reflecting your new name, and we will change the accounts.

If someone on the title of your property has passed away and you would like their name removed from your City of Marshall accounts please supply the Assessor's Office with a copy of the death certificate and a short note letting us know you would like the name removed and we will change the accounts.

**PLEASE NOTE:** Using a marriage license or death certificate to change/remove a name from a City of Marshall account will NOT change the title of your property. To change title you must draft a legal instrument. If you wish to change title of your property you should seek legal counsel to help you do so. City of Marshall employees can not provide you with legal counsel.

### **Tax Prorations-**

City of Marshall employees do not perform tax prorations. Please seek legal counsel, help from a Title Insurance Company or other lending institution to help you do the math.

## Business Personal Property

### **Who must file a Personal Property Statement?**

Public Act No. 206 of 1893 of Michigan State law mandates that all businesses must annually file a declaration of Personal Property with the Assessor of the jurisdiction where the property is situated on December 31. All commercial and industrial businesses have the responsibility of filing a statement with the Assessor, whether a statement was mailed to them or not. If a business has no Personal Property which is assessable, they still must sign and return the form with a declaration of why no assessable property exists.

### **What happens if a business fails to file a Personal Property Statement?**

If your declaration is not filed in a timely manner, an estimated Personal Property assessment will be made which will be the basis for your tax bills. Failure to file this form may eliminate the business' right to appeal the assessed and/or taxable value at the local or state level or file a correction with the State Tax Commission.

**Where do I file the Personal Property Statement and when is it due?**

The State of Michigan requires all commercial and industrial businesses to submit a Personal Property Statement to the Assessor's Office no later than February 20 each year. To ensure timely processing and correct valuation please turn these statements in as soon as possible. Asset listings with addresses of the property location(s), acquisition date and cost, asset category, and disposal lists are extremely helpful. If your company closed prior to December 31 of the previous year, you must notify the Assessor's office in writing prior to the March Board of Review or you may have an assessed and taxable value assigned to your account which will result in future tax bills.

**Moved out of the jurisdiction /Out of Business as of December 31?**

If a business has no Personal Property which is assessable, they still must sign and return the form prior to the March Board of Review with a declaration of why no assessable property exists.