

UNDERSTANDING PROPOSAL A

What is my property worth as of December 31, 2018?

On March 15, 1994 Michigan voters approved the constitutional amendment known as Proposal A.

Proposal A was designed to limit the increase in property taxes by the Consumer Price Index (CPI) until ownership of the property is transferred.

How it Works

Prior to Proposal A property taxes were based upon State Equalized Value (SEV). With the implementation of Proposal A, taxes are now based upon the Taxable Value.

Each year the Assessing Department must calculate the SEV for every property based upon the time frame as outlined by the State Tax Commission. A property's status is determined as of December 31, which is called Tax Day.

Additionally, 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 CPI as calculated by the State of Michigan and cannot increase by more than 5%.

For 2019, The CPI has been calculated at 2.4%.

Taxable Value (TV), which property taxes are based on, is defined as the lower of either the (SEV) or capped value (CV).

The Equalization Timetable

The Macomb County Equalization Department has worked with Bruce Township in conducting a 24 month sales study to determine values for the 2019 assessment cycle.

For all 2019 assessments the 24 month sales study begins April 1, 2016 and ends March 31, 2018.

Use of a 24 month study allows 2019 assessments to more accurately reflect current market conditions. The number of current sales means that some areas of the Township have limited data for the Assessor to calculate current assessments. It may be necessary for the Assessor to expand areas for reviewing neighborhood analysis or estimate market changes based upon area trends.

True Cash Value

The law defines True Cash Value as the usual

selling price of a property. The Legislature and Courts have very clearly stated that the actual selling price of a property is not a controlling factor in the True Cash Value or SEV 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.

SEV

50% of true cash value

Capped Value (CV)

(Prior TV - losses) x (1 +

CPI*) + additions
**percent of change in the rate of inflation or 5%, whichever is less, expressed as a multiplier.*

Taxable Value

The lesser of SEV or CV, unless there is a transfer of ownership or new value.

What this covers:

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Foreclosure Sales

Inherent in the definition of Usual Selling Price is the assumption that the sale does not involve any element of distress from either party.

Assessing Department

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Transfer of Ownership And Uncapping of Taxable Values

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 2018 the Taxable Value for 2019 will be the same as the 2019 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. Failure to file a Property Transfer Affidavit may result in a penalty of \$5 per day for each day after the 45 day period with a maximum penalty of \$200. Property Transfer Affidavit forms are available at the Township Office or from our website.

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.

Principal Residence Exemption (PRE)

If you **own and occupy** your home as a 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" or tax bill.

If 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 by June 1, for summer collection of school tax or Nov 1, for winter school tax collection.

Furthermore, if you currently have a PRE on your property and you no longer own and occupy the property as your primary residence, you must rescind the PRE with the Assessor's Office.

Forms to claim a new exemption or to rescind a current exemption are available at the Assessing Department or the Bruce Township website: www.brucetwp.org

Michigan home owners who have had a PRE on their home and then moved to another Michigan principal residence, may qualify for a Conditional PRE. The Conditional PRE can be filed at the Assessor's office as long as you still own the home. The home must have had a PRE prior to your move, must be for sale (and vacant), and the home cannot be rented or leased.

So what does it all mean?

How can I expect my assessment to change in 2019?

As stated in the Equalization Timetable, for 2019 the time period of the sales study for assessment review is April 1, 2016 thru March 31, 2018. Sales occurring after March 31, 2018 will not be used in the studies until the 2020 assessment cycle.

Annual Inspections

Due to recent State Tax Commission policy update, it is expected that local units of government will annually inspect a minimum of 20% of the parcels in each property class each year. The expectation is that all parcels will be examined at least once over a five year period. Any time our staff is doing an inspection outside the office, they will be wearing proper identification. If you have any questions, please feel free to call our office at 586-752-4585 ext. 200.

When there is an increase in assessed value, this could be due to several factors. These factors include but are not limited to: sales in the economic condition neighborhood, classification of the building, new value added to the roll which was not previously assessed. This could also include items that have been on your property for years but never assessed.

If there was a decrease to your assessed value this could be due to: sales in economic condition neighborhood, classification of building, demolition or loss of previously assessed property.

Remember the taxable value will increase by the Consumer Price Index (1.024 for 2019) plus any new value that was added to the roll.

If you have questions about your Assessment or the Board of Review process, our staff is available during regular office hours, Monday – Friday, 8:30am – 4:30pm.