

UNDERSTANDING PROPOSAL A

What is my property worth as of December 31, 2020?

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 2021, The CPI has been calculated at 1.4%.

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 Wayne County Equalization Department has worked with us in conducting a 24-month sales study to determine values for the 2021 assessment cycle.

For all 2021 assessments the 24-month sales study begins April 1, 2018 and ends March 31, 2020.

SEV

50% of true cash value

Capped Value (CV)

$(\text{Prior TV} - \text{losses}) \times (1 + \text{CPI}^*) + \text{additions}$

**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.

Use of a 24-month study allows 2021 assessments to reflect current market conditions more accurately. The number of current sales means that some areas of the City may 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 estimating 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.

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.

The State Tax Commission recently issued guidelines concerning foreclosure sales and generally speaking these guidelines allow the Assessor to consider foreclosure sales when calculating values for assessment purposes if these sales have been verified.

What this covers:

Proposal A	Pg 1
Actual Sale Price is <u>NOT</u> True Cash Value	Pg 1
Equalization Timetable	Pg 1
Foreclosure Sales	Pg 1
Transfer of ownership and Uncapping	Pg 2
Principal Residence Exemptions	Pg 2
Annual Inspections	Pg 2

Assessing Department

CITY OF HAMTRAMCK
3401 Evaline,
Hamtramck, MI 48212
(313) 800-5233
www.Hamtramck.us



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 Assessed Value becomes that year's Taxable Value. In other words, if you purchased a property in 2020 the Taxable Value for 2021 will be the same as the 2021 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 Assessor's Office.

Again, it is important to note that a property does not uncup 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 (PRE) 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.

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 2021?

As stated in the Equalization Timetable, for 2021 the time period of the sales study for assessment review is April 1, 2018 thru March 31, 2020. Sales occurring after April 1, 2020 will typically not be considered in the studies until the 2022 assessment cycle.

Annual Inspections

Due to recent State Tax Commission policy update, it is expected that local units of government will annually field visit 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 performing a field visit at a property, they will be wearing proper identification. If you have any questions, please feel free to call our office at (313) 800-5233 x 820.

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

If there was a decrease to the assessed value this may be due to: sales in the general area or neighborhood, classification of the building, demolition or loss of previously assessed property.

Remember the taxable value typically will increase by the Consumer Price Index (1.4% for 2021) plus any new value that was added to the assessment roll.

If you have questions about your Assessment or the Board of Review process, we are available during regular office hours, Monday–Friday, 8:00am – 4:00pm. Please visit our website at www.Hamtramck.us for property information.

How to Read Your Assessment Notice

Every year, you receive an assessment notice indicating changes in the assessed value and the taxable value of your property, as well as the exemption, classification, and transfer information. The assessed value represents 50% of the estimated market value of your property and the taxable value indicates how much of that value you will pay taxes on.

Do You Have a Principal Residence Exemption?

Having a principal residence exemption saves you approximately \$18.00 in actual property tax per \$1,000 of taxable value. You must own and occupy the property to qualify.

What is Property Classification?

Property is classified according to its primary use. Typical classes of property are Residential, Commercial, Industrial, Agricultural and Personal Property. If you feel that your property is misclassified, you may appeal the classification to the Board of Review.

What Does This Notice Mean in Tax Dollars?

Based on the change in Taxable Value, this is an estimate amount based on last year's millage rates.

Assessed Value and Taxable Value

Assessed Value is equal to 50% of the market value of your property. Taxable Value is the product of the previous year's Taxable Value increased by the Consumers Price Index unless there were physical changes to the property. The Taxable Value can never be higher than the Assessed Value.

Did You Purchase the Property Last Year?

If you purchased this property in the previous calendar year, the Assessed and Taxable Values should be equal. If the values are not the same, please contact the Assessor's Office.

Board of Review Information

If you believe your assessed value is incorrect, you may appeal to the Board of Review.

Michigan Department of Treasury,
STC 1019 (Rev. 10-17)

THIS IS NOT A TAX BILL

L-4400

Notice of Assessment, Taxable Valuation, and Property Classification

This form is issued under the authority of P.A. 206 of 1993, Sec 211.24 (c) and Sec 211.34c as amended. This is a model assessment notice to be used by the local assessor.

FROM		PARCEL IDENTIFICATION		
NAME AND ADDRESS OF OWNER OR PERSON NAMED ON ASSESSMENT RECORD:		PARCEL CODE NUMBER:		
		PROPERTY ADDRESS:		
		PRINCIPAL RESIDENCE EXEMPTION % Exempt As "Homeowners Principal Residence": 100.00% % Exempt As "Qualified Agricultural Property": .00% % Exempt As "MBT Industrial Personal": .00% % Exempt As "MBT Commercial Personal": .00% Exempt As "Qualified Forest Property": <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Exempt As "Development Property": <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
ACCORDING TO MCL 211.34c THIS PROPERTY IS CLASSIFIED AS:		401 (401 RESIDENTIAL)		
PRIOR YEAR'S CLASSIFICATION: 401 (401 RESIDENTIAL)				
The change in taxable value will increase/decrease your tax bill for this year by approximately: \$75		PRIOR AMOUNT YEAR: 2017	CURRENT TENTATIVE AMOUNT YEAR: 2018	CHANGE FROM PRIOR YEAR TO CURRENT YEAR
1. TAXABLE VALUE (Current amount is tentative):		69,959	71,428	1,469
2. ASSESSED VALUE:		104,500	108,100	3,600
3. TENTATIVE EQUALIZATION FACTOR: 1.000				
4. STATE EQUALIZED VALUE (Current amount is tentative):		104,500	108,100	3,600
5. There WAS/WAS NOT a transfer of ownership on this property in 2017:		WAS NOT		

The 2018 Inflation rate Multiplier is: 1.021

Legal Description:

March Board of Review Appeal Information:

The Taxable Value, the Assessed Value, the State Equalized Value, the Property Classification, or the Transfer of Ownership may be appealed by filing a protest with the Local Board of Review. Protests are made to the Board of Review by completing a Board of Review Petition Form. A Petition Form may be obtained directly from the local unit or from the State Tax Commission at www.michigan.gov/taxes. Click on Property Taxes Box, then click on Forms and Instructions then Board of Review to obtain Form 618 (L-4035), Petition to the Board of Review.

March Board of Review Information:

Not less than 14 days before the meeting of the Board of Review, the assessment notices shall be mailed to the property owner.

Property taxes were calculated on the Taxable Value (see line 1 above). The Taxable Value number entered in the "Change from Prior Year to Current Year" column, does not indicate a change in your tax bill. This number indicates the change in Taxable Value.

State Equalized Value is the Assessed Value multiplied by the Equalized Factor. If any State Equalized Value must approximate 50% of the market value.

IF THERE WAS A TRANSFER OF OWNERSHIP on your property in 2017, your 2018 Taxable Value will be the same as your 2018 State Equalized Value.

IF THERE WAS NOT A TRANSFER OF OWNERSHIP on your property in 2017, your 2018 Taxable Value is calculated by multiplying your 2017 Taxable Value by 1.021 (Inflation Rate Multiplier for the current year). Physical changes in your property may also increase or decrease your Taxable Value. Your 2018 Taxable Value cannot be higher than your 2018 State Equalized Value.

The denial of an exemption from the local school operating tax for "qualified agricultural properties" may be appealed to the local Board of Review. The denial of an exemption from the local school operating tax for a "homeowner's principal residence" may be appealed to the Michigan Tax Tribunal by the filing of a petition within 35 days of issuance of this notice. The petition must be a Michigan Tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at www.michigan.gov/taxtrib.

Filing a protest at the Board of Review is necessary to protect your right to further appeal valuation and exemption disputes to the Michigan Tax Tribunal and classification appeals to the State Tax Commission. Properties classified Commercial Real, Industrial Real or Developmental Real may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal by filing a petition by May 31. Commercial Personal, Industrial Personal, or Utility Personal Property may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal by filing a petition by May 31 if a personal property statement was filed with the local unit prior to the commencement of the Board of Review as provided by MCL 211.19, except as otherwise provided by MCL 211.9m, 211.9n and 211.9o. The petition must be a Michigan Tax Tribunal form or a form approved by the Michigan Tax Tribunal. Michigan Tax Tribunal forms are available at www.michigan.gov/taxtrib.

HOMEOWNER'S PRINCIPAL RESIDENCE AFFIDAVIT INFORMATION REQUIRED BY P.A. 114 OF 2012: If you purchased your principal residence after May 1 last year, to claim the principal residence exemption, if you have not already done so, you are required to file an affidavit by June 1 for the immediately succeeding summer tax year levy and all subsequent tax levies, or by November 1 for the immediately succeeding winter tax levy and all subsequent tax levies.

It is important that you review your property assessment record for any errors. The notice indicates the dates and times the Board of Review is in session to hear protests to the assessed value of your property. Any evidence you can provide to the Board of Review as to why you feel the assessment is incorrect makes the appeal more effective.



City of Hamtramck

3401 Evaline Street Hamtramck, Michigan 48212

Telephone 313-800-5233

2021 Board of Review General Information and Schedule

The Board of Review will meet for 2021 as follows:

March: Tuesday, March 2nd, 2021 at 9:00 a.m. Organizational meeting No Appointments
Zoom link: <https://us02web.zoom.us/j/81056600768>
Meeting ID: 810 5660 0768

Appointments on:

Monday, March 8th 1:00 p.m. – 9:00 P.M. & Thursday March 11th, 2021 9:00 a.m.
5:00 p.m.

Note: Due to COVID-19, there might be some variation or changes, contact the assessor's office 1 week prior to schedule appointments and for any updates.

July*: Tuesday, July 20, 2021

December*: Tuesday, December 14, 2021

Meetings will be held at the Hamtramck municipal offices 3401 Evaline, Hamtramck Michigan, 48212. Meeting times are to be determined at a later date, please call for meeting times.

*Please note the July and December Board of Review is limited to what it may act on.

Appeals allowed include:

- Qualified errors specifically defined by MCL 211.53b.
- Homeowners Principal Residence and Qualified Agricultural Exemption changes.
- Poverty appeals (please see the guidelines).
- Disabled Veteran Exemption defined by MCL 211.7b (please see the application for qualifications).

Important note: Appeals of property classification or opinion of value can only be made through the March Board of Review meetings.

For poverty appeals, please return the signed application and all necessary information to the Hamtramck Assessing Department no less than **10 days** prior to the March, July or December Board of Review (see above schedule).

If there are any questions, please call the Assessing Department at (313) 800-5233 ext. 319.

Thomas D. Monchak
City Assessor

Revised by: Moonmoon Sultana January 22, 2021