City of Hamtramck

Assessing Department
3401 Evaline, Hamtramck, MI 48212
(313) 800-5233
www.Hamtramck.us
Regular Office Hours:
Monday thru Thursday 8:00 – 4:00

2022 Edition

UNDERSTANDING PROPOSAL A

What is my property worth as of December 31, 2021?

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 2022, The CPI has been calculated at 3.3%.

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 2022 assessment cycle.

For all 2022 assessments the 24 month sales study begins April 1, 2020 and ends March 31, 2021.

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.

Use of a 24-month study allows 2022 assessments to more accurately reflect current market conditions. 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:

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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 Assessed Value becomes that year's Taxable Value. In other words, if you purchased a property in 2021 the Taxable Value for 2022 will be the same as the 2022 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 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 (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 2022?

As stated in the Equalization Timetable, for 2022 the time period of the sales study for assessment review is April 1, 2019 thru March 31, 2021.
Sales occurring after April 1, 2021 will typically not be considered in the studies until the 2023 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 (3.3% for 2022) 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–Thursday, 8:00am – 4:00pm. Please visit our website at www.Hamtramck.us for property information.