

# 2012 - New Year - same concept

**Proposal A was adopted by a vote of the State electorates on March 15, 1994. As it was passed, it amended the Michigan Constitution. The key changes that effect how your taxes are calculated are as follows:**

- 1) Uniform Property Taxation, except School Operating Taxes.

**Principal Residence Exemption (P.R.E.)** – The PRE status of a property is set as of May 1.

**Now known as Principal residence Exemption or “PRE”, formerly known as “Homestead”.**

**To qualify for a P.R. E.,** the home should be the address that you intend to return to whenever you are away, where you register to vote, where you show as your residence for your driver’s license, and the address indicated on your income tax filing.

**How does it effect taxes?** If a 100% P.R.E. is applied, it **exempts you from the 18mills school operating.**

If your taxable value is \$50,000.00, and you have filed and qualify for a PRE at 100%, it would result in a savings of \$900.00. ( $50,000.00 \times .018 = 900.00$ ) (Effect of voting or supplemental may vary the 18 mills)

- 2) Uniform Assessments, not to exceed 50 percent of True Cash Value as Equalized.

**Assessed Value** - The Assessed Value as shown, **should represent 50% of the current true cash value of your property.** Your property’s value and the values of surrounding properties change, by use of Equalization sales studies. **Studies can indicate increases or decreases to value, however as studies are working with closed sales, the values are not real time, (values may have a lag in time.)**

Your assessed may go down by effects of market, (lower sale values), discovered through studies. However, your taxes may still increase. Your taxable value will never exceed your assessed value, but if your taxable is less than your assessed, you may see an increase in taxes due. Increase in mills levied, or special assessment, can also cause an increase in taxes due.

- 3) Limit in increase of Taxable Value, until Property is Transferred.

**Taxable Value** – The Taxable Value is the number that your property taxes are calculated on. It is the last years Taxable, multiplied by the Consumer’s Price Index (CPI), also known as Rate of Inflation, or 5% whichever is less, until property is transferred\*. *Current rate of inflation for 2012 is 2.7%.*



**Increase to either Taxable and/or Assessed can occur when there is an alteration to the property. (New construction, addition or demolition all being examples of an alteration)**

**In 2012, your taxable will increase by 2.7% - how will that effect your taxes?**

*If your 2011 Taxable was \$50,314.00, your 2012 taxable will be \$51,672.00.*

**Your taxes?????**

**FOR COMPARISON WE WILL ASSUME THAT YOUR MILLAGE RATE FOR ALL YEARS REMAINS THE SAME, 34.798 MILLS.**

**IN 2011 WITH A TAXABLE OF 50,314 YOUR TAXES ARE \$1,750.83**

**IN 2012 WITH A TAXABLE OF 51,672 YOUR TAXES WILL BE \$1,798.09**

*(The tax examples as shown, calculated with 100% PRE)*

\***“until property is transferred”???** As stated in # “3)” above, transferred properties will be uncapped.

**Uncapped** – If you purchased the property in 2011, the taxable will be uncapped for the year 2012, causing the Taxable and the Assessed values to be the same.

Example –	2011 Assessed \$79,000.00	2011 Taxable \$51,314.00 (taxes \$1,750.83)
	Property is transferred during the 2011 calendar year, before 12/31 (TAX DAY).	
	2012 Assessed \$79,500.00	2012 Taxable \$79,500.00 (Taxes in 2012???) \$2,766.44)
		(Make this a 0% PRE – taxes will be \$4,197.44)

**As Proposal A also includes uniformity of Equalization, as stated in**

**#”2)” above, one sale does not make a market, the assessed and or taxable can not be changed per that individual sale.**

**The Assessor or the Board of Review**

**cannot “chase a sale”, STC bulletin 19 of 1997. Also see letter from STC dated October 25, 2005.**

*Explanation 2012*