

WHAT ASSESSED, TAXABLE AND CAPPED VALUES MEAN TO YOU.

Assessed Value is 50% of the market value of your property. Market Value is the usual selling price of property on an open market with no stress, or unusual conditions placed on the sale.

Taxable Value is the value you pay taxes on. This is either the Capped Value or Assessed Value whichever is less.

Capped Value is last year's Taxable Value multiplied by the National CPI (consumer price index). This year the CPI is 0.997%. If you take last year's Taxable Value and multiply it by 0.997 you will get the 2010 year Capped Value. The Capped Value is a mathematical calculation. The CPI is written into the Property Tax Law, also known as Proposal "A" adopted on March 15, 1994. This is mandated by the State and *no one on a local level has the authority to change it*. This can only be changed by a vote of the people of the State of Michigan.

With the passing of Proposal "A" in 1994, millage rates were rolled back and spread against the Taxable Value instead of the Assessed Value. We still see a savings on our taxes. (Estimated mills were 57.4672 pre 1994.)

The residential market has decreased in all areas. Actual sales prices are down. The Assessed Values will reflect the decreases. Dividing the Assessed Value into verified selling prices sets assessment increases or decreases. The percentage between the two is then adjusted (must be between 49% to 50%, by law) into a ratio that is applied to each neighborhood. This year a one-year sale study was used for the 2010 tax year, showing a 12% decrease in residential property. Every neighborhood is evaluated in separate studies to determine market ratios for the neighborhoods. All neighborhoods saw a decrease in property values.

Following are examples of how this works.

Estimated 2010 taxes are based on a 28.4164 principal residence millage rate.
(Romeo School District)

EXAMPLE #1 you have owned your house for 10 or more years. Your house is appraised at \$200,000; your house value went down the average for this year. Your assessed value is still more that your capped value. The lesser of the two is the taxable value. Your taxable value went down less than the assessed value.

(Larger decrease in assessed value but 3/10% decrease in taxable value).

	2009	2010	CHANGE
TAXABLE	71,500	71,285	-215
ASSESSED	105,000	100,000	-5,000
CAPPED	71,500	71,285	-215

Your current yearly taxes will be an estimated \$2,025.

Your current yearly taxes with the .997% CPI, will go down an estimated \$6.10.

*Without Proposal A, your estimated taxes would have been \$6,222.

You are paying taxes on less than 50% (taxable) of the value of your home. Before Prop "A" it would have been on 50%, and a higher millage rate.

EXAMPLE #2 You have owned your house for 2 years. Your house is appraised at \$200,000; your house value went down the average for this year. Your assessed value is less than your capped value. The assessed value now becomes your taxable value. Your taxable value went down so your taxes will go down.

Adding the .997% CPI on 2009 taxable would have made your assessed value higher than taxable value. The taxable value cannot be higher than the assessed value, by law.

	2009	2010	CHANGE
TAXABLE	103,500	103,189	-311
ASSESSED	105,000	100,000	-5,000
CAPPED	103,500	\$103,189	-311

Your current yearly taxes will be an estimated \$ 2,932.

Your current yearly taxes, with the assessed value becoming the taxable value your taxes will go down an estimated \$8.83. You are paying on 50% of the value of your home.

*Without Proposal A, your estimated taxes would have been \$6,222.

EXAMPLE #3 You have just purchased you home in 2009. The previous owner had lived in the house for years. Your house is appraised at \$300,000. Your house value has gone down. Your house is Uncapped. Transfer of Ownership causes the uncapping of property the next year. With the uncapping the Assessed Value becomes the Capped Value and the Taxable Value.

Uncapping

	2009	2010	CHANGE
TAXABLE	99,000	150,000	+51,000
ASSESSED	165,000	150,000	-15,000
CAPPED	99,000	98,700	-300

Your current yearly taxes will be an estimated \$4,262.

Your current yearly taxes, with the uncapping, will go up an estimated \$1,449.

*Without Proposal A, your estimated taxes would have been \$9,333. You are paying on 50% of the value of your home.

EXAMPLE #4 You have owned this house for a long time. Your house is appraised at \$300,000. Your house value has gone down. This means in your neighborhood that actual sale studies show that the values should go up.

Increase in both assessed and taxable values, increase would've been higher without .997% CPI

	2009	2010	CHANGE
TAXABLE	99,000	98,703	-297
ASSESSED	165,600	150,000	-15,600
CAPPED	99,000	98,703	-297

Your current yearly taxes will be an estimated \$2,804.

Your current yearly taxes, with the uncapping, will go down an estimated \$8.49

*Without Proposal A, your estimated taxes would have been \$9,333.

You are paying on less than 50% (taxable) of the value of your home. Before Prop "A" it would have been on 50%.

*tax amounts without Proposal "A", with the Pre Proposal "A", millage rate plus the millage increases of 4.75 and no PRE since 1994, would be an estimated 62.222 mills.