

# Eaton Rapids Township Frequently Asked Questions about your property taxes

## **When are my taxes due?**

The summer property taxes are mailed out July 1 and are due on September 14th by 5 p.m. in our office each year. Late summer taxes can still be paid at our township office until the end of February each year. The winter property taxes are mailed out on December 1 and due by law on February 14, but the Township Board waives the interest until the last day of February each year, as long as the payment is in our office by 5 p.m. We no longer can accept post marks.

## **Does the township accept credit cards for tax payments?**

Not at this time, since the Township would have to charge you the additional 3+% bank fee/charge to use this service.

## **Does the township accept debit cards for tax payments?**

Not at this time, since the Township would have to charge you the additional 2-3% bank fee/charge to use this service.

## **I need a copy of my paid receipt. Where can I get one?**

The Treasurer's office can provide you with a copy, for a fee of 10 cents per page during regular office hours of Tuesday and Thursdays from 8:30 – 3:30 pm. Or you can drop off an addressed, stamped envelope in our office or place it in our drop off box.

## **What does Assessed Value, State Equalized Value and Taxable Value mean?**

**Assessed value** - the assessed value helps determine market value. When set by the assessor, the assessed value can be multiplied by two to get you an approximate market value of your property. The assessor is constitutionally required to set the assessed value at 50% of the usual selling price or True Cash Value of the property.

**State Equalized Value (SEV)** - SEV is the assessed value that has been adjusted following county and state equalization. The County Board of Commissioners and the Michigan State Tax Commission must review local assessments and adjust (equalize) them if they are above or below the constitutional 50% level of assessment.

**Taxable Value** - multiplying the Taxable Value by the local millage rate will determine your tax liability. Taxable value increases from year to year by the rate of inflation or 5%, whichever is lower. Transfers of ownership and improvements to the property will uncap the property and increase the taxable value more than the rate of inflation.

## **How does the assessor determine my Assessed Value?**

To insure properties are assessed uniformly and at 50% of market value, the assessor uses a two year sales study that is provided by the Eaton County Equalization Department. A sales study is an analysis of the sale prices of the property compared to its SEV. The sales are then organized by economic neighborhoods by the assessor. An economic neighborhood can be a single subdivision or a grouping of subdivisions with similar characteristics. If the sales in a certain economic neighborhood indicate an increase or decrease, then all of the properties in that economic neighborhood will be changed by what the sales have indicated. This insures all properties are assessed at 50% of market value as of December 31, of the prior year.

## **What determines the Taxable Value?**

On March 15, 1994 Michigan voters approved the constitutional amendment known as Proposal A. The Taxable Value was created as a part of this legislation. Taxable Value can only increase each year by the rate of inflation or 5%, whichever is lower. The Taxable Value on the property is said to be "Capped" if the property owner has not had any additions or losses on the property or did not purchase it in the preceding year. The legislators who wrote and put Proposal A on the ballot intended to put a cap on the value of the property so that taxpayers wouldn't be as affected by a robust housing market and a significant increase in valuation. The intention was to tie the increase in valuation to the inflation rate so that it would be more affordable for and would benefit those residents who intended to remain at their properties for longer periods of time.

## **Property values in my neighborhood have been decreasing. Will my property valuation also decrease?**

Unfortunately, there isn't a yes or no answer to that question. If you've owned your property for a significant amount of time, more than likely your State Equalized Value (SEV) far exceeds your Taxable Value. If this is the case, a decrease in valuations caused by a cooling real estate market, will be reflected in the SEV. The Taxable Value is required by the Michigan Constitution to increase each year by the rate of inflation or 5%, whichever is lower. In the case of a longtime property owner, the SEV could decrease, while the Taxable Value will increase.

### **Does that mean I'll pay more property taxes instead of less?**

In the previous scenario, yes you would. The Taxable Value will rise by the inflationary increase. This figure multiplied by the local unit's millage rate will determine your new property tax liability.

### **Why won't my taxes decrease if my property value is going down?**

Proposal A allowed many residents to pay property taxes on less than half of their market value by "capping" the Taxable Value, while still allowing the assessor to determine the market Value by adjusting the SEV. This has caused, for many property owners, a great disparity between the SEV figure and the Taxable Value figure. The assessor can reduce the SEV to reflect the change in property value, but if the Taxable Value is still well below the SEV, it will keep increasing until the two figures meet. Taxes are based on Taxable Value; therefore, you will end up with a tax increase for the next year.

### **Will my taxes ever go down?**

If a property's value decreases each year, the SEV will eventually meet the Taxable Value. The Taxable Value cannot exceed the SEV. When this happens, decreases in SEV will cause decreases in Taxable Value, which will then lower your property tax liability. Due to the gap between the SEV and Taxable Value figures, it would take several years of depressed market conditions to make the SEV and Taxable Value equal. If you happen to be a property owner who purchased a property in the last few years and you have decreasing property value, the SEV and Taxable Value figures could meet sooner than someone who has owned the property for a long period of time.

## **What are some of the disadvantages about the Proposal A legislation?**

Two big downfalls that we hear regularly are: Neighbors paying completely different tax amounts, and an uneasiness about moving to new properties because of the fear of a very high tax increase.

## **What is a Principal Residence Exemption (formerly called Homestead Affidavit)?**

If you own and occupy a home on your property before Nov 1st last year, you are entitled to a Principal Residence Exemption. This will result in a credit on your winter tax statement. On the Assessment notice, the exemption will be illustrated by a 100.00% if you are eligible or the smaller percentage if only some of the property qualifies. You are only entitled to one Principal Residence exemption in or out of Michigan.

### **Can I contest my Assessed Value and Taxable Value?**

Every property owner has the right to appeal their assessments. Your Assessment change notice will provide you with the dates and times for the March Board of Review. If you wish to contest your assessments, you must either appear or send your appeal to the March Board of Review. Protest at the March Board of Review is necessary to protect your right to further appeals to the Michigan Tax Tribunal for valuation and exemption appeals. In other words, the Michigan Tax Tribunal will not hear cases that have not first been before the local March Board of Review.

### **How can I estimate my taxes from the Assessment Change Notice?**

To get an estimate of your upcoming tax liability multiply your Taxable Value by the millage rate, remember the rate is per one thousands of value, so move your decimal point over three places. The millage rates for Summer and Winter are different, because you are paying for different units of government. If you have filed a Principal Residence Exemption on your property, be sure to deduct the current millage rate for the school operating system from the total mills charged (approximately 18 mills). If you recently purchased your home, use half the purchase price for your taxable value estimate.

## **What if I did not receive a tax bill - am I still liable for the tax?**

Yes. While the collecting treasurer is to send tax bills out to all known taxpayers, if the tax bill is returned due to a bad address or name, as the property owner you are still liable for the tax. Not receiving a tax bill, does not alleviate the tax burden. If you have not received a tax bill or have received late bills, you should check with your local treasurer or assessor to confirm that they have the correct owner's name and address for billing purposes. Report changes of ownership promptly. Failure to receive a tax statement does not exempt the property owner from penalties when taxes become delinquent.

## **What if I make a tax payment after September 14th?**

You will owe interest on the unpaid tax at a rate of 1% per month. In addition, if the tax remains unpaid on March 1, it will be returned to your county treasurer as delinquent for collection at the same time and in the same manner as other delinquent property taxes.

## **How can I confirm the payment was received?**

If paying by check, please check with your bank first to confirm that the check has been cashed. If you escrow your taxes, please check with your mortgage or escrow company. As the taxpayer, you're liable for the tax payment.

When must a local unit mail property tax bills?

There is not a specific requirement in the General Property Tax Act by a date certain on when the tax bill must be mailed.

## **When do taxes become a lien?**

Summer taxes become a lien on July 1 each year and are due by September 14<sup>th</sup>. Winter taxes become a lien on December 1 and due on last day of February.

The General Property Tax Act does provide that if statements are not mailed by December 31, then the local unit may not impose the 3% late penalty charge (MCL 211.44(3)).

Taxes not paid by the last day in February, or if the last day of February falls on a weekend or holiday, they will be due on the next business day, and turned over delinquent to the county treasurer on the following day. The county adds an additional 3% penalty and 1% interest per month until paid in full.

## **Are special assessments charged an administration fee?**

No. The law allows for a property tax administration fee of not more than 1% of the total tax bill per parcel to apply to property taxes. The application of the property tax administration fee is specific to summer and/or winter property taxes and does not apply to current special assessment installments. (MCL 211.44(3)).

## **How are special assessments different?**

Michigan case law has long drawn a distinction between ad valorem taxes and traditional special assessments. See, for example, *Graham v City of Saginaw*, (317 Mich 427; 1947). Further, In *Kadzban v City of Grandville*, 442 Mich 495; 502 NW2d 299 (1993), the Michigan Court of Appeals concluded that:

“A special assessment is a levy upon property within a specified district. Although it resembles a tax, a **special assessment is not a tax**, therefore Disabled Veterans have to pay for the drains.

In contrast to a tax, a special assessment is imposed to defray the costs of specific local improvements, rather than to raise revenue for general governmental purposes.”

Most special assessment laws require that the special assessment installment be due, collected, and returned for nonpayment in the same manner and at the same time as the ad valorem property tax levies of the municipality imposing the special assessment. However, these special assessment laws do not provide general legal authority for a local unit to impose the property tax administration fee to a special assessment installment.

**Does the Property Tax Administration fee apply in total against the property taxes billed?**

Yes, in most cases. The law is clear that the property tax administration fee must apply against the total tax bill (MCL 211.44(3)) unless a city or village charter provides separate application of the property tax administration fee.

**What happens if I pay on the wrong tax notice?**

If you pay on the wrong property, the law holds you fully responsible. Check your parcel I.D. with your deed or land contract.

**Can I post date my check?**

No post-dated checks will not be accepted.

**Do you mail a copy of my taxes to my mortgage company?**

The mortgage company must send me a list of the tax bills they want. A list is compiled and mailed to them.