



Frequently Asked Questions

Property Tax Assessments for Residential Homeowners

What is the difference between the Assessed Value, the State Equalized Value, and the Taxable Value?

Each year the Assessor's Office must calculate the Assessed Value of each property. The Assessed Value is required by the Michigan constitution and laws to be 50% of the true cash value of the property. In determining the Assessed Value, the Assessor reviews the characteristics of each property, identifies area neighborhoods and uses a two-year sales study to analyze market values within each neighborhood, comparing the sale price of a property to its assessed value. The sales study period for the 2011 assessments was from 10/01/2008 to 09/30/2010. A review of all arms-length sales within each neighborhood for the required study period is used to adjust individual Assessed Values to the current market conditions.

The State Equalized Value (SEV) is the Assessed Value as adjusted by an annual review by the counties and the state of assessments throughout Michigan to ensure that assessing practices are uniform. In the City of Kalamazoo, the SEV is almost always equal to the Assessed Value.

The Taxable Value is a term resulting from Proposal A, adopted by the voters as an amendment to the Michigan constitution in 1994, and intended to limit tax increases so that taxpayers wouldn't be as affected by a strong economy and significant increases in valuation. The intention was to make changes to the Taxable Value more gradual by tying them to the rate of general inflation. Thus, the Taxable Value is the value to which the various tax millage rates are applied, thereby determining your tax bills. The Taxable Value on the property is said to be "Capped" if the property owner did not purchase it in the preceding year. On "Capped" properties, the Taxable Value is calculated by multiplying the annual Consumer Price Index factor by the prior year's Taxable Value. However, the Taxable Value will NEVER be more than the SEV. When a property is sold or otherwise transferred, the Taxable Value in the FOLLOWING year will be equal to the SEV and thus is said to be "Uncapped" for the year. The Taxable Value is also adjusted for any new

construction (like adding a new addition) or for losses (like tearing down a garage), and the Assessor's office is available to answer your questions as to the exact Taxable Value calculation for your property.

I think sales prices in my neighborhood have been decreasing. Will my property valuation decrease as well?

If you've owned your property for a significant amount of time, it is likely that your SEV exceeds your Taxable Value. If this is the case, a decrease in market value would result in a decreased Assessed Value and SEV. The Taxable Value however, is required by the Michigan Constitution to be calculated as stated above. In such a case, the SEV could decrease while the Taxable Value would increase. But remember, the Taxable Value cannot be higher than the SEV.

How does that impact my tax bill?

Because the taxes are based on the Taxable Value, even with a decrease in the SEV, the taxes could still go up.

I just bought my house. Will the Assessed Value automatically be half of what I paid?

By state law, a home's Assessed Value is not half its purchase price, but half of its market value. For a variety of reasons, the purchase price may not represent the normal market value of the property. The sales study and process identified above are used to determine market values. The Assessor must follow the same procedures for determining the Assessed Value of properties that have experienced a "transfer of ownership" as are used for properties that have not experienced a "transfer of ownership".

What does it mean for a property to "Uncap"?

A property is said to "uncap" the year after there is a change in ownership. When an "uncapping" occurs, the property's Taxable Value is "uncapped", and made equal to the Assessed Value.

If I refinance my home, will it "uncap"?

No, if the property is still under the same ownership and the mortgage was refinanced, the Taxable Value remains "capped."

What types of home improvement will increase my Taxable Value?

Normal maintenance and repair items such as: replacement siding, roof, furnace, windows, remodeling of kitchens or baths, and other maintenance items, will not cause an increase in the Taxable Value of a property. New items that had not been previously assessed, however, are added to the Taxable Value. Examples of new items are: deck or patio, addition, finished basement, air conditioning, or new bathroom. Likewise, property that is removed is subtracted from the Taxable Value. Examples are: demolition of a garage, a fire loss, or removal of an in-ground pool.

How can I view my assessment records?

Assessor files and sales information are available to the public at Kalamazoo City Hall, 241 W. South Street, between the hours of 8:00 to 5:00, Monday through Friday. Some assessor records are also available on our website (kalamazoocity.org). We are happy to provide you a printed version of your complete assessment record. You can also review assessing records for any other property in the city; it is public information.

What if I disagree with my assessment?

You will receive an annual Notice of Assessment in February of each year. If you disagree with the Assessor's determination of your property's value, you may protest the assessment in person or in writing to the March sessions of the city's Board of Review, a citizen panel that reviews assessments. Simply follow the instructions and time limits as stated on the notice and you will have your protest considered. Remember, however, if you do not protest to the Board of Review on a timely basis, you cannot later appeal the assessment. In other words, don't wait until your tax bill comes out—it's too late then. If you still disagree after your protest is considered by the Board of Review, you may further appeal to the Michigan Tax Tribunal. The Board of Review decision notice will be mailed to you with information on the appeal process.

Are there special benefits available to me as a homeowner?

Yes, if you own and occupy your home as your principal residence, then you can file a form with the City Assessor and have your annual taxes substantially reduced. Such homeowners do not pay the 18-mill local school operating tax; this will reduce your annual tax bill by over 25%. You can have only one main principal residence

even if you own more than one home. Please contact the City Assessor's office if you think you qualify but have not yet filed the proper form. Note—If you have an additional lot that is assessed separately and is part of your yard, you can also receive this exemption on that parcel too. Contact us for the Principal Residence Exemption form.

Starting in 2008, a homeowner can establish a new PRE on a second home AND keep the PRE on the first home for up to 3 years, as long as the first home is:

- A. Not occupied
- B. For sale
- C. Not being leased
- D. Not being used for any business or commercial purpose.

A form must be filed with the Assessor's Office no later than May 1st after the PRE is claimed on the newly purchased home.

The owner must also re-file this form each year by December 31, to continue the exemption for up to two additional years if the property remains qualified.

Also, many homeowners qualify for the Homestead Property Tax Credit, a program where the state pays you for part of your property taxes. This program is available even if you do not file a state income tax return. Contact us for information about the program.

*For further information on property tax assessments and valuation,
please contact:*

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