

# Shelby Township

## UNDERSTANDING YOUR ASSESSMENT IN A DECLINING MARKET

2010 EDITION



### Charter Township of Shelby Assessor's Office

52700 Van Dyke Ave  
Shelby Twp, MI 48316

[www.shelbytp.org](http://www.shelbytp.org)

Hours: Monday through  
Friday 8:30 a.m. to 5:00 p.m.

Phone: (586) 731-5910

## Frequently Asked Questions

### What are my property taxes based on?

Your taxes are based on the Taxable Value of your home. Remember that Taxable Value is the lesser of the State Equalized Value (SEV) or last year's Taxable Value (adjusted for physical changes) times the CPI (-0.3% for 2010 or .997 when expressed as a multiplier).

Since the inception of Proposal A, overall increases in SEV have been greater than the increase in Taxable Value capped at the CPI. The longer a property has been owned and capped, the greater the gap between SEV and Taxable Value. With a decrease in SEV for 2010, if there is still a gap between SEV and Taxable Value, the Taxable Value will decrease to the limit of the CPI cap.

However, if the 2010 SEV is lower than the calculation of the capped value formula, then the 2010 Taxable Value will be reduced to be the same as the SEV.

### Why isn't my assessment half of my purchase price?

The law defines True Cash Value as the usual selling price of a property. The legislature and courts have clearly stated that the actual selling price of a property is not the controlling factor in the True Cash Value or State Equalized Value. For this reason, when analyzing sales for the purpose of assessment changes, the Assessing Department will review sales and exclude non-representative sales from the assessment analysis. The definition of usual selling price includes the assumption that the sale does not involve any element of distress from either party. For this reason distressed sales are not considered as typical sales in the valuation of property for assessment purposes.

### I recently moved into my house. My neighbor and I have similar homes. Why are my property taxes higher?

This is a result of the uncapping of your Taxable Value. The year after a home transfers ownership the Taxable Value is uncapped to the SEV. Your Taxable Value will now be capped until the property transfers ownership again. This uncapping can result in different Taxable Values and different tax amounts for identical homes.

### What is an "uncapping" of Taxable Value?

According to Proposal A, when a property (or interest in a property) is transferred, the following year's SEV and Taxable Value are the same. In other words, if you purchased a property in 2009, the Taxable Value for 2010 will be the same as the 2010 SEV. The Taxable Value will then be "capped" again in the second year following the transfer of ownership.

A buyer is responsible to file a Property Transfer Affidavit with the Assessing Department within 45 days of the date of transfer. Forms are available at the Shelby Township Assessor's Office or online at [www.shelbytp.org](http://www.shelbytp.org).

Remember, the properties Taxable Value does not uncapped to the selling price, but to the **SEV** in the year following the transfer of ownership.

### What sales did you use to determine assessments?

In previous years, a 24 month sales study had been used. This year Shelby Township has utilized a 12 month sales study for the 2010 assessments. Use of the 12 month sales study allows the Assessing office to use more recent sales when determining assessments. The use of these more current sales will allow the Assessed Values to more accurately reflect the true cash value of properties in a declining market.

**The 12 month sales study period is from October 1, 2008 to September 30, 2009.**

## Frequently Asked Questions cont.

### What is Proposal A?

On March 15, 1994, Michigan voters approved the constitutional amendment known as Proposal A.

The premise of Proposal A was to limit the growth in property taxes by the Consumer Price Index (CPI) until ownership of the property is transferred.

### How does Proposal A work?

Prior to Proposal A, property taxes were based upon State Equalized Value (SEV). Since the passage of Proposal A, property taxes are now based upon Taxable Value. Taxable Value is defined as the lower of the State Equalized Value or Capped Value.

Each year, the Assessing Department calculates the SEV for each property based upon the property's taxable status as of December 31 of the prior year, also known as Tax Day.

All properties have a Capped Value, which 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. Capped value can not increase by more than 5%. **For 2010, the CPI has been calculated at - 0.3% (expressed as a multiplier 0.997).**

Property taxes are calculated by multiplying the Taxable Value by the Certified Voted Millage Rate.

The table on the following page shows the history of the Consumer Price Index and Assessed Values in Shelby Township from 1995 to 2010.

### Average Yearly Taxable (CPI) and Assessed Value Changes

YEAR	CPI	ASSESSMENTS
1995	2.6%	9.90%
1996	2.8%	4.27%
1997	2.8%	5.80%
1998	2.7%	8.35%
1999	1.6%	5.78%
2000	1.9%	7.30%
2001	3.2%	6.89%
2002	3.2%	7.18%
2003	1.5%	7.40%
2004	2.3%	3.92%
2005	2.3%	2.27%
2006	3.3%	3.39%
2007	3.7%	1.92%
2008	2.3%	-7.88%
2009	4.4%	-8.50%
2010	-0.3%	-14.70%

If you have any questions regarding this information, please contact:

Shelby Township Assessor's Office

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For additional information on Assessed Values, S.E.V. and Taxable Values, comparables, sales data and related information, please see our website at:

[www.shelbytwp.org](http://www.shelbytwp.org)

### How do I protest my assessment?

Taxpayers may protest their assessment at the March Board of Review. Instructions, along with dates and times, are found on your "Notice of Assessment". The Board of Review consists of Township residents that have been appointed by the Board of Trustees.

The Board of Review functions in many ways like a court but more informal. You must be prepared to justify your claim of value or proposed value and bring evidence that your appeal is valid. You have the burden of proof. Appointments are generally ten minutes long and provide you the opportunity to present evidence to support your value. Non-residents or residents unable to attend may appeal by letter.

Suggested items to bring to your appointment might include appropriate sales comparison data, photos, and estimates to repair home damages or other supporting evidence to justify your proposed value. Statements such as "My taxes are too high", "My property isn't worth what the Township has it valued at" or "My taxes are more than my neighbors" do not justify a value change.

The March Board of Review can hear appeals on:

- Assessed Value
- Classification of Property
- Exemption for Qualified Agricultural Property
- Poverty Exemptions

The March Board of Review cannot:

- Change the calculation for Capped Value which generally becomes your Taxable Value
- Discuss or change values from prior years
- Hear appeals of Principle Residence Exemptions
- Change the millage rates
- Change a Michigan Tax Tribunal decision
- Change the zoning of your property

The Board of Review (BOR) will not make a decision at your hearing. You will be notified by mail no later than the first Monday in June of the BOR's action. You may further appeal your Assessment to the Michigan Tax Tribunal.