

**BULLETIN NO. 14
NOVEMBER 17, 1994
CHANGES TO ASSESSMENT NOTICE
ASSESSMENT ROLLS, TAX ROLLS,
AND TAX BILLS**

STATE OF MICHIGAN



JOHN ENGLER, Governor

DEPARTMENT OF TREASURY

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DATE: November 17, 1994

TO: Assessors
Equalization Directors

FROM: State Tax Commission (STC)

RE: **ADDITIONAL REQUIREMENTS FOR 1995 NOTICES OF ASSESSMENT INCREASE,
1995 ASSESSMENT ROLLS, 1995 TAX ROLLS, AND 1995 TAX BILLS**

On March 15, 1994, the voters of the State of Michigan approved Proposal A which includes significant changes to Section 3 of Article IX of the State Constitution.

On August 5, 1994, a preliminary draft of proposed guidelines for the implementation of the cap on taxable value was sent to you. Those guidelines have not yet been finalized.

This bulletin deals only with the additional requirements in the ad valorem property tax system in 1995 for assessment notices, assessment rolls, tax rolls and tax bills caused by the approval of Proposal A.

1995 NOTICES OF ASSESSMENT INCREASE - MINIMUM REQUIREMENTS AFTER PROPOSAL A

Section 24c of the Michigan Compiled Laws (M.C.L.) contains the minimum requirements for notices of assessment increase. However, these requirements are not sufficient for 1995 and beyond because of the additional requirements imposed by the passage of Proposal A.

In 1995, the notice of assessment increase shall contain the following additional information:

- 1) Tentative Taxable value for the current year. In 1995, Taxable Value is the lower of capped value or the final 1995 State Equalized Value.

The formula for 1995 Capped Value = (1994 Final SEV - Losses) x (The lower of 1.05 or the Consumer Price Index expressed as a multiplier) + additions. Additions are tentatively defined in the preliminary draft referred to above. (Note: The Legislature has not yet approved this method of calculating taxable value. You are to follow this formula unless instructed otherwise by the STC in the event new legislation is enacted. The decision was made not to include capped value on the assessment notice form because of a concern that including it might cause confusion.)

Starting in 1996, the assessment notice must also include the prior year's taxable value and the difference between the current year's tentative taxable value and the prior year's taxable value.

- 2) The consumer price index (CPI) for the previous year. The State Tax Commission recommends that the CPI for the period 10-1-93 to 9-30-94 be used on the 1995 notice. The CPI for that period expressed as a multiplier is 1.026.
- 3) Language must be included to explain the relationship between State Equalized Value (SEV) and Taxable Value. Suggested language is contained on the attached model notice. Starting in 1996, this required language must also state that the taxable value of a property which has transferred in the prior year is the same as the current year's SEV.
- 4) The following language must also be included as required by Public Act 237 of 1994: "If you purchased your homestead after May 1 last year, to claim the homestead exemption, if you have not already done so, you are required to file an affidavit before May 1."

If the assessor takes action in accordance with Section 211.7ee(7) (printed below) of the Michigan Compiled Laws (MCL), a notice must be sent at the same time as required for the notice of assessment increase.

211.7ee(7) If the assessor of the local tax collecting unit believes that the property for which an exemption has been granted is not qualified agricultural property, effective for taxes levied after 1994, the assessor may deny or modify an existing exemption by notifying the owner in writing at the time required for providing a notice under section 24c. A taxpayer may appeal the assessor's determination to the board of review meeting under section 30. A decision of the board of review may be appealed to the residential and small claims division of the Michigan tax tribunal.

If your township or city has authorized a resident taxpayer to file a protest to the board of review by letter, Section 211.30(5) of the Michigan Compiled Laws requires that the assessment notice include a statement notifying taxpayers of this option.

1995 NOTICES OF ASSESSMENT INCREASE - STC RECOMMENDATIONS

The State Tax Commission recommends that the notice of assessment increase also indicate whether the property is exempt from the 18 mills of local school operating tax as either a "homestead" or as "qualified agricultural property" and indicate the percent of taxable value which is exempt. These terms are defined in Public Act 237 of 1994 which is included with State Tax Commission (STC) Bulletin No. 12 of 1994.

The State Tax Commission recommends that the assessment notice include the prior year's classification if the classification has changed.

The State Tax Commission recommends that the assessment notice include the current year's tentative equalization factor.

The State Tax Commission recommends that an assessment notice be sent to all real property taxpayers in 1995 regardless of whether or not the assessed value increases so that all taxpayers will receive the messages required by items #3 and #4 on the previous page. This also applies to personal property assessments for buildings on leased land. The decision by a township or city whether to follow this recommendation may have to be made based on budgetary considerations.

Starting in 1996, the State Tax Commission recommends that the assessment notice indicate whether a property has transferred in the prior year.

1995 ASSESSMENT ROLLS - MINIMUM REQUIREMENTS AFTER PROPOSAL A

Chapter 1 of Volume III of the Assessor's Manual states that the assessment roll must contain the following:

- 1) Name and address of owner or occupant
- 2) Property description or approved permanent parcel number including the school district code and the property classification
- 3) Assessor's valuation
- 4) Board of review valuation
- 5) Michigan Tax Tribunal or State Tax Commission valuations.

These requirements are still mandatory.

Starting in 1995, the assessment roll shall also include the following Proposal A Requirements:

- 1) Current Capped Value. It will usually not be necessary to calculate a capped value for most personal property whose true cash value is calculated by multiplying acquisition cost by an STC personal property multiplier. This is so because the property's SEV will typically become its Taxable Value. It will be necessary to calculate a capped value for buildings on leased land or for unusual circumstances involving personal property which increases in value from year to year.
- 2) Current Taxable Value
- 3) The column for Board of Review changes and the column for changes by the MIT and STC must be large enough to accommodate changes to assessed value, capped value and taxable value. The changes to assessed value, capped value and taxable value must be recorded separately. This may be accomplished by placing an "A" behind a revised assessed value, a "C" behind a revised capped value, and a "T" behind a revised taxable value.

The following information may be included on the assessment roll:

- 1) Property Address
- 2) The date each property transferred
- 3) Transfer Data
- 4) Percentage of property exempt as either a homestead under the provisions of MCL 211.7cc or as qualified agricultural property under the provisions of MCL 211.7ee.

1995 TAX ROLLS - MINIMUM REQUIREMENTS AFTER PROPOSAL A

The State Tax Commission states in Chapter 1 of Volume III of the Assessor's Manual that the tax roll shall contain separate columns for the following (which are still required):

- 1) Property owner and agent and address;
- 2) Property description including the parcel code number, classification and school district;
- 3) Assessed valuation; and
- 4) State equalized valuation of the property.
- 5) There shall also be a column for each tax and special assessment to be spread, and a column for the total of all taxes and special assessments spread on the roll for each item of property. A county board of commissioners, by resolution, may authorize the spread of taxes in one total sum, or in separate township taxes, combined city taxes, combined school taxes.

The State Tax Commission states in STC Bulletin No. 6 of 1994 that the tax roll shall also contain the following:

- 1) Percent of value of each property which is exempt as a "homestead" or as "qualified agricultural property."
- 2) Separate column for the State Education Tax (SET).

Starting in 1995, the Tax Roll shall also contain the Taxable Value of the property. This is the value against which taxes will be spread.

1995 TAX BILLS

In addition to the requirements of the existing law and those of STC Bulletin No. 6 of 1994, starting in 1995, tax bills must also contain the Taxable Value. This is the value against which taxes will be spread.

NOTICE OF ASSESSMENT AND TAXABLE VALUATION

FROM

**THIS IS NOT
A TAX BILL**

NAME AND ADDRESS OF OWNER OR PERSON NAMED ON ASSESSMENT ROLL:

PROPERTY IDENTIFICATION: (Parcel Code required. Property address and legal description optional.):

THIS PROPERTY IS CLASSIFIED AS:

PRIOR YEAR'S CLASSIFICATION IF DIFFERENT:

Dear Property Owner(s): Proposal A, passed by the voters on March 15, 1994, places a limit on the value used to compute property taxes. **STARTING IN 1995, YOUR PROPERTY TAXES WILL BE CALCULATED USING TAXABLE VALUE** (see line 4 below). In the past, your taxes have been calculated using State Equalized Value (SEV). State Equalized Value is the Assessed Value multiplied by the Equalization Factor, if any. State Equalized Value must approximate 50% of market value. The Taxable Value is the lower of the 1995 State Equalized Value or the 1994 State Equalized Value multiplied by 1.026 which is the Consumer Price Index for the current period. Taxable Value may also increase or decrease due to physical changes in your property.

	PRIOR AMOUNT YEAR:	REVISED AMOUNT (CURRENT) YEAR:	CHANGE
1. ASSESSED VALUE:			
2. STATE EQUALIZED VALUE (Revised amount is tentative):			

3. TENTATIVE EQUALIZATION FACTOR:	
4. 1995 TENTATIVE TAXABLE VALUE:	

If you believe these values are incorrect, you may protest to the Local Board of Review, which will meet at: (enter dates and times and place) A nonresident may protest to the Board of Review by letter.

% Exempt As "Homestead" Or As "Qualified Agricultural Property":

The exemption from the 18 mills of local school operating tax for "qualified agricultural properties" may be appealed to the local Board of Review. The exemption from the same 18 mills for "homestead" properties may be appealed to the Michigan Department of Treasury.

Protest at the Board of Review is necessary to protect your right to further appeals to the State Tax Tribunal for valuation and exemption appeals and/or State Tax Commission for classification appeals..

HOMESTEAD AFFIDAVIT INFORMATION REQUIRED BY P.A. 237 OF 1994: IF YOU PURCHASED YOUR HOMESTEAD AFTER MAY 1 LAST YEAR TO CLAIM THE HOMESTEAD EXEMPTION, IF YOU HAVE NOT ALREADY DONE SO, YOU ARE REQUIRED TO FILE AN AFFIDAVIT BEFORE MAY 1.