<u>FREQUENTLY ASKED QUESTIONS OF THE ASSESSING DEPARTMENT REGARDING THE CURRENT REAL ESTATE MARKET</u>

NOTE: For simplicity, the following questions and answers pertain to residential properties; however, the same principles apply to all types of properties.

1. I agree my home is worth twice the assessed value, but I could not sell my home for that amount in this market.

Assessed values cannot be based on speculation as to what a home **<u>might</u>** sell for. Assessed values are based on confirmed sales that have taken place between April 1, 2021 to March 31, 2023.

2. I agree with the assessed value of my home, but my taxes are too high.

Under Proposal A, which is a constitutional state law, taxes are calculated on taxable value. Taxable value times millage rate divided by 1,000 = taxes. Taxable value by law is required to be increased each year by the CPI (Consumer Price Index) or up to 5%, whichever is lower. The current CPI multiplier to be used to calculate 2024 taxable value is 1.05 or 5%. The CPI is given to us by the State of Michigan and every municipality in the State is required to use the CPI to calculate the taxable value. This multiplier is not subject to appeal, and in most circumstances, neither is taxable value.

3. My taxable value increased at a higher percentage than my assessed value. I thought Proposal A prevented that from happening.

Proposal A limits the increase on taxable value only. Assessed value is still required to approximate 50% of market (a/k/a true cash) value. In general, taxable value is calculated as follows: prior year taxable value times CPI (Consumer Price Index). For 2024, residential assessed values were required to meet the 50% requirement, while taxable values were required to be increased 5% (CPI). However, Proposal A does not allow the taxable value to be greater than assessed value.

4. The property I purchased had been foreclosed on. The price I paid was the market value of the property. Why isn't my assessed value one-half of what I paid for the property?

General Property Tax Law prohibits an assessed value from being set at one-half of a particular sale price. All sales of similar properties must be considered in determining assessed values. In addition, assessed values are based on arms length sales. Arms length sales generally exist when the property is listed on the open market and there is a willing and able buyer and seller. The sale of a property during or subsequent to foreclosure is a forced sale and cannot be used to determine assessed values.

5. I bought my property at an auction. Why is my assessment higher than what I paid for the property?

An auction sale is not an arms length sale and cannot be used to determine assessed values. Assessments will be based on the arms length sale of similar homes. Also, see question #6.

6. My home was purchased by a relocation service. Why am I still receiving the tax bills when I no longer own the home?

When a relocation company takes possession of a property, the "seller" will sign an incomplete deed. Even though the relocation company has bought out the seller's interest in the property, title does not transfer until a buyer is found and the deed is delivered to that buyer. Most relocation companies do not notify the township of the transaction and we are unaware that it has taken place. Absent any notice of the transaction, the original owner is still reflected as the owner of record.

7. When will taxes go down?

There are two components to taxes; taxable value and millage rates. As discussed earlier, taxable value is required to be increased each year by the CPI. Millage rates vary somewhat each year depending on new millage elections and/or millages that expire. As an example; for 2023, the Howell Library Debt Millage expired; therefore, the total millage rate was decreased slightly from 2022. However, the increase in taxable value of 5.0% more than offset the decrease from the expired millage and, overall, taxes went up. Even if no new millages are added, taxes will go up because of the inflationary increase to taxable value. If sale prices go below taxable value, taxes may go down; but this is unlikely in most cases.

8. What will happen if I cannot pay my taxes?

If you find that you are unable to pay your taxes timely, you should call the township Treasurer's office as soon as possible to discuss your options.

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The articles you read in the newspaper and the reports you hear in the news are national and/or metropolitan reports that cover a very large area. It is the duty of the Assessor to monitor and analyze the sales that take place in the township so that your assessment represents the market activity in the township of Genoa. This Assessor's office is dedicated to aggressively and thoroughly monitoring sales activity in the township in order to provide the most fair and accurate assessments as possible. If you have any questions and/or concerns at any time, please contact me at the following:

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