

2009 - HOW CAN TAXES GO UP?
(When some property values are going down.)
WHAT IS PROPOSAL A? HOW CAN IT EFFECT ME?

Proposal A was adopted by a vote of the State electorates on March 15, 1994. As it was passed, it amended the Michigan Constitution. The key changes that effect how your taxes are calculated are as follows:

- 1) Uniform Property Taxation, except School Operating Taxes.
- 2) Uniform Assessments, not to exceed 50 percent of True Cash Value as Equalized.
- 3) Limit in increase of Taxable Value, until Property is Transferred.

"1)" **Principal Residence Exemption (P.R.E.)** – The Principal Residence Exemption status of a property is set as of May 1, for the year 2009. This means that this must be the property you occupy for your principal residence on that respective date, (May 1, 2009).

Now known as Principal residence Exemption or "PRE", formerly known as "Homestead".

To qualify for a P.R. E., the home should be the address from where you register to vote, where you show as your residence for your driver's license, and the address indicated on your income tax filing.

(Key words: "Residence", " Homestead", mailbox is not listed.)

How does it effect taxes? If a 100% P.R.E. is applied, it **exempts you from the 18mills school operating**. If your taxable value is \$50,000.00, and you have filed and qualify for a PRE at 100%, it would result in a savings of \$900.00. ($50,000.00 \times .018 = 900.00$)

"2)" **Assessed Value** - The Assessed Value as shown, **should represent 50% of the current true cash value of your property**. Your property's value and the values of surrounding properties change, by use of Equalization sales studies. Studies can indicate increases or decreases to value, however as studies are working with closed sales, the values are not real time, (values may have a lag in time.)

"3)" **Taxable Value** – The Taxable Value is the number that your property taxes are calculated on. **It is the last years Taxable, multiplied by the Consumer's Price Index (CPI), also known as Rate of Inflation, or 5% whichever is less, until property is transferred***. Current rate of inflation for 2009 is 4.4%. **Increase to either Taxable and/or Assessed can occur when there is an alteration to the property. (New construction, addition or demolition all being examples of an alteration)**

In 2009, your taxable will increase by 4.4% - how will that effect your taxes?

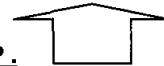
If your 2008 Taxable was \$50,000.00, your 2009 taxable will be \$52,200.00.

Your taxes?????

For comparison we will assume that your millage rate for both years remains the same, 30.4294 mills.

In 2008 with a taxable of 50,000 your taxes are \$1,521.47

In 2009 with a taxable of 52,200 your taxes will be \$1,588.41.



With property values in some areas decreasing, taxes may still go UP.

EVEN WITH A DECREASE TO SOME ASSESSED VALUES, WITH TAXABLE VALUE BEING MUCH LESS THAN ASSESSED, YOUR TAXABLE WILL BE INCREASED. This increase due to the CPI being applied.

The addition of the CPI to the taxable value, was approved by the adoption of Proposal A and is State law.

HAVE THERE BEEN YEARS WHEN PROPOSAL A HAS KEPT YOUR TAXABLE, (AND TAXES), LOWER?

*"**until property is transferred**"? As stated in # "3)" above, transferred properties will be uncapped.

Uncapped – If you purchased the property in 2008, the taxable will be uncapped for the year 2009, causing the Taxable and the Assessed values to be the same.

Example –	2008 Assessed \$79,000.00	2008 Taxable \$50,000.00
	Property is transferred during the 2008 calendar year.	
	2009 Assessed \$79,500.00	2009 Taxable \$79,500.00

As Proposal A also includes uniformity of Equalization, as stated in

#"2)" above, one sale does not make a market.

the assessed and or taxable can not be changed per that individual sale.