

**CITY OF ST. JOHNS 2008 ASSESSMENT, BOARD OF REVIEW,
PROPERTY SPLIT AND HOMESTEAD INFORMATION**

Assessment Information

Due to the current state of the housing market, 2008 assessments will be based on a one-year sales study from 10/1/06 – 9/30/07. The prior practice was to base the 2008 assessments on a two-year sales study between 4/1/05 – 3/31/07. Each time a property sells, the sales price (minus land) is compared to the cost to rebuild the structure as it stands today (minus depreciation). The difference is an economic condition factor. The sales of each neighborhood are analyzed and an average factor is determined to apply to the other properties in the neighborhood. This is a mass appraisal system, where the basis is uniformity, treating all properties the same.

The Michigan State General Property Tax Act requires properties to be assessed at 50% of true cash value. Proposal A did not change standard assessment practices, but in fact, created another value for your taxes to be based on. Taxes are based on “taxable value” not on the assessed value.

Taxable value is the lesser of either capped value or State Equalized Value (SEV). The capped value is the lesser of 5% or the CPI (Consumer Price Index). The CPI for 2008 is 2.3%. The CPI for 2007 was 3.7% and 3.3% for 2006. The CPI for 2005 and 2004 was 2.3%. Other past CPI's include 1.5% for 2003, 3.2% for 2002 and 2001, 1.9% for 2000, 1.6% in 1999, 2.7% for 1998, and 2.8% in 1997/96. The 2008 taxable value will be limited to the 2007 taxable value times 1.023 (2.3%) or the SEV, whichever is less, plus any new construction. If there was a property ownership transfer, the value will be uncapped and the SEV and the taxable value will be the same. For 2008, the residential class will average a 1.9 % **decrease** (compared to a 2.8 % increase for 2007) and the commercial class will see an average increase of 1.7 % (compared to 18% increase for 2007) based on market data. A decrease in assessed value **will not** lower your property taxes as your taxes are based on the taxable value, which will increase 2.3% based on the Consumer Price Index (rate of inflation).

When you receive your assessment notice, your taxable value is the figure your taxes will be based on. The assessed value still should be 50% of market value, and does not come in to play until there is a transfer of ownership. When ownership is transferred, the valuation is “uncapped”. The SEV is the new starting point for the buyer and the capping process starts all over again on the property until another transfer of ownership occurs.

Board of Review Information

If you have any questions on your assessment notice, please contact your local assessor at 989-224-8944 x222. A phone call may save an unnecessary trip to the Board of Review. The City of St. Johns March Board of Review will be held in the City Offices Conference Room in the Courthouse. Please use the State Street entrance, and check in at the City Offices upon arriving. The Board of Review Schedule is as follows:

***Monday, March 10th - 9 a.m. to noon and 2-5 p.m.**

***Tuesday, March 11th – 9 a.m. to noon and 6-9 p.m.**

Appointments are recommended for the St. Johns Board of Review. Appointments can be scheduled beginning Monday, March 3rd by calling 224-8944 ext. 221 or 222. Technically, the Board of Review cannot change a taxable value, as it is determined by Proposal A legislative formulas. The Board of Review could change an assessed value that may in turn require a taxable value to be recalculated.

Appeals by mail must be received prior to the close of Board of Review by 9 p.m. on March 11th.

Higher property tax is not a valid reason to appear before the Board of Review. Since its enactment in 1994, Proposal A has reduced property taxes. Prior to Proposal A, the millage rate

was 59.5261 on all properties. The 2007 millage rate was 33.9699 for homesteads and 51.9699 for non-homesteads.

For a Board of Review Appeal, research should be done with area sales information. The petitioner should be able to present testimony to the Board of Review that their property assessment is over 50% of market value, by comparing similar sales to their property. Showing a comparison between similar sale properties and your property would be most helpful in your appeal. Sales Studies are available at the City Offices and online. Foreclosure sales are not "arms-length" sales and are not included in the sales study as they do not reflect true market value.

Annual Property Splits

December 31st is "tax day" and the status of a property on said date is reflected on the upcoming tax roll. Splits can only be done once a year due to the various taxing units and periods involved.

If you are/were involved in a property split in 2008, work out the tax issues beforehand, as the property split will not be reflected until the 2009 tax roll.

Homestead Information

When you receive your 2008 assessment notice, please check the percentage amount listed for homestead. If over 51% of the structure is used as your principal residence, it should list 100% as homestead. If you reside in 50% or less or have a business located in your residence, the correct percentage should be listed. For example, if 30% of the house is your principal residence and two apartments are in the other 70%; you would pay a homestead rate on the 30% and a non-homestead rate on the 70%. If you have a home occupation that you claim space on for tax purposes, the percentage claimed as non-homestead should match the percentage claimed on your income tax forms.

May 1, 2007 was the deadline to qualify for a homestead exemption for the 2007 tax year. To qualify for 2008, you have to be living in the home as your principal residence and file appropriate paperwork prior to May 1, 2008.

If a property has changed in either ownership or use, please contact your local assessor. An example of a change in use would be if a principal residence was converted to a rental unit, or rental changed to principal residence. If there was not a transfer, the current owner would have to fill out the paperwork. If there was a transfer, both buyer & seller has paperwork to fill out, normally done at closing. Homestead exemptions are filed with the State under the claimant's social security number(s), so changes must be registered. In the event of a divorce, the spouse that moves to another residence must rescind the exemption on the property. This will allow the spouse to claim a new homestead on another principal residence.

The State cross-references a database to determine homestead eligibility. The State checks driver licenses, voter registration, income tax filing addresses, etc. There are also local checks in verifying homesteads, please keep your local assessor informed. If you receive a correspondence from the State or your local assessor, do not ignore it; please call your local assessor for assistance.

Sales Study for 2008 Assessments

The sales study contains sales from 2007 and is arranged by neighborhoods. The neighborhoods are identified as the set of numbers after the "300" number in your property code number (300-**110**-003-035-00). If there are limited sales or no sales in your neighborhood, check similar neighborhoods to your area for comparison.

Take time to research the sales in your area. Select sales that are comparable to your own in style, size, age & amenities. If after comparing similar sales to your own property, you do **not** feel your property would sell for at least twice the assessed valuation, you may appeal your assessment to the Board of Review (see Board of Review Article).

