

WINTER 2010



HOW TO EFFECTIVELY APPEAL YOUR PROPERTY ASSESSMENT

Dear Homeowner,

You will soon receive your 2010 property assessment in the mail if you have not gotten it already.

I am writing to remind you that you have the right to appeal your assessment to your local board of review in March if you believe it is inaccurate (your notice will include the exact meeting time and location). This newsletter is a step-by-step guide to help you review your assessment to ensure accuracy and guide you through the appeal process.

Many homeowners have noticed that for the past several years, property values have been falling but property taxes keep going up. This is due to a quirk in current law that allows a home's taxable value to go up each year by whichever is lower - the rate of inflation or five percent - regardless of changes to market value.

As you will read about inside, I am working to change this backward law by supporting legislation to prevent property taxes from going up if your property value goes down.

That said, please note that this year nearly every homeowner should see a slight property tax decrease of at least 0.3 percent. This decrease is only because our economy is so weak that we actually have a negative inflation rate.

It is my privilege to serve as your state representative. If you ever have any questions or concerns, please do not hesitate to contact me.

Sincerely,

State Representative
KEN HORN
House District 94



TOLL-FREE 1-866-HORN-094

E-MAIL kennethhorn@house.mi.gov

VISIT www.gophouse.com/horn.htm

PROPERTY TAX REFORM PASSES SENATE, STALLS IN HOUSE

I have mixed news to report in the battle over high property taxes. Earlier this year the Republican plan to prevent property taxes from going up when property values go down was approved by the Senate. Unfortunately, it is now stalled in the House.

High property taxes is by far the number one issue I hear about from homeowners. Especially now when our economy is struggling, we need to do more to help people afford their homes.

To me, it is just common sense. Your property taxes shouldn't go up if your property value goes down. Period. I will keep fighting for property tax reform until we get this backward law changed.

KEY DEFINITIONS

TRUE CASH VALUE (TCV)

The actual value of your home, as determined by the local assessor.

STATE EQUALIZED VALUE (SEV)

50 percent of the actual value of your home.

TAXABLE VALUE

The value on which your taxes are based. Taxable value and SEV are the same when you first purchase a house. After that increases in your taxable value that are not due to home improvements are limited to the rate of inflation or 5 percent, whichever is less. Taxable value can never exceed SEV.

BOARD OF REVIEW

A panel of local citizens appointed to review, correct and approve the assessment roll.

ASSESSOR'S OFFICE

The department within the local unit of government that establishes and adjusts assessments for every parcel of property in your community.

HOW TO EFFECTIVELY APPEAL YOUR PROPERTY ASSESSMENT

Before deciding to appeal, you may find it helpful to call your local assessor to discuss your assessment and the appeal process.

STEP 1 Obtain a copy of your property tax worksheet or appraisal card.

This is available from the local assessor's office. The worksheet lists information such as size of house, style, number of baths, etc. Ask the assessing department to fully explain how to read the document.

You may also obtain worksheets for similar properties which recently sold in the area to help determine the value of your property.

STEP 2 Carefully check the worksheet for errors.

If you notice any errors, the assessor may agree to change some of the information or figures at that time. If not, you will have to make your case with the board of review.

Your worksheet may include a "percent good" calculation which shows how much your home has depreciated. For example, a 10-year-old house may be listed as 90 percent good. Percent good is another factor to use when comparing your home to other homes (see Step 4).

STEP 3 Make sure your taxable value has decreased by at least 0.3 percent.

Because the weak economy has resulted in a negative inflation rate, your home's taxable value should decrease by at least 0.3 percent from last year (assuming you did not make any improvements to your home). Taxable value should not be confused with state equalized value, which always equals 50 percent of your property's true cash value.

STEP 4 Inspect the inside of your home.

As noted in Step 2, the "percent good" is the way an assessor depreciates the value of a home based on its age, meaning normal issues common to older homes are not considered in the specifics of the assessment. However, problems not associated with general aging, such as a cracked foundation or wall construction problems, should be specifically addressed in your appeal.

Written repair estimates and photographs of structural damage are good evidence of defects which could affect property value.

STEP 5 Note changes to your neighborhood.

Realtors say location is the single most important feature in determining the value of your home. If you live near a major road or in a mixed-use zoning area, for example, your home may be less desirable than the same home in a purely residential neighborhood.

If the characteristics of your neighborhood have changed, obtain copies of citizen complaints about excessive noise or eyesores and show this evidence to the board.

STEP 6 If you recently purchased or refinanced your home, determine whether your purchase price or your appraisal is lower than two times your SEV.

Providing this documentation to the board of review does not guarantee a lower assessment, but it will help strengthen your case.



SAMPLE APPEAL LETTER

Date
Name, Address, Telephone

To the Board of Review/Tax Tribunal

I wish to appeal my property assessment for the following reasons:

1. According to my Worksheet/Property Record, I have noted the following discrepancies:
 - A. I do not have a fireplace as indicated.
Estimated value.....\$ _____
 - B. I do not have a tile bath as indicated.
Estimated value.....\$ _____
 - C. According to my worksheet, I have _____ square feet of living space. I actually have _____ square feet.
Reduced value\$ _____

This amount should be deducted from true cash value\$ _____

2. I have noted the following structural defects on my property. They reduce the value of the property by the following amounts:
 - A. Cracked foundation\$ _____
 - B. Cracked exterior wall.....\$ _____

This amount should be deducted from true cash value.....\$ _____

3. I live in an area that has mixed zoning and next door there is a new junkyard which emits loud noises and noxious odors. This affects the value of my property. I feel my true cash value has been reduced by\$ _____

3a. Grand Total, add 1, 2, and 3 above.....\$ _____

4. I wish to make the following comparisons:
231 Main Street, assessed value _____
(List all comparables and ask for an average reduction. Also add all items you noted as discrepancies.)

Example:

True Cash Value \$ _____

Minus Discrepancy/Grand Total..... \$ _____

New True Cash Value \$ _____

One Half = Assessed Value (SEV) \$ _____

NOTE: This sample letter indicates many of the grounds for a reduced assessment. While these may not all be relevant to you, every reduction is important. You may also have other reductions not shown in this sample.

STEP 7 Inform your assessor about personal property included in the sale price of your home and detailed on the purchase agreement.

One of the most common mistakes home buyers can make is to fail to inform the assessor of personal property and other valuable items included in the sale and detailed on the purchase agreement. Personal property items often included in a home's sale price, such as furniture, curtains, a washer or dryer, etc., are exempt from assessment.

If you did not inform your assessor in writing about these items, your assessment may erroneously include this value.

STEP 8 Compare your property to similar homes in the area, especially those that recently sold.

Comparable property assessments are one of the most important tools when appealing your property assessment. If comparable properties are assessed lower than yours, your home may be over-assessed. Check the assessed value, type of house and zoning.

Compare the true cash value per square foot. Keep in mind that comparisons should only be made between similar types of homes (compare two stories with two stories, ranch houses with other ranch houses).

STEP 9 Put all your information into letter form.

See sample appeal letter to the right:

STRATEGY

Bring a presentation copy for yourself and each member of the board of review. Read your presentation to the board. You may only have five minutes, so make your points, show photographs and above all, remain professional.

NOT SATISFIED?

If you are not satisfied with the decision of your local board of review, you may continue your appeal.

In order to appeal the decision, you must send a letter or formal petition to the Michigan Tax Tribunal, P.O. Box 30232, Lansing, MI 48909, on or before July 31*. Petition forms are available on the tax tribunal's website (www.michigan.gov/taxtrib). If you send a letter, the tribunal will mail you the necessary forms to fill out. You should contact the tribunal at (517) 373-3003 for additional information regarding letter and petition requirements.

* Homeowners and agricultural property owners must appeal to the local board of review before contesting a case with the Michigan Tax Tribunal.