

UNDERSTANDING THE SYSTEM

A brief look into the process of Equalization, Property Assessments, and Property Taxes



St. Clair County Equalization Department

200 Grand River Ave.

Port Huron, MI 48060

810-989-6925

THE GENERAL PROPERTY

TAX ACT

The process of County Equalization is mandated by Section 211.34 of the General Property Tax Act of the State of Michigan. The act states in part that the county board of commissioners shall examine the assessment rolls of the townships or cities and ascertain whether the real and personal property in the respective townships or cities has been equally and uniformly assessed at an average level of 50% of true cash value.

The act continues to state that the county board of commissioners shall establish and maintain a department to survey assessments and assist the board of commissioners in the matter of equalization of assessments. The county board of commissioners, through the department, may furnish assistance to local assessing officers in the performance of duties imposed upon those officers by this act, including the development and maintenance of accurate property descriptions, the discovery, listing, and valuation of properties for tax purposes, and the development and use of uniform valuation standards and techniques for the assessment of property.

EQUALIZATION

The main purpose of an Equalization Department is to correct the inequities that may occur between local units of government as a result of the over or under assessing of a property class. Individual property assessments are not determined by the Equalization Department; rather it is the sole responsibility of the local assessor. The equalization process is accomplished by using sale and appraisal studies that are performed on each property class in each township and city throughout the county.

The results of these studies are used to determine the true cash value of each class of property; residential, agricultural, commercial, industrial, timber cutover, developmental, and personal. The equalization studies are compared to the totals for each class determined by the township or city assessor. If the average level of assessment for any class is above or below 50% of true cash value, the department will apply a County Equalization Factor.

OPEN TO THE PUBLIC

The Equalization Department is open to the public Monday through Friday from 8:00 am – 4:30 pm. All records that are produced and maintained by the department, excluding real property and personal property statements, are public information and are available for viewing at any time. The same rules apply to all local township and city assessor's offices.

ASSESSED VALUE OF A PROPERTY

The assessed value of a property may change, and usually does, from year to year. The main reason for a change in assessment is due to a change in the market value of a property. If something is added to a property, such as a deck or a garage, the market value goes up, and so will the assessment. On the other hand, if something is removed from a property, such as an old barn, or if there is a loss due to a fire or storm for instance, the market value, along with the assessment, will go down. Outside influences can affect value as well. If, for instance, a major employer closes up shop and leaves town, or if a new industry comes into a city, the assessment on a property can decrease or increase, respectively. An assessor does not create value for a property, rather it is created by people's actions in the marketplace. The assessor's job is to study these actions and value the property accordingly.

TAXABLE VALUE OF A PROPERTY

Why is there property tax? There are many reasons, including better schools for our children, fire and police protection, and many public benefits that we all enjoy and usually take for granted. A property tax helps each property owner pay their fair share for these benefits in relation to the value of their individual property.

The amount of property tax paid is based on the taxable value of a property. Beginning in 1995, the taxable value of a property "capped". This means that unless there is a transfer of ownership or something new is added to the property, the taxable value can only increase by 5% or the CPI (consumer price index), whichever is less. So although the assessed value of a property may fluctuate dramatically, the taxable value is limited. To figure the actual tax dollars that are paid on a property, multiply the taxable value of the property by the township millage rate. A mill is \$1 per \$1,000 of taxable value. Therefore, if a property had a taxable value of \$50,000, the taxes would be \$50 with a millage rate of 1.00. With a millage rate of 25.00 (\$25 per \$1,000 of taxable value), the taxes would be \$1,250.

Property tax is a vital revenue source that benefits everyone in a community.