

## From Treasurer Paul Gieleghem

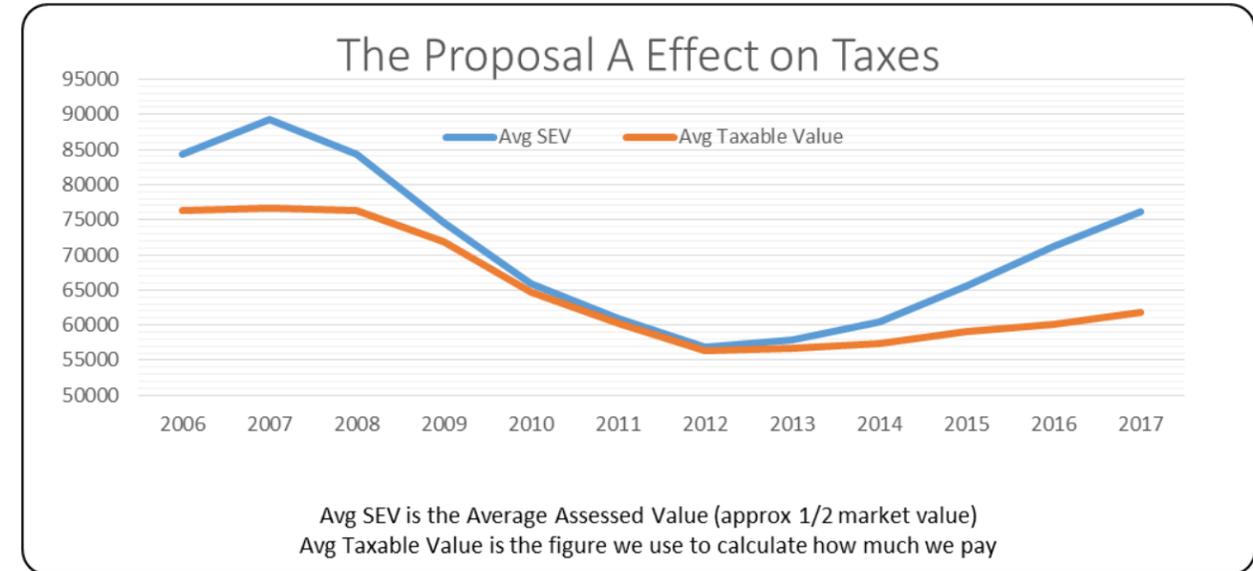
### Know and Understand Your Tax Bill

As property owners, residents and voters, we make a lot of decisions together about taxes. To make informed decisions about the services we want in our community, it's important for us to know and understand our tax bill.

In a previous edition of Clinton Currents, I created a chart for the average summer and winter tax bill based on the average home value in Clinton Township. To take another look, go to my website at [clintontownship.com/treasurer](http://clintontownship.com/treasurer), then click on **Where Do Your Taxes Go?** In this edition, I want to cover two things – what determines how much you pay in property taxes, and the often misunderstood Proposal A.



Treasurer  
Paul Gieleghem



#### Property Value

The Clinton Township Assessing Dept. uses State guidelines provided in law and by the State Tax Commission to determine the True Cash Value of all property. Half of the True Cash Value becomes your Assessed Value (also called State Equalized Value or SEV). Market value is subjective. It's based on what someone is willing to pay. Assessed Value is based on an established set of criteria. So while they are often linked, we may perceive our home value differently than how Assessed Value was determined.

In a simple world, you could multiple your Assessed Value by the Millage Rate and calculate your tax bill. The bad news is that Michigan is more complicated. The good news is that those complications (Proposal A) were designed to work in your favor.

Property Taxes are calculated based on two (2) main factors:  
**Property Value Formula x Millage Rate = Tax**

PRE / MBTE %	TAXABLE VALUE	STATE EQ VALUE
100	65,000	72,000

MILLAGE RATE	AMOUNT	
COUNTY- DRAIN	0.00500	0.32
COUNTY- HCMA	0.21400	13.91
COUNTY- SMART	0.99030	64.36
COUNTY- ZOO	0.09890	6.42
COUNTY- VETERANS	0.06820	4.43
COUNTY- DIA	0.19790	12.86
TWP OPERATING	0.81660	53.07
FIRE S.A.D.	4.00000	260.00
FIRE VOTED OPER	2.20690	143.44
POLICE S.A.D.	5.00000	325.00
POL VOTED OPER	2.47620	160.95
POLICE BUILDING	0.47000	30.55
TOWNSHIP LIBRARY	1.26270	82.07

#### Millage Rate

Millage is based on the Latin word for "thousandth." Applied to taxes, that means 1 "mill" is equivalent to \$1 in taxes per \$1,000 in taxable value. If you own a property that has a \$65,000 Taxable Value, 10 mills would equate to a \$650 tax bill (65,000/1000 x 10). Some millage rates are set by state law, i.e. for education, while some are voted in by the residents during local elections. Mostly, school millages occur in the summer, while local government millages occur in the winter.

On Dec. 1, 2017, the Treasurer's office mailed out your Winter Tax Bill. On the upper right portion of your bill is a listing of the various taxing authorities payable on the winter taxes, along with the tax rate. For more information about your specific millage rates, go to [clintontownship.com/treasurer](http://clintontownship.com/treasurer).

### How Proposal A affects my property tax bill

Proposal A was adopted by voters in 1994. At the time, property values were steadily on the rise. As property value increased so too did taxes. Those tax increases were squeezing senior citizens and families on fixed incomes out of their homes. Proposal A took the Assessed Value (AV) in 1994 as a base and then capped further increases by creating a new figure called Taxable Value (TV). Taxable Value can only increase 5 percent or the rate of inflation, whichever is less. The inflation rate last year was .9 percent. As a result, Taxable Value only increased less than 1 percent, regardless of how much the value of the property increased.

The exception to the cap is when property transfers to a new owner. At the time of transfer, the property is uncapped and bounces back to the Assessed Value. Future increases are then capped from this new starting point. So the longer you've owned your home, the more "spread" there could be between your Assessed Value (half the True Cash Value) and Taxable Value (the inflation capped amount that determines how much you pay). The chart above is a graphic picture of what's happened with Assessed Value and Taxable Value. What it shows is that Proposal A has served homeowners by limiting tax increases.

*At the time, the criticism of Proposal A was that it would be a disincentive to ever sell your home and buy a new one. Upon the sale and purchase, both properties become uncapped and pop back up to the assessed value. We mention this because, a slowdown in home sales never occurred, and we want to highlight that **when buying a home, in most cases, taxes will be higher than the rate paid by the previous owners.***

While the assertions here follow general trends, not everybody's situation is the same. There are many other factors that can impact your tax bill. Our mission here is to provide a better understanding of how our community works and the role that each one of us has to make it work. For more information, including data on a specific parcel of property, visit our website.

My staff and I enjoy the opportunity to help answer questions or address concerns. Please feel free to email us at [treasurer@clintontownship.com](mailto:treasurer@clintontownship.com), call the office at 586 286-9313, or stop by and visit the Treasurer's office.