

***IMPORTANT INFORMATION FOR
CITY OF WIXOM
PROPERTY OWNERS***

February 27, 2008

UNDERSTANDING YOUR PROPERTY ASSESSMENT AND TAXABLE VALUE

Recently, certain neighborhood property values have shown very little growth, and in some cases have experienced a decline in property values. The assessor's office spends a considerable amount of time analyzing sales that have occurred over the past two years in order to estimate property values as of December 31, 2007.

Please review your Notice of Assessment, Taxable Valuation, and Property Classification. The notice provides the property owner with pertinent information regarding their property. There are three important areas for review. First, the notice provides the 2007 valuations, the 2008 valuations and the amount of change. Second, the document will show if the property's taxable value was "uncapped" as a result of an ownership transfer. Line 5 of the notice will indicate whether there "was" or "was not" a change of ownership of the property during 2007. If there was a transfer of ownership, the taxable value will be the same as the Assessed Value. Third, the notice will indicate the percentage of the property being used as a Principal Residence. If you own and occupy the property as your principle residence, the percentage indicated should be 100%. Property owners are encouraged to review each of these areas for accuracy. Please contact the Assessors Office if you should have any questions or concerns.

If the property owner is in disagreement with the valuations on the Notice, they may appeal to the March Board of Review. The meeting dates are listed on the Notice. **Valuation disputes must be heard by the March Board of Review.** Please feel free to contact the Assessors Office for more information.

Property Owners may see a significant difference in the amount of their Assessed Values and Taxable Values. Assessed Values represent 50% of the estimated property value. Taxable Value is a mathematical formula, which is based on the preceding years Taxable Value increased by the Inflation Rate Multiplier (IRM). The IRM is determined for the entire State and applied by each municipality. Taxable Value may also increase for physical additions and decrease for physical losses.

Therefore, if a homeowner has owned their home since the Constitutional Amendment, known as Proposal A passed in 1994, they may have received 2007 & 2008 values as follows:

| | Assessed Value | Taxable Value |
|------|----------------|----------------------------------|
| 2007 | \$200,000 | \$160,000 |
| 2008 | \$200,000 | \$163,680 (increase of 2.3% IRM) |

This example shows that Assessed Values can remain the same, while Taxable Values show an increase. This is a function of the statute. Taxable Value may increase from year to year, until its ceiling of Assessed Value is reached. In that situation, Assessed Value becomes the Taxable Value. The following example illustrates this concept:

| | Assessed Value | Taxable Value |
|------|----------------|---------------|
| 2007 | \$200,000 | \$198,000 |
| 2008 | \$200,000 | \$200,000 |

In the above example the 2007 Taxable Value of \$198,000 would increase to \$202,550 if the 2.3% IRM is applied. However, since the 2008 Assessed Value is only \$200,000, Proposal A requires that Taxable Value cannot exceed Assessed Value.

The following example illustrates a property demonstrating a reduction in property value in the marketplace while Taxable Value increases:

| | Assessed Value | Taxable Value |
|------|----------------|----------------------------------|
| 2007 | \$200,000 | \$180,000 |
| 2008 | \$190,000 | \$184,140 (increase of 2.3% IRM) |

The Constitutional Amendment (Proposal A) limited the amount that Taxable Value could increase on an annual basis. Since its implementation, the majority of property values in Wixom have increased greater than the IRM. This has limited the property taxes that would have been collected if Proposal A had not been implemented. When property values are not increasing as rapidly as the IRM, Taxable Values will increase on an annual basis by the IRM, not exceeding Assessed Value.

The March Board of Review does not have the authority to change the increase in taxable value based on the Inflation Rate Multiplier of 2.3%.

The notices are mailed to all property owners of record in late February or early March. The IRM percentage is printed on the Notice. Please review the Notice carefully by checking mathematical calculations, principle residence exemption percentage and transfer of ownership information. Should you have any questions or concerns about your notice please do not hesitate to contact the Assessing Department at 248-624-3280.

Assessors Office