BALTIMORE TOWNSHIP

BARRY COUNTY, MICHIGAN

Community • Heritage • Future



UNDERSTANDING

PROPOSAL A

A GUIDE FOR BALTIMORE TOWNSHIP PROPERTY OWNERS

Baltimore Township Assessor's Office
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Hastings, MI 49058

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www.baltimoretownship.org

FAIR. EQUITABLE. UNIFORM.

WHAT IS PROPOSAL A?

On March 15, 1994, Michigan voters approved Proposal A, a constitutional amendment that limits the annual growth of property taxes by restricting increases in Taxable Value to the rate of inflation or 5%, whichever is less, until ownership of the property is transferred.

HOW IT WORKS

- Property taxes prior to Proposal A were based on State Equalized Value (SEV).
- With Proposal A, property taxes are based on Taxable Value (TV).
- Each year, the Assessor determines the SEV of every property as of December 31 (Tax Day) of the prior year.
- Each property has a Capped Value that can only increase by the annual Inflation Multiplier set by the State of Michigan (not to exceed 5%).

CAPPED VALUE FORMULA

(Prior Year Taxable Value – Losses) × Inflation Multiplier + Additions

TAXABLE VALUE FORMULA

Taxable Value = The lesser of:

- State Equalized Value (SEV), or
- Capped Value

unless a transfer of ownership has occurred.

Assessments in Michigan are based on 50% of True Cash Value (Market Value). Actual sale price is not the sole factor in determining assessed value.

TRANSFER OF OWNERSHIP & UNCAPPING

When ownership of a property (or interest in a property) transfers, Proposal A requires the property's Taxable Value to "uncap" in the year following the transfer.

- The Taxable Value becomes equal to the SEV.
- Beginning the next year, the property is capped again and increases are limited by the Inflation Multiplier.

PROPERTY TRANSFER AFFIDAVIT (PTA)

Michigan law requires purchasers to file a Property Transfer Affidavit (PTA) within 45 days of the transfer.

Failure to file may result in penalties.

PRINCIPAL RESIDENCE EXEMPTION (PRE)

If you own and occupy your home as your principal residence, you may qualify for a Principal Residence Exemption (PRE).

- A PRE exempts a homeowner from paying up to 18 mills of local school operating taxes.
- A Principal Residence Exemptor's Affidavit must be filed with the Assessor's Office.
- If you no longer own and occupy the property as your principal residence, you must file a rescission. Failure to do so may result in additional taxes, penalties, and interest.

Forms are available at the Baltimore Township Office during normal business hours or at: **www.michigan.gov/treasury** (Local Government Services > Forms)

BOARD OF REVIEW

The Board of Review is your opportunity to discuss your assessment with local officials.

WHEN & WHERE

The March Board of Review is held annually at the Baltimore Township Hall.

- Organizational Meeting: 1st Monday in March, 9:00 AM
- Regular Sessions: 2nd Monday in March, 9:00 AM through 4th Monday in March, 4:00 PM
- Closed for lunch from 12:00 PM – 1:00 PM
- Petitions must be received or postmarked by the 4th Monday in March.

HOW TO APPEAL

1. File a petition (L-4035) with the Assessor's Office. Petitions are available at the Township Office or at www.michigan.gov/taxes.
2. Your petition must be received or postmarked by the 4th Monday in March.
3. You will be notified of your scheduled hearing date and time.

IMPORTANT TO KNOW

Hearings are by appointment.

- You or an authorized representative must be present.
- Bring any supporting evidence you wish the Board to consider.
- The Board cannot change tax rates or millage levies.

If you are unable to attend your scheduled hearing, you may authorize someone to appear for you in writing.

NOTICE OF ASSESSMENT

Each February, Baltimore Township mails assessment notices to property owners.

Your notice includes:

- Assessed Value (AV)
- State Equalized Value (SEV)
- Taxable Value (TV)
- Property Classification
- PRE Status
- Transfer of Ownership Status

Please review your notice carefully. If you believe information is incorrect, contact the Assessor's Office or file a petition with the Board of Review.

FREQUENTLY ASKED QUESTIONS

Why did my taxes increase if my assessment did not?
Property taxes are based on Taxable Value, not Assessed Value. Millage rate changes may also affect your tax bill.

Will my taxes double if I buy a house?
Not necessarily. However, Proposal A requires the property's Taxable Value to uncap in the year following a transfer.

Does my Taxable Value increase every year?
Generally yes, unless market conditions decrease your SEV below your capped value.

Does my Taxable Value uncap to the purchase price?
No. It uncaps to the property's State Equalized Value (SEV), not the purchase price.

Thank you for being a valued member of the Baltimore Township community!