

Port Sheldon Township Assessor's Office Annual Update

Dear Township Property Owner,

This is Tyler Tacoma, the Port Sheldon Township Assessor, saying “hi” as we send out our [2023 Assessment Notices](#). Staff from the Assessor's Office has been busy in our community again this year. We visit all of the building permits issued by our inspector, Ryan Capson, in order to perform an appraisal review for the upcoming year's assessment. In addition, we are continuing to follow the state's requirement of what has been coined the “20% Review,” whereby we visit 20% of our parcels on-site each year – that was [562 parcel visits for the 20% Review this past year!](#) The intent of this program is that we are seeing all of our properties on a revolving five year schedule. We speak with homeowners, review measurements, condition, and quality of structures, and take updated exterior photos. In short, we are continually out and about in our community gathering information and working to keep our assessments as current and accurate as possible.

Enclosed is your annual assessment notice. Assessments change with the real estate market. For the last number of years they have gone up significantly, in many cases 7-12% a year, or more. The volume of sales has tapered off a bit, but we are still seeing increasing sales figures. While assessments stay in line with the real estate market, property tax bills are based on taxable value. Proposal A from 1994 states that taxable value can only increase by the inflation rate or 5%, whichever is less. The Michigan State Tax Commission has calculated inflation for the upcoming 2023 Assessment Roll at 7.9%, so [the taxable value increase](#) will be capped below that, at the legal maximum of [5% for the coming year](#).

In summary, the figures on an assessment notice follow two separate indexes: Assessed value follows the real estate market. Taxable Value (for tax billing) goes with the inflation rate (Consumer Price Index, or “CPI”). Historically, the housing market has outpaced inflation, so many homeowner's assessments are much higher than the taxable value they are billed on.

Please also note that a buyer's taxable value resets to the assessment level in the year after purchase... if you bought a home in 2022, your taxable value will be reset to wherever the assessment is in 2023. Due to the “uncapping” process, two similar homes can pay a different amount of taxes, depending on how many years each owner has had their respective property. If the homes are similar, the assessments should be similar. However, the taxable values will vary based on the years they were purchased, uncapping to the assessment level the year after sale.

Key Terms on Assessment Notice:

Assessed Value – 50% of the *market value* (“usual selling price”) of the property. This value changes along with the real estate market. A house worth \$350,000 would be assessed at \$175,000.

Taxable Value – Taxes are based on this value. This value changes along with the inflation rate (Consumer Price Index, “CPI”). The intent is that tax bills change annually to keep in line with inflation. The inflation rate for 2023 is capped at 5.0%. The math looks like this: 2022 Taxable Value x 1.050 = 2023 Taxable Value.

Principal Residence Exemption (“PRE”) – If your house is owner-occupied, check that your assessment notice lists it at 100% PRE. This exempts you from paying the 18-mill school operating tax. Properties classified as Agricultural get this same 18-mill exemption. **“100% PRE” means you are receiving the exemption.** If you don't see this and believe you qualify, you can get the form at michigan.gov or call or e-mail our office.

Assessment Data Online:

You can look at our township assessment data online anytime at: portsheldontwp.org > [Tax & Property > search](#). This site contains helpful property tax and appraisal information for all of our properties.

The Annual Assessment Cycle:

determine values > notify property owners > offer review meeting > mail bills

- 1. Preparation of the Assessment Roll:** The Assessor's Office worked throughout the previous year to prepare the current Assessment Roll. *Current assessments are based on property values as of "Tax Day," the immediately previous December 31st.*
- 2. Mailing of Assessment Notices:** In mid-February, the Assessor's Office mails out the Assessment Notices to all property owners (enclosed). This gives a preview of the *taxable value* that upcoming taxes will be calculated on.
Total Annual Taxes = Taxable Value x Millage Rate
- 3. March Board of Review:** If a property owner feels their assessment should be reviewed, they can call the Township and schedule an appointment to come and meet with the March Board of Review. The Board of Review works on behalf of the property owner to review his or her assessment.
- 4. Taxes Mailed:** *After the close of the March Board of Review, the assessments are finalized*, and property values can no longer be discussed. Once those figures are set, the taxes are billed. The total annual bill is split between the Summer (July 1st) and Winter (December 1st) bills. The Board of Review comes back and meets in July and December each year shortly after each tax bill is mailed. However, the only authority they have at these meetings is to correct clerical errors found once bills have gone out.
- 5. Repeat 1-4:** Once the Board of Review is complete at the end of March, the Assessor's Office begins to prepare the upcoming year's Assessment Roll, and the process starts over.

Property Tax Estimates:

Frequently asked question: *How much will a new construction project cost me in property taxes?*

Answer (in short): *Use half of your new project cost with the tax rate applied to it for a decent estimate.*

Example 1:	New Pole Barn Cost:	\$50,000 (note that "construction cost" and "market value" may differ)
	Assessed Value:	\$25,000 (50% of the <i>market value</i> of the project)
	Taxable Value:	\$25,000 (same as assessment for the new addition to the property)
	Millage Rate:	31 mills (2022 ESTIMATE for a 100% PRE property in Ottawa County)

Taxes = Taxable Value x Millage Rate

Tax Estimate for Adding Barn = $\$25,000 \times 0.031 = \$775/\text{yr}$

Example 2: New \$300,000 House: $\$150,000 \times 0.031 = \$4,650/\text{yr}$

Example 3: New \$45,000 Finished Basement: $\$22,500 \times 0.031 = \$697.50/\text{yr}$

Planning Ahead: Find the Taxable Value on your enclosed Assessment Notice and multiply by 0.031 to estimate your annual bill for 2023 (assuming it's a 100% PRE).

Note – The millage above is a county-wide estimate for a homestead. The exact millage is based on school district and PRE/Non-PRE and will be forthcoming on the summer and winter bills. If you have property elsewhere in the State of Michigan, the math estimate process is the same.

We hope this information gives a little insight in to what our office does and the annual assessment process. Please find your enclosed assessment notice and let us know if you have any questions.

Best Regards,



Tyler Tacoma, Assessor
tyler@portsheldontwp.org