

## **CALCULATING YOUR TAX BILL**

To understand how taxes are calculated, a look back at Michigan's history is in order.

### **Taxable Value vs. Assessed Value**

Until 1994, property in Michigan was assessed and taxed at half its market value. This is known as a property's assessed value (AV).

In 1994, Michigan voters passed Proposal A, which changed the State's constitution. Proposal A shifted some of the tax burden off of property and onto the sales tax, which rose from four (4) to six (6) cents on every dollar spent.

The result of this proposal was the development of a new way of calculating property taxes using what's known as a property's taxable value (TV). A property's taxable value is determined using one of the equations below (whichever one is less):

- (Last year's taxable value) - (losses) + (5%) + (additions);

*OR*

- (Last year's taxable value) - (losses) + (the rate of inflation) + (additions).

Under Proposal A, the growth of a property's taxable value is limited - or "capped" - with annual increases of not more than the lesser of five percent (5%) or the Consumers Price Index (CPI), which is set by the Michigan State Tax Commission.

Because of how taxable value is calculated, it is, in many cases, less than a property's assessed value.

When a piece of property is sold or a title is transferred, the property's taxable value becomes equal to the amount of its assessed value for the tax year following the year in which the sale or transfer took place. Again, this is referred to as "uncapping." After that, the lesser of five percent (5%) or the CPI applies to future increases in taxable value, until there is another sale or transfer.

A parcel's taxable value can be found on its annual tax bill, assessment change notice, or on Ottawa County's property information website:  
<https://www.miottawa.org/Property/>.

Even though taxes are based on taxable value, the assessed value is still calculated each year so that property values can be uniformly assessed at 50 percent of market value, as required by the Michigan Constitution.

## How Each Property is Assessed

The Township Assessor's Office annually assesses each property within the township using mass appraisal techniques. This involves studies and analysis of the local real estate market.

The Township Assessor also considers new construction, improvements to property (such as installing fencing or new pavement), and demolition of structures when calculating additions and/or losses to property values.

## What's a Mill, and How Does It Determine What I Owe in Taxes?

The property tax rate in Michigan is referred to as a *millage*, and it's figured in mills. One mill is equal to 1/1,000 of a dollar. **More simply, for every \$1,000 in taxable value, a property owner will pay \$1 in taxation.**

Property owners can calculate their tax bill by multiplying their taxable value by the millage rate. See the example below to find out how to do it.

**EXAMPLE:** If the City's millage rate is 10 mills, property taxes on a home with a taxable value of \$50,000 would be \$500. The mathematical equation below illustrates how this is figured:

$$\frac{10}{1,000} \times \$50,000 = \$500$$

**Administration Fee:** Additionally, Spring Lake Township levies a one percent (1%) administration fee based upon the amount of property tax paid. This helps cover the Township's costs to determine and defend annual assessments.

To figure the amount due in administration fees on a home with a taxable value of \$50,000, see the example below:

$$\$500 \text{ property taxes} \times 0.01 = \$5.00$$

The administration fee of \$5 added to \$500 in property tax would equal a total of \$505 owed.

## **How Taxes Are Collected and Dispersed**

Numerous millage rates could determine the amount of total tax owed on a particular property. In most communities, there is likely to be a millage to operate local government (Spring Lake Township), and another for the county (such as Ottawa County). In addition, part of the millage rate could include mills for libraries, police and fire or schools.

Per State law, Spring Lake Township collects taxes for these taxing entities:

- Fruitport Community Schools
- Grand Haven Area Public Schools
- Spring Lake Public Schools
- Muskegon Area Intermediate School District
- Ottawa Area Intermediate School District
- Spring Lake District Library
- Ottawa County
- State of Michigan Education Tax

Each taxing jurisdiction has its own millage rate. These rates are not shown on Township-issued assessment notices; however, Spring Lake property owners can find out their millage rates by looking at their tax bills, or by calling the township Assessor's Office at 616-844-2108

### **Millage Rates for Local Taxing Jurisdictions for the Current Year**

Spring Lake Township's share of total tax monies collected in a given year tends to be under 8 percent. The remaining 92 percent goes to the other taxing jurisdictions listed above.