

BENZIE COUNTY BOARD OF COMMISSIONERS

448 COURT PLACE – BEULAH, MI 49617 – (231) 882-9671
www.benzieco.net

SPECIAL MEETING BENZIE COUNTY BOARD OF COMMISSIONERS AGENDA

October 30, 2023

5:30 p.m. to 7:30 p.m.

Frank F. Walterhouse Board Room, Government Center, Beulah, Michigan

Join Meeting

Please click the link below to join the webinar:

www.youtube.com/@BenzieCounty

5:30 p.m. Call to Order

Roll call

Invocation & Pledge of Allegiance

Approval of Agenda

Town Hall Style Forum to discuss a Benzie County Headlee Reset Election

Public Input

Adjournment

Times Subject to Change

The County of Benzie will provide necessary reasonable auxiliary aids and services for individuals with disabilities at the meeting upon five (5) working days' notice to the County. Individuals with disabilities requiring auxiliary aids or services should contact the County in writing or by calling the following:

**BENZIE COUNTY CLERK
448 COURT PLACE
BEULAH MI 49617
(231) 882-9671**

This notice was posted by Tammy Bowers, Benzie County Clerk, on the bulletin board in the main entrance of the Benzie County Governmental Center, Beulah, Michigan, at least 18 hours prior to the start of the meeting. This notice is to comply with Sections 4 and 5 of the Michigan Open Meetings Act (PA 267 of 1976).

PUBLIC COMMENT

Purpose: The Benzie County Board of Commissioners is a public policy setting body and subject to the Open Meetings Act (PA 267 of 1976). The Board also operates under a set of “Benzie County Board Rules (section 7.3)” which provides for public comment during their meetings. It continually strives to receive comment from the residents of the county and reserves two opportunities during the monthly scheduled meeting for you the public to voice opinions, concerns and sharing of any other items of common interest. There are however, in concert with meeting conduct certain rules to follow.

Speaking Time: Agenda items may be added or removed by the board but initially at least two times are devoted to Public Comment. Generally, however, attendees wishing to speak will be informed how long they may speak by the chairman. All speakers are asked to give their name, residence and topic they wish to address. This and the statements/comments will be entered into the public record (minutes of the meeting). Should there be a number of speakers wishing to voice similar opinions, an option for a longer presentation may be more appropriate for the group and one or more speakers may talk within that time frame. The Board will not be accepting public comment via zoom/online.

Group Presentations – 15 minutes
Individual Presentations – 3 minutes

Board Response: Generally, as this is an “Comment” option, the board will not comment or respond to presenters. Silence or non-response from the board should not be interpreted as disinterest or disagreement by the board. However, should the board individually or collectively wish to address the comments of the speaker(s) at the approval of the Chair and within a time frame previously established, responses may be made by the board. Additionally, the presenter may be in need of a lengthier understanding of an issue or topic and may be referred to a committee appropriate to address those issues.

Public Comment is very important in public policy settings and is only one means for an interchange of information or dialogue. Each commissioner represents a district within the county, and he/she may be individually contacted should greater depth or understanding of an issue be sought. Personal contact is encouraged and helpful to both residents and the board.

Commissioner Contacts:

District	I – Bob Roelofs (Almira East of Reynolds Road).....	231-645-1187
District	II - Art Jeannot (Almira Twp West of N. Reynolds Road, Platte Twp, Lake Twp East of Sutter Rd, and Inland Twp section 1-6, section 7 lying west of Maple City Hwy, north of US-31)	231-920-5028
District	III – Karen Cunningham (Crystal Lake, Frankfort and Lake Twp, at Sutter Road going West)	231-822-4067
District	IV – Rhonda Nye (Benzonia Twp, except for sections 31, 36 and 35 East of Case Road).....	231-510-8804
District	V – Tim Markey (Homestead and Benzonia Twp sections 31, 36 and 35 West of Case Road).....	231-822-4066
District	VI - Evan Warsecke (Colfax, Inland except sections 1-6, section 7 lying west of Maple City Hwy and North of US-31).....	231-822-4065
District	VII - Gary Sauer (Blaine, Gilmore, Joyfield, Weldon)	231-651-0647

Benzie County's General Operating Millage and Headlee Rollback



Agenda

- General Operating Millage Background
- Headlee Amendment & Proposal A
- Other Revenue Sources
- Mandated vs Non-Mandated Services
- Timeline, and moving forward



General Operating Milage Background

August 10, 1982
Millage Rates set Indefinitely

*Millage Rates set “indefinitely” for
the County, Townships, and Schools*

- 5.29 – Benzie County
- 1.21 – Township (with the exception of Charter Townships)
- .27 – Intermediate School District
- 8.23 – School Districts

Total of 15 Mills

Headlee and Proposal A

HEADLEE

- Amendment to the Michigan Constitution passed in 1978 requires a proportional rollback each year.
- Property taxes are lowered if the aggregates property tax revenue goes up faster than inflation.
- Benzie County has rolled back their entire life of its millage.

PROPOSAL A

- Michigan Tax Amendment, approved in 1994 by Michigan voters.
- Removed the Schools from the Millage Calculation, leaving **6.77 mills** to be split equally among the County, Townships, and Intermediate School District.
- Limits the amount that property taxes can increase annually to the lesser of inflation or 5%.

Other Revenue Sources

SPECIAL TAX MILLAGES

- **Animal Control, Drug Enforcement, School and Youth Resource Officer, Conservation District, EMS/ALS, Jail Operations.**
- Special Millage limit the use of funding and remove flexibility
- Involve intense oversight for timing and use of funds
- Limit services of which could be provided

STATE FUNDING

- Revenue Sharing
- County Incentive Plan funding
- Local liquor tax funding
- Miscellaneous permit and licenses
- Reimbursement for services performed
- Sometimes unreliable and decreasing

GRANT FUNDING

- **Emergency Management services, secondary road patrol services, supplemental animal control needs, brownfield activities**
- Not a reliable source of funding
- Specific in allowable expenditures
- Management can be cumbersome

Mandates vs. Non-Mandates Services

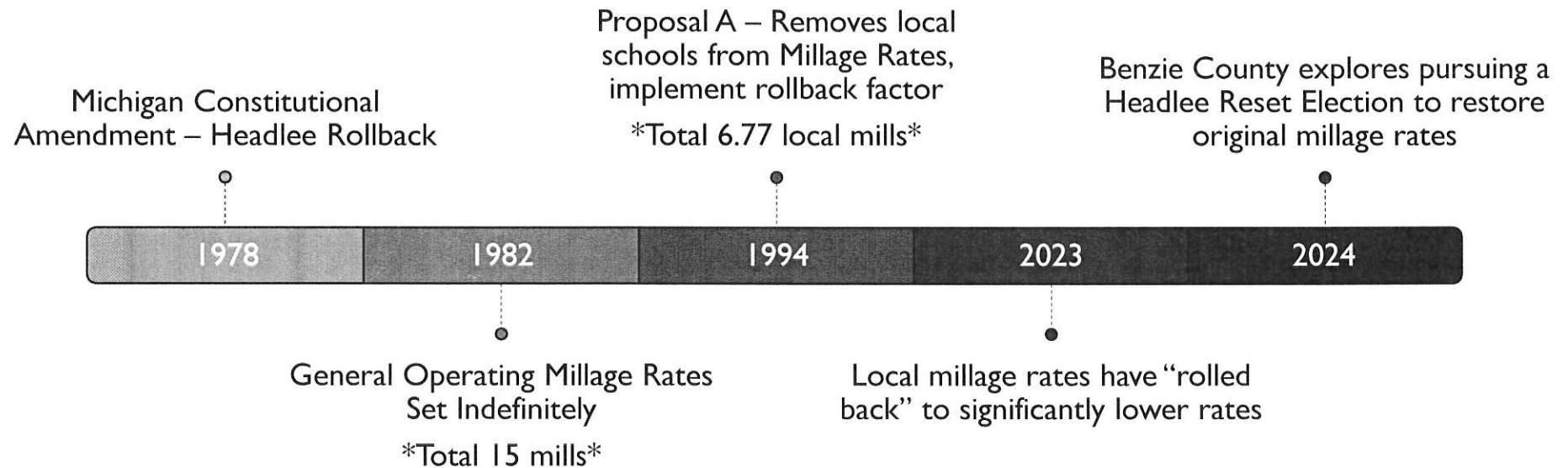
MANDATES SERVICES OF A COUNTY

- Court Services
- Clerk, Treasurer, Register of Deeds
- Prosecutor
- Equalization Services
- Health Department
- Mental Health Services (10% contribution)
- Central Dispatch (911)
- Correctional Holding or Lockup Facilities, Transportation Services, contracted jail space

NON-MANDATES SERVICES OF A COUNTY

- Road Patrol
- Drug Enforcement and School Resource Officers
- Animal Control
- MSU Extension
- Parks & Recreation
- Emergency Medical Services (EMS/ALS)
- Physical Jail Building
- Economic Development

Timeline



Summary

Although it might appear that a community with an annual increase in uncapped property values would benefit monetarily, uncapped values are treated as growth on existing property and trigger Headlee rollbacks. For local governments levying at their Headlee maximum authorized millage, rolling back the maximum authorized millage rate reduces the revenue that would have been generated from these increased property values. The increase in the taxable value of property not transferred is capped at the lesser of inflation or five percent. Even though the taxable value of a particular piece of property increases at the rate of inflation, the millage rate for the entire community is “rolled back” as a result of the increase in the total taxable value of the community. The net result—a less than inflationary increase in the actual dollars received from property taxes. Consequently, the 1994 change to the General Property Tax Act has prevented local governments from being able to share the benefits of any substantial market growth in existing property values.



Thank You

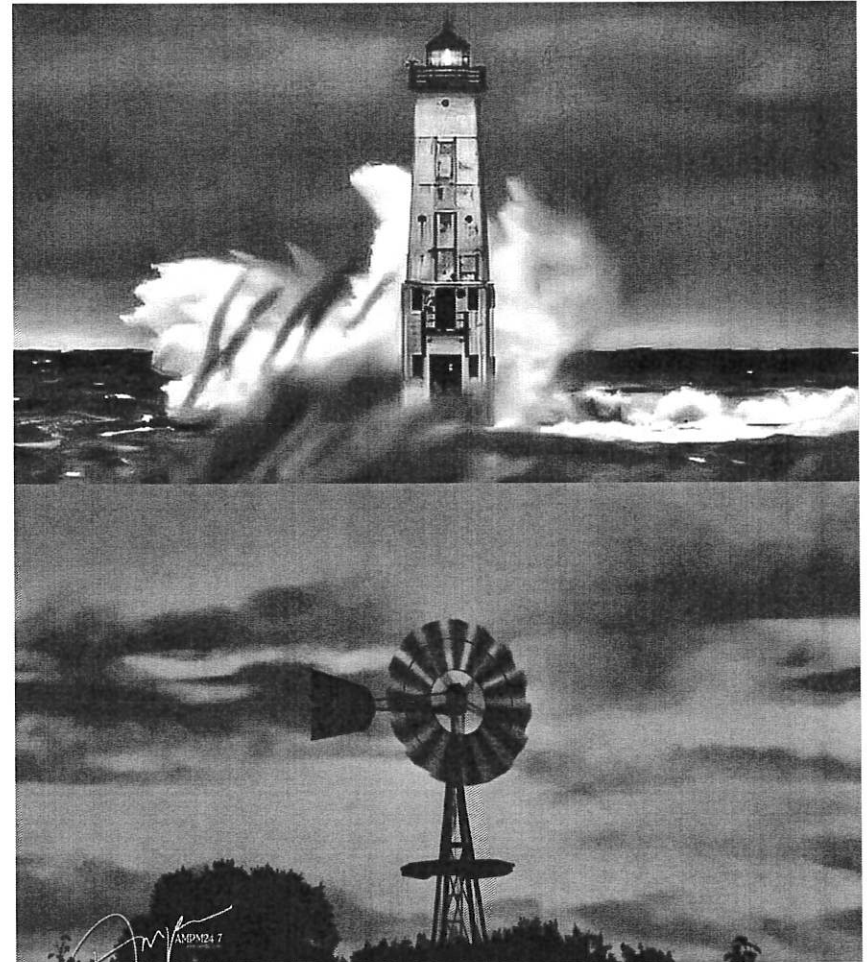
Benzie County Board of Commissioners

Benzie County Administration

kzeits@Benzieco.net

231-882-0035

<https://www.benzieco.gov>



	Election Date	Original Millage	Maximum Millage Allowable 2023	Change since 1982	2023 Taxable Value	2023 Millage Proceeds using Maximum Allowable	Potential Millage Proceeds w/ a Headlee Reset to original millage	Millage Revenue LOST by NOT resetting
Almira	8/10/1982	1.2100	0.6907	-0.5193	\$ 209,920,212	\$ 144,991.89	\$ 254,003.46	\$ 109,011.57
Benzonia	8/10/1982	1.2100	0.7688	-0.4412	\$ 283,354,411	\$ 217,842.87	\$ 342,858.84	\$ 125,015.97
Blaine	8/10/1982	1.2100	0.7208	-0.4892	\$ 53,741,440	\$ 38,736.83	\$ 65,027.14	\$ 26,290.31
Colfax	8/10/1982	1.2100	0.8071	-0.4029	\$ 36,183,839	\$ 29,203.98	\$ 43,782.45	\$ 14,578.47
Crystal Lake	8/10/1982	1.2100	0.6795	-0.5305	\$ 216,404,256	\$ 147,046.69	\$ 261,849.15	\$ 114,802.46
Gilmore	8/10/1982	1.2100	0.8026	-0.4074	\$ 50,101,969	\$ 40,211.84	\$ 60,623.38	\$ 20,411.54
Homestead	8/10/1982	1.2100	0.8609	-0.3491	\$ 95,467,697	\$ 82,188.14	\$ 115,515.91	\$ 33,327.77
Inland	8/10/1982	1.2100	0.7382	-0.4718	\$ 106,156,973	\$ 78,365.08	\$ 128,449.94	\$ 50,084.86
Joyfield	8/10/1982	1.2100	0.9717	-0.2383	\$ 33,994,951	\$ 33,032.89	\$ 41,133.89	\$ 8,101.00
Lake	8/10/1982	1.2100	0.5420	-0.6680	\$ 306,423,856	\$ 166,081.73	\$ 370,772.87	\$ 204,691.14
Platte	8/10/1982	1.2100	0.8078	-0.4022	\$ 25,514,006	\$ 20,610.21	\$ 30,871.95	\$ 10,261.73
Weldon	8/10/1982	1.2100	0.7233	-0.4867	\$ 106,190,171	\$ 76,807.35	\$ 128,490.11	\$ 51,682.76
Benzie County	8/10/1982	5.2900	3.3378	-1.9522	\$ 1,642,783,250	\$ 5,483,281.93	\$ 8,690,323.39	\$ 3,207,041.46
Northwest Education Services (TBAISD)	8/10/1982	0.2700	0.1881	-0.0819	\$ 1,642,783,250	\$ 309,007.53	\$ 443,551.48	\$ 134,543.95
TOTAL COUNTY TAX						\$ 6,867,408.97	\$ 10,977,253.95	\$ 4,109,844.98

Township	Election Date	Original Millage	Maximum Millage Allowable 2022	Change since 1982	2022 Taxable Value	2022 Millage Proceeds using Maximum Allowable	Potential Millage Proceeds w/ a Headlee Reset to original millage	Millage Revenue LOST by NOT resetting
Almira	8/10/1982	1.2100	0.6907	-0.5193	\$ 190,594,174	\$ 131,643.40	\$ 230,618.95	\$ 98,975.55
Benzonia	8/10/1982	1.2100	0.7688	-0.4412	\$ 259,752,218	\$ 199,697.51	\$ 314,300.18	\$ 114,602.68
Blaine	8/10/1982	1.2100	0.7208	-0.4892	\$ 50,680,689	\$ 36,530.64	\$ 61,323.63	\$ 24,792.99
Colfax	8/10/1982	1.2100	0.8071	-0.4029	\$ 31,464,547	\$ 25,395.04	\$ 38,072.10	\$ 12,677.07
Crystal Lake	8/10/1982	1.2100	0.6795	-0.5305	\$ 202,225,939	\$ 137,412.53	\$ 244,693.39	\$ 107,280.86
Gilmore	8/10/1982	1.2100	0.8026	-0.4074	\$ 46,395,765	\$ 37,237.24	\$ 56,138.88	\$ 18,901.63
Homestead	8/10/1982	1.2100	0.8609	-0.3491	\$ 86,543,675	\$ 74,505.45	\$ 104,717.85	\$ 30,212.40
Inland	8/10/1982	1.2100	0.7382	-0.4718	\$ 94,993,854	\$ 70,124.46	\$ 114,942.56	\$ 44,818.10
Joyfield	8/10/1982	1.2100	0.9717	-0.2383	\$ 31,224,446	\$ 30,340.79	\$ 37,781.58	\$ 7,440.79
Lake	8/10/1982	1.2100	0.5420	-0.6680	\$ 292,176,345	\$ 158,359.58	\$ 353,533.38	\$ 195,173.80
Platte	8/10/1982	1.2100	0.8078	-0.4022	\$ 23,228,980	\$ 18,764.37	\$ 28,107.07	\$ 9,342.70
Weldon	8/10/1982	1.2100	0.7233	-0.4867	\$ 96,364,607	\$ 69,700.52	\$ 116,601.17	\$ 46,900.65
Benzie County	8/10/1982	5.2900	3.3378	-1.9522	\$ 1,517,581,461	\$ 5,065,383.40	\$ 8,028,005.93	\$ 2,962,622.53
Northwest Education Services (TBAISD)	8/10/1982	0.2700	0.1881	-0.0819	\$ 1,517,584,461	\$ 285,457.64	\$ 409,747.80	\$ 124,290.17
TOTAL COUNTY TAX						\$ 6,340,552.56	\$ 10,138,584.47	\$ 3,798,031.91

Township	Election Date	Original Millage	Maximum Millage Allowable 2021	Change since 1982	2023 Taxable Value	2021 Millage Proceeds using Maximum Allowable	Potential Millage Proceeds w/ a Headlee Reset to original millage	Millage Revenue LOST by NOT resetting
Almira	8/10/1982	1.2100	0.7042	-0.5058	\$ 177,342,131	\$ 124,884.33	\$ 214,583.98	\$ 89,699.65
Benzonia	8/10/1982	1.2100	0.7814	-0.4286	\$ 243,442,851	\$ 190,226.24	\$ 294,565.85	\$ 104,339.61
Blaine	8/10/1982	1.2100	0.7428	-0.4672	\$ 47,064,874	\$ 34,959.79	\$ 56,948.50	\$ 21,988.71
Colfax	8/10/1982	1.2100	0.8785	-0.3315	\$ 27,508,483	\$ 24,166.20	\$ 33,285.26	\$ 9,119.06
Crystal Lake	8/10/1982	1.2100	0.6777	-0.5323	\$ 189,821,683	\$ 128,642.15	\$ 229,684.24	\$ 101,042.08
Gilmore	8/10/1982	1.2100	0.8026	-0.4074	\$ 45,047,079	\$ 36,154.79	\$ 54,506.97	\$ 18,352.18
Homestead	8/10/1982	1.2100	0.8744	-0.3356	\$ 80,783,605	\$ 70,637.18	\$ 97,748.16	\$ 27,110.98
Inland	8/10/1982	1.2100	0.7499	-0.4601	\$ 86,258,531	\$ 64,685.27	\$ 104,372.82	\$ 39,687.55
Joyfield	8/10/1982	1.2100	0.9717	-0.2383	\$ 30,151,805	\$ 29,298.51	\$ 36,483.68	\$ 7,185.18
Lake	8/10/1982	1.2100	0.5476	-0.6624	\$ 276,139,131	\$ 151,213.79	\$ 334,128.35	\$ 182,914.56
Platte	8/10/1982	1.2100	0.8207	-0.3893	\$ 21,631,793	\$ 17,753.21	\$ 26,174.47	\$ 8,421.26
Weldon	8/10/1982	1.2100	0.7233	-0.4867	\$ 91,831,318	\$ 66,421.59	\$ 111,115.89	\$ 44,694.30
Benzie County	8/10/1982	5.2900	3.3808	-1.9092	\$ 1,422,610,214	\$ 4,809,560.61	\$ 7,525,608.03	\$ 2,716,047.42
Northwest Education Services (TBAISD)	8/10/1982	0.2700	0.1909	-0.0791	\$ 1,422,610,214	\$ 271,576.29	\$ 384,104.76	\$ 112,528.47
TOTAL COUNTY TAX						\$ 6,020,179.96	\$ 9,503,310.96	\$ 3,483,131.00

Township	Election Date	Original Millage	Maximum Millage Allowable 2020	Change since 1982	2020 Taxable Value	2020 Millage Proceeds using Maximum Allowable	Potential Millage Proceeds w/ a Headlee Reset to original millage	Millage Revenue LOST by NOT resetting
Almira	8/10/1982	1.2100	0.7159	-0.4941	\$ 169,463,921	\$ 121,319.22	\$ 205,051.34	\$ 83,732.12
Benzonia	8/10/1982	1.2100	0.7893	-0.4207	\$ 234,178,617	\$ 184,837.18	\$ 283,356.13	\$ 98,518.94
Blaine	8/10/1982	1.2100	0.7491	-0.4609	\$ 45,628,617	\$ 34,180.40	\$ 55,210.63	\$ 21,030.23
Colfax	8/10/1982	1.2100	0.904	-0.3060	\$ 26,142,883	\$ 23,633.17	\$ 31,632.89	\$ 7,999.72
Crystal Lake	8/10/1982	1.2100	0.6912	-0.5188	\$ 180,464,213	\$ 124,736.86	\$ 218,361.70	\$ 93,624.83
Gilmore	8/10/1982	1.2100	0.8164	-0.3936	\$ 43,497,510	\$ 35,511.37	\$ 52,631.99	\$ 17,120.62
Homestead	8/10/1982	1.2100	0.8837	-0.3263	\$ 77,736,246	\$ 68,695.52	\$ 94,060.86	\$ 25,365.34
Inland	8/10/1982	1.2100	0.758	-0.4520	\$ 81,053,806	\$ 61,438.78	\$ 98,075.11	\$ 36,636.32
Joyfield	8/10/1982	1.2100	0.979	-0.2310	\$ 29,282,727	\$ 28,667.79	\$ 35,432.10	\$ 6,764.31
Lake	8/10/1982	1.2100	0.5592	-0.6508	\$ 265,087,960	\$ 148,237.19	\$ 320,756.43	\$ 172,519.24
Platte	8/10/1982	1.2100	0.8371	-0.3729	\$ 20,659,627	\$ 17,294.17	\$ 24,998.15	\$ 7,703.97
Weldon	8/10/1982	1.2100	0.7258	-0.4842	\$ 89,380,893	\$ 64,872.65	\$ 108,150.88	\$ 43,278.23
Benzie County	8/10/1982	5.2900	3.4334	-1.8566	\$ 1,361,698,213	\$ 4,675,254.64	\$ 7,203,383.55	\$ 2,528,128.90
Northwest Education Services (TBAISD)	8/10/1982	0.2700	0.1928	-0.0772	\$ 1,361,698,213	\$ 262,535.42	\$ 367,658.52	\$ 105,123.10
TOTAL COUNTY TAX						\$ 5,851,214.37	\$ 9,098,760.26	\$ 3,247,545.89

Township	Election Date	Original Millage	Maximum Millage Allowable 2019	Change since 1982	2019 Taxable Value	2019 Millage Proceeds using Maximum Allowable	Potential Millage Proceeds w/ a Headlee Reset to original millage	Millage Revenue LOST by NOT resetting
Almira	8/10/1982	1.2100	0.7228	-0.4872	\$ 162,073,576	\$ 117,146.78	\$ 196,109.03	\$ 78,962.25
Benzonia	8/10/1982	1.2100	0.7946	-0.4154	\$ 225,451,581	\$ 179,143.83	\$ 272,796.41	\$ 93,652.59
Blaine	8/10/1982	1.2100	0.7491	-0.4609	\$ 44,247,005	\$ 33,145.43	\$ 53,538.88	\$ 20,393.44
Colfax	8/10/1982	1.2100	0.9057	-0.3043	\$ 25,159,214	\$ 22,786.70	\$ 30,442.65	\$ 7,655.95
Crystal Lake	8/10/1982	1.2100	0.6937	-0.5163	\$ 168,732,763	\$ 117,049.92	\$ 204,166.64	\$ 87,116.73
Gilmore	8/10/1982	1.2100	0.8164	-0.3936	\$ 44,166,959	\$ 36,057.91	\$ 53,442.02	\$ 17,384.12
Homestead	8/10/1982	1.2100	0.8967	-0.3133	\$ 74,726,172	\$ 67,006.96	\$ 90,418.67	\$ 23,411.71
Inland	8/10/1982	1.2100	0.7642	-0.4458	\$ 74,934,592	\$ 57,265.02	\$ 90,670.86	\$ 33,405.84
Joyfield	8/10/1982	1.2100	0.9866	-0.2234	\$ 28,531,542	\$ 28,149.22	\$ 34,523.17	\$ 6,373.95
Lake	8/10/1982	1.2100	0.5609	-0.6491	\$ 257,259,542	\$ 144,296.88	\$ 311,284.05	\$ 166,987.17
Platte	8/10/1982	1.2100	0.8508	-0.3592	\$ 19,990,968	\$ 17,008.32	\$ 24,189.07	\$ 7,180.76
Weldon	8/10/1982	1.2100	0.7337	-0.4763	\$ 86,046,635	\$ 63,132.42	\$ 104,116.43	\$ 40,984.01
Benzie County	8/10/1982	5.2900	3.4479	-1.8421	\$ 1,311,442,055	\$ 4,521,721.06	\$ 6,937,528.47	\$ 2,415,807.41
Northwest Education Services (TBAISD)	8/10/1982	0.2700	0.1943	-0.0757	\$ 1,311,442,055	\$ 254,813.19	\$ 354,089.35	\$ 99,276.16
TOTAL COUNTY TAX						\$ 5,658,723.62	\$ 8,757,315.69	\$ 3,098,592.07

RESOLUTION SUPPORTING A BENZIE COUNTY HEADLEE RESET ELECTION

WHEREAS, the Property Tax Limitation Act, being Public Act 62 of 1933 (MCL 211.201 *et seq*), allows for separate tax limitations, and

WHEREAS, the Benzie County voters approved such a separate limitation in 1982; and

WHEREAS, the 1982 separate millage limitations have been substantially reduced by State rollback provisions from the levels approved Benzie County voters in 1982; and

WHEREAS, all Townships located within the boundaries of Benzie County suffer the same substantially reduced separate millage limitation; and

WHEREAS, Board of Commissioners has the authority to initiate a review and vote of the electorate as to the appropriateness of altering the current fixed millage limitations pursuant to Section 5k of Property Tax Limitation Act (being MCL 211.205k).

THEREFORE BE IT RESOLVED, that the _____ Township Board of Trustees supports Benzie County's statutory procedure to consider altering the existing Benzie County fixed mill separate tax limitations of the county and the townships and intermediate school districts in the county.

BE IT FURTHER RESOLVED, that the _____ Township Board of Trustees in conjunction with all townships within the boundaries of Benzie County agree to appoint one Supervisor Representative to serve on the County Advisory Tax Limitation Committee.

I certify that the foregoing is a true and accurate copy of the resolution adopted by the _____ Township Board of Trustees, that such resolution was duly adopted at a regular meeting held on _____, and that notice of such meeting was given as required by law.

_____, Clerk

Dated: _____

Guide to Property Taxes, Proposal A, & Headlee Amendment



BENZIE COUNTY

448 Court Place
Beulah, MI 49617

www.benzieco.net

Overview

Proposal A

Proposal A, also known as the Michigan Tax Amendment, was passed in March of 1994, by Michigan voters. The primary goal of Proposal A was to reform school finance, but it included two provisions that altered local property taxation. The first was a limitation on the growth of individual properties to the lesser of inflation or 5%. The second was the establishment of “uncapping” property values. Uncapping refers to the process of increasing a property’s taxable value to the State Equalized Value at the time of a change of ownership. Passing Proposal, A, limited the amount that property taxes could increase on an annual basis. Proposal A was designed to overhaul Michigan’s educational finance system and provide property tax.

Headlee Amendment

The Headlee Amendment to the Michigan Constitution was passed in 1978 requiring that a millage rate be reduced or rolled back proportionally for that year. This amendment requires local governments to lower property taxes if their aggregate property tax revenue goes up as the result of property values (and tax assessments) rising faster than inflation unless voters approve the previous rate in a “Headlee rollback” election.

Since the passing of the Headlee Amendment, units of government are required to annually calculate a Headlee rollback factor. Headlee suppresses total taxing authority within a jurisdiction. Proposal A limits **taxable value** on individual properties.

Understanding Terminology

What determines my property tax?

Before Proposal A, property taxes were based on state equalized value (SEV) or assessed value (AV). Proposal A established taxable value (TV) as the way to calculate property taxes. Now, taxable value increases are limited to the change in the inflation rate or 5%, whichever is less. Each parcel of real property in Michigan has three valuations: assessed value, state equalized value, and taxable value.

What is assessed value?

The Michigan Constitution requires that property be uniformly assessed and not exceed 50% of the true cash value, which is usually the selling price that the property would bring on the local market. Each tax year the local assessment officer determines the assessed value of each parcel of real property based on its condition as of Dec. 31 of the previous year. If the property is covered by a conservation easement, the local assessor may take the easement into account in determining the assessed value.

What is State Equalized Value (SEV)?

The State Equalized Value (SEV) is the assessed value as adjusted following county and state equalization. The County Board of Commissioners and State Tax Commission review local assessment jurisdictions and adjust them, so they do not exceed 50% of true cash value. True cash value is the usual selling price that the property would bring on the local market. The Board of Commissioners in each county equalizes or applies an adjustment factor, to ensure that property owners in all cities, townships, villages, or school districts in the county pay their fair share of that unit's taxes.

Continued Terminology

Taxable Value

Taxable value is the lesser of state equalized value or capped value unless the property was sold the prior year, except for new construction. Taxable value the value on which property taxes are calculated in the State of Michigan.

What does Capped Value mean?

Capped value represents any inflation change from the previous year. CV is established when the taxable value of the prior year is multiplied by the inflation rate multiplier (IRM). The multiplier cannot be greater than 1.05 (1+5%). CV doesn't apply if you purchased your home last year.

CV= (Prior taxable value-losses) x (IRM) + Additions

True Cash Value

True cash value is the usual selling price of a property. The Legislature and Courts have very clearly stated that the actual selling price of a property is not a controlling factor in the True Cash Value or SEV as calculated by the local Assessor. For this reason, when analyzing sales for the purpose of determining assessment changes, the Assessing Office will review all sales, but exclude non representative sales from the assessment analysis.

How Are Property Taxes Calculated?

Property tax= taxable value/ 1,000 x each millage rate

How are Property Values Determined?

The sale of real property is used by Michigan assessors to compare assessed values with the actual sale prices or market values for those properties. Market value is the most probable price where both buyer and seller are knowledgeable, and neither is under duress. The average ratio between assessed value and the sale price should be 50%. Since real estate prices change constantly, the average ratio is usually not exactly 50%. Local assessors are required to reestablish the ratio annually.

Notice of Assessment

Taxpayers are notified each year before local boards of review meet in March. The “Notice of Assessment, Taxable Valuation and Property Classification” includes state equalized value; percent of exemption as a principal residence, Michigan Business Tax, or qualified agricultural property; and if the property was sold.

Calculating inflation rate

The 2023 inflation rate multiplier (IRM) is 1.079. The Calculation for 2023 from the United States Department of Labor can be found on the Department of Treasury’s website under the State Tax Commission.

What sales information is used in determining assessments?

A 23-month sales study is performed to determine property assessment. The time frame is determined by the State Tax Commission.

Can a Board of Review set the SEV or Assessed Value at the sales price of the property?

No, this is illegal in Michigan. An individual sales price IS NOT the same as true cash value of the property for many reasons including:

- An uninformed buyer
- Insufficient marketing time
- Related parties

The price paid in a property transfer is not the presumptive true cash value of the property transferred.

What happens when you purchase/transfer a property?

When a property or interest in a property is transferred, the following year's state equalized value becomes that year's taxable value. If you purchase property, your taxable value for the following year will be the same as the state equalized value. The taxable value will then be capped for the second year following the sale. When a property is transferred, the cycle starts anew, and the following year's SEV becomes the property's taxable value, eliminating the cap of the rate of inflation or 5%. This often triggers a "pop-up" in taxes due. Transfers of property from one spouse to the other or from a decedent to a surviving spouse are not considered a transfer of ownership. There are quite a few other exceptions of transfers that would be considered exempt transfers of property and also be exempt for the "pop-up" in taxes due.

MCL Section 211.27a(7)(u): Beginning Dec 31, 2014, it is not a transfer of residential real property if the transferee is the transferor's or the transferor's spouses' mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the conveyance.

Exemptions

Disabled Veteran Exemption

MCL Section 211.7b: MCL Section 211.7b: Real Property used and owned as a homestead by a disabled veteran who was discharged from the armed forces of the United States under honorable conditions is exempt from the collection of taxes under this act. In order to receive an exemption, the veteran must file an Affidavit, Form 5107 with their local municipality or with the Assessor Officer.

Below are the eligible requirements that the applicant must meet:

- The disabled veteran has been determined by the United States Department of Veterans Affairs to be permanently and totally disabled as a result of military service and entitled to veteran's benefits at the 100% rate.
- The disabled veteran is receiving or has received financial assistance due to disability for specially adapted housing.
- The veteran has been rated by the United States Department of Veterans Affairs as individually unemployable.

If a disabled veteran who is otherwise eligible for the exemption under this section dies, either before or after the exemption is granted, the exemption shall remain available to or shall continue for his or her unmarried surviving spouse. The surviving spouse shall comply with the requirements listed above and shall indicate on the affidavit that he or she is the surviving spouse of a disabled veteran entitled to the exemption. The exemption shall continue if the surviving spouse remains unmarried.

Examples

The following scenarios may reflect your situation. A 1.033 multiplier has been used for the examples.

You Purchased a New Home

Example A

Last year, you purchased a new home valued at \$200,000 with Assessed Value and State Equalized Value both at \$100,000, and a Taxable Value of \$80,000.

Sales in the neighborhood show the true cash value of the property has increased to \$210,000 for the year.

Current Year:

Assessed Value is (1/2 of \$210,000..... \$105,000

SEV (tentative) \$105,000

Value is uncapped the year following ownership transfer of a property. The Taxable Value will be the same as the State Equalized Value.

Example B-Added a Family Room to Your Home

Last year, your home valued at \$200,000 had a \$100,000 SEV and a Taxable Value of \$80,000. You added a family room addition valued at \$40,000.

Sales in the neighborhood show the true cash value of your property with the addition has increased to \$240,000.

Current Year:

Assessed Value (1/2 of \$240,000)\$120,000

SEV (tentative) \$120,000

Capped Value:

(((\$80,000 x 1.033) +50% of 40,000)\$102,640

Taxable Value, the lesser of SEV or CV..... \$102,640

You Made No Changes to Your Property

Example C-Increased SEV/TV Increase

Last year, your home was valued at \$200,000 had a \$100,000 State Equalized Value, and a Taxable Value of \$80,000.

Sales in the neighborhood show the true cash value of the property has increased to \$220,000 for the current year.

Current Year:

Assessed Value is (1/2 of \$220,000..... \$110,000

SEV (tentative) \$110,000

Capped Value (\$80,000x1.033) \$82,640

Taxable Value, the lesser of SEV or CV..... \$82,640

Example D-Decreased SEV/TV Increase

Last year, your home valued at \$200,000 had a \$100,000 SEV and a Taxable Value of \$80,000.

Sales in the neighborhood show the true cash value of your property has decreased to \$180,000 for the current year.

Current Year:

Assessed Value (1/2 of \$180,000) \$90,000

SEV (tentative) \$90,000

Capped Value: (\$80,000 x 1.033) \$82,640

Taxable Value, the lesser of SEV or CV..... \$82,640

Continued Exemptions

Farmland Exemption

Farmland must be determined to be qualified agricultural property. The state has defined qualified agricultural property as “unoccupied property and related buildings classified as agricultural, or other unoccupied property and related buildings located on that property devoted primarily to agricultural use.” The local assessor may request the property owner to show the exemption when needed. Otherwise, a property owner must claim an exemption by filing an affidavit with the local tax collecting unit on or before May 1. An exemption remains in place unless withdrawn or until rescinded. A denial of an exemption may be appealed to the local board of review.

Poverty Exemption

A person may be eligible to request a poverty exemption from property taxes if they, at a minimum, own and occupy the property as their homestead, demonstrate evidence of ownership and identification, and meet poverty income standards. The local board of review makes the determination if the exemption should be granted or denied based on the guidelines for both income and asset levels adopted by the local unit of government. To be eligible for an exemption, a homeowner must apply to the local assessing unit after January 1 but before the day prior to the last day of the board of review.

What is a Principal Residence Exemption (PRE)?

If you own and occupy your home as your principal residence, it may be exempt from a portion, or all local school operating taxes. On your Notice of Assessment, review your percentage of principal residence exemption to claim an exemption for the current year, you must own and occupy your home and file a pre-affidavit with your city or township by June 1 for the immediately succeeding summer tax levy and all subsequent tax levies or by Nov 1 for the immediately succeeding winter tax levy and all subsequent tax levies. Homeowners with a principal residence exemption currently residing in a nursing home, assisted living facility, or other location while convalescing and members of the armed services absent on active duty may maintain the exemption so long as they continue to own and maintain the property, they do not establish a new primary residence, and the property is not used for most commercial and business purposes. A homeowner who vacates their home because of damage or destruction may maintain the exemption for up to three years if they demonstrate an intent to move back in.

What is Farmland Development Rights Agreement or Easement Exemption?

Property owners who own farmland covered by a development rights agreement or easement with the state are exempt from special assessments for sanitary sewers, water, lights, and nonfarm drainage on land covered by the agreement or easement. The exemption does not apply to assessments in place prior to entering into an agreement or easement. The property owner cannot take advantage of the services financed through the assessment on the exempted land and may be required to pay the assessment if the agreement or easement is ended.

March Board of Review

Every taxpayer has the right to appeal their assessment. If you believe the assessed value is more than half the value of your property you may appeal the assessed or taxable values at the Board of Review in March. The Board of Review is comprised of three members and one alternate, which are knowledgeable residents of the community. The applicants who bring forth the appeal must show proof by including information such as photographs, appraisals, and listings of comparable sales. You can obtain information about the specific meeting dates and schedule an appearance with the board by contacting your local assessment office.

MCL 211.7u: Provides for a property tax exemption, in whole or part, for the principal residence of persons who, by reason of poverty, are unable to contribute to the public charges. In order to receive a poverty exemption, a taxpayer must annually file a completed application form, and all required additional documentation, with the supervisor, assessor, or the Board of Review where the property is located.

The Michigan Tax Tribunal

To make an appeal at the state level, a taxpayer must first locally appeal an assessment of residential or agricultural property. If not satisfied with the judgment of the board of review, a taxpayer may appeal the decision of the Michigan Tax Tribunal, an independent body of which has the power to hear appeals of judgements of the local boards of review. (Assessment classifications are appealed to the State Tax Commission.) The tribunal has seven members appointed by the Governor and confirmed by the Michigan Senate. To appeal a 2023 assessment to the Michigan Tax Tribunal, an appeal must be filed before July 31, 2023, for residential or agricultural property and before June 1, 2023, for other property.

Millage Renewal and Restoration

The millage rate was approved but the actual rate levied fluctuates due to the State of Michigan's Proposal A that limits property tax increases to the rate of inflation rate. **Benzie County voters approved a 5.29 millage in 1982, the amount the county collects have been reduced over the years because of restrictions based on Proposal A.** If voters approve to restore the millage to the original millage, it will gradually decrease again as the Proposal A restrictions are applied.

Headlee Rollback

The term became part of the Headlee Amendment to Michigan's Constitution in 1978. Headlee requires local units of government to reduce its millage when annual growth on existing property is greater than the rate of inflation. The local unit's millage rate gets "rolled back" so that the resulting growth in property tax revenue, communitywide, is no more than the rate of inflation. A "Headlee override" is a vote by the electors to return the millage to the amount originally authorized via charter, state statute, or a vote of the people, and is necessary to counteract the effects of the "Headlee Rollback."

When a Headlee Rollback occurs, the only way to increase millage rates is through a vote of the people, typically referred to as a Headlee Override. Proposal A exempted new construction from the rollback, but it did not for uncapped taxable value. When a property gets uncapped, the property owner must pay higher taxes on the property, however, that new value becomes part of the Headlee Rollback calculation and municipalities many do not recognize revenue from uncapping.

The Consequences

Although it might appear that a community with an annual increase in uncapped property values would benefit monetarily, uncapped values are treated as growth on existing property and may trigger Headlee rollbacks. For local governments levying at their Headlee maximum authorized millage, rolling back the maximum authorized millage rate reduces the revenue that would have been generated from these increased property values. The increase in the taxable value of the property not transferred is capped at the lesser of inflation. In essence, the Headlee Amendment and Proposal A keep property taxes from rising faster than inflation. Even though the taxable value of a particular piece of property increases at the rate of inflation, the millage rate for the entire community is “rolled back” because of the increase in the total taxable value of the community. The net result is a less than inflationary increase in the actual dollars received from property taxes. Consequently, the 1994 change to the General Property Tax Act has prevented local governments from being able to share the benefits of any substantial market growth in existing property values.



What does this mean for Benzie County?

Proposal A

Benzie County set is general fund millage rate for an “indefinite” amount of time in 1982 at 5.29 mills. Over the past years through the Headlee rollback process, the general fund millage rate has been reduced to 3.3378 for the 23/24 fiscal year. While the overall taxable value in Benzie County has grown over the years, the general fund millage rate has been steadily decreasing to the point that our annual expenses are outweighing the annual revenue coming into the County. Headlee rollbacks will continue in the future.

If Benzie County continues to operate at this rate of reduction in the General Fund Budget, county services will deteriorate, diminishing support for our citizens.

What can fix this?

Benzie County Administration and Board of Commissioners have been actively discussing this financial crisis and are preparing documents for the voters to propose a millage to renew and restore the original millage from 1982. Our neighboring counties ask voters to reset their general fund millage every 4-5 years. Benzie County doesn't necessarily need to take this action, but if we adopt a similar option, we can alleviate some of the financial crisis that the County possibly faces.