



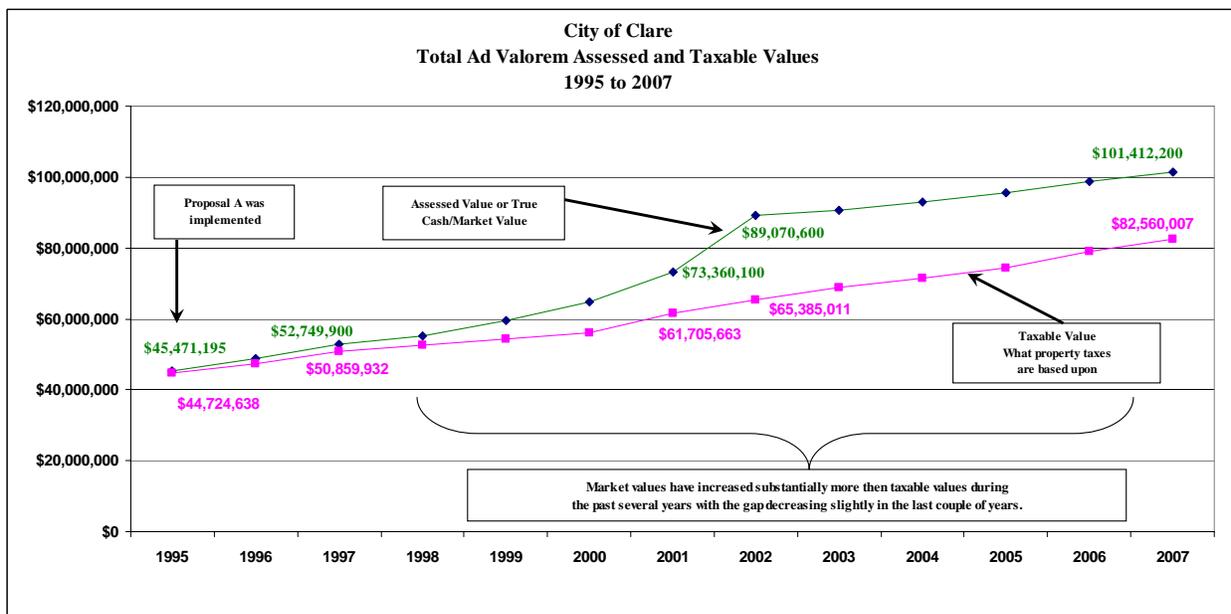
## FROM THE OFFICE OF THE CLARE CITY TREASURER

### With property values going down why are my taxes still going up?

As the City Assessor mails out the annual Notice of Assessment, Taxable Valuation and Property Classification notices this is a question that is asked by some property owners and certainly considered by many more. This notice is required to be prepared and mailed annually to inform property owners what the assessed and taxable values will be for their property for the upcoming tax season. The notice also indicates whether the property is homesteaded and how the property is classified (residential, commercial, industrial, etc.). The notice also outlines the procedures to challenge or protest the valuations for the property through the Board of Review.

As discussed in previous articles, property taxation within the State of Michigan changed rather dramatically when voters approved Proposal A on March 14, 1994. Prior to Proposal A Michigan's property taxes were 33% above the national average while our state sales tax was 32% below the national average. Proposal A's primary purpose was to lower property taxes, place limits on how much property taxes could increase from year to year, implement an equitable method of funding public schools throughout the state and our state sales tax was increased from 4% to 6%.

So why are your property taxes continuing to go up when it appears that market values are going down? First, we need to understand that not all property values are going down and in fact there are many areas of our community where property values are continuing to increase. As previously discussed, the assessor is required by law to gather information on property sales data from the county register of deeds office and to use this information as part of the assessed valuation modeling of all property for the upcoming tax period. But even more fundamentally, under the voter approved Proposal A as a general rule property taxes can only increase, they cannot decrease unless the assessed value of the property declines below the taxable value. Since 1995 taxable values have been restrained to the rate of inflation or no more than 5% in any given year so consequently, assessed (market or true cash) values have outpaced taxable values. The graph below visually presents the separation of total assessed values (the upper graph line) and taxable values (the lower graph line) within the City of Clare.



If you have questions about this information or any other finance or property tax matter within the City of Clare please feel encouraged to give me a call (386-7541, extension 107), stop by City Hall or if it is more convenient you can send me an e-mail message at [skingsbury@cityofclare.org](mailto:skingsbury@cityofclare.org). Additional information on this subject can be found by searching for the term "Proposal A Michigan" within Google on the Internet.