

Taxes still going up as property values decline

By LINDA GALLAGHER

CENTRAL LAKE-If you haven't already received it, you might want to sit down and take a deep breath before you open your annual tax assessment notice in the next few days.

While its contents may be shocking for some, it's a sign of how a troubled economy and unforeseen consequences from a state constitutional amendment can leave some property owners paying more taxes while property values appear to be sliding.

"In this township, not every property had a decrease in assessed value, but most did, except those just transferred (sold), and those properties with new construction," said Central Lake Township Assessor Jim Keller last week.

Driven by the market, assessed values drop when housing prices are down as determined by sales in the last year. But in most areas

of Michigan, including Antrim County, there wasn't much in the way of real estate sales last year.

That leaves assessors with a small sample size to determine what's happening with property values. And since homes are classified by letter grades such as A, B, C and D based on size, amenities and location, there's even a smaller sample to draw from, Keller said.

Pointing to one assessment in particular, a home on West Intermediate Lake Drive on the southern edge of Central Lake that is not located on the water, Keller said, "This homeowner's assessed value decreased by \$9,000 from 2007 to 2008. Yet, it's taxable value increased \$2,267. That's fairly typical of this area."

The Consumer Price Index, which is used to calculate taxable value increases, led to a 4.4 percent increase across the

board, the highest increase in the rate of inflation ever, said the assessor.

Property owners do have some options. They can appeal their assessments at township board of review meetings, which are listed on the notice of assessment and held during the month of March, if they have evidence to support the case.

The CPI, which is set annually by the state of Michigan using a formula incorporating a number of factors, cannot be appealed, Keller said.

So, at a time when many are struggling with employment and declining housing values, why are taxes going up?

The answer is simple: Proposal A.

In March 1994, voters approved Proposal A because property taxes were increasing drastically from year to year. Proposal

Please see Taxes on page 2A

Taxes

Continued from Front

A capped the rate taxable value could increase each year by the CPI, or 5 percent, whichever is less.

It worked for years. Then the recession came. The CPI continued to increase each year, meaning taxable value continued to increase even if assessed value went down.

What's happened in the last two years is an unforeseen consequence of Proposal A. And since Proposal A was a voter-ap-

proved amendment to the state constitution, lawmakers cannot alter its formula.

Still, Rep. Andy Dillon, D-Redford, last year made the property tax issue a consideration for action in Lansing. However, the legislation prohibiting any increase in property taxes if assessed value declines, which was approved by the House, died before being presented to the state Senate, with legislators reportedly concerned that townships, cities, villages and counties would see stagnant revenue income for that year.

When contacted, Sen. Jason Allen, R.-Traverse City, said that he and 101st District Representative Kevin Elsenheimer, R.-Kewadin, were planning a forum in Charlevoix in early March to help area residents work through the tax appeal process.

A new proposal amending Proposal A doesn't appear likely this year, Allen said, as such action would require a state constitutional amendment. "I'm very supportive of tweaking Proposal A, but it would require lots of work to change the state constitution," he said.