

# **A Taxing Conversation**

What are my property taxes  
based on each year?

Taxable Value x Millage Rate = Tax Amount

# Understanding Proposal “A”

- Capped Market Adjustment to the CPI
- Created a “Taxable Value” which property taxes are now based
- The year following a transfer, the taxable value “uncaps” to the current assessed value
- A new cap is established and continues as long as you own the property

# Taxable Value Formula

- $(\text{Prior Year Taxable} - \text{Losses}) \times \text{CPI} + \text{Additions}$
- CPI = Consumers Price Index as established by State of Michigan (Not determined locally)
- Losses = Reduction in value due to demolition, fire, or environmental contamination
- Additions = Increases in value due to new construction & additions not previously assessed

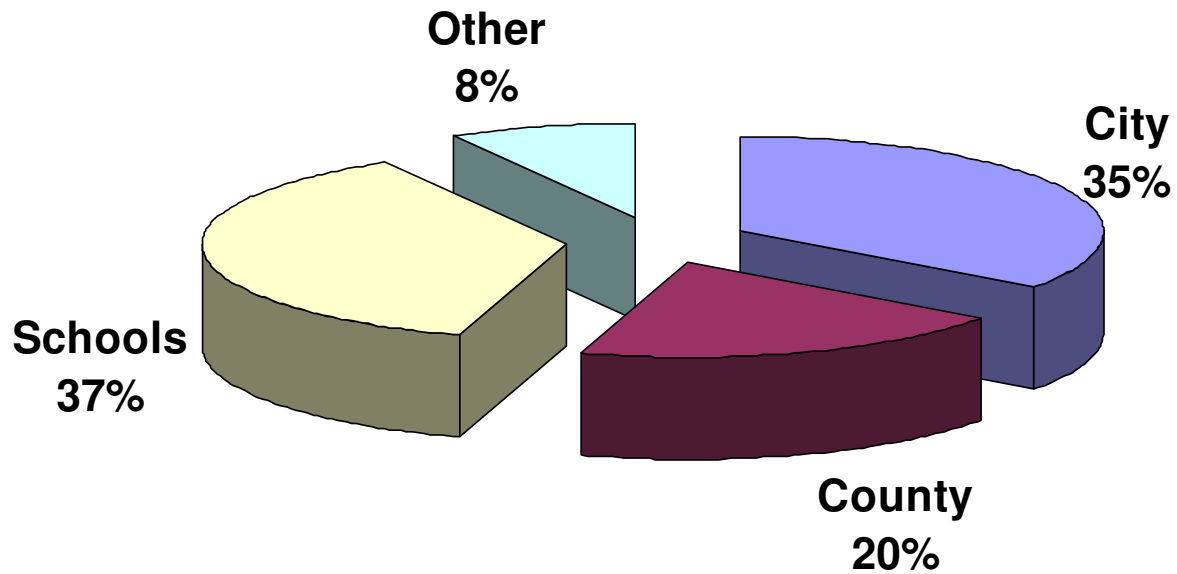
# Improvements that are NOT Taxable

- Michigan Law defines improvements that are not taxable under MCL 211.27. They include:
  - Painting
  - Replacing existing items such as siding, roof, furnace, porches, windows, doors
  - Repairing wiring, plumbing, fixtures
- Simply stated, normal maintenance does not cause an increase in the taxable value of your property

Where do my tax dollars go?

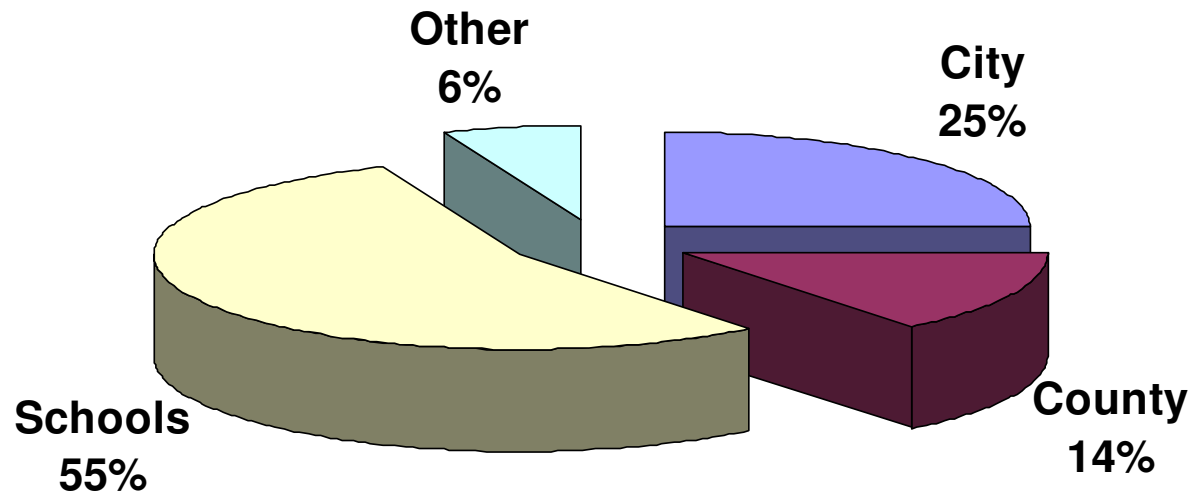
# Tax Dollar Allocation

## Homestead



# Tax Dollar Allocation

## Non-Homestead



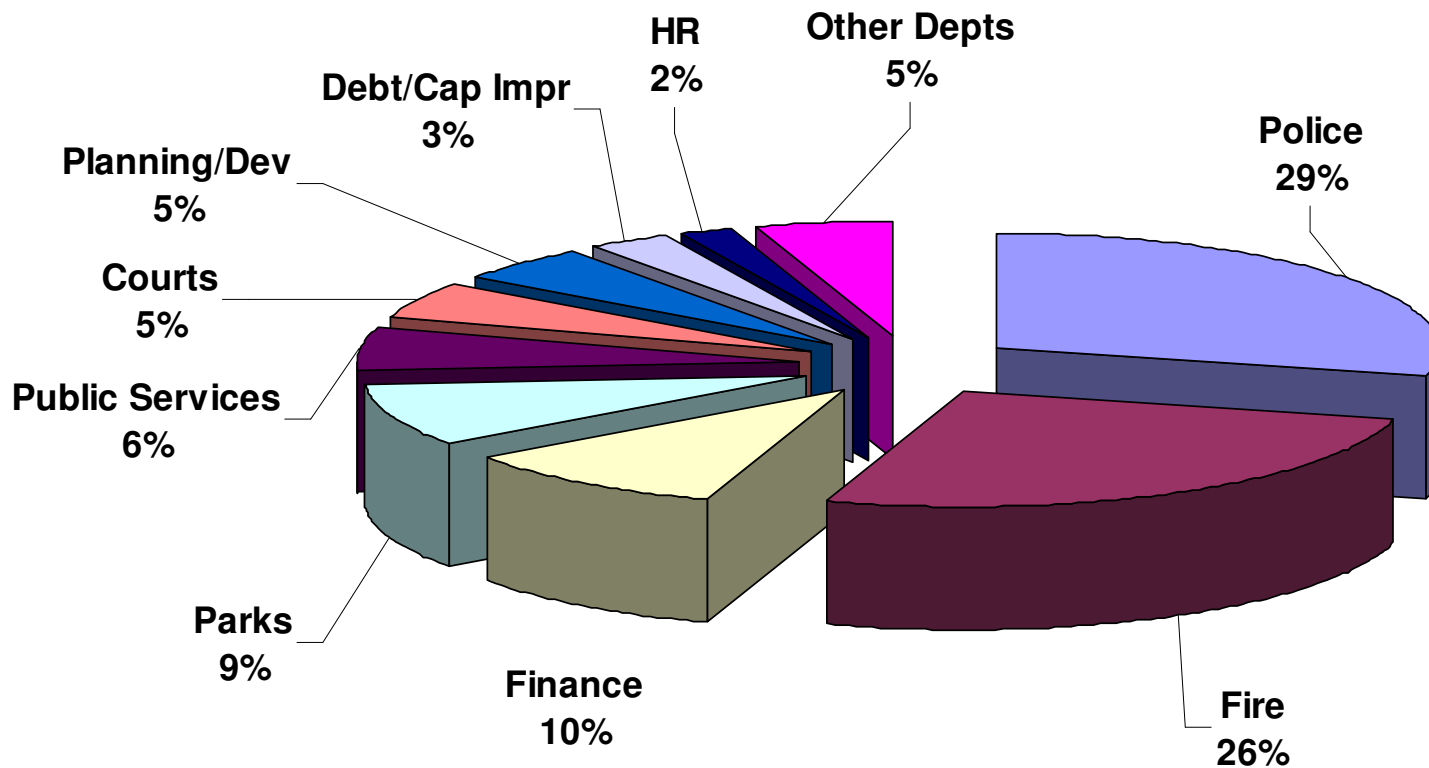


# Types of City Services

- Essential Services – Police, Fire, Public Services (Think “First Responders”)
- Statutory Services – Clerk, Assessor, Treasurer, Planning, Courts, Elected Officials
- Support Services – Human Resources, Human Relations, Computer Services, Finance/Budget/Accounting

# Tax Dollars at Work

## General Fund Expenditures FY2007



# What exemptions are available?

- **Principal Residence Exemption**
- Must own and occupy as a primary residence prior to May 1<sup>st</sup> in a given year
- Must file the principal residence exemption form with your local assessing office
- Exempts the property from 18 mills of school operating millage
- For an average property with a taxable value of 45,000, it would save \$810/year

# What exemptions are available?

- **Poverty Exemption**
- Must meet Federal poverty standards
- Must submit completed application to Assessing office along with previous year income tax return
- Guideline as established by council sets taxes for those who qualify at 3.5% of their annual income

# Tax Incentives

- **Obsolete Property Rehabilitation Act (OPRA)**  
Property must be determined to have at least 50% functional obsolescence
- **Industrial Facilities Tax (IFT)**  
Granted by the state for new real or personal property
- **Act 328 Personal Property Exemption**
- Contact Lansing's Economic Development Corporation to obtain additional information at (517) 483-4151

# Additional Information

- Property Transfer Affidavits and Principal Residence Exemption forms can be obtained from the city's website at:
- [www.cityoflansingmi.com](http://www.cityoflansingmi.com)

Select Departments, Assessing

Select Transfers for PTA

Select Residences for PRE