

TOWNSHIP OF SUMMIT

2121 Ferguson Road
Jackson, Michigan 49203
517-788-4113 - www.summittwp.com

2009 Newsletter

From the Supervisor's Office – We're taking advantage of this year's Assessment Notice mailing to include some information on current events in the township. Each of the major departments has included topics which may be of interest to you. I would call your attention to the township's website, www.summittwp.com. Here you will find information on meeting dates for the various township boards and commissions, the township Master Plan and Recreation Plan as well as a complete searchable listing of all township ordinances and more. Please take a look when you get a chance.

We need your help in managing the township Recycling Center. When the recycling dumpsters are full, please come back another time. DO NOT leave your recyclables on the ground. If you observe someone doing this please obtain a license plate number and report it to the Township Sheriff Deputy at 788-4113, ext 237. The Recycling Center has been one of the most popular services available for all of our residents. Your help and cooperation will assure its continued availability.

From the Assessor's Office – One of the topics of highest interest is the enclosed Assessment Notice. If you've owned your home for five years or more, you're likely to see that your State Equalized Value (SEV) or market value has declined while the Taxable Value has increased. This is a dynamic of Proposition A, passed in 1994, which capped the Taxable Value at the rate of inflation, though the SEV may have increased at a greater rate. Even when market values turn down, as they have over the past two years or so, they will likely still be above the taxable value, which will consequently continue to rise. Only when the market value falls below the taxable value will the taxable value actually come down (see the enclosed brochure for details). Public information meetings to discuss and explain this phenomenon are planned for Tuesday, February 24th and Thursday, February 26th (1PM and 6PM each day) in the township meeting room.

From the Clerk's Office – Summit Township registered voters will have the opportunity to vote for School Board representatives on Tuesday, May 5th, 2009. Precinct locations will be the same as for the November, 2008 election. The polls will be open from 7:00 AM until 8:00 PM on Election Day.

Precinct 1
Fire Station #2
2507 Spring Arbor Road

Precinct 3
First Church of Christ
2395 W. High Street

Precinct 7 & 12
Summit Township Hall
2121 Ferguson Road

Precinct 2 & 4
Lumen Christi High School
3483 Spring Arbor Road

Precinct 5 & 6
Fire Station # 1
2121 Ferguson Road

Precinct 8, 10 & 11
Vandercook Lake High School
1000 East Golf Avenue

Precinct 9
City Fire Station
1705 Pringle Street

Absentee Ballot applications will be available at the Township office for those who wish to vote absentee for this election. Ballots will be mailed or can be picked up during office hours in April.

(over)

From the Treasurer's Office – Property tax and water & sewer bills may be paid at Citizens Bank branch offices at 2229 Fourth Street, 4515 Francis Street and 1514 West Morrell Street or at the Township offices at 2121 Ferguson Road. These bills may also be paid electronically. Enrollment instructions are on the back of your property tax bill or you may call 788-4113, ext 231 if you need assistance.

From the Building Official's Office – There are several changes you need to be aware of in the State Building Code. "Egress windows" are now required in new structure basements (whether finished or not). The new Energy Code, effective October, 2008 requires, in part, new construction to have insulation ratings of R-21 in walls, R-49 in ceilings and R-10 in basement walls. An insulation review form is required to be filled out and must accompany a building permit application. And, the size of accessory structures requiring frost free footings has increased from 400 sq ft to 600 sq ft.

From the Fire Chief – Everyone knows that we've had a lot of snow so far this winter. If there is a fire in your home or neighborhood, time is of the essence for saving lives and property. Keeping snow shoveled away from a fire hydrant located on your property will help reduce the time it takes to set up for firefighting operations. Some other things to keep in mind – check your smoke and carbon monoxide detectors every month and practice your emergency escape plan. If you plan to do any burning, please call the fire department at 788-4115 to see what is permissible and to obtain a permit.

From the Department of Public Works – We want to remind you that, effective April 1st, residential sewer rates will be increasing by \$2/month. Commercial sewer rates will be increasing proportionally. This is the fourth step in a five year program approved by the Township Board of Trustees in 2006. In an effort to manage costs and keep rates as low as possible in the future, we also wish to remind you that sump pumps are not allowed to be discharged into the sanitary sewer system. This practice results in ground water being treated as waste water and an unnecessary cost for this treatment.

2008 Accomplishments – We were very fortunate to have accomplished a number of significant projects during this past year. Among them are:

- A 5 year review of the Recreation Plan emphasizing the overwhelming interest among Township residents for further development of "non-motorized trails".
- A 5 year review and update of the (Land Use) Master Plan which will be effective in April, 2009 after a Public Hearing this month.
- Entered into a contract to provide building inspection services to Napoleon Township, thereby sharing costs and preserving the integrity of Summit Township's Building Inspection Department.
- Commissioned a new ladder truck and two rescue units for the Fire Department.
- Completed the construction of a new million gallon water tank to meet DEQ requirements for reserve capacity.
- Extended our contract for police services with the Sheriff's Department for another four years.
- Completed the codification of township ordinances bringing all up to date and providing a link on the Township website to access a searchable database.

**UNDERSTANDING
PROPOSAL A
IN A DECLINING
MARKET**

2009 EDITION

Important Information
Please read the enclosed information.
If you still have questions, you can
contact the

Township of Summit Assessing Department
2121 Ferguson Rd., Jackson, MI 49203
(517) 788-4113 ext 234
Office Hours:
Monday-Friday
8:00 a.m. to 5:00 p.m.

Proposal A

On March 15, 1994, Michigan voters approved
the constitutional amendment known as
Proposal A.

Proposal A was designed to limit the growth
in property taxes by the Consumer Price
Index (CPI) until ownership in the property
was transferred.

How It Works

Prior to Proposal A, property taxes were
based upon State Equalized Value (SEV) or ½
the Market Value. With the implementation
of Proposal A, property taxes are now based
upon Taxable Value.

Each year, the Assessing Office must
calculate the SEV for every property based
upon the time frame as outlined by the
State Tax Commission. A property's
taxable status is determined as of December
31, which is called Tax Day.

Additionally, each property has a Capped
Value. Capped Value is calculated by
multiplying the prior year's Taxable Value,
with adjustments for additions and losses,
by the CPI as calculated by the State of

Michigan and cannot increase by more than
5%. For 2009, the CPI has been calculated
at 4.4%.

Taxable Value (TV), which property taxes
are based on, is defined as the lower of
State Equalized Value or Capped Value.

Generally speaking, this means that unless
the current year SEV is less than the
previous year Taxable Value multiplied by
the CPI, the current years Taxable Value
will increase by the CPI.

SEV = 50% of True Cash Value

Capped Value =

(Prior TV-Losses) x (1+ CPI*) + Additions

* Percent of change in the rate of
inflation or 5%,
whichever is less, expressed as a
multiplier

Taxable Value =

The lesser of State Equalized Value or
Capped Value unless there is a transfer of
ownership.

The Equalization Timetable

With significant evidence of declining
market values, the Township of Summit is
using a 12 month sales study to determine
values for the 2009 assessment cycle.

For 2009 assessments, the 12 month sales
study begins with sales during October 1,
2007 and thru September 30, 2008.

Use of a 12 month study allows 2009
assessments to more accurately reflect
current market conditions. It may be
necessary for the Assessor to expand areas
for reviewing neighborhood analysis or
estimate market changes based upon area
trends.

Actual Sale Price is not True Cash Value

The law defines True Cash Value as the
usual selling price of a property. The
Legislature and the Courts have very
clearly stated that the actual selling
price of a property is not a controlling
factor in the True Cash Value or State
Equalized Value as calculated by the
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.

Foreclosure Sales

Inherent in the definition on usual selling
price is the assumption that the sale does
not involve any element of distress from
either party.

The State Tax Commission has issued
guidelines concerning foreclosure sales
and, generally speaking, these guidelines
preclude the Assessor from considering
foreclosure sales when calculating values
for assessment purposes.

For this reason, all distressed sales, such
as sales involving mortgage foreclosure or
sales involving transfers to or from
relocation companies, are not considered as
typical sales in the valuation of property
for assessment purposes nor are they
reliable indicators of value when making
market comparisons for current assessed
values or appeals.

**Transfers of Ownerships and
Uncapping of Assessments**

According to Proposal A, when a property
(or interest in a property) is transferred,
the following year's SEV becomes that
year's Taxable Value. In other words, if
you purchased a property in 2008, the
Taxable Value for 2009 will be the same as
the 2009 SEV. The Taxable Value will then
be "capped" again in the second year
following the transfer of ownership.

It is the responsibility of the buyer in a transfer to file a Property Transfer Affidavit with the Assessor's Office within 45 days of the transfer. Property Transfer Affidavit forms are available at the township office.

Again, it is important to note that a property **does not uncap to the selling price** but to the SEV in the year following the transfer of ownership.

Principal Residence Exemption

If you own and occupy your home as your principal residence, it may be exempt from a portion of local school operating taxes. You may check your percentage of principal residence exemption on your "Notice of Assessment".

If the percentage exempt as "Principal Residence" is 0% on your assessment notice and you wish to claim an exemption for the current year, a Principal Residence Exemption Affidavit must be completed and filed with the Assessors Office prior to May 1.

Furthermore, if you currently have a Principal Residence Exemption on your property and you no longer own and occupy the property as your primary residence, you must rescind the Principal Residence Exemption with the Assessor's Office.

Forms to claim a new exemption or to rescind a current exemption are available at the township office.

So What Does it all Mean?
How can I expect my assessment to change in 2009?

As stated in the Equalization Timetable, for 2009, the time period of the sales study for assessment review is October 1, 2007 through September 30, 2008. Sales occurring after October 1, 2008 will not be reviewed until the 2010 assessment cycle.

How can my Taxable Value go up when my SEV goes down?

Remember that the definition of Taxable Value is the lesser of SEV or last year's Taxable Value (adjusted for physical changes) times the CPI. (4.4% for 2009).

Since the beginning of Proposal A in 1994, overall increases in SEV have generally been greater than the increase in Taxable Value capped at the CPI. The longer a property has been owned and capped, the greater the gap between SEV and Taxable Value. Even with a decrease in SEV for 2009, there may still a gap between SEV and Taxable Value and the 2009 SEV is greater than the Taxable Value in the previous year, the Taxable Value will increase to the limit of the CPI cap.

If, however, the 2009 SEV is lower than the calculation of last year's Taxable Value

multiplied by the CPI, then the 2009 Taxable Value will be the same as the 2009 SEV.

