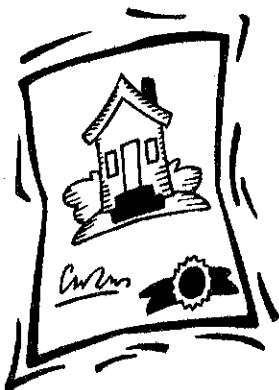


## Where Do My Home Property Tax Dollars Go?



This contains information and a complete example using calendar year 2014 tax rates and levies for all taxing units. Please review the complete document.

### Who Gets My Property Tax Payments?

Your taxes support many different efforts and services. The City of Buchanan collects property taxes for a number of governmental entities such as Berrien County (Operations, 911, Law Enforcement, County parks, Senior Center), Schools, Dial-A-Ride, SMCAS, State Education and the District Library. This means, we take your tax money and pass it on to these entities. **In fact, in 2018, out of every dollar paid in non-homestead property taxes at Buchanan City Hall, the City kept .30 cents and passed the other .70 cents on to others.**

### Who gets a Share of My Taxes?

All of the following get a share of your tax dollars, they are:

- Buchanan Community Schools – Debt
- Buchanan Community Schools – Non-Homestead
- Lake Michigan College
- Berrien RESA – General
- Berrien RESA – Special Education
- Berrien County – General Operations
- Berrien County – 911 Service
- Berrien County – Law Enforcement
- Berrien County – Senior Center
- Berrien County – County Parks
- State Education Tax
- Library – General
- Dial-A-Ride
- SMCAS Ambulance Service
- Buchanan City Charter (Operations)



### Why Do I Get Two Tax Bills?

Some taxes are collected in the summer and some are collected in the winter. The example below is for both your summer and estimated winter 2019 taxes.

### How Are My Property Taxes Figured?

It may be confusing but keep these three terms in mind when understanding your property taxes.

**True Cash Value:** This is the amount (value) that the assessor says your property is worth. In other words, it is the amount that the assessor believes you could sell your property.

**Assessed Value:** By Michigan law, the assessed value is  $\frac{1}{2}$  of the true cash value.

**Taxable Value:** By Michigan law, your property taxes have been capped and cannot increase faster than other economic factors such as the rate of inflation. Some properties have been capped since the law went into effect. The 'cap' is removed when a property is sold or transferred to another party.

Once a property is purchased and the cap removed future increases will also be capped. This also leads to confusion as properties with similar true cash values can have very different taxable values.

For example, if the assessor says your home would sell for \$90,000, your assessed value would be \$45,000. Your 'taxable value' would be the same or less - but never more. Your taxable value may be less depending on how long you have lived in the home. That is because state law caps 'taxable value'. This means taxable value cannot increase faster than other economic factors and this results in your taxable value being less than the assessed value.

### **What is a Principal Residence Exemption?**

This used to be called a 'homestead' exemption. Now it is called a Principal Residence Exemption. This is a break on your taxes paid for school operating mills only on your principal residence (where you live). A person with one home has only one 'principal residence.' A person with two or more homes can still only have one 'principal residence' that receives the exemption for school operating mills. For most people, this exemption reduces their taxes significantly. In Buchanan, local public school operating mills total 18.000. This amount is subtracted off the total mills to be paid.



### **Can I Figure My Own Property Tax Bill?**

Yes, you can figure your own property tax bill. To do this you will need to know your taxable value and the number of mills levied on your summer and winter tax bill.

### **What is a Mil?**

Taxes are levied as mills. A mil is 1 thousandth of your taxable value.

### **How Do I Figure My Property Tax Bill?**

Now that you know the number of mills and your taxable value, to figure your tax bill, use this formula: Take the taxable value of your property and divide that by 1,000. Then multiply that by the number of mills for each tax or the number of total mills. The result is the amount of your property taxes. Follow the three easy steps below.

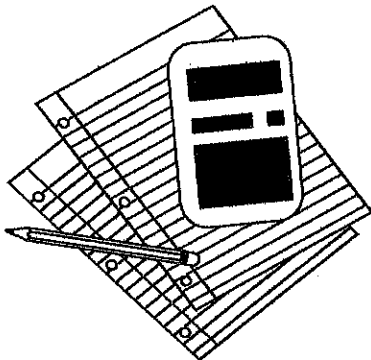
Example: A home with a taxable value of \$40,000.

**Step one:** Divide \$40,000 by 1,000. This equals \$40.

**Step two:** Multiple \$40 times the number of mills – 58.4069 mills for your summer and winter property tax bill without a Principal Residence Exemption and 40.4069 with the Principal Residence Exemption (meaning this property is your principal residence that you live in).

**Step three:** Your total summer and winter tax bill with a Principal Residence Exemption will be \$1,636.30. If this property is not your principal residence, the tax bill will be \$2,356.30. This amount does not include the flat fee SMCAS charges annually on your winter tax bill, which in 2018 was \$20.00, and 1% administration fee assessed on both tax bills.

Using the same example of a home that would sell for \$90,000, with an assessed value of \$45,000 and a taxable value of \$40,000 the taxes you paid went to support all of the following:



<b>SUMMER TAX RATES and LEVIES for YOUR SUMMER TAX BILL</b>		
<b>Number of Mills</b>	<b>Who gets your tax dollars and what the tax supports</b>	<b>Dollar Amount</b>
17.6000	Buchanan City Charter – General Operating	\$704.00
1.0000	Dial-A-Ride	\$40.00
4.7723	Berrien County – General Operating	\$190.90
6.0000	State Education Tax	\$240.00
3.9993	Buchanan School – Debt & Building Site	\$159.98
18.0000	<i>Buchanan School – Non Principal Residence (If you have a Principal Residence Exemption you do not pay this)</i>	\$720.00
0.1745	Berrien RESA – General Operating	\$6.98
2.1954	Berrien RESA – Special Education	\$87.82
2.2654	Lake Michigan College - General Operating	\$90.62
<b>56.0069</b>	<b>Total Summer Tax Bill - Non Principal Residence Exemption</b>	<b>\$2,240.30</b>
<b>38.0069</b>	<b>Total Summer Tax Bill - WITH Principal Residence Exemption</b>	<b>\$1,520.30</b>
<b>ESTIMATED WINTER TAX RATES and LEVIES for YOUR WINTER TAX BILL</b>		
0.4500	Berrien County – 911 System	\$18.00
0.3500	Berrien County – Law Enforcement	\$14.00
0.3000	Berrien County – Senior Center	\$12.00
0.1000	Berrien County – County Parks	\$4.00
1.2000	Buchanan District Library - General Operating	\$48.00
0.0000	Buchanan District Library - Debt	\$0.00
\$20.00	SMCAS Ambulance Service Annual Assessment Fee	\$20.00
<b>2.4000</b>	<b>Total Winter Tax Bill</b>	<b>\$116.00</b>
<b>SUMMARY INFORMATION</b>		
<b>58.4069</b>	<b>Total Mills Levied and Total Summer and Winter Tax Bill</b>	<b>\$2,356.30</b>
<b>40.4069</b>	<b>Totals WITH Principal Residence Exemption</b>	<b>\$1,636.30</b>
17.6000	Total Mills Levied and Taxes Paid for the City of Buchanan	\$704.00
40.8069	Total Mills Levied and Taxes Paid for all Other Purposes	\$1,652.30
<i>1% Administrative Fee is assessed on all tax bills not included in above example</i>		
For every dollar you pay in taxes, just $\phi$ .30 actually stays with the City of Buchanan. Or, 70% of the taxes you pay go to other taxing entities and 30% goes to the City of Buchanan		

**Questions?**

Please feel free to contact Buchanan City Treasurer, Juli O'Bryant at 269-695-3844 or [jobryant@cityofbuchanan.com](mailto:jobryant@cityofbuchanan.com) with questions regarding your tax bills.