

Where Do My Home Property Tax Dollars Go?



This contains information and a complete example using calendar year 2013 tax rates and levies for all taxing units. Please review the complete document.

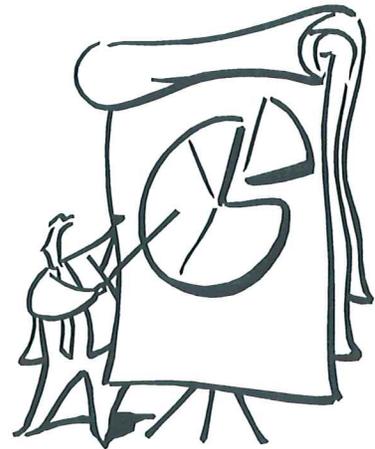
Who Gets My Property Tax Payments?

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 2013, 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 – Other Local
- 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
- Library – Debt
- 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 winter 2011 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 mils 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 mils. For most people, this exemption reduces their taxes significantly. In Buchanan, local public school operating mils total 18.000. This amount is subtracted off the total mils 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 mils levied on your summer and winter tax bill.

What is a Mil?

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

How Do I Figure My Property Tax Bill?

Now that you know the number of mils 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 mils for each tax or the number of total mils. The result is the amount of your property taxes. Follow the three easy steps below.

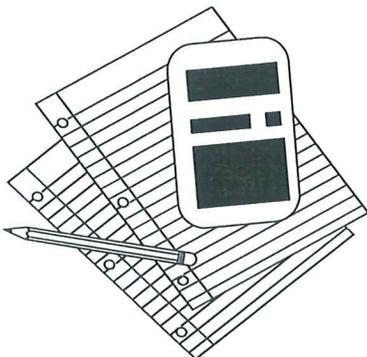
Example: A home with a taxable value of \$40,000.

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

Step two: Multiple \$40 times the number of mils – 58.1276 mils for your summer and winter property tax bill without a Principal Residence Exemption and 40.1276 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 \$1,605.10. If this property is not your principal residence, the tax bill will be \$2,325.10. This amount does not include the flat fee SMCAS charges annually on your winter tax bill, which in 2011 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:



SUMMER TAX RATES and LEVIES for YOUR SUMMER TAX BILL		
Number of Mils	Who gets your tax dollars and what the tax supports	Dollar Amount
17.1000	Buchanan City Charter – General Operating	\$684.00
1.0000	Dial-A-Ride	\$40.00
4.7723	Berrien County – General Operating	\$190.89
6.0000	State Education Tax	\$240.00
5.0000	Buchanan School – Other Local	\$200.00
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
1.7854	Lake Michigan College - General Operating	\$71.42
56.0276	Total Summer Tax Bill - Non Principal Residence Exemption	\$2,241.10
38.0276	Total Summer Tax Bill - WITH Principal Residence Exemption	\$1,521.10
WINTER TAX RATES and LEVIES for YOUR WINTER TAX BILL		
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
0.9000	Buchanan District Library - General Operating	\$36.00
0.3000	Buchanan District Library - Debt	\$12.00
\$20.00	SMCAS Ambulance Service Annual Assessment Fee	\$20.00
2.4000	Total Winter Tax Bill	\$116.00
SUMMARY INFORMATION		
58.4276	Total Mils Levied and Total Summer and Winter Tax Bill	\$2,357.10
40.4276	Totals WITH Principal Residence Exemption	\$1,637.10
17.1000	Total Mils Levied and Taxes Paid for the City of Buchanan	\$684.00
41.3276	Total Mils Levied and Taxes Paid for all Other Purposes	\$1,673.10
<i>1% Administrative Fee is assessed on all tax bills not included in above example</i>		
For every dollar you pay in taxes, just ¢.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 with questions regarding your tax bills.