

BERRIEN COUNTY

Tax-take down for much of county

Many local governments and schools will have less money to work with due to lower property values

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ST. JOSEPH — Many municipalities and school districts in Berrien County will see tax revenue declines in the year ahead as

property values continue to fall.

The assessed value of real and personal property in Berrien County dropped 3.74 percent this year from the 2011 level. The \$337 million drop in assessed value was the third consecutive annual decline, according to the latest county equalization report.

Meanwhile, the taxable value used to determine property taxes showed an overall decline of 0.52 percent. The drop negated an anticipated increase in overall tax-

able value from a 2.7 percent jump in the inflation rate in 2012.

"It wiped out the increase we have had in the past," said Gordon Schreiber, deputy director of the county Equalization Department.

According to the report, which was approved by the county Board of Commissioners Thursday night in a meeting at the St. Joseph Township Hall, all but one of the nine cities in the county and half of the 22 townships ex-

perienced decreases in the overall taxable value of real property.

St. Joseph saw an increase of 2.25 percent, and 11 townships had increases ranging from 0.34 percent to 4.76 percent.

Overall taxable value is important to cities, townships, villages and other taxing units because the taxable value determines how much revenue will be collected through millage levies.

"All these units seeing these declines will definitely have to adjust

their budgets for 2012 and 2013," Schreiber said.

For county government officials, the drop in taxable value of real and personal property from \$6.983 billion in 2011 to \$6.947 billion this year, a decline of \$36,046,684, or 0.52 percent, will mean about \$500,000 less in tax revenue. This year's general fund budget is \$51.1 million.

The equalization process sets

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the property tax base for the county, helping to ensure that property taxes are levied fairly. The county Equalization Department also helps local assessors who prepare tax rolls.

The equalization report now goes to the State Tax Commission for review. The commission adopts equalization reports submitted by counties in late May.

How it works

In Berrien County, taxable values are being pushed down in part by a

significant decrease of \$337,538,878 in the assessed, or equalized, value of property.

Under state law, the taxable value of a parcel of property cannot be greater than the assessed value, which is supposed to be half of market value. When the assessed value of a house or business drops below the taxable value, the taxable value is reduced.

Taxable values have tended to lag far under assessed values because their growth is limited to the inflation rate, which has been low for years. Assessed values tend to reflect market conditions because they

are based on sales studies.

The decline in assessed value is attributed in part to sluggishness in the housing market, which continues to be affected by the large number of foreclosures holding down prices, Schreiber said.

"What we're seeing is that foreclosures still have a negative impact on residential sales," said Schreiber, who believes those conditions will continue for a year or two.

Foreclosed houses often sell for well under value, and once there are fewer of them on the market, conditions should improve, he said.

Another factor is that

new construction has not recovered from the long economic downturn. The recession and economic downturn continue to affect the value of property other than residential.

"Most of the market is still going down in commercial and industrial," Schreiber said.

Assessed values for property classes in each township and city — residential, commercial, industrial and agriculture — are based on sales studies done annually by the equalization office.

Sales of foreclosed properties are not included in the county studies.

The assessed value of property countywide de-

clined 3.74 percent, from \$9.02 billion in 2011 to \$8.68 billion in 2012, according to the equalization report. The drop continues a downward trend from \$9.5 billion in 2009 to \$9.12 billion in 2010.

The taxable value of residential property increased 0.60 percent, from \$4.629 billion in 2011 to \$4.657 billion in 2012. Commercial taxable value fell 3.32 percent over the same period, from \$694,960,843 to \$671,858,618.

Industrial property showed an increase, largely because of higher value of the D.C. Cook Nuclear Plant in Lake Township. The taxable value for the

industrial class went up 6.76 percent, from \$810,936,191 in 2011 to \$865,728,827 in 2012.

Lake Township's industrial property taxable value, the vast majority of it attributed to Cook, totaled \$715,754,243 in 2012, or 82.68 percent of the entire class countywide.

Benton Township is second, with \$36.369 million, or 4.2 percent of the taxable value of industrial property in Berrien County.

Agricultural property countywide showed a 2.87 percent increase in taxable value, from \$246,734,396 to \$253,818,574.

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