EXAMPLES

The following scenarios may reflect your situation. A 1.05 multiplier (5.0% increase) has been used in the following examples.

You Added a Family Room to Your Home

Example A

Last year, your home valued at $200,000 had a $100,000 SEV and a Taxable Value of $80,000. You added a family room addition valued at $40,000 (true cash value).

Sales in the neighborhood show that the true cash value of your property with the addition has increased to $240,000.

Current Year:
- Assessed Value: $120,000
- SEV (tentative): $120,000
- Capped Value: ($80,000 x 1.05) + (50% of 40,000) = $104,000
- Taxable Value, the lesser of SEV or CV: $104,000

You Purchased a New Home

Example A

Last year, you purchased a new home valued at $200,000 (true cash value) with Assessed Value and State Equalized Value both at $100,000, and a Taxable Value of $80,000.

Sales in the neighborhood show the true cash value of the property has increased to $210,000 for the current year.

Current Year:
- Assessed Value (1/2 of $210,000): $105,000
- SEV (tentative): $105,000

Increased SEV/TV Increase

Example C-1

Last year, your home valued at $200,000 (true cash value) had a $100,000 State Equalized Value, and a Taxable Value of $80,000.

Sales in the neighborhood show the true cash value of your property has increased to $220,000 for the current year.

Current Year:
- Assessed Value (1/2 of $220,000): $110,000
- SEV (tentative): $110,000

Increased SEV/TV Increase

Example C-2

Last year, your home valued at $200,000 (true cash value) had a $100,000 State Equalized Value, and a Taxable Value of $100,000.

Sales in the neighborhood show the true cash value of your property has increased to $200,100 for the current year.

Current Year:
- Assessed Value (1/2 of $200,100): $100,050
- SEV (tentative): $100,050

Decreased SEV/TV Increase

Example C-3

Last year, your home valued at $200,000 (true cash value), had a $100,000 State Equalized Value, and a Taxable Value of $80,000.

Sales in the neighborhood show the true cash value of your property has decreased to $180,000 for the current year.

Current Year:
- Assessed Value (1/2 of $180,000): $90,000
- SEV (tentative): $90,000

Decreased SEV/TV Increase

Example C-3

Disabled Veterans Exemption

Section 211.7b: Real Property used and owned as a homestead by a disabled veteran who was discharged from the armed forces of the United States under honorable conditions is exempt from the collection of taxes under this act. In order to receive an exemption, the veteran must file an Affidavit, Form 5107 with their local municipality or with the Assessor Officer.

Below are the eligible requirements that the applicant must meet:

- The disabled veteran has been determined by the United States Department of Veterans Affairs to be permanently and totally disabled as a result of military service and entitled to veterans’ benefits at the 100% rate (must attach a copy of the letter from the U.S. Department of Veterans Affairs).

- The disabled veteran is receiving or has received financial assistance due to disability for specially adapted housing (must attach a copy of the certificate from the U.S. Department of Veterans Affairs).

- The veteran has been rated by the United States Department of Veterans Affairs as individually unemployable (must attach a copy of the letter from the U.S. Department of Veterans Affairs).

If a disabled veteran who is otherwise eligible for the exemption under this section dies, either before or after the exemption is granted, the exemption shall remain available to or shall continue for his or her unremarried surviving spouse. The surviving spouse shall comply with the requirements listed above and shall indicate on the affidavit that he or she is the surviving spouse of a disabled veteran entitled to the exemption. The exemption shall continue if the surviving spouse remains unremarried.
What determines my property tax?

In 1994, Michigan voters approved the constitutional amendment known as Proposal A.

Before then, Proposal A property taxes were based on state equalized value (SEV) or assessed value (AV). Proposal A established taxable value as the way to calculate property taxes.

Now taxable value increases are limited to the change in the inflation rate or 5%, whichever is less, if there were no losses or additions to the property.

The limit on taxable value does not apply to a property the year after it is sold.

What is assessed value?

The Michigan Constitution requires that property be uniformly assessed and not exceed 50% of the usual selling price, often referred to as true cash value. Each tax year, the local assessor determines the assessed value of each parcel of real property based on its tax year, the local assessor determines the assessed value of each parcel of real property based on its condition as of Dec. 31 (Tax Day) of the previous year.

What is State Equalized Value (SEV)?

The state equalized value (SEV) is the assessed value as adjusted following county and state equalization. The county Board of Commissioners and State Tax Commission review local assessment jurisdictions and adjusts (equalizes) them so they do not exceed 50% of true cash value.

What is a Principal Residence Exemption?

If you own and occupy your home as your principal residence, you may appeal the assessed and/or taxable values at the Board of Review in March. You can obtain information about the specific meeting dates and schedule an appearance with the board by contacting your local assessing office.

What Happens When You Purchase A Property?

When a property or interest in a property is transferred, the following year’s state equalized value becomes that year’s taxable value. In other words, if you purchase property, your taxable value for the following year will be the same as the state equalized value. The taxable value will then be capped for the second year following the sale.

Section 211.27a(7)(u): Beginning December 31, 2014, it is not a transfer of residential real property if the transferee is the transferor’s or the transferor’s spouse’s mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the conveyance.

Calculating Inflation Rate Multiplier

The change in inflation that would have applied to 2023 assessments was 7.9%. Because this is higher than 5.0%, assessment increases are limited to 5.0%. The determination of this Inflation Rate Multiplier is shown in more detail here: