The Board of Review

CANNOT lower or adjust your Taxable Value Increase of 5.0%

Implementation of Proposal A

On March 15, 1994 the voters of the State of Michigan approved Proposal A which made significant changes to the State Constitution. Most notably, for Boards of Review, Proposal A implemented a cap on the growth in Taxable Value. Taxable Value was a new term. Starting in 1995, property taxes have been calculated using Taxable Value rather than State Equalized Value which was used prior to 1995. On December 29, 1994 the Governor signed into law Public Act (PA) No. 415 of 1994. PA 415 of 1994 contains many changes to the General Property Tax Act regarding the implementation of Proposal A. Significant additional changes were implemented by PA 476 of 1996 and other laws. What has not changed is the method of computing Assessed Value and the system of county and state equalization. The "traditional" Assessed Value is still required to be 50% of market value. There shall still be a State Equalized Value (SEV) for each taxable property in the State of Michigan. Properties of similar value within a township or city must still have similar Assessed Values. In other words, the uniformity provisions of the 1963 Michigan Constitution still apply. The biggest change, starting in 1995, was the requirement to calculate a Taxable Value for Pr each non-exempt property in the State of Michigan. (Starting in 1995, property taxes were calculated using Taxable Value rather than State Equalized Value). It is Taxable Value, not assessed or equalized value, which is subject to the cap required by Proposal A. The calculation of Taxable Value will be discussed later in this bulletin. For many parcels of property (including parcels subject to a Transfer of Ownership in the prior year), the Taxable Value created by Proposal A will be the same as the SEV of the parcel. For other properties, the taxable value will be the "Capped Value" (another new term) established by Proposal A.

CPI Data used to Calculate Inflation Rate Ratio for 2023 Property Taxes

Important: Local units cannot develop or adopt or use an inflation rate multiplier other than 1.05 in 2023. It is not acceptable for local units or assessors to indicate to taxpayers that they do not know how the multiplier is developed.

Month/Year	General Price Level	Month/Year	General Price Level
Oct-20	**260.388**	Oct-21	**276.589**
Nov-20	**260.229**	Nov-21	**277.948**
Dec-20	**260.474**	Dec-21	**278.802**
Jan-21	**261.582**	Jan-22	**281.148**
Feb-21	**263.014**	Feb-22	**283.716**
Mar-21	**264.877**	Mar-22	**287.504**
Apr-21	**267.054**	Apr-22	**289.109**
May-21	**269.195**	May-22	**292.296**
Jun-21	**271.696**	Jun-22	**296.311**
Jul-21	**273.003**	Jul-22	**296.276**
Aug-21	**273.567**	Aug-22	**296.171**
Sep-21	**274.31**	Sep-22	**296.808**
Average	**266.616**	**Average**	**287.723**
2022 CPI	**1.079**		**7.9%**
	Use	**1.05**	**5%**

Except in the following Circumstances:

Additions:

D) Transferred properties

Starting in the 1996 assessment year, the taxable value of properties which have transferred in the previous year will be the current SEV of the property regardless of the answer produced by the taxable value formula. In other words, properties which transfer anything during the calendar year 1995, will have their taxable values uncapped in 1996.

E) Additions

1 Omitted Real Property

Omitted real property is property which should have been included on a previous year's assessment roll but was incorrectly omitted. Omitted property shall not qualify as an addition in the current capped value formula unless the assessor has a property record card or other documentation showing that the omitted real property was not previously included in the assessment.

2 Omitted Personal Property

Omitted personal property is treated the same as omitted real property except that the law does not require that the assessor have a property record card or other documentation showing that the omitted personal property was not previously included in the assessment.

3 New Construction

New Construction is property which was not in existence on the Tax Day for the last year's assessment roll and is new on the current year's roll. New construction does not include replacement construction which is a separate category to be discussed later. New construction may include real or personal property.

4 Previously Exempt Property

Previously exempt property is property which was not exempt from ad valorem taxation on the immediately preceding Tax Day but is assessable on the current Tax Day.

5 Replacement Construction

Replacement construction is construction that replaces property damaged or destroyed by accident or by an act of God provided that all 4 of the following conditions are met:

a. The property being replaced must have been damaged or destroyed by accident or an act of God.
b. The accident or act of God which damaged or destroyed the property occurred within the three calendar years preceding the current assessment year.
c. The replacement construction occurred sometime in the year following last year's Tax Day.
d. The TCV of the amount allowed as replacement construction does not exceed the TCV of the property damaged or destroyed. If the true cash value of the construction exceeds the true cash value of the property that was damaged or destroyed, the excess amount must be treated as "new construction" under category #3 above.

Losses:

1. Property Destroyed or Removed

Property that has been destroyed or removed is a loss for the capped value formula. The dollar amount of the loss in the capped value formula is calculated as follows:

2. Exempt Property

Exempt property is property that was subject to ad valorem taxation on the previous Tax Day but is exempt on the current Tax Day.