STATE ASSESSORS BOARD
Mandatory
Certification Renewal Program

Application of New, Loss, Additions, Losses, and Adjustment

2008-2011 Renewal Periods
PROGRAM CONTENT

This is one of three mandatory six-hour renewal programs assessing officers must complete by September 30, 2011. It is an expansion of one of the two-hour segments from the mandatory six-hour certification renewal program adopted by the State Assessors Board for the 2007-2008 renewal period. This program covers the application of new, loss, additions, losses, and adjustment by assessors in assessment roll preparation. It also covers the use of new, loss, additions, losses, and adjustment in required assessment administration reports.

The initial two-hour segment on this topic was necessarily simple due to time constraints. This six-hour program will cover similar simplistic material, but it will also cover more difficult assessing situations which assessing officers commonly encounter. This program will also offer “hands-on” learning opportunities in response to feedback received for the original two-hour segment.

After completing this program, assessing officers should (1) have the necessary knowledge to determine and correctly apply new, loss, additions, losses, and adjustment to individual parcels on an assessment roll in most situations, (2) have an understanding of how new, loss, additions, losses, and adjustment are used in developing required reports, and (3) have a reliable reference resource for use in preparing assessment rolls and required reports. This renewal program will focus on the following specific topics:

- Clarification of terminology (for new, loss, additions, losses, and adjustment)
- Association of terms with values
- Treatment of example situations
- Required report preparation

THE NEED FOR NEW, LOSS, ADDITIONS, LOSSES, AND ADJUSTMENT TRAINING

Although the general concepts associated with new, loss, additions, losses, and adjustment are not difficult to understand, the application of these concepts in certain real-life situations is often a complicated matter which has been observed to cause confusion among assessing officers. Real-life application of these items can sometimes confuse even highly experienced assessing officers. It is important, however, for assessing officers to apply new, loss, additions, losses, and adjustment correctly. The equalization process, millage rollbacks, etc. are dependent on the correct application of these items. Assessing officers at the local (i.e., City or Township) level need to know how to determine these items correctly when working to prepare annual assessment rolls. Assessing officers at the County level need to understand these items to audit assessment rolls for equalization purposes and to ensure the correct calculation of millage rollbacks for the various taxing entities in the state.
CLARIFICATION OF TERMINOLOGY

Prior to discussing the proper application of new, loss, additions, losses, and adjustment, it is necessary to discuss the meaning of these terms. Generally, these terms represent different categories of values which an assessing officer determines under various assessing circumstances. These value figures are placed on the assessment roll and subsequently used in other reports required of assessing officers.

The term “new” is used in assessment administration to describe assessment increases resulting from additional true cash value which was not included in an assessment unit’s starting ratio on Form L-4018. Put simply, the term “new” includes added true cash value for property which is described for the first time on the assessment roll or which was formerly exempt from taxation. “New” would include value added for a new piece of equipment, a new building, a new structure (including value added for completion of construction for a structure which was partially valued in a prior year), etc. “New” also includes value added for the platting of land and value added for a change in a parcel’s description (e.g., a combination of two parcels).

The term “loss” is used in assessment administration to describe assessment decreases resulting from reduced true cash value because property was removed from the assessment roll (i.e., annexed to another assessment unit), because property was destroyed or became exempt from taxation, or because property was removed from a parcel description (e.g., split from a parcel). “Loss” also includes a reduction in the assessed value of personal property because the value of the personal property decreased compared to the prior year.

The term “adjustment” refers to positive or negative changes (i.e., plus or minus adjustments) made with respect to the equalization process. Technically speaking, “adjustment” covers all assessment increases or decreases other than the changes covered by “new” or “loss”. “Adjustment” is commonly considered to be a change in value to set assessments at 50 percent of true cash value as required by law.

The terms “additions” and “losses” are used in assessment administration to mean increases and decreases, respectively, in capped value according to statutory definitions (see Michigan Compiled Law 211.34d and applicable court decisions for complete definitions of these terms). The term “additions” includes value added for omitted property, new construction, previously exempt property, replacement construction, and remediation of environmental contamination. The term “losses” includes value reductions for property destroyed or removed, property which has become exempt from taxation, property which has experienced a decrease in value due to decreased occupancy rates, and property which has experienced a decrease in value due to environmental contamination. It should be noted that the treatment of “additions” is somewhat complicated by the fact that “additions” are usually, but not always, the same for the capped value formula and for millage rollback calculations. For details regarding this point, the reader is directed to State Tax Commission Bulletin No. 2 of 1996.
ASSOCIATION OF TERMS WITH VALUES

Since the inception of Proposal A, each parcel of taxable property in the state has had both a state equalized value and a capped value. When an assessing officer is determining correct figures for new, loss, additions, losses, and adjustment, it is helpful to think of these values separately.

New, loss, and adjustment are figures that apply uniquely to assessed and equalized value. These figures are used in the equalization process and do not apply to capped value. Additions and losses are figures that apply to the determination of capped value and are used in millage rollback calculations. Additions and losses do not apply to the equalization process. The table below provides a summary showing which type of figure is associated with the equalization process and which type of figure is associated with capped value determination and millage rollbacks. An assessing officer who keeps these associations in mind will have a head start in correctly determining new, loss, additions, losses, and adjustment.

<table>
<thead>
<tr>
<th>TERM</th>
<th>VALUE ASSOCIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assessed Value/</td>
</tr>
<tr>
<td></td>
<td>State Equalized</td>
</tr>
<tr>
<td></td>
<td>Value</td>
</tr>
<tr>
<td></td>
<td>Capped Value</td>
</tr>
<tr>
<td>New</td>
<td>Yes</td>
</tr>
<tr>
<td>Loss</td>
<td>Yes</td>
</tr>
<tr>
<td>Additions</td>
<td>No</td>
</tr>
<tr>
<td>Losses</td>
<td>No</td>
</tr>
<tr>
<td>Adjustment</td>
<td>Yes</td>
</tr>
</tbody>
</table>

It is noted that sometimes new will equal additions and sometimes loss will equal losses. Even so, it is best to consider new, loss, and adjustment separately from additions and losses when determining figures for these value categories.

TREATMENT OF EXAMPLE SITUATIONS/REQUIRED REPORT PREPARATION

The remainder of this renewal program relates to multiple sets of factual circumstances which show (1) how new, loss, additions, losses, and adjustment are determined in different situations for individual parcels and (2) how these determinations are later assembled and used in required reports for equalization and millage rollback purposes. The use of hypothetical situations is considered the best way to demonstrate the correct treatment of new, loss, additions, losses, and adjustment. These example situations are ones that commonly occur and all assessing officers should understand how to handle them, even if the situations can be somewhat complicated.

On pages 6 and 7 are tables which provide brief descriptions of a variety of assessment administration situations and information whether each situation entails new, loss, or adjustment (for equalization purposes) and/or additions or losses (for capped value/millage rollback purposes). One table covers assessment administration situations where there is an increase in value; the other table covers assessment administration situations where there is a decrease in value. The tables also provide references to problems which contain hypothetical circumstances.
illustrating the proper treatment of the assessment administration situations. The pages following the tables contain the example problems.

Users of this program should note that it is not possible to provide example problems covering all combinations of assessment administration circumstances. It is intended that the example problems presented in the program be sufficient to provide users of the program with an adequate knowledge base to handle other situations which are not covered specifically by the program. For example, the program examples do not cover a situation where there is fire damage and a classification change simultaneously for a parcel. However, both of these items are covered separately and users of the program should be able to handle such a combination of events based on the program materials.

Lastly, a set of required reports has been prepared and is provided as part of the renewal program. The required reports use the figures for new, loss, additions, losses, and adjustment from the example problems. These required reports help demonstrate how figures for new, loss, additions, losses, and adjustment are used in the assessment administration process.
STATE ASSESSORS BOARD
MANDATORY CERTIFICATION RENEWAL PROGRAM
APPLICATION OF NEW, LOSS, ADDITIONS, LOSSES, AND ADJUSTMENT

ASSESSMENT CHANGES FROM PREVIOUS YEAR
(March Board of Review to March Board of Review)

<table>
<thead>
<tr>
<th>ASSESSMENT ADMINISTRATION SITUATIONS WITH AN INCREASE IN VALUE</th>
<th>FOR EQUALIZATION PURPOSES</th>
<th>FOR CAPPED VALUE/ MILLAGE ROLLBACK PURPOSES</th>
<th>EXAMPLE PROBLEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved Market Conditions</td>
<td>Yes, Plus Adjustment</td>
<td>No</td>
<td>A, B, C, D, H, J</td>
</tr>
<tr>
<td>New Construction</td>
<td>Yes, Equalization New</td>
<td>Yes, Additions</td>
<td>H, I, J, P2, R, X</td>
</tr>
<tr>
<td>Replacement Construction</td>
<td>Yes, Equalization New</td>
<td>Yes, Additions</td>
<td>R</td>
</tr>
<tr>
<td>New Property Description/Parcel Number (from Split or Combination)</td>
<td>Yes, Equalization New</td>
<td>No*</td>
<td>N1, N2, O1, O2, P1, P2, U1-U5, AC2, AD2</td>
</tr>
<tr>
<td>Previously Exempt Property</td>
<td>Yes, Equalization New</td>
<td>Yes, Additions</td>
<td>K2, K3, T, Z</td>
</tr>
<tr>
<td>Classification Change (e.g., from Residential to Commercial)</td>
<td>Yes, Equalization New**</td>
<td>No</td>
<td>L, Q</td>
</tr>
<tr>
<td>Property Annexed to the City or Township</td>
<td>Yes, Equalization New</td>
<td>Yes, Additions</td>
<td>None</td>
</tr>
<tr>
<td>Personal Property Moved into the City or Township</td>
<td>Yes, Equalization New</td>
<td>Yes, Additions***</td>
<td>V</td>
</tr>
<tr>
<td>Omitted Property</td>
<td>Yes, Equalization New</td>
<td>Yes, Additions</td>
<td>M, M1</td>
</tr>
<tr>
<td>Remediation of Environmental Contamination</td>
<td>Yes, Equalization New</td>
<td>Yes, Additions</td>
<td>None</td>
</tr>
<tr>
<td>Non-Consideration of Value</td>
<td>Yes (Upon Sale),</td>
<td>Yes (Upon Sale), Additions</td>
<td>Z</td>
</tr>
<tr>
<td>Prior Year Transfer of Ownership/ Taxable Value Uncapping</td>
<td>No</td>
<td>No</td>
<td>O2, P2, Y, AD2</td>
</tr>
</tbody>
</table>

*A split or combination of property does not result in additions unless new construction is added to the parcel(s). In such cases, the parcel(s) would include additions (half the true cash value of the new construction) and equalization new (half the true cash value of the new construction plus the assessed value new to the parcel for the split or combination).

**This would result in equalization new for the commercial class (not the residential class).

***If personal property moves within a City or Township and changes taxing authority (e.g., moves to a new school district in the same City), losses occur for one taxing authority and additions occur for the other taxing authority. However, no additions or losses occur for the City, Township, or any countywide taxing authority.
### ASSESSMENT CHANGES FROM PREVIOUS YEAR
(March Board of Review to March Board of Review)

<table>
<thead>
<tr>
<th>ASSESSMENT ADMINISTRATION SITUATIONS WITH A DECREASE IN VALUE</th>
<th>FOR EQUALIZATION PURPOSES</th>
<th>FOR CAPPED VALUE/ MILLAGE ROLLBACK PURPOSES</th>
<th>EXAMPLE PROBLEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declining Market Conditions</td>
<td>Yes, Minus Adjustment</td>
<td>No</td>
<td>E, F, G, AF, AH</td>
</tr>
<tr>
<td>Property Destroyed or Removed (e.g., Fire, Demolished, Moved to Another Assessing Unit)</td>
<td>Yes, Equalization Loss</td>
<td>Yes, Losses</td>
<td>W, AB, AE, AG</td>
</tr>
<tr>
<td>New Property Description/Parcel Number (from Split or Combination)</td>
<td>Yes, Equalization Loss</td>
<td>No</td>
<td>N, O, P, U, AC, AC1, AD, AD1</td>
</tr>
<tr>
<td>Property Becomes Exempt</td>
<td>Yes, Equalization Loss</td>
<td>Yes, Losses</td>
<td>K1, K4, S, AB</td>
</tr>
<tr>
<td>Classification Change (e.g., from Residential to Commercial)</td>
<td>Yes, Equalization Loss*</td>
<td>No</td>
<td>L, Q, X</td>
</tr>
<tr>
<td>Property Annexed out of the City or Township</td>
<td>Yes, Equalization Loss</td>
<td>Yes, Losses</td>
<td>None</td>
</tr>
<tr>
<td>Personal Property Moved out of the City or Township</td>
<td>Yes, Equalization Loss</td>
<td>Yes, Losses**</td>
<td>None</td>
</tr>
<tr>
<td>Personal Property Reduction in Value Compared to Prior Year</td>
<td>Yes, Equalization Loss</td>
<td>No</td>
<td>None</td>
</tr>
<tr>
<td>Environmental Contamination</td>
<td>Yes, Equalization Loss</td>
<td>Yes, Losses</td>
<td>None</td>
</tr>
<tr>
<td>Non-Consideration of Value</td>
<td>Yes (When Previously Included in the Assessment), Equalization Loss</td>
<td>Yes (When Previously Included in the Taxable Value), Losses</td>
<td>AB</td>
</tr>
</tbody>
</table>

*This would result in equalization loss for the residential class (not the commercial class).

**If personal property moves within a City or Township and changes taxing authority (e.g., moves to a new school district in the same City), losses occur for one taxing authority and additions occur for the other taxing authority. However, no additions or losses occur for the City, Township, or any countywide taxing authority.
There are four comparable properties in a neighborhood that are assessed at $45,000. A fifth property with very similar characteristics is assessed for $38,000. The assessor increases the assessment of this fifth property by $7,000 to equal the assessments of the other similar properties. The 2007 taxable value was $33,500. There were no physical changes to this parcel since last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

2008 Equalization Plus Adjustment: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 
Headlee Additions: 

Capped Calculation Additions: 
Equalization Adjustment: 

Equalization Loss: 
Headlee Losses: 

Capped Calculation Losses: 

**Capped Value (CV) Calculation:**

\[
CV = \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}} \right) + \text{Additions}
\]

\[
CV = \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{1.023} \right) + \text{Additions}
\]

**Summary:**

2007 Assessed Value: 
2008 Assessed Value: 

2007 Capped Value: 
2008 Capped Value: 

2007 Taxable Value: 
2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 
There are four comparable properties in a neighborhood that are assessed at $45,000. A fifth property with very similar characteristics is assessed for $38,000. The assessor increases the assessment of this fifth property by $7,000 to equal the assessments of the other similar properties. The 2007 taxable value was $33,500. There were no physical changes to this parcel since last year.

Inflation Rate Multiplier (IRM): 1.023

<table>
<thead>
<tr>
<th>Prior Year (2007) Assessed Value:</th>
<th>$38,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Taxable Value:</td>
<td>$33,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Year (2008) Assessed Value:</th>
<th>$45,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Year (2008) Taxable Value:</td>
<td>$34,270</td>
</tr>
<tr>
<td>Current Year (2008) Capped Value:</td>
<td>$34,270</td>
</tr>
</tbody>
</table>

2008 Equalization Plus Adjustment: $45,000 - $38,000 = $7,000

Ratio of Taxable Value to Assessed Value: $33,500 ÷ $38,000 = 0.8816

Equalization New: $0  Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $7,000

Equalization Loss: $0  Headlee Losses: $0

Capped Calculation Losses: $0

**Capped Value (CV) Calculation:**

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions

CV = [( $33,500 - $0 ) x 1.023 ] + $0
CV = $34,270

**Summary:**

<table>
<thead>
<tr>
<th>2007 Assessed Value:</th>
<th>$38,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 Assessed Value:</td>
<td>$45,000</td>
</tr>
<tr>
<td>2007 Capped Value:</td>
<td>$33,500</td>
</tr>
<tr>
<td>2008 Capped Value:</td>
<td>$34,270</td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td>$33,500</td>
</tr>
<tr>
<td>2008 Taxable Value:</td>
<td>$34,270</td>
</tr>
<tr>
<td>L-4025 Additions:</td>
<td>$0</td>
</tr>
<tr>
<td>L-4025 Losses:</td>
<td>$0</td>
</tr>
</tbody>
</table>
Growth of neighboring communities has spread to the Township where you are the assessor. Increased demand for housing in your Township has led to increases in market value for housing. A home which was worth $200,000 last year is worth $220,000 this year (market value). The taxable value of this parcel last year was $75,000. There have been no physical changes to this parcel since last year.

Inflation Rate Multiplier (IRM): 1.023

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value</td>
<td>$100,000</td>
<td>$110,000</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>$75,000</td>
<td>$76,725</td>
</tr>
</tbody>
</table>

2008 Equalization Plus Adjustment: $10,000

Ratio of Taxable Value to Assessed Value: 0.7500

Capped Calculation Additions: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:

\[ CV = \left( \left( \text{Prior Year Taxable Value} - \text{Losses} \right) \times \text{IRM or 1.05 Whichever is Less} \right) + \text{Additions} \]

Summary:

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value</td>
<td>$100,000</td>
<td>$110,000</td>
</tr>
<tr>
<td>Capped Value</td>
<td>$75,000</td>
<td>$76,725</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>$75,000</td>
<td>$76,725</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0
L-4025 Losses: $0
Growth of neighboring communities has spread to the Township where you are the assessor. Increased demand for housing in your Township has led to increases in market value for housing. A home which was worth $200,000 last year is worth $220,000 this year (market value). The taxable value of this parcel last year was $75,000. There have been no physical changes to this parcel since last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $100,000
Prior Year (2007) Taxable Value: $75,000

Current Year (2008) Assessed Value: $110,000
Current Year (2008) Taxable Value: $76,725
Current Year (2008) Capped Value: $76,725

2008 Equalization Plus Adjustment: $110,000 - $100,000 = $10,000
Ratio of Taxable Value to Assessed Value: $75,000 + $100,000 = 0.7500

Equalization New: $0
Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $10,000

Equalization Loss: $0
Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $75,000 - $0 ) x 1.023] + $0
CV = $76,725

Summary:
2007 Assessed Value: $100,000 2008 Assessed Value: $110,000
2007 Capped Value: $75,000 2008 Capped Value: $76,725
2007 Taxable Value: $75,000 2008 Taxable Value: $76,725

L-4025 Additions: $0
L-4025 Losses: $0
A new regional shopping center has just been completed one half mile from a vacant commercial parcel. Increased demand in the vicinity of the new mall has led to increases in market value for commercial vacant land. This parcel was previously worth $300,000; it is worth $375,000 this year (market value). The taxable value of this parcel last year was $125,000. There have been no physical changes to this parcel since last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

2008 Equalization Plus Adjustment: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 
Headlee Additions: 

Capped Calculation Additions: 

Equalization Adjustment: 

Equalization Loss: 
Headlee Losses: 

Capped Calculation Losses: 

**Capped Value (CV) Calculation:**

\[
CV = \left[ \left[ \text{Prior Year Taxable Value} - \text{Losses} \right] \times \text{IRM or 1.05 Whichever is Less} \right] + \text{Additions}
\]

\[
CV = \left[ \left( \text{Taxable Value} \right) \times 1.023 \right] + \text{Additions}
\]

**Summary:**

2007 Assessed Value: 
2008 Assessed Value: 

2007 Capped Value: 
2008 Capped Value: 

2007 Taxable Value: 
2008 Taxable Value: 

L-4025 Additions: 

L-4025 Losses: 
A new regional shopping center has just been completed one half mile from a vacant commercial parcel. Increased demand in the vicinity of the new mall has led to increases in market value for commercial vacant land. This parcel was previously worth $300,000; it is worth $375,000 this year (market value). The taxable value of this parcel last year was $125,000. There have been no physical changes to this parcel since last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $150,000  
Prior Year (2007) Taxable Value: $125,000  

Current Year (2008) Taxable Value: $127,875  

2008 Equalization Plus Adjustment: $187,500 - $150,000 = $37,500

Ratio of Taxable Value to Assessed Value: 
\[
\frac{125,000}{150,000} = 0.8333
\]

Equalization New: $0  Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $37,500

Equalization Loss: $0  Headlee Losses: $0

Capped Calculation Losses: $0

**Capped Value (CV) Calculation:**

\[
CV = \frac{[(\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM} \text{ or } 1.05 \text{ Whichever is Less}] + \text{Additions}}{\text{Prior Year Taxable Value}} \times \text{IRM} \text{ or } 1.05 \text{ Whichever is Less}
\]

\[
CV = \frac{[(125,000 - 0) \times 1.023]}{127,875} + 0
\]

**Summary:**

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value:</td>
<td>$150,000</td>
<td>$187,500</td>
</tr>
<tr>
<td>Capped Value:</td>
<td>$125,000</td>
<td>$127,875</td>
</tr>
<tr>
<td>Taxable Value:</td>
<td>$125,000</td>
<td>$127,875</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0  
L-4025 Losses: $0
You are the new assessor for the Township. Before you arrived, the Township had never been divided into neighborhoods for assessment purposes. You establish proper neighborhoods and determine that a parcel's assessment must be increased from $125,000 last year to $135,000 this year based on your analysis of neighborhood sales information. The taxable value of this parcel was $88,000 last year. There have been no physical changes to this parcel since last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

2008 Equalization Plus Adjustment: __________ - __________ = __________
Ratio of Taxable Value to Assessed Value: __________ + __________ = __________

Equalization New: __________ Headlee Additions: __________

Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________ Headlee Losses: __________

Capped Calculation Losses: __________

**Capped Value (CV) Calculation:**

$CV = [(Prior Year Taxable Value - Losses) \times IRM or 1.05 \text{ Whichever is Less}] + \text{ Additions}$

$CV = [(\text{ __________ } - \text{ __________ }) \times \text{ __________}] + \text{ __________}$

$CV = \text{ __________}$

**Summary:**

2007 Assessed Value: __________ 2008 Assessed Value: __________
2007 Capped Value: __________ 2008 Capped Value: __________
2007 Taxable Value: __________ 2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
You are the new assessor for the Township. Before you arrived, the Township had never been divided into neighborhoods for assessment purposes. You establish proper neighborhoods and determine that a parcel's assessment must be increased from $125,000 last year to $135,000 this year based on your analysis of neighborhood sales information. The taxable value of this parcel was $88,000 last year. There have been no physical changes to this parcel since last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $125,000
Prior Year (2007) Taxable Value: $88,000

Current Year (2008) Assessed Value: $135,000
Current Year (2008) Taxable Value: $90,024
Current Year (2008) Capped Value: $90,024

2008 Equalization Plus Adjustment: $135,000 - $125,000 = $10,000
Ratio of Taxable Value to Assessed Value: $88,000 ÷ $125,000 = 0.7040

Equalization New: $0 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $10,000

Equalization Loss: $0 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $88,000 - $0 ) x 1.023 ] + $0
CV = $90,024

Summary:
2007 Assessed Value: $125,000 2008 Assessed Value: $135,000
2007 Capped Value: $88,000 2008 Capped Value: $90,024
2007 Taxable Value: $88,000 2008 Taxable Value: $90,024

L-4025 Additions: $0
L-4025 Losses: $0
You are the assessor of the Township. Vacant 10-acre parcels in a commercial neighborhood are valued at $30,000 each (true cash value). During a review of the neighborhood, you identify one 10-acre parcel valued at $35,000 (true cash value). It is determined that this parcel should also be valued at $30,000 (true cash value). The assessment is lowered from $17,500 to $15,000. The 2007 taxable value was $13,500. There were no physical changes to this property over the past year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

2008 Equalization Minus Adjustment: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: Headlee Additions: 

Capped Calculation Additions: 

Equalization Adjustment: 

Equalization Loss: Headlee Losses: 

Capped Calculation Losses: 

Capped Value (CV) Calculation:

\[
CV = [(\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM or 1.05 Whichever is Less}] + \text{Additions}
\]

\[
CV = [(\text{ } - \text{ }) \times 1.023] + 
\]

Summary:

2007 Assessed Value: 2008 Assessed Value: 
2007 Capped Value: 2008 Capped Value: 
2007 Taxable Value: 2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 

You are the assessor of the Township. Vacant 10-acre parcels in a commercial neighborhood are valued at $30,000 each (true cash value). During a review of the neighborhood, you identify one 10-acre parcel valued at $35,000 (true cash value). It is determined that this parcel should also be valued at $30,000 (true cash value). The assessment is lowered from $17,500 to $15,000. The 2007 taxable value was $13,500. There were no physical changes to this property over the past year.

Inflation Rate Multiplier (IRM): 1.023

<table>
<thead>
<tr>
<th>Prior Year (2007) Assessed Value:</th>
<th>$17,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Taxable Value:</td>
<td>$13,500</td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value:</td>
<td>$15,000</td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value:</td>
<td>$13,810</td>
</tr>
<tr>
<td>Current Year (2008) Capped Value:</td>
<td>$13,810</td>
</tr>
</tbody>
</table>

2008 Equalization Minus Adjustment: $15,000 - $17,500 = -$2,500

Ratio of Taxable Value to Assessed Value: $13,500 ÷ $17,500 = 0.7714

Equalization New: $0  Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: -$2,500

Equalization Loss: $0  Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:

\[
CV = [(\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM or 1.05 Whichever is Less}] + \text{Additions}
\]

\[
CV = \left( (\frac{13,500}{1.023}) - \frac{0}{1.023} \right) + 0
\]

\[
CV = \frac{13,810}{1.023}
\]

Summary:

<table>
<thead>
<tr>
<th>2007 Assessed Value:</th>
<th>$17,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 Assessed Value:</td>
<td>$15,000</td>
</tr>
<tr>
<td>2007 Capped Value:</td>
<td>$13,500</td>
</tr>
<tr>
<td>2008 Capped Value:</td>
<td>$13,810</td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td>$13,500</td>
</tr>
<tr>
<td>2008 Taxable Value:</td>
<td>$13,810</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0
L-4025 Losses: $0
Manufacturing job losses in your Township have resulted in declining residential market values. Based on sales information, you determine that a residential assessment must be reduced from $300,000 to $225,000 this year. The 2007 taxable value was $250,000. There were no physical changes to this parcel in the last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

2008 Equalization Minus Adjustment: __________ - __________ = __________

Ratio of Taxable Value to Assessed Value: __________ + __________ = __________

Equalization New: __________ Headlee Additions: __________

Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________ Headlee Losses: __________

Capped Calculation Losses: __________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( __________ - __________) x 1.023 ] + __________
CV = __________

Summary:
2007 Assessed Value: __________ 2008 Assessed Value: __________
2007 Capped Value: __________ 2008 Capped Value: __________
2007 Taxable Value: __________ 2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
Manufacturing job losses in your Township have resulted in declining residential market values. Based on sales information, you determine that a residential assessment must be reduced from $300,000 to $225,000 this year. The 2007 taxable value was $250,000. There were no physical changes to this parcel in the last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $300,000
Prior Year (2007) Taxable Value: $250,000

Current Year (2008) Assessed Value: $225,000
Current Year (2008) Taxable Value: $225,000
Current Year (2008) Capped Value: $255,750

2008 Equalization Minus Adjustment: $225,000 - $300,000 = -$75,000
Ratio of Taxable Value to Assessed Value: $250,000 ÷ $300,000 = 0.8333

Equalization New: $0
Headlee Additions: $0
Capped Calculation Additions: $0

Equalization Adjustment: -$75,000

Equalization Loss: $0
Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $250,000 - $0 ) x 1.023 ] + $0
CV = $255,750

Summary:
2007 Assessed Value: $300,000
2007 Capped Value: $250,000
2007 Taxable Value: $250,000
2008 Assessed Value: $225,000
2008 Capped Value: $255,750
2008 Taxable Value: $225,000

L-4025 Additions: $0
L-4025 Losses: $0

Note: The assessed value is lower than the capped value. Therefore, the taxable value is the assessed value.
A local school district is in decline and the market for residential property within that school
district has recognized this fact. The assessment of a home in that school district has decreased
from $95,000 last year to $85,000 this year. The 2007 taxable value was $55,000. There have been
no physical changes to this parcel in the last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: ________
Prior Year (2007) Taxable Value: ________
Current Year (2008) Assessed Value: ________
Current Year (2008) Taxable Value: ________
Current Year (2008) Capped Value: ________

2008 Equalization Minus Adjustment: ________ - ________ = ________
Ratio of Taxable Value to Assessed Value: ________ + ________ = ________

Equalization New: ________ Headlee Additions: ________
Capped Calculation Additions: ________

Equalization Adjustment: ________

Equalization Loss: ________ Headlee Losses: ________
Capped Calculation Losses: ________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( ________ - ________ ) x 1.023 ] + ________
CV = ________

Summary:
2007 Assessed Value: ________ 2008 Assessed Value: ________
2007 Capped Value: ________ 2008 Capped Value: ________
2007 Taxable Value: ________ 2008 Taxable Value: ________

L-4025 Additions: ________
L-4025 Losses: ________
A local school district is in decline and the market for residential property within that school district has recognized this fact. The assessment of a home in that school district has decreased from $95,000 last year to $85,000 this year. The 2007 taxable value was $55,000. There have been no physical changes to this parcel in the last year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $95,000  
Prior Year (2007) Taxable Value: $55,000

Current Year (2008) Assessed Value: $85,000  
Current Year (2008) Taxable Value: $56,265  
Current Year (2008) Capped Value: $56,265

2008 Equalization Minus Adjustment: $85,000 - $95,000 = -$10,000

Ratio of Taxable Value to Assessed Value: $55,000 + $95,000 = 0.5789

Equalization New: $0  
Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: -$10,000

Equalization Loss: $0  
Headlee Losses: $0

Capped Calculation Losses: $0

**Capped Value (CV) Calculation:**

\[ CV = \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{Prior Year Taxable Value}} \right) \times \text{IRM or 1.05 Whichever is Less} + \text{Additions} \]

\[ CV = \left( \frac{\$55,000 - \$0}{\$55,000} \right) \times 1.023 + \$0 \]

\[ CV = \frac{\$56,265}{\$55,000} \times 1.023 + \$0 \]

**Summary:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value</th>
<th>Capped Value</th>
<th>Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$95,000</td>
<td>$55,000</td>
<td>$55,000</td>
</tr>
<tr>
<td>2008</td>
<td>$85,000</td>
<td>$56,265</td>
<td>$56,265</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0
L-4025 Losses: $0
A two-story house was built on property with a 2007 assessment, as vacant land, of $25,000 and a 2007 taxable value of $15,000. The assessor added $80,000 to the 2008 assessment. Of the increase, $78,000 was for new construction (additions) and $2,000 of the increase was for improved market conditions affecting the land value (plus adjustment).

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Total Increase from 2007 to 2008: 
Total Increase from New Construction: 
Total Change due to Adjustment: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: Headlee Additions: 
Capped Calculation Additions: 

Equalization Adjustment: 

Equalization Loss: Headlee Losses: 
Capped Calculation Losses: 

Capped Value (CV) Calculation:

\[
CV = \left( \left[ \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}} \right] + \text{Additions} \right) \\
CV = \left( \left[ \frac{\text{Prior Year Taxable Value} - \text{Losses}}{1.023} \right] \right) + \text{Additions} \\
CV = 

Summary:

2007 Assessed Value: 2008 Assessed Value: 
2007 Capped Value: 2008 Capped Value: 
2007 Taxable Value: 2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 

PROBLEM H, NEW CONSTRUCTION (CLASS: RESIDENTIAL)
PROBLEM H, NEW CONSTRUCTION (CLASS: RESIDENTIAL)

A two-story house was built on property with a 2007 assessment, as vacant land, of $25,000 and a 2007 taxable value of $15,000. The assessor added $80,000 to the 2008 assessment. Of the increase, $78,000 was for new construction (additions) and $2,000 of the increase was for improved market conditions affecting the land value (plus adjustment).

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $25,000
Prior Year (2007) Taxable Value: $15,000

Current Year (2008) Assessed Value: $105,000
Current Year (2008) Taxable Value: $93,345
Current Year (2008) Capped Value: $93,345

Total Increase from 2007 to 2008: $105,000 - $25,000 = $80,000
Total Increase from New Construction: - $78,000
Total Change due to Adjustment: $2,000

Ratio of Taxable Value to Assessed Value: $15,000 ÷ $25,000 = 0.6000

Equalization New: $78,000 Headlee Additions: $78,000
Capped Calculation Additions: $78,000
Equalization Adjustment: $2,000

Equalization Loss: $0 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [($15,000 - $0) x 1.023] + $78,000
CV = $93,345

Summary:
2007 Assessed Value: $25,000 2008 Assessed Value: $105,000
2007 Capped Value: $15,000 2008 Capped Value: $93,345
2007 Taxable Value: $15,000 2008 Taxable Value: $93,345
L-4025 Additions: $78,000
L-4025 Losses: $0
PROBLEM I, NEW CONSTRUCTION (CLASS: RESIDENTIAL)

A property owner built an addition to her home and the assessor has decided that the addition added $75,000 in true cash value to the property. Before the construction, the 2007 assessed value was $100,000 and the taxable value was $78,000. There was no assessed value change due to general market factors and no other physical changes to the parcel.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Total Increase from 2007 to 2008: 
Total Increase due to New Construction: - 
Total Change due to Adjustment: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 
Headlee Additions: 

Capped Calculation Additions: 
Equalization Adjustment: 

Equalization Loss: 
Headlee Losses: 

Capped Calculation Losses: 

**Capped Value (CV) Calculation:**

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions

CV = [(_________ - _________) x 1.023] + _________

CV = _________

**Summary:**

2007 Assessed Value: 
2008 Assessed Value: 
2007 Capped Value: 
2008 Capped Value: 
2007 Taxable Value: 
2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 

A property owner built an addition to her home and the assessor has decided that the addition added $75,000 in true cash value to the property. Before the construction, the 2007 assessed value was $100,000 and the taxable value was $78,000. There was no assessed value change due to general market factors and no other physical changes to the parcel.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $100,000
Prior Year (2007) Taxable Value: $78,000

Current Year (2008) Assessed Value: $137,500
Current Year (2008) Taxable Value: $117,294
Current Year (2008) Capped Value: $117,294

Total Increase from 2007 to 2008: $137,500 - $100,000 = $37,500
Total Increase due to New Construction: $37,500
Total Change due to Adjustment: $0

Ratio of Taxable Value to Assessed Value: $78,000 ÷ $100,000 = 0.7800

Equalization New: $37,500
Headlee Additions: $37,500

Capped Calculation Additions: $37,500
Equalization Adjustment: $0

Equalization Loss: $0
Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [($78,000 - $0) x 1.023] + $37,500
CV = $117,294

Summary:
2007 Assessed Value: $100,000 2008 Assessed Value: $137,500
2007 Capped Value: $78,000 2008 Capped Value: $117,294
2007 Taxable Value: $78,000 2008 Taxable Value: $117,294

L-4025 Additions: $37,500
L-4025 Losses: $0
PROBLEM J, NEW CONSTRUCTION (CLASS: RESIDENTIAL)

For 2007 the home on a parcel was considered to be 75 percent complete and the assessor placed a partial assessment of $125,000 on the parcel. The home was completed for the 2008 tax year and the assessor has determined the 2008 assessed value to be $155,000. Of the $30,000 increase in assessed value, $25,000 was attributable to the new construction and the remaining $5,000 was attributable to general market increases for this parcel. The 2007 taxable value was $88,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 
Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Total Increase from 2007 to 2008: 
Total Increase due to New Construction: - 
Total Change due to Adjustment: 
Ratio of Taxable Value to Assessed Value: 

Equalization New: Headlee Additions: 
Capped Calculation Additions: 
Equalization Adjustment: 
Equalization Loss: Headlee Losses: 
Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = 
CV = 

Summary:
2007 Assessed Value: 2008 Assessed Value: 
2007 Capped Value: 2008 Capped Value: 
2007 Taxable Value: 2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 
For 2007 the home on a parcel was considered to be 75 percent complete and the assessor placed a partial assessment of $125,000 on the parcel. The home was completed for the 2008 tax year and the assessor has determined the 2008 assessed value to be $155,000. Of the $30,000 increase in assessed value, $25,000 was attributable to the new construction and the remaining $5,000 was attributable to general market increases for this parcel. The 2007 taxable value was $88,000.

Inflation Rate Multiplier (IRM): 1.023

<table>
<thead>
<tr>
<th>Prior Year (2007) Assessed Value:</th>
<th>$125,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Taxable Value:</td>
<td>$88,000</td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value:</td>
<td>$155,000</td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value:</td>
<td>$115,024</td>
</tr>
<tr>
<td>Current Year (2008) Capped Value:</td>
<td>$115,024</td>
</tr>
</tbody>
</table>

Total Increase from 2007 to 2008: $155,000 - $125,000 = $30,000
Total Increase due to New Construction: - $25,000
Total Change due to Adjustment: $5,000
Ratio of Taxable Value to Assessed Value: $88,000 + $125,000 = 0.7040

Equalization New: $25,000
Headlee Additions: $25,000

Capped Calculation Additions: $25,000

Equalization Adjustment: $5,000

Equalization Loss: $0
Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [($88,000 - $0) x 1.023] + $25,000
CV = $115,024

Summary:
2007 Assessed Value: $125,000 2008 Assessed Value: $155,000
2007 Capped Value: $88,000 2008 Capped Value: $115,024
2007 Taxable Value: $88,000 2008 Taxable Value: $115,024
L-4025 Additions: $25,000
L-4025 Losses: $0
In 2008 the March Board of Review granted a full poverty exemption to a residential parcel. The 2008 assessment was $75,000 and the 2008 taxable value was $47,351 before Board of Review action. The 2007 assessed value for this parcel was $72,000 and the 2007 taxable value was $46,287.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ ÷ __________ = __________

Equalization New: __________
Headlee Additions: __________

Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________
Headlee Losses: __________

Capped Calculation Losses: __________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( __________ - __________) x 1.023] + __________
CV = __________

Summary:
2007 Assessed Value: __________ 2008 Assessed Value: __________
2007 Capped Value: __________ 2008 Capped Value: __________
2007 Taxable Value: __________ 2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
In 2008 the March Board of Review granted a full poverty exemption to a residential parcel. The 2008 assessment was $75,000 and the 2008 taxable value was $47,351 before Board of Review action. The 2007 assessed value for this parcel was $72,000 and the 2007 taxable value was $46,287.

<table>
<thead>
<tr>
<th>Inflation Rate Multiplier (IRM)</th>
<th>1.023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Assessed Value</td>
<td>$72,000</td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value</td>
<td>$46,287</td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Capped Value</td>
<td>$0</td>
</tr>
<tr>
<td>Ratio of Taxable Value to Assessed Value:</td>
<td>$46,287 ÷ $72,000 = 0.6429</td>
</tr>
<tr>
<td>Equalization New</td>
<td>$0</td>
</tr>
<tr>
<td>Headlee Additions</td>
<td>$0</td>
</tr>
<tr>
<td>Capped Calculation Additions</td>
<td>$0</td>
</tr>
<tr>
<td>Equalization Adjustment</td>
<td>$0</td>
</tr>
<tr>
<td>Equalization Loss</td>
<td>$72,000</td>
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<tr>
<td>Headlee Losses</td>
<td>$46,287</td>
</tr>
<tr>
<td>Capped Calculation Losses</td>
<td>$46,287</td>
</tr>
</tbody>
</table>

**Capped Value (CV) Calculation:**

\[ CV = \left( (\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM} \right) + \text{Additions} \]

\[ CV = \left( (\$46,287 - \$46,287) \times 1.023 \right) + \$0 \]

\[ CV = \$0 \]

**Summary:**

<table>
<thead>
<tr>
<th>2007 Assessed Value</th>
<th>$72,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Capped Value</td>
<td>$46,287</td>
</tr>
<tr>
<td>2007 Taxable Value</td>
<td>$46,287</td>
</tr>
<tr>
<td>L-4025 Additions</td>
<td>$0</td>
</tr>
<tr>
<td>L-4025 Losses</td>
<td>$46,287</td>
</tr>
<tr>
<td>2008 Assessed Value</td>
<td>$0</td>
</tr>
<tr>
<td>2008 Capped Value</td>
<td>$0</td>
</tr>
<tr>
<td>2008 Taxable Value</td>
<td>$0</td>
</tr>
<tr>
<td>L-4025 Additions</td>
<td>$0</td>
</tr>
<tr>
<td>L-4025 Losses</td>
<td>$46,287</td>
</tr>
</tbody>
</table>
PROBLEM K2, PRIOR YEAR POVERTY EXEMPTION (CLASS: RESIDENTIAL)

In 2007 the March Board of Review granted a 50 percent poverty exemption to a residential parcel. The 2007 assessment was reduced from $60,000 to $30,000 and the 2007 taxable value was reduced from $50,000 to $25,000. The market for this property was flat (i.e., unchanged) from 2007 to 2008. The property owner appealed again to the 2008 March Board of Review for a poverty exemption, but the appeal was denied. There have been no physical changes to this parcel over the past year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Ratio of Taxable Value to Assessed Value: _________ + _________ = _________

Equalization New: _________ Headlee Additions: _________

Capped Calculation Additions: _________

Equalization Adjustment: _________

Equalization Loss: _________ Headlee Losses: _________

Capped Calculation Losses: _________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [(_______ - _________) x 1.023] + _________
CV = _________

Summary:
2007 Assessed Value: _________ 2008 Assessed Value: _________
2007 Capped Value: _________ 2008 Capped Value: _________
2007 Taxable Value: _________ 2008 Taxable Value: _________

L-4025 Additions: _________
L-4025 Losses: _________
PROBLEM K2, PRIOR YEAR POVERTY EXEMPTION (CLASS: RESIDENTIAL)

In 2007 the March Board of Review granted a 50 percent poverty exemption to a residential parcel. The 2007 assessment was reduced from $60,000 to $30,000 and the 2007 taxable value was reduced from $50,000 to $25,000. The market for this property was flat (i.e., unchanged) from 2007 to 2008. The property owner appealed again to the 2008 March Board of Review for a poverty exemption, but the appeal was denied. There have been no physical changes to this parcel over the past year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $30,000
Prior Year (2007) Taxable Value: $25,000

Current Year (2008) Assessed Value: $60,000
Current Year (2008) Taxable Value: $51,150
Current Year (2008) Capped Value: $51,150

Ratio of Taxable Value to Assessed Value: $25,000 + $30,000 = 0.8333

Equalization New: $30,000
Headlee Additions: $25,575

Capped Calculation Additions: $25,575

Equalization Adjustment: $0

Equalization Loss: $0
Headlee Losses: $0

Capped Calculation Losses: $0

**Capped Value (CV) Calculation:**

\[
CV = \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{1.023} \right) + \text{Additions}
\]

\[
CV = \left( \frac{$25,000 - $0}{1.023} \right) + $25,575
\]

\[
CV = $51,150
\]

**Summary:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value</th>
<th>Capped Value</th>
<th>Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$30,000</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>2008</td>
<td>$60,000</td>
<td>$51,150</td>
<td>$51,150</td>
</tr>
</tbody>
</table>

L-4025 Additions: $25,575
L-4025 Losses: $0
### Problem K3, Prior Year Poverty Exemption (Class: Residential)

In 2007 the March Board of Review granted a full poverty exemption to a residential parcel. The 2007 assessment was reduced from $65,000 to $0 and the 2007 taxable value was reduced from $48,000 to $0. The market for this property was flat (i.e., unchanged) from 2007 to 2008. The property owner appealed again to the 2008 March Board of Review for a poverty exemption, but the appeal was denied. There have been no physical changes to this parcel over the past year.

<table>
<thead>
<tr>
<th>Inflation Rate Multiplier (IRM):</th>
<th>1.023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Capped Value:</td>
<td></td>
</tr>
<tr>
<td>Ratio of Taxable Value to Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>Equalization <strong>New</strong>:</td>
<td></td>
</tr>
<tr>
<td>Headlee <strong>Additions</strong>:</td>
<td></td>
</tr>
<tr>
<td>Capped Calculation Additions:</td>
<td></td>
</tr>
<tr>
<td>Equalization Adjustment:</td>
<td></td>
</tr>
<tr>
<td>Equalization <strong>Loss</strong>:</td>
<td></td>
</tr>
<tr>
<td>Headlee <strong>Losses</strong>:</td>
<td></td>
</tr>
<tr>
<td>Capped Calculation Losses:</td>
<td></td>
</tr>
</tbody>
</table>

**Capped Value (CV) Calculation:**

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions

CV = \[\left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}} \right) \times 1.023\] + \[\text{Additions}\]

CV = \[
\]

**Summary:**

<table>
<thead>
<tr>
<th>2007 Assessed Value:</th>
<th>2008 Assessed Value:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Capped Value:</td>
<td>2008 Capped Value:</td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td>2008 Taxable Value:</td>
</tr>
</tbody>
</table>

L-4025 Additions: 
L-4025 Losses: 

---

32
In 2007 the March Board of Review granted a full poverty exemption to a residential parcel. The 2007 assessment was reduced from $65,000 to $0 and the 2007 taxable value was reduced from $48,000 to $0. The market for this property was flat (i.e., unchanged) from 2007 to 2008. The property owner appealed again to the 2008 March Board of Review for a poverty exemption, but the appeal was denied. There have been no physical changes to this parcel over the past year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $0
Prior Year (2007) Taxable Value: $0

Current Year (2008) Assessed Value: $65,000
Current Year (2008) Taxable Value: $49,104
Current Year (2008) Capped Value: $49,104

Ratio of Taxable Value to Assessed Value: $0 + $0 = ---

Equalization New: $65,000
Headlee Additions: $49,104
($48,000 x 1.023) - ($0 x 1.023) = $49,104

Capped Calculation Additions: $49,104

Equalization Adjustment: $0

Equalization Loss: $0
Headlee Losses: $0

Capped Calculation Losses: $0

**Capped Value (CV) Calculation:**

\[
CV = \left\lfloor \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{Assessed Value}} \right) \times \text{IRM or 1.05 Whichever is Less} \right\rfloor + \text{Additions}
\]

\[
CV = \left\lfloor \left( \frac{\$0 - \$0}{\$0} \right) \times 1.023 \right\rfloor + \$49,104
\]

\[
CV = $49,104
\]

**Summary:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value</th>
<th>Capped Value</th>
<th>Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2008</td>
<td>$65,000</td>
<td>$49,104</td>
<td>$49,104</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Additions/Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$49,104</td>
</tr>
<tr>
<td>2008</td>
<td>$0</td>
</tr>
</tbody>
</table>

**PROBLEM K3, PRIOR YEAR POVERTY EXEMPTION (CLASS: RESIDENTIAL)**

\[\text{PROBLEM K3, PRIOR YEAR POVERTY EXEMPTION (CLASS: RESIDENTIAL)}\]
In 2007 the March Board of Review granted a full poverty exemption to a residential parcel. The 2007 assessment was reduced from $65,000 to $0 and the 2007 taxable value was reduced from $48,000 to $0. The market for this property was flat (i.e., unchanged) from 2007 to 2008. The property owner appealed again to the 2008 March Board of Review for a poverty exemption, and the appeal was granted. There have been no physical changes to this parcel over the past year.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ + __________ = __________

Equalization New: __________ Headlee Additions: __________

Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________ Headlee Losses: __________

Capped Calculation Losses: __________

**Capped Value (CV) Calculation:**

\[ CV = \left[ \left( \text{Prior Year Taxable Value} - \text{Losses} \right) \times \text{IRM or 1.05 Whichever is Less} \right] + \text{Additions} \]

\[ CV = \left[ \left( \text{__________} - \text{__________} \right) \times 1.023 \right] + \text{__________} \]

\[ CV = \text{__________} \]

**Summary:**

2007 Assessed Value: __________ 2008 Assessed Value: __________
2007 Capped Value: __________ 2008 Capped Value: __________
2007 Taxable Value: __________ 2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
In 2007 the March Board of Review granted a full poverty exemption to a residential parcel. The 2007 assessment was reduced from $65,000 to $0 and the 2007 taxable value was reduced from $48,000 to $0. The market for this property was flat (i.e., unchanged) from 2007 to 2008. The property owner appealed again to the 2008 March Board of Review for a poverty exemption, and the appeal was granted. There have been no physical changes to this parcel over the past year.

Inflation Rate Multiplier (IRM): 1.023

| Prior Year (2007) Assessed Value: | $0 |
| Prior Year (2007) Taxable Value: | $0 |

| Current Year (2008) Assessed Value: | $0 |
| Current Year (2008) Taxable Value: | $0 |
| Current Year (2008) Capped Value: | $0 |

Ratio of Taxable Value to Assessed Value: $0 + $0 = ---

Equalization **New**: $0  
Headlee **Additions**: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization **Loss**: $0  
Headlee **Losses**: $0

Capped Calculation Losses: $0

**Capped Value (CV) Calculation:**

$CV = [(\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM or 1.05 Whichever is Less}] + \text{Additions}$

$CV = [(\frac{$0}{0} - \frac{$0}{0}) \times 1.023 ] + 0$

Summary:

| 2007 Assessed Value: | $0 |
| 2008 Assessed Value: | $0 |
| 2007 Capped Value: | $0 |
| 2008 Capped Value: | $0 |
| 2007 Taxable Value: | $0 |
| 2008 Taxable Value: | $0 |
| L-4025 Additions: | $0 |
| L-4025 Losses: | $0 |
The assessor reviewed the agricultural class of parcels in the Township and determined that the proper class for a certain parcel of land was residential. The assessor changed the class of the parcel from agricultural to residential (101 to 401). The 2007 assessed value was $45,000. The 2008 assessment is $55,000. The 2007 taxable value was $20,000. There was no assessed value increase due to general market factors and no physical change to the parcel occurred in 2007.

2008 Equalization Loss: 

2008 Equalization New: 

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 
Headlee Additions: 

Capped Calculation Additions: 

Equalization Adjustment: 

Equalization Loss: 
Headlee Losses: 

Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( ) x 1.023 ] + 
CV = 

Summary:

2007 Assessed Value: 
2008 Assessed Value: 

2007 Capped Value: 
2008 Capped Value: 

2007 Taxable Value: 
2008 Taxable Value: 

L-4025 Additions: 

L-4025 Losses: 

The assessor reviewed the agricultural class of parcels in the Township and determined that the proper class for a certain parcel of land was residential. The assessor changed the class of the parcel from agricultural to residential (101 to 401). The 2007 assessed value was $45,000. The 2008 assessment is $55,000. The 2007 taxable value was $20,000. There was no assessed value increase due to general market factors and no physical change to the parcel occurred in 2007.

2008 Equalization Loss: $45,000 (The 2007 Assessed Value as Determined by the March Board of Review, Agricultural Class)
2008 Equalization New: $55,000 (The 2008 Assessed Value, Residential Class)

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $45,000
Prior Year (2007) Taxable Value: $20,000

Current Year (2008) Assessed Value: $55,000
Current Year (2008) Taxable Value: $20,460
Current Year (2008) Capped Value: $20,460

Ratio of Taxable Value to Assessed Value: $20,000 \div $45,000 = 0.4444

Equalization New: $55,000 (401) Headlee Additions: $0
Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization Loss: $45,000 (101) Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = \[\frac{($20,000 - $0) \times 1.023}{1.05} +$0\]
CV = $20,460

Summary:
2007 Assessed Value: $45,000 2008 Assessed Value: $55,000
2007 Capped Value: $20,000 2008 Capped Value: $20,460
2007 Taxable Value: $20,000 2008 Taxable Value: $20,460

L-4025 Additions: $0
L-4025 Losses: $0
Because there were no physical changes to the property, there were no (Headlee) losses or additions. There were no capped value losses. The equalization loss that occurs in the agricultural classification due to the class change appears on Form L-4021 and is carried through to Forms L-4022 and L-4023. The equalization new that applies to the residential classification appears on Form L-4021 and is also carried through to Forms L-4022 and L-4023.
PROBLEM M, OMITTED PROPERTY (CLASS: RESIDENTIAL)

It was determined that a pole barn was built in 2006 without the proper permits and was therefore omitted from the 2007 assessment roll. The assessor filed a petition with the State Tax Commission under Michigan Compiled Law (MCL) 211.154 to add $10,000 to the 2007 assessment roll. The Commission issued an order on August 4, 2007 approving the assessor's request. Before the Commission action, the 2007 March Board of Review assessed value was $50,000 and the 2007 taxable value was $40,000. Assume that no assessed value increase was required due to general market factors. Determine the new 2007 and 2008 assessed, capped, and taxable values.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 
Headlee Additions: 

Capped Calculation Additions: (See State Tax Commission Bulletin No. 2 of 1996.)

Equalization Adjustment: 

Equalization Loss: 
Headlee Losses: 

Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = ( [ ( ) - ( ) ] x 1.023 ) + 
CV = 

Summary:

REVISED, MCL 211.154
2007 Assessed Value: 
2007 Capped Value: 
2007 Taxable Value: 

REVISED, MCL 211.154
2008 Assessed Value: 
2008 Capped Value: 
2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 
It was determined that a pole barn was built in 2006 without the proper permits and was therefore omitted from the 2007 assessment roll. The assessor filed a petition with the State Tax Commission under Michigan Compiled Law (MCL) 211.154 to add $10,000 to the 2007 assessment roll. The Commission issued an order on August 4, 2007 approving the assessor's request. Before the Commission action, the 2007 March Board of Review assessed value was $50,000 and the 2007 taxable value was $40,000. Assume that no assessed value increase was required due to general market factors. Determine the new 2007 and 2008 assessed, capped, and taxable values.

**Inflation Rate Multiplier (IRM):** 1.023

**Prior Year (2007) Assessed Value:** $60,000 ($50,000 original assessed value + $10,000 omitted assessed value, MCL 211.154)

**Prior Year (2007) Taxable Value:** $50,000 ($40,000 original taxable value + $10,000 omitted taxable value, MCL 211.154)

**Current Year (2008) Assessed Value:** $60,000

**Current Year (2008) Taxable Value:** $51,150

**Current Year (2008) Capped Value:** $51,150

**Ratio of Taxable Value to Assessed Value:** $50,000 ÷ $60,000 = 0.8333

**Equalization**

New: $10,000 (2008)  
Headlee Additions: $10,000 (2008)

**Capped Calculation Additions:** $0 (See State Tax Commission Bulletin No. 2 of 1996.)

**Equalization Adjustment:** $0

**Equalization Loss:** $0  
Headlee Losses: $0

**Capped Calculation Losses:** $0

**Capped Value (CV) Calculation:**

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions

CV = [( $50,000 - $0 ) x 1.023 ] + $0

CV = $51,150

**Summary:**

<table>
<thead>
<tr>
<th></th>
<th>REVISÉ, MCL 211.154</th>
<th>REVISÉ, MCL 211.154</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Assessed Value:</td>
<td>$60,000</td>
<td>2008 Assessed Value:</td>
</tr>
<tr>
<td>2007 Capped Value:</td>
<td>$50,000</td>
<td>2008 Capped Value:</td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td>$50,000</td>
<td>2008 Taxable Value:</td>
</tr>
<tr>
<td>L-4025 Additions:</td>
<td>$10,000</td>
<td></td>
</tr>
<tr>
<td>L-4025 Losses:</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>
It should be noted that the 2007 March Board of Review values have been adjusted to reflect the new pole barn. The 2008 taxable value is to be calculated beginning with the revised 2007 taxable value. The capped value additions have already been considered when the 2007 taxable value was recalculated. The $10,000 Headlee additions are not used in the capped value formula for 2008. Because the current capped value is calculated using the prior year's final taxable value, there would be no capped value additions for the 2008 year. Because the pole barn value was not previously included in the millage rollback calculations, there will be additions for the Headlee and truth-in-taxation rollbacks for 2008.

The final 2007 assessed value is $60,000. However, Form L-4021 shows values for each year as of the close of the March Board of Review. The 2007 assessed value appeared as $50,000 on this form, requiring the need for $10,000 in equalization new for 2008.

Note: The same process is to be followed for changes ordered by the July or December Board of Review and the Michigan Tax Tribunal, as long as the changes include additions such as the additions for the missing pole barn in the example.
It was determined that a pole barn was built in 2006 without the proper permits and was therefore omitted from the 2007 assessment roll. In late December of 2007, the assessor filed a petition with the State Tax Commission under Michigan Compiled Law (MCL) 211.154 to add $10,000 to the 2007 assessment roll. The Commission issued an order on June 4, 2008 approving the assessor's request and including the 2008 year. Before the Commission action, the 2007 March Board of Review assessed value was $50,000 and the 2007 taxable value was $40,000. Assume that no assessed value increase was required due to general market factors. Determine the new 2007 and 2008 assessed, capped, and taxable values.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ + __________ = __________

Equalization New: __________ Headlee Additions: __________
Capped Calculation Additions: __________
Equalization Adjustment: __________
Equalization Loss: __________ Headlee Losses: __________
Capped Calculation Losses: __________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( __________ - __________ ) x 1.023 ] + __________
CV = __________

Summary:

REVISED, MCL 211.154
2007 Assessed Value: __________
2007 Capped Value: __________
2007 Taxable Value: __________
L-4025 Additions: __________

REVISED, MCL 211.154
2008 Assessed Value: __________
2008 Capped Value: __________
2008 Taxable Value: __________
L-4025 Losses: __________
PROBLEM M1, OMITTED PROPERTY (CLASS: RESIDENTIAL)

It was determined that a pole barn was built in 2006 without the proper permits and was therefore omitted from the 2007 assessment roll. In late December of 2007, the assessor filed a petition with the State Tax Commission under Michigan Compiled Law (MCL) 211.154 to add $10,000 to the 2007 assessment roll. The Commission issued an order on June 4, 2008 approving the assessor's request and including the 2008 year. Before the Commission action, the 2007 March Board of Review assessed value was $50,000 and the 2007 taxable value was $40,000. Assume that no assessed value increase was required due to general market factors. Determine the new 2007 and 2008 assessed, capped, and taxable values.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $60,000 ($50,000 original assessed value + $10,000 omitted assessed value, MCL 211.154)
Prior Year (2007) Taxable Value: $50,000 ($40,000 original taxable value + $10,000 omitted taxable value, MCL 211.154)

Current Year (2008) Assessed Value: $60,000
Current Year (2008) Taxable Value: $51,150
Current Year (2008) Capped Value: $51,150

Ratio of Taxable Value to Assessed Value: $50,000 + $60,000 = 0.8333

Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization Loss: $0 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [($50,000 - $0) x 1.023] + $0
CV = $51,150

Summary:

<table>
<thead>
<tr>
<th></th>
<th>REVISED, MCL 211.154</th>
<th>REVISED, MCL 211.154</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Assessed Value:</td>
<td>$60,000</td>
<td>2008 Assessed Value:</td>
</tr>
<tr>
<td>2007 Capped Value:</td>
<td>$50,000</td>
<td>2008 Capped Value:</td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td>$50,000</td>
<td>2008 Taxable Value:</td>
</tr>
<tr>
<td>L-4025 Additions:</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>L-4025 Losses:</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>
The 2007 and 2008 values have been set by the State Tax Commission. There are no new, loss, additions, or losses for 2008 since the order from the Commission comes after the 2008 assessment roll has been finalized. For 2009, there will be no capped value additions for the reason explained in problem M. For 2009 there will be new and Headlee additions for the omitted property.

Note: This problem was included in the 2007-2008 certification renewal program materials (the years involved were adjusted, but no other significant change was made to the fact set of the problem). In the 2007-2008 certification renewal program materials, however, the $10,000 in new and Headlee additions was incorrectly applied in the year of the Commission order. This was incorrect since the date of the order came after the finalization of the assessment roll for that year. Problem M1 is included here to remedy the incorrect information contained in the 2007-2008 certification renewal program materials and to ensure that correct procedures are used in such situations.
A farmer has made application to split his 80-acre farm into two equal 40-acre parcels. The 80-acre parcel was assessed at $80,000. The assessor retired the parcel number for the 80-acre parcel and created two new parcels for the two new 40-acre child parcels. There was no change in assessed value because of economic or inflationary factors for this property. For this example, the 40-acre parcels are valued at the same rate per acre as the original 80-acre parcel. The 2007 taxable value was $50,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

2008 Equalization Loss: 
2008 Headlee Losses: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 
Headlee Additions: 

Capped Calculation Additions: 

Equalization Adjustment: 

Equalization Loss: 
Headlee Losses: 

Capped Calculation Losses: 

Capped Value (CV) Calculation:

\[
CV = \left[ (\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM or 1.05 Whichever is Less} \right] + \text{Additions}
\]

\[
CV = \left[ (\text{_________} - \text{_________}) \times 1.023 \right] + \text{_________}
\]

Summary:

2007 Assessed Value: 
2007 Capped Value: 
2007 Taxable Value: 

2008 Assessed Value: 
2008 Capped Value: 
2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 
A farmer has made application to split his 80-acre farm into two equal 40-acre parcels. The 80-acre parcel was assessed at $80,000. The assessor retired the parcel number for the 80-acre parcel and created two new parcels for the two new 40-acre child parcels. There was no change in assessed value because of economic or inflationary factors for this property. For this example, the 40-acre parcels are valued at the same rate per acre as the original 80-acre parcel. The 2007 taxable value was $50,000.

**Parent Parcel (80 Acres)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Rate Multiplier (IRM)</td>
<td>1.023</td>
</tr>
<tr>
<td>Prior Year (2007) Assessed Value</td>
<td>$80,000</td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value</td>
<td>$50,000</td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Capped Value</td>
<td>$51,150 (Disregarded due to parcel retirement)</td>
</tr>
</tbody>
</table>

2008 Equalization Loss: $80,000 (Loss is the entire parent parcel's assessed value.)
2008 Headlee Losses: $0 (There were no physical changes to the property, etc.)

Ratio of Taxable Value to Assessed Value: $50,000 ÷ $80,000 = 0.6250

Equalization New: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization Loss: $80,000

Headlee Losses: $0

Capped Calculation Losses: $0

**Capped Value (CV) Calculation:**

\[
CV = \left( \text{Prior Year Taxable Value} - \text{Losses} \right) \times \text{IRM or 1.05 Whichever is Less} + \text{Additions}
\]

\[
CV = \left( \frac{50,000 - 0}{1.023} \right) + 0 = 51,150
\]

(However, no calculation is required because the parcel is retired for 2008.)

**Summary:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value</th>
<th>Capped Value</th>
<th>Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$80,000</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>2008</td>
<td>$0</td>
<td>$51,150</td>
<td>$0</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0
L-4025 Losses: $0
### Child Parcels (40 Acres Each)

2008 Assessed Value = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of the child parcels to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcels was $80,000 each. The total true cash value of the parent parcel was $160,000.

### Inflation Rate Multiplier (IRM):

1.023

### Prior Year (2007) Values:

- **Assessed Value**: $40,000 (Allocated from 2007 Assessed Value)
- **Taxable Value**: $25,000 (Allocated from 2007 Taxable Value)
- **Capped Value**: $25,000 (Allocated from 2007 Capped Value)

### Current Year (2008) Values:

- **Assessed Value**: $40,000
- **Taxable Value**: $25,575
- **Capped Value**: $25,575

### Ratio of Taxable Value to Assessed Value:

\[
\frac{\text{Taxable Value}}{\text{Assessed Value}} = \frac{25,000}{40,000} = 0.6250
\]

### Total Increase due to New Construction:

= $0

### Total Increase due to Adjustment:

= $0

Note: There is no adjustment on the child parcels because they are to be treated entirely as equalization new for 2008.

### Equalization Values:

- **New**: $40,000
- **Additions**: $0
- **Capped Calculation Additions**: $0
- **Equalization Adjustment**: $0
- **Loss**: $0
- **Losses**: $0
- **Capped Calculation Losses**: $0

### Capped Value (CV) Calculation:

\[
\text{CV} = \left[ (\text{Prior Year Taxable Value - Losses}) \times \text{IRM or 1.05 Whichever is Less} \right] + \text{Additions}
\]

\[
\text{CV} = \left[ (25,000 - 0) \times 1.023 \right] + 0
\]

\[
\text{CV} = 25,575
\]

### Summary:

- **2007 Assessed Value**: $40,000  \hspace{1cm} 2008 Assessed Value: $40,000
- **2007 Capped Value**: $25,000  \hspace{1cm} 2008 Capped Value: $25,575
- **2007 Taxable Value**: $25,000  \hspace{1cm} 2008 Taxable Value: $25,575
- **L-4025 Additions**: $0
- **L-4025 Losses**: $0
STATE ASSESSORS BOARD
MANDATORY CERTIFICATION RENEWAL PROGRAM
APPLICATION OF NEW, LOSS, ADDITIONS, LOSSES, AND ADJUSTMENT

PROBLEMS N1 AND N2, EQUALIZATION NEW/SPLIT (CLASS: AGRICULTURAL)

Child Parcels (40 Acres Each)

2008 Assessed Value = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of the child parcels to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcels was $80,000 each. The total true cash value of the parent parcel was $160,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $40,000 (Allocated from 2007 Assessed Value)
Prior Year (2007) Taxable Value: $25,000 (Allocated from 2007 Taxable Value)
Prior Year (2007) Capped Value: $25,000 (Allocated from 2007 Capped Value)

Current Year (2008) Assessed Value: $40,000
Current Year (2008) Taxable Value: $25,575
Current Year (2008) Capped Value: $25,575

Ratio of Taxable Value to Assessed Value: $25,000 ÷ $40,000 = 0.6250

Total Increase due to New Construction: = $0
Total Increase due to Adjustment: = $0

Note: There is no adjustment on the child parcels because they are to be treated entirely as equalization new for 2008.

Equalization New: $40,000
Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization Loss: $0
Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $25,000 - $0 ) x 1.023 ] + $0
CV = $25,575

Summary:
2007 Assessed Value: $40,000 2008 Assessed Value: $40,000
2007 Capped Value: $25,000 2008 Capped Value: $25,575
2007 Taxable Value: $25,000 2008 Taxable Value: $25,575

L-4025 Additions: $0
L-4025 Losses: $0
Proof (Child parcels' taxable values should always total to the parent parcel's taxable value from the prior year multiplied by the inflation rate multiplier (IRM).):

Previous Taxable Value of Parent Parcel x IRM = $50,000 x 1.023 = $51,150
Current Taxable Values of Child Parcels = $25,575 x 2 parcels = $51,150

*Exceptions include situations where there has been new construction on one or more of the child parcels or a transfer of ownership has taken place.
Assume the same set of facts used in problems N, N1, and N2, except that one of the child parcels sold in 2007 and should be uncapped for 2008. A farmer made application to split his 80-acre farm into two equal 40-acre parcels. The 80-acre parcel was assessed at $80,000. The assessor retired the parcel number for the 80-acre parcel and created two new parcels for the two new 40-acre child parcels. There was no change in assessed value because of economic or inflationary factors for this property. For this example, the 40-acre parcels are valued at the same rate per acre as the original 80-acre parcel. The 2007 taxable value was $50,000. There was a transfer of ownership for one of the child parcels in 2007.

### Parent Parcel (80 Acres)

- **Inflation Rate Multiplier (IRM):** 1.023
- **Prior Year (2007) Assessed Value:**
- **Prior Year (2007) Taxable Value:**
- **Current Year (2008) Assessed Value:**
- **Current Year (2008) Taxable Value:**
- **Current Year (2008) Capped Value:**
- **2008 Equalization Loss:** $80,000 (Loss is the entire parent parcel's assessed value.)
- **2008 Headlee Losses:** $0 (There were no physical changes to the property, etc.)
- **Ratio of Taxable Value to Assessed Value:** $50,000 \(\div\) $80,000 = 0.6250
- **Equalization New:**
- **Headlee Additions:**
- **Capped Calculation Additions:**
- **Equalization Adjustment:**
- **Equalization Loss:**
- **Headlee Losses:**
- **Capped Calculation Losses:**

#### Capped Value (CV) Calculation:
\[ CV = \left[ \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{Assessed Value}} \right) \times 1.023 \right] + \text{Additions} \]

#### Summary:
- **2007 Assessed Value:**
- **2008 Assessed Value:**
- **2007 Capped Value:**
- **2008 Capped Value:**
- **2007 Taxable Value:**
- **2008 Taxable Value:**
- **L-4025 Additions:**
- **L-4025 Losses:**
**Problem O, Equalization Loss/Split (Class: Agricultural)**

Assume the same set of facts used in problems N, N1, and N2, except that one of the child parcels sold in 2007 and should be uncapped for 2008. A farmer made application to split his 80-acre farm into two equal 40-acre parcels. The 80-acre parcel was assessed at $80,000. The assessor retired the parcel number for the 80-acre parcel and created two new parcels for the two new 40-acre child parcels. There was no change in assessed value because of economic or inflationary factors for this property. For this example, the 40-acre parcels are valued at the same rate per acre as the original 80-acre parcel. The 2007 taxable value was $50,000. There was a transfer of ownership for one of the child parcels in 2007.

**Parent Parcel (80 Acres)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Rate Multiplier (IRM)</td>
<td>1.023</td>
</tr>
<tr>
<td>Prior Year (2007) Assessed Value</td>
<td>$80,000</td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value</td>
<td>$50,000</td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Capped Value</td>
<td>$51,150 (Disregarded due to parcel retirement)</td>
</tr>
<tr>
<td>2008 Equalization Loss:</td>
<td>$80,000</td>
</tr>
<tr>
<td>2008 Headlee Losses:</td>
<td>$0</td>
</tr>
<tr>
<td>Ratio of Taxable Value to Assessed Value:</td>
<td>$50,000 + $80,000 = 0.6250</td>
</tr>
<tr>
<td>Equalization <strong>New</strong>:</td>
<td>$0</td>
</tr>
<tr>
<td>Headlee <strong>Additions</strong>:</td>
<td>$0</td>
</tr>
<tr>
<td>Capped Calculation Additions:</td>
<td>$0</td>
</tr>
<tr>
<td>Equalization <strong>Loss</strong>:</td>
<td>$80,000</td>
</tr>
<tr>
<td>Headlee <strong>Losses</strong>:</td>
<td>$0</td>
</tr>
<tr>
<td>Capped Calculation Losses:</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Capped Value (CV) Calculation:**

\[
CV = \left( (\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM or 1.05 Whichever is Less} \right) + \text{Additions}
\]

\[
CV = \left( ($50,000 - \$0) \times 1.023 \right) + \$0 = $51,150
\]

(However, no calculation is required because the parcel is retired for 2008.)

**Summary:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value</th>
<th>Capped Value</th>
<th>Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$80,000</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>2008</td>
<td>$0</td>
<td>$51,150</td>
<td>$0</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0  
L-4025 Losses: $0
**PROBLEM 01, EQUALIZATION NEW/SPLIT (CLASS: AGRICULTURAL)**

Child Parcel, No Transfer of Ownership (40 Acres)

2008 Assessed Value = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of the child parcel to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcel was $80,000. The total true cash value of the parent parcel was $160,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________
Prior Year (2007) Capped Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ + __________ = __________

Total Increase due to New Construction: = __________
Total Increase due to Adjustment: = __________

Equalization New: __________  Headlee Additions: __________
Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________  Headlee Losses: __________
Capped Calculation Losses: __________

**Capped Value (CV) Calculation:**

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions

CV = [( __________ - __________ ) x 1.023 ] + __________
CV = __________

Summary:

2007 Assessed Value: __________  2008 Assessed Value: __________
2007 Capped Value: __________  2008 Capped Value: __________
2007 Taxable Value: __________  2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
Child Parcel, No Transfer of Ownership (40 Acres)

2008 Assessed Value = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of the child parcel to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcel was $80,000. The total true cash value of the parent parcel was $160,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $40,000 (Allocated from 2007 Assessed Value)
Prior Year (2007) Taxable Value: $25,000 (Allocated from 2007 Taxable Value)
Prior Year (2007) Capped Value: $25,000 (Allocated from 2007 Capped Value)

Current Year (2008) Assessed Value: $40,000
Current Year (2008) Taxable Value: $25,575
Current Year (2008) Capped Value: $25,575

Ratio of Taxable Value to Assessed Value: $25,000 + $40,000 = 0.6250

Total Increase due to New Construction: = $0
Total Increase due to Adjustment: = $0

Note: There is no adjustment on the child parcel because it is to be treated entirely as equalization new for 2008.

Equalization New: $40,000
Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization Loss: $0
Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $25,000 - $0 ) x 1.023 ] + $0
CV = $25,575

Summary:

2007 Assessed Value: $40,000 2008 Assessed Value: $40,000
2007 Capped Value: $25,000 2008 Capped Value: $25,575
2007 Taxable Value: $25,000 2008 Taxable Value: $25,575

L-4025 Additions: $0
L-4025 Losses: $0
STATE ASSESSORS BOARD
MANDATORY CERTIFICATION RENEWAL PROGRAM
APPLICATION OF NEW, LOSS, ADDITIONS, LOSSES, AND ADJUSTMENT

PROBLEM O2, EQUALIZATION NEW/SPLIT WITH TRANSFER OF OWNERSHIP
(CLASS: AGRICULTURAL)

Child Parcel, 2007 Transfer of Ownership (40 Acres)

2008 Assessed Value = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of the child parcel to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcel was $80,000. The total true cash value of the parent parcel was $160,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: _________
Prior Year (2007) Taxable Value: _________
Prior Year (2007) Capped Value: _________

Current Year (2008) Assessed Value: _________
Current Year (2008) Taxable Value: _________
Current Year (2008) Capped Value: _________

Ratio of Taxable Value to Assessed Value: _________ + _________ = _________

Total Increase due to New Construction: = _________
Total Increase due to Adjustment: = _________

Equalization New: _________ Headlee Additions: _________
Capped Calculation Additions: _________

Equalization Adjustment: _________

Equalization Loss: _________ Headlee Losses: _________
Capped Calculation Losses: _________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( _________ - _________ ) x 1.023 ] + _________
CV = _________

Summary:
2007 Assessed Value: _________ 2008 Assessed Value: _________
2007 Capped Value: _________ 2008 Capped Value: _________
2007 Taxable Value: _________ 2008 Taxable Value: _________

L-4025 Additions: _________
L-4025 Losses: _________
PROBLEM O2, EQUALIZATION NEW/SPLIT WITH TRANSFER OF OWNERSHIP
(CLASS: AGRICULTURAL)

Child Parcel, 2007 Transfer of Ownership (40 Acres)
2008 Assessed Value = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of the child parcel to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcel was $80,000. The total true cash value of the parent parcel was $160,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $40,000 (Allocated from 2007 Assessed Value)
Prior Year (2007) Taxable Value: $25,000 (Allocated from 2007 Taxable Value)
Prior Year (2007) Capped Value: $25,000 (Allocated from 2007 Capped Value)

Current Year (2008) Assessed Value: $40,000
Current Year (2008) Taxable Value: $40,000 (Uncapped due to transfer of ownership)
Current Year (2008) Capped Value: $25,575 (Disregarded due to transfer of ownership)

Ratio of Taxable Value to Assessed Value: $25,000 ÷ $40,000 = 0.6250

Total Increase due to New Construction: = $0
Total Increase due to Adjustment: = $0

Note: There is no adjustment on the child parcel because it is to be treated entirely as equalization new for 2008.

Equalization New: $40,000 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $0

Equalization Loss: $0 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [($25,000 - $0) x 1.023] + $0
CV = $25,575

Summary:
2007 Assessed Value: $40,000 2008 Assessed Value: $40,000
2007 Capped Value: $25,000 2008 Capped Value: $25,575
2007 Taxable Value: $25,000 2008 Taxable Value: $40,000

L-4025 Additions: $0
L-4025 Losses: $0
PROBLEM P, EQUALIZATION LOSS/SPLIT (CLASS: AGRICULTURAL)

Assume the same set of facts used in problems N, N1, and N2, except that one of the child parcels sold in 2007 and must be uncapped for 2008 and the new owner of that parcel added a farm structure with a market value of $70,000 in 2007. A farmer made application to split his 80-acre farm into two equal 40-acre parcels. The 80-acre parcel was assessed at $80,000. The assessor retired the parcel number for the 80-acre parcel and created two new parcels for the two new 40-acre child parcels. There was no change in assessed value because of economic or inflationary factors for this property. For this example, the 40-acre parcels are valued at the same rate per acre as the original 80-acre parcel. The 2007 taxable value was $50,000. The child parcel that had a transfer of ownership must be uncapped for 2008 and the new construction must be added to the assessment roll.

**Parent Parcel (80 Acres)**

<table>
<thead>
<tr>
<th>Inflation Rate Multiplier (IRM)</th>
<th>1.023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Assessed Value</td>
<td></td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Capped Value</td>
<td></td>
</tr>
</tbody>
</table>

2008 Equalization Loss: 
2008 Headlee Losses: 

Ratio of Taxable Value to Assessed Value: 

Equalization **New**: 
Headlee **Additions**: 

Capped Calculation Additions: 
Equalization Adjustment: 

Equalization **Loss**: 
Headlee **Losses**: 

Capped Calculation Losses: 

**Capped Value (CV) Calculation:**
\[
CV = \left[ \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{Assessed Value}}\right) \times 1.023 \right] + \text{Additions}
\]

Summary:

<table>
<thead>
<tr>
<th>2007 Assessed Value:</th>
<th>80,000</th>
<th>2008 Assessed Value:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Capped Value:</td>
<td></td>
<td>2008 Capped Value:</td>
<td></td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td></td>
<td>2008 Taxable Value:</td>
<td></td>
</tr>
</tbody>
</table>

L-4025 Additions: 
L-4025 Losses: 

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S. L. Anon. 1963. MANDATORY CERTIFICATION RENEWAL PROGRAM, APPLICATION OF NEW, LOSS, ADDITIONS, LOSSES, AND ADJUSTMENT.
Problem P, Equalization Loss/Split (Class: Agricultural)

Assume the same set of facts used in problems N, N1, and N2, except that one of the child parcels sold in 2007 and must be uncapped for 2008 and the new owner of that parcel added a farm structure with a market value of $70,000 in 2007. A farmer made application to split his 80-acre farm into two equal 40-acre parcels. The 80-acre parcel was assessed at $80,000. The assessor retired the parcel number for the 80-acre parcel and created two new parcels for the two new 40-acre child parcels. There was no change in assessed value because of economic or inflationary factors for this property. For this example, the 40-acre parcels are valued at the same rate per acre as the original 80-acre parcel. The 2007 taxable value was $50,000. The child parcel that had a transfer of ownership must be uncapped for 2008 and the new construction must be added to the assessment roll.

Parent Parcel (80 Acres)

<table>
<thead>
<tr>
<th>Inflation Rate Multiplier (IRM):</th>
<th>1.023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Assessed Value:</td>
<td>$80,000</td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value:</td>
<td>$50,000</td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value:</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value:</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Capped Value:</td>
<td>$51,150 (Disregarded due to parcel retirement)</td>
</tr>
</tbody>
</table>

2008 Equalization Loss: $80,000 (Loss is the entire parent parcel's assessed value.)
2008 Headlee Losses: $0 (There were no physical changes to the property, etc.)

Ratio of Taxable Value to Assessed Value: $50,000 ÷ $80,000 = 0.6250

Equalization New: $0
Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $0

Capped Calculation Losses: $80,000
Headlee Losses: $0

Capped Value (CV) Calculation:

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [($50,000 - $0) x 1.023] + $0
CV = $51,150 (However, no calculation is required because the parcel is retired for 2008.)

Summary:

<table>
<thead>
<tr>
<th>2007 Assessed Value:</th>
<th>$80,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 Assessed Value:</td>
<td>$0</td>
</tr>
<tr>
<td>2007 Capped Value:</td>
<td>$50,000</td>
</tr>
<tr>
<td>2008 Capped Value:</td>
<td>$51,150</td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td>$50,000</td>
</tr>
<tr>
<td>2008 Taxable Value:</td>
<td>$0</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0
L-4025 Losses: $0
Child Parcel, No Transfer of Ownership, No New Construction (40 Acres)
2008 Assessed Value = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of the child parcel to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcel was $80,000. The total true cash value of the parent parcel was $160,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________
Prior Year (2007) Capped Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ + __________ = __________

Total Increase due to New Construction: __________
Total Increase due to Adjustment: __________

Equalization New: __________
Headlee Additions: __________
Capped Calculation Additions: __________
Equalization Adjustment: __________

Equalization Loss: __________
Headlee Losses: __________
Capped Calculation Losses: __________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [(__________ - __________) x 1.023 ] + __________
CV = __________

Summary:
2007 Assessed Value: __________
2007 Capped Value: __________
2007 Taxable Value: __________
L-4025 Additions: __________
L-4025 Losses: __________
2008 Assessed Value = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true
cash value of the child parcel to the prior year's true cash value of the entire parent parcel. The
2007 true cash value of the child parcel was $80,000. The total true cash value of the parent parcel
was $160,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $40,000 (Allocated from 2007 Assessed Value)
Prior Year (2007) Taxable Value: $25,000 (Allocated from 2007 Taxable Value)
Prior Year (2007) Capped Value: $25,000 (Allocated from 2007 Capped Value)

Current Year (2008) Assessed Value: $40,000
Current Year (2008) Taxable Value: $25,575
Current Year (2008) Capped Value: $25,575

Ratio of Taxable Value to Assessed Value: $25,000 ÷ $40,000 = 0.6250

Total Increase due to New Construction: = $0
Total Increase due to Adjustment: = $0
Note: There is no adjustment on the child parcel because it is to be treated entirely as equalization
new for 2008.

Equalization New: $40,000 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $0

Equalization Loss: $0 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [($25,000 - $0) x 1.023] + $0
CV = $25,575

Summary:
2007 Assessed Value: $40,000 2008 Assessed Value: $40,000
2007 Capped Value: $25,000 2008 Capped Value: $25,575
2007 Taxable Value: $25,000 2008 Taxable Value: $25,575

L-4025 Additions: $0
L-4025 Losses: $0
PROBLEM P2, EQUALIZATION NEW/SPLIT WITH TRANSFER OF OWNERSHIP
AND NEW CONSTRUCTION (CLASS: AGRICULTURAL)


2008 Assessed Value of Land = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2008 Assessed Value of Farm Structure = $70,000 True Cash Value x 0.50 = $35,000
2008 Total Assessed Value = $75,000

2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of the child parcel to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcel was $80,000. The total true cash value of the parent parcel was $160,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________
Prior Year (2007) Capped Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ ÷ __________ = __________

Total Increase due to New Construction: = __________
Total Increase due to Adjustment: = __________

Equalization New: __________  Headlee Additions: __________

Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________  Headlee Losses: __________

Capped Calculation Losses: __________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( __________ - __________ ) x 1.023 ] + __________
CV = __________

Summary:
2007 Assessed Value: __________  2008 Assessed Value: __________
2007 Capped Value: __________  2008 Capped Value: __________
2007 Taxable Value: __________  2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
PROBLEM P2, EQUALIZATION NEW/SPLIT WITH TRANSFER OF OWNERSHIP AND NEW CONSTRUCTION (CLASS: AGRICULTURAL)


2008 Assessed Value of Land = ($2,000 per acre x 40 acres) x 0.50 = $40,000
2008 Assessed Value of Farm Structure = $70,000 True Cash Value x 0.50 = $35,000
2008 Total Assessed Value = $40,000 + $35,000 = $75,000
2007 (Allocated) Taxable Value = $50,000 x ($80,000 ÷ $160,000) = $25,000 OR
2007 (Allocated) Taxable Value = $50,000 x 0.50 = $25,000

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of the child parcel to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcel was $80,000. The total true cash value of the parent parcel was $160,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $40,000 (Allocated from 2007 Assessed Value)
Prior Year (2007) Taxable Value: $25,000 (Allocated from 2007 Taxable Value)
Prior Year (2007) Capped Value: $25,000 (Allocated from 2007 Capped Value)

Current Year (2008) Assessed Value: $75,000
Current Year (2008) Taxable Value: $75,000 (Uncapped due to transfer of ownership)
Current Year (2008) Capped Value: $60,575 (Disregarded due to transfer of ownership)

Ratio of Taxable Value to Assessed Value: $25,000 + $40,000 = 0.6250

Total Increase due to New Construction: = $35,000
Total Increase due to Adjustment: = $0

Note: There is no adjustment on the child parcel because it is to be treated entirely as equalization new for 2008.

Equalization New: $75,000*  Headlee Additions: $35,000
Capped Calculation Additions: $35,000
Equalization Adjustment: $0

Equalization Loss: $0  Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $25,000 - $0 ) x 1.023 ] + $35,000
CV = $60,575

Summary:
2007 Assessed Value: $40,000  2008 Assessed Value: $75,000
2007 Capped Value: $25,000  2008 Capped Value: $60,575
2007 Taxable Value: $25,000  2008 Taxable Value: $75,000

L-4025 Additions: $35,000
L-4025 Losses: $0

*New calculated as follows: $40,000 (2007 assessed value) + $35,000 (new construction) = $75,000 (new)
During a review of the assessment roll, the assessor determined that a parcel's current classification of agricultural (101) should be changed to residential (401) on the 2008 assessment roll. The 2007 assessed value was $125,000 and the 2008 assessed value is $130,000. The 2007 taxable value was $115,000. There were no physical changes, etc. to the parcel for 2008.

2008 Equalization Loss: __________
2008 Equalization New: __________

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

2008 Equalization Adjustment: ________

Ratio of Taxable Value to Assessed Value: ________ + ________ = ________

Equalization New: ________ Headlee Additions: ________
Capped Calculation Additions: ________
Equalization Adjustment: ________

Equalization Loss: ________ Headlee Losses: ________
Capped Calculation Losses: ________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [(__________ - ________) x 1.023] + ________
CV = ________

Summary:
2007 Assessed Value: ________ 2008 Assessed Value: ________
2007 Capped Value: ________ 2008 Capped Value: ________
2007 Taxable Value: ________ 2008 Taxable Value: ________

L-4025 Additions: ________
L-4025 Losses: ________
PROBLEM Q, CLASSIFICATION CHANGE

During a review of the assessment roll, the assessor determined that a parcel's current classification of agricultural (101) should be changed to residential (401) on the 2008 assessment roll. The 2007 assessed value was $125,000 and the 2008 assessed value is $130,000. The 2007 taxable value was $115,000. There were no physical changes, etc. to the parcel for 2008.

2008 Equalization Loss: $125,000 (The 2007 Assessed Value as Determined by the March Board of Review, Agricultural Class)

2008 Equalization New: $130,000 (The 2008 Assessed Value, Residential Class)

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $125,000
Prior Year (2007) Taxable Value: $115,000

Current Year (2008) Assessed Value: $130,000
Current Year (2008) Taxable Value: $117,645


2008 Equalization Adjustment: = $0*

Ratio of Taxable Value to Assessed Value: $115,000 ÷ $125,000 = 0.9200

Equalization New: $130,000 (401) Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0*

Equalization Loss: $125,000 (101) Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $115,000 - $0 ) x 1.023 ] + $0
CV = $117,645

Summary:
2007 Assessed Value: $125,000 2008 Assessed Value: $130,000
2007 Capped Value: $115,000 2008 Capped Value: $117,645
2007 Taxable Value: $115,000 2008 Taxable Value: $117,645

L-4025 Additions: $0
L-4025 Losses: $0

*Note that there is no equalization adjustment despite the increase in value of $5,000 for 2008. The entire $130,000 for 2008 is new to the residential classification.
PROBLEM R. REPLACEMENT CONSTRUCTION (CLASS: RESIDENTIAL)

In late 2006 an accidental fire destroyed a house. In 2007 a new house was rebuilt in the same location. Based on assessment records, the true cash value of the house that was destroyed in 2006 was $150,000. The true cash value of the replacement house is $200,000. For 2007 the parcel's total true cash value was $40,000 and the parcel's taxable value for 2007 was $14,000. Other than the construction of the replacement house, there were no physical changes to the parcel and there were no general market changes for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value:  
Prior Year (2007) Taxable Value:  
Current Year (2008) Assessed Value:  
Current Year (2008) Taxable Value:  
Current Year (2008) Capped Value:  

Total Increase from 2007 to 2008: -  
Total Increase due to New and Replacement Construction: -  
Total Change due to Adjustment:  

2008 Capped Value Additions for Replacement Construction:  

2008 Capped Value Additions for New Construction:  
2008 Total Capped Value Additions:  
Ratio of Taxable Value to Assessed Value:  

Equalization New:  Headlee Additions:  
Capped Calculation Additions:  
Equalization Adjustment:  
Equalization Loss:  Headlee Losses:  
Capped Calculation Losses:  

Capped Value (CV) Calculation:
\[ CV = \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{Prior Year Assessed Value}} \times \text{IRM or 1.05 Whichever is Less} \right) + \text{Additions} \]
\[ CV = \left( \frac{\text{Current Year Taxable Value} - \text{Losses}}{\text{Current Year Assessed Value}} \times 1.023 \right) + \text{Additions} \]

Summary:
2007 Assessed Value:  
2007 Capped Value:  
2007 Taxable Value:  
L-4025 Additions:  
L-4025 Losses:  
2008 Assessed Value:  
2008 Capped Value:  
2008 Taxable Value:  

In late 2006 an accidental fire destroyed a house. In 2007 a new house was rebuilt in the same location. Based on assessment records, the true cash value of the house that was destroyed in 2006 was $150,000. The true cash value of the replacement house is $200,000. For 2007 the parcel's total true cash value was $40,000 and the parcel's taxable value for 2007 was $14,000. Other than the construction of the replacement house, there were no physical changes to the parcel and there were no general market changes for 2008.

**Inflation Rate Multiplier (IRM):** 1.023

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value</td>
<td>$20,000</td>
<td>$120,000</td>
</tr>
<tr>
<td>Taxable Value</td>
<td>$14,000</td>
<td>$93,029</td>
</tr>
<tr>
<td>Total Increase from 2007 to 2008</td>
<td>$120,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Total Increase due to New and Replacement Construction:</td>
<td>- $100,000</td>
<td></td>
</tr>
<tr>
<td>Total Change due to Adjustment:</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>

2008 Capped Value Additions for Replacement Construction:

\[
\frac{150,000 \times (14,000 \div 40,000) \times 1.023}{150,000 \times 0.35 \times 1.023} = 53,707
\]

2008 Capped Value Additions for New Construction: $(200,000 - 150,000) \times 0.50 = 25,000$

2008 Total Capped Value Additions: $53,707 + 25,000 = 78,707$

Ratio of Taxable Value to Assessed Value: $14,000 \div 20,000 = 0.7000$

**Equalization**

<table>
<thead>
<tr>
<th>New</th>
<th>Additions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>$78,707</td>
</tr>
</tbody>
</table>

Capped Calculation Additions: $78,707

Equalization Adjustment: $0

**Equalization Loss**

<table>
<thead>
<tr>
<th>Loss</th>
<th>Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

Capped Calculation Losses: $0

**Capped Value (CV) Calculation:**

\[
CV = \left( \frac{[14,000 - 0]}{93,029} \right) \times 1.023 + 78,707
\]

Summary:

<table>
<thead>
<tr>
<th>2007 Assessed Value</th>
<th>2008 Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,000</td>
<td>$120,000</td>
</tr>
<tr>
<td>2007 Capped Value</td>
<td>2008 Capped Value</td>
</tr>
<tr>
<td>$14,000</td>
<td>$93,029</td>
</tr>
<tr>
<td>2007 Taxable Value</td>
<td>2008 Taxable Value</td>
</tr>
<tr>
<td>$14,000</td>
<td>$93,029</td>
</tr>
</tbody>
</table>

L-4025 Additions: $78,707
L-4025 Losses: $0
PROBLEM R, REPLACEMENT CONSTRUCTION (CLASS: RESIDENTIAL), CONTINUED

The special treatment for replacement additions is limited to the true cash value (determined by the assessor's records) of the destroyed property. Half of any true cash value above the value of the destroyed property is to be treated as additions for new construction.
In August of 2007, a City purchased a privately owned vacant lot within its boundaries and constructed a City park. The assessor determined that this parcel should now be exempt. The 2007 assessed value of the lot was $20,000 and the taxable value was $18,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 
Headlee Additions: 

Capped Calculation Additions: 

Equalization Adjustment: 

Equalization Loss: 
Headlee Losses: 

Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( ] x 1.023 ) + 
CV = 

Summary:
2007 Assessed Value: 2008 Assessed Value: 
2007 Capped Value: 2008 Capped Value: 
2007 Taxable Value: 2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 

Note: Headlee losses equal the previous taxable value in situations where a parcel becomes exempt. In such situations, equalization loss equals the previous assessed value.
In August of 2007, a City purchased a privately owned vacant lot within its boundaries and constructed a City park. The assessor determined that this parcel should now be exempt. The 2007 assessed value of the lot was $20,000 and the taxable value was $18,000.

**Inflation Rate Multiplier (IRM):** 1.023

| Prior Year (2007) Assessed Value | $20,000 |
| Prior Year (2007) Taxable Value  | $18,000 |
| Current Year (2008) Assessed Value | $0 |
| Current Year (2008) Taxable Value  | $0 |
| Current Year (2008) Capped Value  | $0 |

**Ratio of Taxable Value to Assessed Value:**

\[
\frac{\text{Prior Year (2007) Taxable Value}}{\text{Prior Year (2007) Assessed Value}} = \frac{18,000}{20,000} = 0.9000
\]

**Equalization**

- **New:** $0
- **Headlee Additions:** $0

**Capped Calculation Additions:** $0

**Equalization Adjustment:** $0

**Equalization**

- **Loss:** $20,000
- **Headlee Losses:** $18,000

**Capped Calculation Losses:** $18,000

**Capped Value (CV) Calculation:**

\[
\text{CV} = \left[\frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}}\right] + \text{Additions}
\]

\[
\text{CV} = \left[\frac{18,000 - 18,000}{1.023}\right] + 0 = 0
\]

**Summary:**

| 2007 Assessed Value: $20,000 | 2008 Assessed Value: $0 |
| 2007 Capped Value: $18,000 | 2008 Capped Value: $0 |
| 2007 Taxable Value: $18,000 | 2008 Taxable Value: $0 |

**L-4025 Additions:** $0

**L-4025 Losses:** $18,000

**Note:** Headlee losses equal the previous taxable value in situations where a parcel becomes exempt. In such situations, equalization loss equals the previous assessed value.
In 2007, the local school district sold property that included a house. The property had been exempt in 2007 and prior years. The assessor determined that the true cash value of the property for 2008 was $70,000 ($35,000 assessed value).

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 

Capped Calculation Additions: 

Equalization Adjustment: 

Capped Calculation Losses: 

**Capped Value (CV) Calculation:**

\[
CV = \left( (\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM} \right) + \text{Additions}
\]

\[
CV = \left( (\text{Current Year Taxable Value}) \times 1.023 \right) + \text{Additions}
\]

\[
CV = 
\]

**Summary:**

2007 Assessed Value: 
2008 Assessed Value: 
2007 Capped Value: 
2008 Capped Value: 
2007 Taxable Value: 
2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 

---
In 2007, the local school district sold property that included a house. The property had been exempt in 2007 and prior years. The assessor determined that the true cash value of the property for 2008 was $70,000 ($35,000 assessed value).

Inflation Rate Multiplier (IRM): 1.023

<table>
<thead>
<tr>
<th>Prior Year (2007) Assessed Value:</th>
<th>$0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Taxable Value:</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Year (2008) Assessed Value:</th>
<th>$35,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Year (2008) Taxable Value:</td>
<td>$35,000</td>
</tr>
<tr>
<td>Current Year (2008) Capped Value:</td>
<td>$35,000</td>
</tr>
</tbody>
</table>

| Ratio of Taxable Value to Assessed Value: | $0 ÷ $0 = --- |

Equalization New: $35,000  Headlee Additions: $35,000

Capped Calculation Additions: $35,000

Equalization Adjustment: $0

Equalization Loss: $0  Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:

\[
CV = [(\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM or 1.05 Whichever is Less}] + \text{Additions}
\]

\[
CV = \left[\left(\frac{0}{0} - \frac{0}{0}\right) \times 1.023\right] + 35,000
\]

\[
CV = \frac{35,000}{35,000}
\]

Summary:

<table>
<thead>
<tr>
<th>2007 Assessed Value:</th>
<th>$0</th>
<th>2008 Assessed Value:</th>
<th>$35,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Capped Value:</td>
<td>$0</td>
<td>2008 Capped Value:</td>
<td>$35,000</td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td>$0</td>
<td>2008 Taxable Value:</td>
<td>$35,000</td>
</tr>
</tbody>
</table>

L-4025 Additions: $35,000

L-4025 Losses: $0
A taxpayer who owns 80 acres has asked the assessor to split his property into four 3-acre parcels and leave the remaining 68 acres in a fifth parcel. The assessor retired the original parcel number and created five new parcels (child parcels). There was no transfer of ownership. The original parcel had a true cash value in 2007 of $240,000 ($3,000 per acre). All of the 80 acres were similar in value for 2007. The four new 3-acre parcels are valued at $30,000 (true cash value) or $10,000 per acre each in 2008. The 68-acre parcel is valued at $204,000 (true cash value) or $3,000 per acre in 2008. The 2007 taxable value of the parent parcel was $80,000.

### Parent Parcel (80 Acres)

<table>
<thead>
<tr>
<th>Inflation Rate Multiplier (IRM):</th>
<th>1.023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Capped Value:</td>
<td></td>
</tr>
</tbody>
</table>

2008 Equalization Loss: ________
2008 Headlee Losses: ________

Ratio of Taxable Value to Assessed Value: _____ + _____ = _____

Equalization **New**: ________ Headlee **Additions**: ________

Capped Calculation Additions: ________

Equalization Adjustment: ________

Equalization **Loss**: ________ Headlee **Losses**: ________

Capped Calculation Losses: ________

**Capped Value (CV) Calculation:**

\[
CV = \left(\left(\frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{Assessed Value}}\times 1.05\right) \times \text{IRM or 1.05 Whichever is Less}\right) + \text{Additions}
\]

CV = \[[ ( _____ - _____ ) x 1.023 ] + _____]

**Summary:**

<table>
<thead>
<tr>
<th>2007 Assessed Value:</th>
<th>2008 Assessed Value:</th>
</tr>
</thead>
<tbody>
<tr>
<td>_____</td>
<td>_____</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2007 Capped Value:</th>
<th>2008 Capped Value:</th>
</tr>
</thead>
<tbody>
<tr>
<td>_____</td>
<td>_____</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2007 Taxable Value:</th>
<th>2008 Taxable Value:</th>
</tr>
</thead>
<tbody>
<tr>
<td>_____</td>
<td>_____</td>
</tr>
</tbody>
</table>

L-4025 Additions: ________
L-4025 Losses: ________
A taxpayer who owns 80 acres has asked the assessor to split his property into four 3-acre parcels and leave the remaining 68 acres in a fifth parcel. The assessor retired the original parcel number and created five new parcels (child parcels). There was no transfer of ownership. The original parcel had a true cash value in 2007 of $240,000 ($3,000 per acre). All of the 80 acres were similar in value for 2007. The four new 3-acre parcels are valued at $30,000 (true cash value) or $10,000 per acre each in 2008. The 68-acre parcel is valued at $204,000 (true cash value) or $3,000 per acre in 2008. The 2007 taxable value of the parent parcel was $80,000.

### Parent Parcel (80 Acres)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Rate Multiplier (IRM)</td>
<td>1.023</td>
</tr>
<tr>
<td>Prior Year (2007) Assessed Value</td>
<td>$120,000</td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value</td>
<td>$80,000</td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value</td>
<td>$0</td>
</tr>
<tr>
<td>Current Year (2008) Capped Value</td>
<td>$81,840</td>
</tr>
</tbody>
</table>

2008 Equalization Loss: $120,000 (This is the entire parent parcel's assessed value.)
2008 Headlee Losses: $0 (There were no physical changes to the property, etc.)

Ratio of Taxable Value to Assessed Value: $80,000 ÷ $120,000 = 0.6667

Equalization New: $0
Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization Loss: $120,000
Headlee Losses: $0

Capped Calculation Losses: $0

**Capped Value (CV) Calculation:**

\[ CV = \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}} \right) + \text{Additions} \]

\[ CV = \left( \frac{\$80,000 - \$0}{1.023} \right) + \$0 \]

\[ CV = \$81,840 \] (However, no calculation is required because the parcel is retired for 2008.)

**Summary:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value</th>
<th>Capped Value</th>
<th>Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$120,000</td>
<td>$80,000</td>
<td>$80,000</td>
</tr>
<tr>
<td>2008</td>
<td>$0</td>
<td>$81,840</td>
<td>$0</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0
L-4025 Losses: $0
Child Parcels (3 Acres Each)

2008 Assessed Value = ($10,000 per acre x 3 acres) x 0.50 = $15,000
2007 (Allocated) Taxable Value = $80,000 x ($9,000 ÷ $240,000) = $3,000 OR
2007 (Allocated) Taxable Value = $80,000 x 0.0375 = $3,000 OR $1,000 Taxable Value per Acre

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of each child parcel to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcels was $9,000 ($3,000 per acre x 3 acres = $9,000). The total true cash value of the parent parcel was $240,000 ($3,000 per acre x 80 acres = $240,000).

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value:
Prior Year (2007) Taxable Value:

Current Year (2008) Assessed Value:
Current Year (2008) Taxable Value:
Current Year (2008) Capped Value:

Ratio of Taxable Value to Assessed Value: + =
Total Increase due to New Construction: =
Total Increase due to Adjustment: =

Equalization New: Headlee Additions: 
Capped Calculation Additions: 
Equalization Adjustment: 
Equalization Loss: Headlee Losses: 
Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( - ) x 1.023 ] +
CV =

Summary:
2007 Assessed Value: 2008 Assessed Value:
2007 Capped Value: 2008 Capped Value:
2007 Taxable Value: 2008 Taxable Value:

L-4025 Additions:
L-4025 Losses:
Child Parcels (3 Acres Each)
2008 Assessed Value = ($10,000 per acre x 3 acres) x 0.50 = $15,000
2007 (Allocated) Taxable Value = $80,000 x ($9,000 ÷ $240,000) = $3,000 OR
2007 (Allocated) Taxable Value = $80,000 x 0.0375 = $3,000 OR $1,000 Taxable Value per Acre

Note: The allocation of the prior year's taxable value is based on the ratio of the prior year's true cash value of each child parcel to the prior year's true cash value of the entire parent parcel. The 2007 true cash value of the child parcels was $9,000 ($3,000 per acre x 3 acres = $9,000). The total true cash value of the parent parcel was $240,000 ($3,000 per acre x 80 acres = $240,000).

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Taxable Value: $3,000 (Allocated from 2007 Taxable Value)

Current Year (2008) Assessed Value: $15,000
Current Year (2008) Taxable Value: $3,069
Current Year (2008) Capped Value: $3,069

Ratio of Taxable Value to Assessed Value: $3,000 + $4,500 = 0.6667

Total Increase due to New Construction: = $0
Total Increase due to Adjustment: = $0

Note: There is no adjustment on the child parcels because they are to be treated entirely as equalization new for 2008.

Equalization New: $15,000 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $0

Equalization Loss: $0 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [($3,000 - $0) x 1.023] + $0
CV = $3,069

Summary:
2007 Assessed Value: $4,500 2008 Assessed Value: $15,000
2007 Capped Value: $3,000 2008 Capped Value: $3,069
2007 Taxable Value: $3,000 2008 Taxable Value: $3,069

L-4025 Additions: $0
L-4025 Losses: $0
2008 Assessed Value = $3,000 per acre x 68 acres = $204,000 x 0.50 = $102,000
2007 (Allocated) Taxable Value = $80,000 x ($204,000 ÷ $240,000) = $68,000 OR $1,000 Taxable Value per Acre

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 
Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Total Increase due to New Construction: = 
Total Increase due to Adjustment: = 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 
Headlee Additions: 
Capped Calculation Additions: 

Equalization Adjustment: 

Equalization Loss: 
Headlee Losses: 
Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( ) x 1.023 ] + 
CV = 

Summary:
2007 Assessed Value: 2008 Assessed Value: 
2007 Capped Value: 2008 Capped Value: 
2007 Taxable Value: 2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 

Proof (Child parcels' taxable values should always total to the parent parcel's taxable value from the prior year multiplied by the inflation rate multiplier (IRM).):
Previous Taxable Value of Parent Parcel x IRM = 
Current Taxable Values of Child Parcels = 

*Exceptions include situations where there has been new construction on one or more of the child parcels or a transfer of ownership has taken place.
Child Parcel (68 Acres)
2008 Assessed Value = $3,000 per acre x 68 acres = $204,000 x 0.50 = $102,000
2007 (Allocated) Taxable Value = $80,000 x ($204,000 ÷ $240,000) = $68,000 OR $1,000 Taxable Value per Acre

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $102,000 (Allocated from 2007 Assessed Value)
Prior Year (2007) Taxable Value: $68,000 (Allocated from 2007 Taxable Value)

Current Year (2008) Assessed Value: $102,000
Current Year (2008) Taxable Value: $69,564
Current Year (2008) Capped Value: $69,564

Total Increase due to New Construction: = $0
Total Increase due to Adjustment: = $0
Note: There can be no adjustment on the child parcel because it is to be treated entirely as equalization new for 2008.

Ratio of Taxable Value to Assessed Value: $68,000 ÷ $102,000 = 0.6667

Equalization New: $102,000 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment:

Equalization Loss: $0 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $68,000 - $0 ) x 1.023 ] + $0
CV = $69,564

Summary:
2007 Assessed Value: $102,000 2008 Assessed Value: $102,000
2007 Capped Value: $68,000 2008 Capped Value: $69,564
2007 Taxable Value: $68,000 2008 Taxable Value: $69,564

L-4025 Additions: $0
L-4025 Losses: $0

Proof (Child parcels' taxable values should always total to the parent parcel's taxable value from the prior year multiplied by the inflation rate multiplier (IRM).):
Previous Taxable Value of Parent Parcel x IRM = $80,000 x 1.023 = $81,840
Current Taxable Values of Child Parcels = ($3,069 x 4 parcels) + $69,564 = $81,840

*Exceptions include situations where there has been new construction on one or more of the child parcels or a transfer of ownership has taken place.
The owner of a retail store filed Personal Property Statements for years 2007 and 2008. The new acquisitions reported on the 2007 acquisition year line in 2008 resulted in the calculation of $10,000 in assessed value because of the new property reported. All other costs reported by the taxpayer were identical for both years. In 2007 the assessed and taxable values for the property were $26,000. In 2008, the calculated assessed value is $34,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

2008 Equalization New: 

Ratio of Taxable Value to Assessed Value: 

Equalization New: 

Headlee Additions: 

Capped Calculation Additions: 

Equalization Adjustment: 

Equalization Loss: 

Headlee Losses: 

Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( _________ - _________ ) x 1.023 ] + _________
CV = _________

Summary:
2007 Assessed Value: _________ 2008 Assessed Value: _________
2007 Capped Value: _________ 2008 Capped Value: _________
2007 Taxable Value: _________ 2008 Taxable Value: _________

L-4025 Additions: _________
L-4025 Losses: _________
The owner of a retail store filed Personal Property Statements for years 2007 and 2008. The new acquisitions reported on the 2007 acquisition year line in 2008 resulted in the calculation of $10,000 in assessed value because of the new property reported. All other costs reported by the taxpayer were identical for both years. In 2007 the assessed and taxable values for the property were $26,000. In 2008, the calculated assessed value is $34,000.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $26,000
Prior Year (2007) Taxable Value: $26,000

Current Year (2008) Assessed Value: $34,000
Current Year (2008) Taxable Value: $34,000
Current Year (2008) Capped Value: $36,598

2008 Equalization New: $34,000 - $26,000 = $8,000
Ratio of Taxable Value to Assessed Value: $26,000 ÷ $26,000 = 1.0000
Equalization New: $8,000
Headlee Additions: $10,000
Capped Calculation Additions: $10,000
Equalization Adjustment: $0
Equalization Loss: $0
Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $26,000 - $0 ) x 1.023 ] + $10,000
CV = $36,598

Summary:
2007 Assessed Value: $26,000
2008 Assessed Value: $34,000
2007 Capped Value: ---
2008 Capped Value: $36,598
2007 Taxable Value: $26,000
2008 Taxable Value: $34,000
L-4025 Additions: $10,000
L-4025 Losses: $0
Comments:
Equalization new and loss are netted for personal property only, while Headlee and capped value additions and losses are not netted. No capped value calculation is required to be made because the property that was present in 2007 has declined in value. Applying the additions that result from the new acquisitions reported on the 2007 line of the 2008 Personal Property Statement to the capped value formula (there were no losses) will normally result in a value that is greater than what would occur using the assessed value (tentative state equalized value). See State Tax Commission Bulletin No. 1 of 2000. This example is representative of the vast majority of personal property parcels.
In 2007 a property had an assessed value of $200,000. Of this $200,000, $50,000 in assessed value was for the land and $150,000 in assessed value was for a house on the land. The house was completely destroyed by a fire in 2007. The 2007 taxable value for the property was $100,000. The land value did not increase for 2008.

2008 Equalization Loss = __________
2008 Losses = __________

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ + __________ = __________

Equalization New: __________  Headlee Additions: __________

Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________  Headlee Losses: __________

Capped Calculation Losses: __________

Capped Value (CV) Calculation:

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( __________ - __________) x 1.023 ] + __________
CV = __________

Summary:

2007 Assessed Value: __________  2008 Assessed Value: __________
2007 Capped Value: __________  2008 Capped Value: __________
2007 Taxable Value: __________  2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
In 2007 a property had an assessed value of $200,000. Of this $200,000, $50,000 in assessed value was for the land and $150,000 in assessed value was for a house on the land. The house was completely destroyed by a fire in 2007. The 2007 taxable value for the property was $100,000. The land value did not increase for 2008.

2008 Equalization Loss = $200,000 - $50,000 = $150,000
2008 Losses = $300,000 (true cash value of the destroyed property) x ($100,000 ÷ $400,000) = $75,000

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $200,000
Prior Year (2007) Taxable Value: $100,000

Current Year (2008) Assessed Value: $50,000
Current Year (2008) Taxable Value: $25,575
Current Year (2008) Capped Value: $25,575

Ratio of Taxable Value to Assessed Value: $100,000 + $200,000 = 0.5000

Equalization **New**: $0

Headlee **Additions**: $0

Capped Calculation Additions: $0

Equalization **Adjustment**: $0

Equalization **Loss**: $150,000

Headlee **Losses**: $75,000

Capped Calculation Losses: $75,000

**Capped Value (CV) Calculation:**

\[
CV = \left( \frac{Prior \ Year \ Taxable \ Value \ - \ Losses}{IRM} \right) \times 1.05 \text{ Whichever is Less} + \text{Additions}
\]

\[
CV = \left( \frac{$100,000 \ - \ $75,000}{1.023} \right) \times 1.05 + $0
\]

\[
CV = \frac{$25,575}{1.023}
\]

**Summary:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value</th>
<th>Taxable Value</th>
<th>Capped Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$200,000</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>2008</td>
<td>$50,000</td>
<td>$25,575</td>
<td>$25,575</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0
L-4025 Losses: $75,000
A 40-acre parcel was classified agricultural (101) on the assessment roll in 2007. This parcel was entirely farmed until 2007. In 2007 the owner had a new home constructed on two acres of the parcel. The remaining 38 acres continue to be farmed. Due to the value of the new home, the assessor has determined that the classification of this parcel should now be residential (401) for 2008.* The 2007 assessed value of the parcel was $60,000 and the 2007 taxable value was $45,000. There have been no general market changes between 2007 and 2008. The new house added $150,000 in market value for 2008. The 2008 assessed value is $135,000.

2008 Equalization Loss: __________

2008 Equalization New: __________

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________

Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________

Current Year (2008) Taxable Value: __________

Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ + __________ = __________

Equalization New: __________ Headlee Additions: __________

Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________ Headlee Losses: __________

Capped Calculation Losses: __________

Capped Value (CV) Calculation:

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions

CV = [( __________ - __________ ) x 1.023 ] + __________

CV = __________

Summary:

2007 Assessed Value: __________ 2008 Assessed Value: __________

2007 Capped Value: __________ 2008 Capped Value: __________

2007 Taxable Value: __________ 2008 Taxable Value: __________

L-4025 Additions: __________

L-4025 Losses: __________

*The contributory value of the home and home site (considered residential influences) was greater than the contributory value of the tilled land (an agricultural influence). Therefore, the proper classification is residential.
A 40-acre parcel was classified agricultural (101) on the assessment roll in 2007. This parcel was entirely farmed until 2007. In 2007 the owner had a new home constructed on two acres of the parcel. The remaining 38 acres continue to be farmed. Due to the value of the new home, the assessor has determined that the classification of this parcel should now be residential (401) for 2008.* The 2007 assessed value of the parcel was $60,000 and the 2007 taxable value was $45,000. There have been no general market changes between 2007 and 2008. The new house added $150,000 in market value for 2008. The 2008 assessed value is $135,000.

2008 Equalization Loss: $60,000 (The 2007 Assessed Value as Determined by the March Board of Review, Agricultural Class)
2008 Equalization New: $135,000 (The 2008 Assessed Value, Residential Class)

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $60,000
Prior Year (2007) Taxable Value: $45,000

Current Year (2008) Assessed Value: $135,000
Current Year (2008) Taxable Value: $121,035
Current Year (2008) Capped Value: $121,035

Ratio of Taxable Value to Assessed Value: $45,000 ÷ $60,000 = 0.7500
Equalization New: $135,000 (401) Headlee Additions: $75,000

Capped Calculation Additions: $75,000
Equalization Adjustment: $0

Equalization Loss: $60,000 (101) Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $45,000 - $0 ) x 1.023 ] + $75,000
CV = $121,035

Summary:
2007 Assessed Value: $60,000 2008 Assessed Value: $135,000
2007 Capped Value: $45,000 2008 Capped Value: $121,035
2007 Taxable Value: $45,000 2008 Taxable Value: $121,035

L-4025 Additions: $75,000
L-4025 Losses: $0

*The contributory value of the home and home site (considered residential influences) was greater than the contributory value of the tilled land (an agricultural influence). Therefore, the proper classification is residential.
On June 26, 2007, a parcel of property transferred ownership. The 2007 assessed value was $45,000 and the 2007 taxable value was $25,000. When setting the 2008 assessment for this property, the assessor determined that there would be no change in assessed value because of inflation or market conditions. There was no physical change, etc. to the parcel for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ + __________ = __________

Equalization New: __________ Headlee Additions: __________

Capped Calculation Additions: __________
Equalization Adjustment: __________

Equalization Loss: __________ Headlee Losses: __________

Capped Calculation Losses: __________

**Capped Value (CV) Calculation:**

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions

CV = [( __________ - __________ ) x 1.023 ] + __________

CV = __________

**Summary:**

2007 Assessed Value: __________ 2008 Assessed Value: __________
2007 Capped Value: __________ 2008 Capped Value: __________
2007 Taxable Value: __________ 2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
On June 26, 2007, a parcel of property transferred ownership. The 2007 assessed value was $45,000 and the 2007 taxable value was $25,000. When setting the 2008 assessment for this property, the assessor determined that there would be no change in assessed value because of inflation or market conditions. There was no physical change, etc. to the parcel for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $45,000
Prior Year (2007) Taxable Value: $25,000

Current Year (2008) Assessed Value: $45,000
Current Year (2008) Taxable Value: $45,000  (Uncapped due to prior year transfer of ownership)
Current Year (2008) Capped Value: $25,575  (Disregarded due to prior year transfer of ownership)

Ratio of Taxable Value to Assessed Value: $25,000 ÷ $45,000 = 0.5556

Equalization New: $0  Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization Loss: $0  Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $25,000 - $0 ) x 1.023 ] + $0
CV = $25,575

Summary:
2007 Assessed Value: $45,000  2008 Assessed Value: $45,000
2007 Capped Value: $25,000  2008 Capped Value: $25,575
2007 Taxable Value: $25,000  2008 Taxable Value: $45,000

L-4025 Additions: $0
L-4025 Losses: $0

Note: Because this property transferred ownership in 2007, the taxable value was uncapped for 2008 and is equal to the tentative state equalized value for 2008 which is $45,000.
PROBLEM Z, NON-CONSIDERATION OF VALUE (CLASS: RESIDENTIAL)

Under Michigan Compiled Law 211.27(2), certain improvements to residential property are not to be considered by the assessor in determining the property's value until the property has sold. These non-considered improvements are commonly known as Mathiew-Gast improvements.* In 1998 a property owner made improvements to her property that qualified for non-consideration treatment. As of December 31, 2007, the true cash value of these improvements was $30,000. The parcel sold in 2007 and the non-considered value of the improvements must be added to the 2008 assessment roll. The parcel's taxable value must also be uncapped for 2008. The 2007 assessed value was $85,000. The 2007 taxable value was $50,000. The 2008 assessed value is $100,000. There have been no physical changes to the parcel for 2008 and no change in the general market for this property for 2008.

Inflation Rate Multiplier (IRM): 1.023

<table>
<thead>
<tr>
<th>Prior Year (2007) Assessed Value:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Capped Value:</td>
<td></td>
</tr>
<tr>
<td>Ratio of Taxable Value to Assessed Value:</td>
<td>+</td>
</tr>
</tbody>
</table>

Equalization New: _______ Headlee Additions: _______

Capped Calculation Additions: _______

Equalization Adjustment: _______

Equalization Loss: _______ Headlee Losses: _______

Capped Calculation Losses: _______

Capped Value (CV) Calculation:

\[
CV = \left[ \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{Prior Year Taxable Value}} \right) \times 1.05 \right] + \text{Additions}
\]

Summary:

<table>
<thead>
<tr>
<th>2007 Assessed Value:</th>
<th>2008 Assessed Value:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Capped Value:</td>
<td>2008 Capped Value:</td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td>2008 Taxable Value:</td>
</tr>
</tbody>
</table>

L-4025 Additions: _______
L-4025 Losses: _______

*Mathiew-Gast improvements are improvements made for normal repairs, replacement, and maintenance such as outside painting, repairing or replacing siding, roofs, porches, etc.
PROBLEM Z, NON-CONSIDERATION OF VALUE (CLASS: RESIDENTIAL)

Under Michigan Compiled Law 211.27(2), certain improvements to residential property are not to be considered by the assessor in determining the property's value until the property has sold. These non-considered improvements are commonly known as Mathiew-Gast improvements.* In 1998 a property owner made improvements to her property that qualified for non-consideration treatment. As of December 31, 2007, the true cash value of these improvements was $30,000. The parcel sold in 2007 and the non-considered value of the improvements must be added to the 2008 assessment roll. The parcel's taxable value must also be uncapped for 2008. The 2007 assessed value was $85,000. The 2007 taxable value was $50,000. The 2008 assessed value is $100,000. There have been no physical changes to the parcel for 2008 and no change in the general market for this property for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $85,000
Prior Year (2007) Taxable Value: $50,000

Current Year (2008) Assessed Value: $100,000
Current Year (2008) Taxable Value: $100,000 (Uncapped due to prior year transfer of ownership)
Current Year (2008) Capped Value: $66,150 (Disregarded due to prior year transfer of ownership)

Ratio of Taxable Value to Assessed Value: $50,000 + $85,000 = 0.5882

Equalization New: $15,000  Headlee Additions: $15,000

Capped Calculation Additions: $15,000
Equalization Adjustment: $0

Equalization Loss: $0  Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $50,000 - $0 ) x 1.023 ] + $15,000
CV = $66,150

Summary:

2007 Assessed Value: $85,000  2008 Assessed Value: $100,000
2007 Capped Value: $50,000  2008 Capped Value: $66,150
2007 Taxable Value: $50,000  2008 Taxable Value: $100,000

L-4025 Additions: $15,000
L-4025 Losses: $0

*Mathiew-Gast improvements are improvements made for normal repairs, replacement, and maintenance such as outside painting, repairing or replacing siding, roofs, porches, etc.
Under Michigan Compiled Law 211.27(2), certain improvements to residential property are not to be considered by the assessor in determining the property's value until the property has sold. These non-considered improvements are commonly known as Mathiew-Gast improvements. In 2007 a property owner made improvements to his property that qualified for non-consideration treatment. The cost of the improvements reported by the property owner was $15,000. The assessor performed a "before replacement improvements" appraisal and an "after replacement improvements" appraisal. These appraisals indicated that the market value of the non-considered improvements was $12,000. The 2007 assessed value was $85,000. The 2007 taxable value was $50,000. The 2008 assessed value is $85,000. There have been no other physical changes to the parcel for 2008 and no change in the general market for this property occurred for 2008. The property owner has filed the required paperwork to claim the non-consideration treatment. Since the non-considered improvements were made in 2007, they were not included in the 2007 assessed or taxable value. Therefore, there should be no reduction in value associated with the non-consideration treatment for 2008. The value of the items will simply not be added to the assessment for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 
Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 
Ratio of Taxable Value to Assessed Value: 

Equalization New: 
Headlee Additions: 
Capped Calculation Additions: 
Equalization Adjustment: 
Equalization Loss: 
Headlee Losses: 
Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = 
CV = 

Summary:
2007 Assessed Value: 
2008 Assessed Value: 
2007 Capped Value: 
2008 Capped Value: 
2007 Taxable Value: 
2008 Taxable Value: 
L-4025 Additions: 
L-4025 Losses:
Under Michigan Compiled Law 211.27(2), certain improvements to residential property are not to be considered by the assessor in determining the property's value until the property has sold. These non-considered improvements are commonly known as Mathiew-Gast improvements. In 2007 a property owner made improvements to his property that qualified for non-consideration treatment. The cost of the improvements reported by the property owner was $15,000. The assessor performed a "before replacement improvements" appraisal and an "after replacement improvements" appraisal. These appraisals indicated that the market value of the non-considered improvements was $12,000. The 2007 assessed value was $85,000. The 2007 taxable value was $50,000. The 2008 assessed value is $85,000. There have been no other physical changes to the parcel for 2008 and no change in the general market for this property occurred for 2008. The property owner has filed the required paperwork to claim the non-consideration treatment. Since the non-considered improvements were made in 2007, they were not included in the 2007 assessed or taxable value. Therefore, there should be no reduction in value associated with the non-consideration treatment for 2008. The value of the items will simply not be added to the assessment for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $85,000
Prior Year (2007) Taxable Value: $50,000

Current Year (2008) Assessed Value: $85,000
Current Year (2008) Taxable Value: $51,150
Current Year (2008) Capped Value: $51,150

Ratio of Taxable Value to Assessed Value: $50,000 + $85,000 = 0.5882

Equalization New: $0 Headlee Additions: $0

Capped Calculation Additions: $0
Equalization Adjustment: $0

Equalization Loss: $0 Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:

CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $50,000 - $0 ) x 1.023 ] + $0
CV = $51,150

Summary:
2007 Assessed Value: $85,000 2008 Assessed Value: $85,000
2007 Capped Value: $50,000 2008 Capped Value: $51,150
2007 Taxable Value: $50,000 2008 Taxable Value: $51,150

L-4025 Additions: $0
L-4025 Losses: $0
Between 2004 and 2006, a property owner made improvements to his property that qualified for non-consideration treatment. The cost of the improvements reported by the property owner was $15,000. The assessor performed a "before replacement improvements" appraisal and an "after replacement improvements" appraisal. These appraisals indicated that the market value of the non-considered improvements is $12,000. The 2007 assessed value was $85,000. The 2007 taxable value was $50,000. The 2008 assessed value is $79,000. There have been no other physical changes, etc. to the parcel for 2008 and no change in the general market for this property occurred for 2008. The property owner has filed the required paperwork to claim the non-consideration treatment for 2008. The non-considered improvements were made before 2007 and they were included in the 2007 assessed and taxable values. Therefore, there should be a reduction in these values associated with the non-consideration treatment for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Ratio of Taxable Value to Assessed Value: 

Equalization
New: Headlee Additions: 
Capped Calculation Additions: 
Equalization Adjustment: 
Equalization Loss: Headlee Losses: 
Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( \[ \[ \] - \[ \] \] x 1.023 \] ] + 
CV = 

Summary:

L-4025 Additions: 
L-4025 Losses: 
Between 2004 and 2006, a property owner made improvements to his property that qualified for non-consideration treatment. The cost of the improvements reported by the property owner was $15,000. The assessor performed a "before replacement improvements" appraisal and an "after replacement improvements" appraisal. These appraisals indicated that the market value of the non-considered improvements is $12,000. The 2007 assessed value was $85,000. The 2007 taxable value was $50,000. The 2008 assessed value is $79,000. There have been no other physical changes, etc. to the parcel for 2008 and no change in the general market for this property occurred for 2008. The property owner has filed the required paperwork to claim the non-consideration treatment for 2008. The non-considered improvements were made before 2007 and they were included in the 2007 assessed and taxable values. Therefore, there should be a reduction in these values associated with the non-consideration treatment for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $85,000
Prior Year (2007) Taxable Value: $50,000

Current Year (2008) Assessed Value: $79,000
Current Year (2008) Taxable Value: $47,539
Current Year (2008) Capped Value: $47,539

Ratio of Taxable Value to Assessed Value: $50,000 + $85,000 = 0.5882

Equalization New: $0 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $0

Equalization Loss: $6,000 Headlee Losses: $3,529
($12,000 x ($50,000 / $170,000) = $3,529)

Capped Calculation Losses: $3,529

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $50,000 - $3,529 ) x 1.023 ] + $0
CV = $47,539

Summary:
2007 Assessed Value: $85,000 2008 Assessed Value: $79,000
2007 Capped Value: $50,000 2008 Capped Value: $47,539
2007 Taxable Value: $50,000 2008 Taxable Value: $47,539

L-4025 Additions: $0
L-4025 Losses: $3,529
A property owner owns two contiguous 40-acre parcels and asks the assessor to combine them. The parcels are within the same local school district and within the same section. The assessor combines the two parcels for 2008 and retires the parcel numbers of the two original parcels. The two 40-acre parcels both consisted of vacant tillable land and were valued at $3,500 per acre. The assessor has determined that the same rate per acre applies to the resulting 80-acre parcel. The 2007 taxable value was $50,000 (each) for both of the original parcels. There was no transfer of ownership for the parcels in 2007. Also, there were no physical changes to the parcels during 2007.

**Original Parcels (40 Acres Each)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Rate Multiplier (IRM)</td>
<td>1.023</td>
</tr>
<tr>
<td>Prior Year (2007) Assessed Value</td>
<td></td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Capped Value</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 Equalization Loss:</td>
<td></td>
</tr>
<tr>
<td>2008 Headlee Losses:</td>
<td></td>
</tr>
<tr>
<td>Ratio of Taxable Value to Assessed Value:</td>
<td>+</td>
</tr>
<tr>
<td>Equalization New:</td>
<td></td>
</tr>
<tr>
<td>Headlee Additions:</td>
<td></td>
</tr>
<tr>
<td>Capped Calculation Additions:</td>
<td></td>
</tr>
<tr>
<td>Equalization Adjustment:</td>
<td></td>
</tr>
<tr>
<td>Equalization Loss:</td>
<td></td>
</tr>
<tr>
<td>Headlee Losses:</td>
<td></td>
</tr>
<tr>
<td>Capped Calculation Losses:</td>
<td></td>
</tr>
</tbody>
</table>

**Capped Value (CV) Calculation:**

\[
CV = [(\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM or 1.05 Whichever is Less}] + \text{Additions}
\]

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>2007 Capped Value:</td>
<td></td>
</tr>
<tr>
<td>2007 Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>2008 Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>2008 Capped Value:</td>
<td></td>
</tr>
<tr>
<td>2008 Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>L-4025 Additions:</td>
<td></td>
</tr>
<tr>
<td>L-4025 Losses:</td>
<td></td>
</tr>
</tbody>
</table>
A property owner owns two contiguous 40-acre parcels and asks the assessor to combine them. The parcels are within the same local school district and within the same section. The assessor combines the two parcels for 2008 and retires the parcel numbers of the two original parcels. The two 40-acre parcels both consisted of vacant tillable land and were valued at $3,500 per acre. The assessor has determined that the same rate per acre applies to the resulting 80-acre parcel. The 2007 taxable value was $50,000 (each) for both of the original parcels. There was no transfer of ownership for the parcels in 2007. Also, there were no physical changes to the parcels during 2007.

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Parcels (40 Acres Each)</th>
<th>2008 Capped Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Year (2007) Assessed Value</td>
<td>$70,000</td>
<td></td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value</td>
<td>$0</td>
<td>$51,150</td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Capped Value</td>
<td>$51,150</td>
<td>(Disregarded due to parcel retirements)</td>
</tr>
</tbody>
</table>

2008 Equalization Loss: $70,000 (Loss is the entire assessed value of the original parcels.)
2008 Headlee Losses: $0 (There were no physical changes to the properties, etc.)

Ratio of Taxable Value to Assessed Value: $50,000 $70,000 0.7143

Equalization New: $0 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $0
Equalization Loss: $70,000 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:

\[
CV = \left[ \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}} \right) \times 1.023 \right] + \text{Additions}
\]

\[
CV = \left[ \left( \frac{50,000 - 0}{1.023} \right) \times 1.023 \right] + 0 = 51,150
\]

(However, no calculation is required because the parcels are retired for 2008.)

Summary:

- 2007 Assessed Value: $70,000
- 2008 Assessed Value: $0
- 2007 Capped Value: $50,000
- 2008 Capped Value: $51,150
- 2007 Taxable Value: $50,000
- 2008 Taxable Value: $0

L-4025 Additions: $0
L-4025 Losses: $0
New Parcel (80 Acres)

2008 Assessed Value = ($3,500 per acre x 80 acres) x 0.50 = $140,000
2007 Taxable Value = $50,000 (from original parcel AC) + $50,000 (from original parcel AC1) = $100,000

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: 
Prior Year (2007) Taxable Value: 
Prior Year (2007) Capped Value: 

Current Year (2008) Assessed Value: 
Current Year (2008) Taxable Value: 
Current Year (2008) Capped Value: 

Ratio of Taxable Value to Assessed Value: 

Total Increase due to New Construction: 
Total Increase due to Adjustment: 

Equalization New: 
Headlee Additions: 

Capped Calculation Additions: 

Equalization Adjustment: 

Equalization Loss: 
Headlee Losses: 

Capped Calculation Losses: 

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( ( ) - ) x 1.023 ] + 
CV = 

Summary:
2007 Assessed Value: 
2007 Capped Value: 
2007 Taxable Value: 
2008 Assessed Value: 
2008 Capped Value: 
2008 Taxable Value: 

L-4025 Additions: 
L-4025 Losses: 

PROBLEM AC2, EQUALIZATION NEW/COMBINATION
(CLASS: AGRICULTURAL)
New Parcel (80 Acres)

2008 Assessed Value = ($3,500 per acre x 80 acres) x 0.50 = $140,000
2007 Taxable Value = $50,000 (from original parcel AC) + $50,000 (from original parcel AC1) = $100,000

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $140,000
Prior Year (2007) Taxable Value: $100,000
Prior Year (2007) Capped Value: $100,000

Current Year (2008) Assessed Value: $140,000
Current Year (2008) Taxable Value: $102,300
Current Year (2008) Capped Value: $102,300

Ratio of Taxable Value to Assessed Value: $100,000 ÷ $140,000 = 0.7143

Total Increase due to New Construction: = $0
Total Increase due to Adjustment: = $0

Note: There is no adjustment for this parcel because it is to be treated entirely as equalization new for 2008 due to the combination of parcels.

Equalization New: $140,000
Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization Loss: $0
Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:

\[
CV = \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}} \right) + \text{Additions}
\]

\[
CV = \left( \frac{100,000 - 0}{1.023} \right) + 0
\]

\[
CV = \frac{102,300}{102,300}
\]

Summary:

2007 Assessed Value: $140,000
2008 Assessed Value: $140,000
2007 Capped Value: $100,000
2008 Capped Value: $102,300
2007 Taxable Value: $100,000
2008 Taxable Value: $102,300

L-4025 Additions: $0
L-4025 Losses: $0
The owner of a vacant 40-acre agricultural parcel acquired a contiguous 40-acre agricultural parcel in 2007 and has asked the assessor to combine the two parcels for 2008. The parcels are within the same local school district and within the same section. The assessor combines the two parcels for 2008 and retires the parcel numbers of the two original parcels. The two 40-acre parcels both consisted of vacant tillable land valued at $3,500 per acre. The assessor has determined that the same rate per acre applies to the resulting 80-acre parcel. The 2007 taxable value was $50,000 (each) for both of the original parcels. The acquisition by the property owner of one of the 40-acre parcels was a transfer of ownership and the taxable value of that property must be uncapped for 2008. There were no physical changes, etc. to the parcels during 2007.

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Parcels (40 Acres Each)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Rate Multiplier (IRM)</td>
<td>1.023</td>
</tr>
<tr>
<td>Prior Year (2007) Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>Prior Year (2007) Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Taxable Value:</td>
<td></td>
</tr>
<tr>
<td>Current Year (2008) Capped Value:</td>
<td></td>
</tr>
<tr>
<td>2008 Equalization Loss:</td>
<td></td>
</tr>
<tr>
<td>2008 Headlee Losses:</td>
<td></td>
</tr>
<tr>
<td>Ratio of Taxable Value to Assessed Value:</td>
<td></td>
</tr>
<tr>
<td>Equalization New:</td>
<td></td>
</tr>
<tr>
<td>Headlee Additions:</td>
<td></td>
</tr>
<tr>
<td>Capped Calculation Additions:</td>
<td></td>
</tr>
<tr>
<td>Equalization Adjustment:</td>
<td></td>
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<tr>
<td>Equalization Loss:</td>
<td></td>
</tr>
<tr>
<td>Headlee Losses:</td>
<td></td>
</tr>
<tr>
<td>Capped Calculation Losses:</td>
<td></td>
</tr>
</tbody>
</table>

**Capped Value (CV) Calculation:**

\[
CV = \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}} \right) + \text{Additions}
\]

\[
CV = \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}} \right) \times 1.023 + \text{Additions}
\]

**Summary:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2008</th>
</tr>
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<tbody>
<tr>
<td>2007 Assessed Value:</td>
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<tr>
<td>2007 Capped Value:</td>
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<td>L-4025 Additions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L-4025 Losses:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The owner of a vacant 40-acre agricultural parcel acquired a contiguous 40-acre agricultural parcel in 2007 and has asked the assessor to combine the two parcels for 2008. The parcels are within the same local school district and within the same section. The assessor combines the two parcels for 2008 and retires the parcel numbers of the two original parcels. The two 40-acre parcels both consisted of vacant tillable land valued at $3,500 per acre. The assessor has determined that the same rate per acre applies to the resulting 80-acre parcel. The 2007 taxable value was $50,000 (each) for both of the original parcels. The acquisition by the property owner of one of the 40-acre parcels was a transfer of ownership and the taxable value of that property must be uncapped for 2008. There were no physical changes, etc. to the parcels during 2007.

Inflation Rate Multiplier (IRM): 1.023

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value</th>
<th>Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>$70,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

Current Year (2008) Capped Value: $51,150 (Disregarded due to parcel retirements)

2008 Equalization Loss: $70,000 (Loss is the entire assessed value of the original parcels.)
2008 Headlee Losses: $0 (There were no physical changes to the parcels, etc.)

Ratio of Taxable Value to Assessed Value: 0.7143

Equalization New: $0 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $0
Equalization Loss: $70,000 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $50,000 - $0 ) x 1.023 ] + $0
CV = $51,150 (However, no calculation is required because the parcels are retired for 2008.)

Summary:

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessed Value</th>
<th>Taxable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$70,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>2008</td>
<td>$0</td>
<td>$51,150</td>
</tr>
</tbody>
</table>

L-4025 Additions: $0
L-4025 Losses: $0

97
STATE ASSESSORS BOARD
MANDATORY CERTIFICATION RENEWAL PROGRAM
APPLICATION OF NEW, LOSS, ADDITIONS, LOSSES, AND ADJUSTMENT

PROBLEM AD2, EQUALIZATION NEW/COMBINATION
WITH A TRANSFER OF OWNERSHIP (CLASS: AGRICULTURAL)

New Parcel (80 Acres)

2008 Assessed Value = ($3,500 per acre x 80 acres) x 0.50 = $140,000
2007 Taxable Value = $50,000 (from original parcel AD) + $50,000 (from original parcel AD1) = $100,000

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________
Prior Year (2007) Capped Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ + __________ = ________

Total Increase due to New Construction: ________
Total Increase due to Adjustment: ________

Equalization New: __________
Headlee Additions: __________

Capped Calculation Additions: __________
Equalization Adjustment: __________

Equalization Loss: __________
Headlee Losses: __________

Capped Calculation Losses: __________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [(__________ - __________) x 1.023 ] + __________
CV = __________

Summary:
2007 Assessed Value: __________ 2008 Assessed Value: __________
2007 Capped Value: __________ 2008 Capped Value: __________
2007 Taxable Value: __________ 2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
STATE ASSESSORS BOARD
MANDATORY CERTIFICATION RENEWAL PROGRAM
APPLICATION OF NEW, LOSS, ADDITIONS, LOSSES, AND ADJUSTMENT

PROBLEM AD2, EQUALIZATION NEW/COMBINATION
WITH A TRANSFER OF OWNERSHIP (CLASS: AGRICULTURAL)

New Parcel (80 Acres)
2008 Assessed Value = ($3,500 per acre x 80 acres) x 0.50 = $140,000
2007 Taxable Value = $50,000 (from original parcel AD) + $50,000 (from original parcel AD1) = $100,000

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $140,000
Prior Year (2007) Taxable Value: $100,000
Prior Year (2007) Capped Value: $100,000

Current Year (2008) Assessed Value: $140,000
Current Year (2008) Taxable Value: $121,150
Current Year (2008) Capped Value: $121,150

Ratio of Taxable Value to Assessed Value: $100,000 ÷ $140,000 = 0.7143

Total Increase due to New Construction: = $0
Total Increase due to Adjustment: = $0
Note: There is no adjustment for this parcel because it is to be treated entirely as equalization new for 2008 due to the combination of parcels.

Equalization New: $140,000 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $0
Equalization Loss: $0 Headlee Losses: $0
Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $50,000 - $0 ) x 1.023 ] + $0
CV = $51,150 (Parcel AD portion of the new 80-acre parcel which is not to be uncapped) + $70,000 (Assessed value of the AD1 portion of the new 80-acre parcel which is uncapped)
CV = $121,150 (Capped value of the entire new 80-acre parcel)

Summary:
2007 Assessed Value: $140,000 2008 Assessed Value: $140,000
2007 Capped Value: $100,000 2008 Capped Value: $121,150
2007 Taxable Value: $100,000 2008 Taxable Value: $121,150
L-4025 Additions: $0
L-4025 Losses: $0
In 2006 a property owner had a one-story addition constructed. The assessor mistakenly valued the addition as a two-story addition. The property owner discovered the error and appealed to the 2008 March Board of Review which made the correction for 2008. The 2007 taxable value was $100,000. The 2007 assessed value was $120,000. The 2007 assessed value attributable to the land was $30,000. The 2007 assessed value attributable to the house was $90,000. After the correction is made, the assessed value of the house was $75,000 for 2008. There was no general market change for this property for 2008 and there were no physical changes to the parcel for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value:  
Prior Year (2007) Taxable Value: 

Current Year (2008) Assessed Value:  
Current Year (2008) Taxable Value:  
Current Year (2008) Capped Value:  

Ratio of Taxable Value to Assessed Value: $100,000 ÷ $120,000 = 0.8333

Equalization New:  
Headlee Additions:  

Capped Calculation Additions:  

Equalization Adjustment:  

Equalization Loss:  
Headlee Losses:  

Capped Calculation Losses:  

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $100,000 - $12,500 ) x 1.023 ] + $0
CV = $89,512

Summary:
2007 Assessed Value:  
2008 Assessed Value:  
2007 Capped Value:  
2008 Capped Value:  
2007 Taxable Value:  
2008 Taxable Value:  

L-4025 Additions:  
L-4025 Losses:  

Note: The reduction in value is recorded as equalization loss and losses for capped value and millage rollback purposes because the value was originally added to the assessment roll as equalization new and additions for capped value and millage rollback purposes (it is property removed from the roll).
In 2006 a property owner had a one-story addition constructed. The assessor mistakenly valued the addition as a two-story addition. The property owner discovered the error and appealed to the 2008 March Board of Review which made the correction for 2008. The 2007 taxable value was $100,000. The 2007 assessed value was $120,000. The 2007 assessed value attributable to the land was $30,000. The 2007 assessed value attributable to the house was $90,000. After the correction is made, the assessed value of the house was $75,000 for 2008. There was no general market change for this property for 2008 and there were no physical changes to the parcel for 2008.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $120,000
Prior Year (2007) Taxable Value: $100,000

Current Year (2008) Assessed Value: $105,000 ($75,000 + $30,000 = $105,000)
Current Year (2008) Taxable Value: $89,512
Current Year (2008) Capped Value: $89,512

Ratio of Taxable Value to Assessed Value: $100,000 ÷ $120,000 = 0.8333

Equalization New: $0 Headlee Additions: $0
Capped Calculation Additions: $0
Equalization Adjustment: $0

Equalization Loss: $15,000 Headlee Losses: $12,500
($30,000 x ($100,000 + $240,000) = $12,500)

Capped Calculation Losses: $12,500

Capped Value (CV) Calculation:
CV = ([Prior Year Taxable Value - Losses] x IRM or 1.05 Whichever is Less] + Additions
CV = ($100,000 - $12,500) x 1.023 + $0
CV = $89,512

Summary:
2007 Assessed Value: $120,000 2008 Assessed Value: $105,000
2007 Capped Value: $100,000 2008 Capped Value: $89,512
2007 Taxable Value: $100,000 2008 Taxable Value: $89,512

L-4025 Additions: $0
L-4025 Losses: $12,500

Note: The reduction in value is recorded as equalization loss and losses for capped value and millage rollback purposes because the value was originally added to the assessment roll as equalization new and additions for capped value and millage rollback purposes (it is property removed from the roll).
A parcel was valued at $124,000 in assessed value for 2007. The 2007 taxable value of this property was $110,000. For 2008 the assessor increased the assessment of this parcel to $130,000. The property owner disagreed with the true cash value determined by the assessor ($260,000) and appealed to the 2008 March Board of Review. The property owner's contention that the property was overvalued by the assessor was based solely on an appraisal the property owner had performed for the property. The appraisal indicated the value of the parcel to be $240,000 as of tax day for 2008. The Board of Review considered the appraisal and agreed that the 2008 assessed value should be reduced to $120,000 for the reason that the property was simply overvalued by the assessor.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ ÷ __________ = __________

Equalization New: __________ Headlee Additions: __________

Capped Calculation Additions: __________
Equalization Adjustment: __________

Equalization Loss: __________ Headlee Losses: __________

Capped Calculation Losses: __________

Capped Value (CV) Calculation:

\[
CV = \left\{ \left( \frac{\text{Prior Year Taxable Value} - \text{Losses}}{\text{IRM or 1.05 Whichever is Less}} \right) \times 1.023 \right\} + \text{Additions}
\]

Summary:

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<tr>
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<th>2007 Capped Value</th>
<th>2008 Assessed Value</th>
<th>2008 Capped Value</th>
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L-4025 Additions: __________
L-4025 Losses: __________
A parcel was valued at $124,000 in assessed value for 2007. The 2007 taxable value of this property was $110,000. For 2008 the assessor increased the assessment of this parcel to $130,000. The property owner disagreed with the true cash value determined by the assessor ($260,000) and appealed to the 2008 March Board of Review. The property owner's contention that the property was overvalued by the assessor was based solely on an appraisal the property owner had performed for the property. The appraisal indicated the value of the parcel to be $240,000 as of tax day for 2008. The Board of Review considered the appraisal and agreed that the 2008 assessed value should be reduced to $120,000 for the reason that the property was simply overvalued by the assessor.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $124,000
Prior Year (2007) Taxable Value: $110,000

Current Year (2008) Assessed Value: $120,000
Current Year (2008) Taxable Value: $112,530
Current Year (2008) Capped Value: $112,530

Ratio of Taxable Value to Assessed Value: $110,000 ÷ $124,000 = 0.8871

Equalization New: $0 Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: -$4,000 ($120,000 - $124,000 = -$4,000)

Equalization Loss: $0 Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = ([Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( $110,000 - $0 ) x 1.023 ] + $0
CV = $112,530

Summary:

2007 Assessed Value: $124,000 2008 Assessed Value: $120,000
2007 Capped Value: $110,000 2008 Capped Value: $112,530
2007 Taxable Value: $110,000 2008 Taxable Value: $112,530

L-4025 Additions: $0
L-4025 Losses: $0

Note: The reduction in value is recorded as equalization (minus) adjustment since there is no physical change, change in exemption status, etc. The property was simply overvalued. It was not overvalued due to the incorrect addition of a structure, etc. Also, note that the taxable value must increase despite the decrease in assessed value due to the mechanics of the capped value formula.
A property owner approaches the 2008 July (or December) Board of Review and requests a reduction in value for 2008. The July (or December) Board of Review determines that it has jurisdiction to grant the request and that the reduction is warranted. The July (or December) Board of Review grants the requested reduction. The 2007 assessed value for the parcel was $75,000; the 2007 taxable value was $68,000. The reduction was in the amount of $10,000 in assessed value for property that was not present on the parcel but that had been mistakenly valued (e.g., actual square footage of 1,460 had been incorrectly valued as 1,640 square feet). There had been no physical change, etc. to the parcel for 2008 and no change in general market conditions for 2008 compared to 2007 for this parcel.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ ÷ __________ = __________

Equalization New: __________ Headlee Additions: __________

Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________ Headlee Losses: __________

Capped Calculation Losses: __________

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [( __________ - __________) x 1.023 ] + __________
CV = __________

Summary:
2007 Assessed Value: __________ 2008 Assessed Value: __________
2007 Capped Value: __________ 2008 Capped Value: __________
2007 Taxable Value: __________ 2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
A property owner approaches the 2008 July (or December) Board of Review and requests a reduction in value for 2008. The July (or December) Board of Review determines that it has jurisdiction to grant the request and that the reduction is warranted. The July (or December) Board of Review grants the requested reduction. The 2007 assessed value for the parcel was $75,000; the 2007 taxable value was $68,000. The reduction was in the amount of $10,000 in assessed value for property that was not present on the parcel but that had been mistakenly valued (e.g., actual square footage of 1,460 had been incorrectly valued as 1,640 square feet). There had been no physical change, etc. to the parcel for 2008 and no change in general market conditions for 2008 compared to 2007 for this parcel.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: $75,000
Prior Year (2007) Taxable Value: $68,000

Current Year (2008) Assessed Value: $65,000
Current Year (2008) Taxable Value: $60,288
Current Year (2008) Capped Value: $60,288 ($69,564 - ($20,000 x ($69,564 ÷ $150,000)))

Ratio of Taxable Value to Assessed Value: $68,000 ÷ $75,000 = 0.9067

Equalization New: $0 Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0

Equalization Loss: $0 Headlee Losses: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [($68,000 - $0) x 1.023] + $0
CV = $69,564 (before reduction; see above for calculation of CV after reduction)

Summary:

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<td>$65,000</td>
<td>$60,288</td>
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</table>

L-4025 Additions: $0 2008
L-4025 Losses: $0 2008

Note: The loss and Headlee losses associated with this situation will not be recorded until the 2009 assessment roll is prepared. There will be no capped value losses for 2009 since the ending 2008 taxable value will already reflect the July (or December) Board of Review reduction for 2008. There will be Headlee losses for 2009 in the amount of $9,275 ($20,000 x ($69,564 ÷ $150,000) = $9,275). Equalization loss for 2009 will be $10,000.
A property owner appealed her 2008 assessed value to the Michigan Tax Tribunal. The basis for the appeal was simply that the 2008 assessed/state equalized value determined by the assessor ($128,000) was too high based on sales of comparable property. The Tribunal heard the appeal and a judgment was entered in November of 2008 reducing the 2008 state equalized value to $115,000. The taxable value determined by the assessor had been $120,000; the revised 2008 taxable value is determined by the revised 2008 state equalized value. There had been no physical change, etc. to the parcel for 2008 and no change in general market conditions for 2008 for the parcel.

Inflation Rate Multiplier (IRM): 1.023

Prior Year (2007) Assessed Value: __________
Prior Year (2007) Taxable Value: __________

Current Year (2008) Assessed Value: __________
Current Year (2008) Taxable Value: __________
Current Year (2008) Capped Value: __________

Ratio of Taxable Value to Assessed Value: __________ ÷ __________ = __________

Equalization New: __________ Headlee Additions: __________

Capped Calculation Additions: __________

Equalization Adjustment: __________

Equalization Loss: __________ Headlee Losses: __________

Capped Calculation Losses: __________

**Capped Value (CV) Calculation:**
CV = [(Prior Year Taxable Value - Losses) x IRM or 1.05 Whichever is Less] + Additions
CV = [((__________) - ________) x 1.023 ] + __________
CV = __________

**Summary:**
2007 Assessed Value: __________ 2008 Assessed Value: __________
2007 Capped Value: __________ 2008 Capped Value: __________
2007 Taxable Value: __________ 2008 Taxable Value: __________

L-4025 Additions: __________
L-4025 Losses: __________
A property owner appealed her 2008 assessed value to the Michigan Tax Tribunal. The basis for the appeal was simply that the 2008 assessed/state equalized value determined by the assessor ($128,000) was too high based on sales of comparable property. The Tribunal heard the appeal and a judgment was entered in November of 2008 reducing the 2008 state equalized value to $115,000. The taxable value determined by the assessor had been $120,000; the revised 2008 taxable value is determined by the revised 2008 state equalized value. There had been no physical change, etc. to the parcel for 2008 and no change in general market conditions for 2008 for the parcel.

Inflation Rate Multiplier (IRM): 1.023

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<tr>
<td>Current Year</td>
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<td>$115,000</td>
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</table>

Ratio of Taxable Value to Assessed Value: $117,303 ÷ $128,000 = 0.9164

Equalization New: $0 Headlee Additions: $0

Capped Calculation Additions: $0

Equalization Adjustment: $0

Capped Calculation Losses: $0

Capped Value (CV) Calculation:

\[
CV = [(\text{Prior Year Taxable Value} - \text{Losses}) \times \text{IRM or 1.05 Whichever is Less}] + \text{Additions}
\]

\[
CV = \left(\frac{\$117,303}{\$120,000} - 0\right) \times 1.023 + 0 = \$120,000
\]

Summary:

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<tr>
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<td>$117,303</td>
<td>$120,000</td>
<td>$115,000</td>
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L-4025 Additions: $0 2008
L-4025 Losses: $0 2008

Note: The reduction in value will be reflected on the 2009 assessment roll since the 2008 assessment roll has been finalized by the time the Tribunal judgment is rendered. For 2009, there will be no loss, Headlee losses, or capped value losses since the reduction in value was due to a general difference of opinion in the value of the parcel. There was no dispute about the value of new construction, there was no removal of property from the assessment, etc. Therefore, the reduction in value is to be recorded as equalization (minus) adjustment only (for 2009). For example, if the 2009 assessed value is $117,000 (and there are no physical changes to the parcel), there will be $11,000 of minus adjustment for 2009 ($128,000 - $117,000 = $11,000).
The several pages following this page contain a Form L-4021 completed using the figures from the preceding example problems. A Form L-4021 in real life would contain a line for each parcel, whether the parcels had a change in value, etc. or not. There would also be totals for all the parcels in the local unit, broken down by property class. Also, the example Form L-4021 on the following pages shows problem numbers instead of parcel numbers and the personal property problems are mixed in with the real property problems to allow users of this material to find the personal property problems easily on the Form L-4021. A Form L-4021 in real life would contain parcel numbers and the personal property parcels would be segregated from the real property parcels.
## ASSESSMENT ROLL CHANGES WORKSHEET

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# ASSESSMENT ROLL CHANGES WORKSHEET

**County**

**EXAMPLE COUNTY, PROBLEMS ONLY**

**City or Township**

**EXAMPLE TOWNSHIP, PROBLEMS ONLY**

**Year**

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**ASSESSMENT ROLL CHANGES WORKSHEET**

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**EXAMPLE COUNTY, PROBLEMS ONLY**

**EXAMPLE TOWNSHIP, PROBLEMS ONLY**

**Year 2008**

Changes to Prepare STC Form L-4022 Only

*Headlee* Changes to Prepare STC Form L-4025 Only
### SAMPLE COUNTY, PROBLEMS ONLY

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## ASSESSMENT ROLL CHANGES WORKSHEET

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<td>0</td>
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<td>473,886</td>
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The pages following this page contain Forms L-4022. The first Form L-4022 was completed using the figures from the example problems. The second Form L-4022 contains figures from the example problems plus figures from all the other parcels in the hypothetical local unit where the example problems occurred. Form L-4022 is used to report a summary for equalization purposes of the prior-year assessed values, current-year assessed values, and new, loss, and adjustment.
## 2008 Report of Assessment Roll Changes and Classification

**INSTRUCTIONS:** Assessing officers are required to report the total assessed value for each class of property and the assessment roll changes for each class of property for County and State Equalization. This form is issued under authority of P.A. 206 of 1893. This report shall be signed by the assessing officer and filed with the State Tax Commission and the County Equalization Department immediately following adjournment of the Board of Review - Administrative Rule 209.26(10b). **REPORT ONLY ASSESSED VALUES ON THIS FORM.**

### CERTIFICATION

<table>
<thead>
<tr>
<th>Assessing Officer Signature</th>
<th>Date</th>
<th>Certificate Number</th>
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<tr>
<th>County</th>
<th>City or Township</th>
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<td>EXAMPLE COUNTY, PROBLEMS ONLY</td>
<td>EXAMPLE TOWNSHIP, PROBLEMS ONLY</td>
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<tr>
<th>REAL PROPERTY</th>
<th>2007 Board of Review</th>
<th>Loss</th>
<th>+ or (-) Adjustment</th>
<th>New</th>
<th>2008 Board of Review</th>
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<tr>
<td>400 Residential</td>
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<td>363,000</td>
<td>-55,000</td>
<td>877,500</td>
<td>2,656,500</td>
</tr>
<tr>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<th>New</th>
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<tbody>
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<tr>
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<td>8,000</td>
<td>34,000</td>
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</tbody>
</table>

**EXAMPLE COUNTY, PROBLEMS ONLY**

- 750,000
- 750,000
- 0
- 555,000
- 555,000

**EXAMPLE TOWNSHIP, PROBLEMS ONLY**

- 187,500
- 20,000
- 35,000
- 0
- 202,500

**ORIGINAL - TO STATE TAX COMMISSION.** (To be mailed by the Assessor immediately upon adjournment of the Board of Review.)

P.O. BOX 30471
LANSING, MI 48909-7971

**FIRST COPY - TO COUNTY EQUALIZATION DEPARTMENT.** (To be reviewed and approved by the County Equalization Department. If report is found to be in error by the County Equalization Department, the errors should be corrected and a copy should be sent to the State Tax Commission.)

**SECOND COPY - RETAINED BY ASSESSING OFFICER.**

Any assessing officer who, subsequent to filing the ORIGINAL and the FIRST COPY, discovers that said report is in error shall file a corrected report with the Equalization Department for their review and approval of the correction before transmitting same to the State Tax Commission.
INSTRUCTIONS FOR FORM L-4022

P.A. 381, 1978 prescribes six real property and five personal property classifications.

REAL PROPERTY: Agricultural (Ag.), Commercial (C.), Industrial (Ind.), Residential (R.), Timber - Cutover T.C. and Developmental (D.). These Real Property classes are equalized separately.

PERSONAL PROPERTY: Agricultural (Ag. P.), Commercial (C.P.), Industrial (Ind. P.) Residential (R.P.) and Utilities (Util. P.). All classes of Personal Property are equalized together as one class.

Each assessing officer must report total assessed value, assessed value of losses, assessed value of adjustments and new assessed value for each class of property. All entries are to be the assessed values as approved by the Board of Review. Form L-4021 and supporting form L-4022 shall be filed with the county equalization director for review and audit by the State Tax Commission.

REAL PROPERTY

NEW - Assessment increases because of added true cash value not accounted for in the starting ratio on form 603 (formerly L-4018-R), including:
1. Description on roll for first time or returned from exempt status.
2. Building or other improvement put on description.
3. New additions and improvements.
4. Further completion of new construction. (For example: partially complete building assessed at $2,500 last year; assessment raised to $3,500 this year because completed; the $1,000 increase is NEW.)
5. Platted land. (For example: a 40 acre parcel was assessed last year for $10,000; the land has been platted into 200 lots at $300 each or $60,000; the increased assessment would be NEW $50,000. If property had been classified Agricultural, there would be $60,000 NEW in Residential and $10,000 LOSS in Agricultural.)
6. Increased land value or improved economic conditions. Note: Increases in assessments from one year to the next due to inflationary increases in value are to be reported on form L-4022, if not included in the equalization study report on form 603 (formerly L-4018-R).

(NEW listed on Form L-4022 may not qualify for Additions on Form L-4025. See instructions on L-4025.)

Also, the amount of the NEW for equalization purposes for a particular item may not be the same as the amount of the ADDITION for the cap for that same item. For example, an IFT NEW FACILITY whose exemption has expired comes on the ad valorem roll at 50% of true cash value, but the ADDITION may be less than 50%. See pages 6-8 of STC Bulletin 18 of 1995.

LOSS - Assessment decreases because of loss of true cash value not accounted for on form 603 (formerly L-4018-R), including:
1. Description removed from roll (annexation).
2. Building or other improvements destroyed or removed or exempt.
3. Part of a building removed or destroyed (Note: Tax day is December 31).
4. Losses from change of description (such as in item 5 under NEW).
5. Land reverted to state or otherwise exempt.

ADJUSTMENTS - All changes in the assessment roll OTHER than those caused by changes in true cash value which qualify as NEW or LOSS, including:
1. Individual assessments raised or lowered to establish uniformity and meet the 50 percent requirement.
PERSONAL PROPERTY

NEW - Assessment increases because of added true cash value not accounted for on form 602 (formerly L-4018-P), including:

1. First time on roll. (For example: a new commercial tenant.)
2. Additional equipment or furnishings. (For example: a business acquired additional equipment so the total true cash value of the equipment and furnishings increased from $50,000 to $80,000. The assessment therefore was raised from $25,000 last year to $40,000 and the $15,000 increase is NEW.)
3. Change in law, reducing exemptions (Inventory, termination of Act 198 certificate, etc.).

LOSS - Assessment decreases because of loss of true cash value not accounted for on form 602 (formerly L-4018-P), including:

1. Removal from roll. (Out of business, etc.).
2. Fire losses or other damage. (Note: Tax day is December 31).
3. Decrease in true cash value of equipment, pipe lines, furnishings, equipment, etc.
4. Change in law, increasing exemptions (Inventory, air, water or Act 198 certificate, etc.).
   All changes in the assessment roll OTHER than those caused by changes in true cash value which qualify as NEW or LOSS, including:

ADJUSTMENTS -
   Individual assessments raised or lowered to establish uniformity.

IMPORTANT NOTICE

Please be advised that L-4022's are used in the equalization process in exactly the same way as they have been in the past, before the passage of Proposal A on March 15, 1994. In other words, Capped and Taxable Values play no part in the determination of County or State Equalized Valuations. DO NOT REPORT CAPPED OR TAXABLE VALUES ON FORMS L-4022, L-4023 OR L-4024. STC FORM L-4022 MUST BE CERTIFIED BY THE ASSESSOR BY SIGNING THE COMPLETED REPORT. UNSIGNED FORMS WILL BE RETURNED TO THE ASSESSOR.
2008 Report of Assessment Roll Changes and Classification

INSTRUCTIONS: Assessing officers are required to report the total assessed value for each class of property and the assessment roll changes for each class of property for County and State Equalization. This form is issued under authority of P.A. 206 of 1893. This report shall be signed by the assessing officer and filed with the State Tax Commission and the County Equalization Department immediately following adjournment of the Board of Review - Administrative Rule 209.26(10b). REPORT ONLY ASSESSED VALUES ON THIS FORM.

### REAL PROPERTY

<table>
<thead>
<tr>
<th>Class</th>
<th>2007 Board of Review</th>
<th>Loss</th>
<th>+ or (-) Adjustment</th>
<th>New</th>
<th>2008 Board of Review</th>
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<td>0</td>
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</tr>
<tr>
<td>600 Developmental</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>800 Total Real</td>
<td>843,547,530</td>
<td>6,863,762</td>
<td>-6,741,268</td>
<td>20,976,200</td>
<td>850,918,700</td>
</tr>
</tbody>
</table>

### PERSONAL PROPERTY

<table>
<thead>
<tr>
<th>Class</th>
<th>2007 Board of Review</th>
<th>Loss</th>
<th>+ or (-) Adjustment</th>
<th>New</th>
<th>2008 Board of Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>150 Agricultural</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>250 Commercial</td>
<td>36,017,505</td>
<td>15,592,605</td>
<td>0</td>
<td>4,780,200</td>
<td>25,205,100</td>
</tr>
<tr>
<td>350 Industrial</td>
<td>715,400</td>
<td>85,400</td>
<td>0</td>
<td>15,750,500</td>
<td>16,380,500</td>
</tr>
<tr>
<td>450 Residential</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>550 Utility</td>
<td>9,844,350</td>
<td>26,450</td>
<td>0</td>
<td>728,800</td>
<td>10,546,700</td>
</tr>
<tr>
<td>850 Total Personal</td>
<td>46,577,255</td>
<td>15,704,455</td>
<td>0</td>
<td>21,259,500</td>
<td>52,132,300</td>
</tr>
</tbody>
</table>

### CERTIFICATION

<table>
<thead>
<tr>
<th>Assessing Officer Signature</th>
<th>Date</th>
<th>Certificate Number</th>
</tr>
</thead>
</table>

ORIGINAL - TO STATE TAX COMMISSION. (To be mailed by the Assessor immediately upon adjournment of the Board of Review.)

P.O. BOX 30471
LANSING, MI 48909-7971

FIRST COPY - TO COUNTY EQUALIZATION DEPARTMENT. (To be reviewed and approved by the County Equalization Department. If report is found to be in error by the County Equalization Department, the errors should be corrected and a copy should be sent to the State Tax Commission.)

SECOND COPY - RETAINED BY ASSESSING OFFICER.

Any assessing officer who, subsequent to filing the ORIGINAL and the FIRST COPY, discovers that said report is in error shall file a corrected report with the Equalization Department for their review and approval of the correction before transmitting same to the State Tax Commission.
INSTRUCTIONS FOR FORM L-4022

P.A. 381, 1978 prescribes six real property and five personal property classifications.

REAL PROPERTY: Agricultural (Ag.), Commercial (C.), Industrial (Ind.), Residential (R.), Timber - Cutover T.C.) and Developmental (D.). These Real Property classes are equalized separately.

PERSONAL PROPERTY: Agricultural (Ag. P.), Commercial (C.P.), Industrial (Ind. P.) Residential (R.P.) and Utilities (Util. P.). All classes of Personal Property are equalized together as one class.

Each assessing officer must report total assessed value, assessed value of losses, assessed value of adjustments and new assessed value for each class of property. All entries are to be the assessed values as approved by the Board of Review. Form L-4021 and supporting form L-4022 shall be filed with the county equalization director for review and audit by the State Tax Commission.

REAL PROPERTY

NEW - Assessment increases because of added true cash value not accounted for in the starting ratio on form 603 (formerly L-4018-R), including:

1. Description on roll for first time or returned from exempt status.
2. Building or other improvement put on description.
3. New additions and improvements.
4. Further completion of new construction. (For example: partially complete building assessed at $2,500 last year; assessment raised to $3,500 this year because completed; the $1,000 increase is NEW.)
5. Platted land. (For example: a 40 acre parcel was assessed last year for $10,000; the land has been platted into 200 lots at $300 each or $60,000; the increased assessment would be NEW $50,000. If property had been classified Agricultural, there would be $60,000 NEW in Residential and $10,000 LOSS in Agricultural.)
6. Increased land value or improved economic conditions. Note: Increases in assessments from one year to the next due to inflationary increases in value are to be reported on form L-4022, if not included in the equalization study report on form 603 (formerly L-4018-R).

(The New listed on Form L-4022 may not qualify for Additions on Form L-4025. See instructions on L-4025.)

Also, the amount of the NEW for equalization purposes for a particular item may not be the same as the amount of the ADDITION for the cap for that same item. For example, an IFT NEW FACILITY whose exemption has expired comes on the ad valorem roll at 50% of true cash value, but the ADDITION may be less than 50%. See pages 6-8 of STC Bulletin 18 of 1995.

LOSS - Assessment decreases because of loss of true cash value not accounted for on form 603 (formerly L-4018-R), including:

1. Description removed from roll (annexation).
2. Building or other improvements destroyed or removed or exempt.
3. Part of a building removed or destroyed (Note: Tax day is December 31).
4. Losses from change of description (such as in item 5 under NEW).
5. Land reverted to state or otherwise exempt.

ADJUSTMENTS - All changes in the assessment roll OTHER than those caused by changes in true cash value which qualify as NEW or LOSS, including:

1. Individual assessments raised or lowered to establish uniformity and meet the 50 percent requirement.
PERSONAL PROPERTY

NEW - Assessment increases because of added true cash value not accounted for on form 602 (formerly L-4018-P), including:

1. First time on roll. (For example: a new commercial tenant.)

2. Additional equipment or furnishings. (For example: a business acquired additional equipment so the total true cash value of the equipment and furnishings increased from $50,000 to $80,000. The assessment therefore was raised from $25,000 last year to $40,000 and the $15,000 increase is NEW.)

3. Change in law, reducing exemptions (Inventory, termination of Act 198 certificate, etc.).

LOSS - Assessment decreases because of loss of true cash value not accounted for on form 602 (formerly L-4018-P), including:

1. Removal from roll. (Out of business, etc.).

2. Fire losses or other damage. (Note: Tax day is December 31).

3. Decrease in true cash value of equipment, pipe lines, furnishings, equipment, etc.

4. Change in law, increasing exemptions (Inventory, air, water or Act 198 certificate, etc.).

   All changes in the assessment roll OTHER than those caused by changes in true cash value which qualify as NEW or LOSS, including:

ADJUSTMENTS -

   Individual assessments raised or lowered to establish uniformity.

IMPORTANT NOTICE

Please be advised that L-4022's are used in the equalization process in exactly the same way as they have been in the past, before the passage of Proposal A on March 15, 1994. In other words, Capped and Taxable Values play no part in the determination of County or State Equalized Valuations. **DO NOT REPORT CAPPED OR TAXABLE VALUES ON FORMS L-4022, L-4023 OR L-4024. STC FORM L-4022 MUST BE CERTIFIED BY THE ASSESSOR BY SIGNING THE COMPLETED REPORT. UNSIGNED FORMS WILL BE RETURNED TO THE ASSESSOR.**
The several pages following this page contain (portions of) Forms L-4025. The first Form L-4025 was completed using the figures from the example problems. The second Form L-4025 contains figures from the example problems plus figures from all the other parcels in the hypothetical local unit where the example problems occurred. The Form L-4025 is used to report prior-year taxable values, current-year taxable values, and additions and losses for millage rollback purposes. Figures on Form L-4025 are used on Form L-4034 to calculate rollback fractions. Only the portions of the Forms L-4025 for all real and personal property (i.e., the grand totals) are provided as part of the course text materials. In practice, Forms L-4025 cover each class of real property, totals for all real property, totals for all personal property, and grand totals for all real and personal property.
### INSTRUCTIONS:
MCL Section 211.34d requires the assessing officer to tabulate the total taxable valuations and the amount of losses and additions, for each classification of property (which is separately equalized) on or before the first Monday in May for each unit of government that levies taxes within its boundaries.

<table>
<thead>
<tr>
<th>County</th>
<th>City or Township</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXAMPLE COUNTY, PROBLEMS ONLY</td>
<td>EXAMPLE TOWNSHIP, PROBLEMS ONLY</td>
</tr>
<tr>
<td>List school districts on page 2.</td>
<td></td>
</tr>
<tr>
<td>1. Total City or Township</td>
<td>2,310,590</td>
</tr>
<tr>
<td></td>
<td>155,316</td>
</tr>
<tr>
<td></td>
<td>473,886</td>
</tr>
<tr>
<td></td>
<td>2,746,585</td>
</tr>
<tr>
<td>2. Villages</td>
<td></td>
</tr>
<tr>
<td>3. Authorities</td>
<td></td>
</tr>
<tr>
<td>4. Other</td>
<td></td>
</tr>
<tr>
<td>5. School District (Name and Code Number)</td>
<td>2007 Taxable Valuation of Losses (Not Reclassified, Splits, etc.)</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
</tbody>
</table>

**MAILING:** Send completed forms to the Equalization Department on or before the first Monday in May. The Equalization Department will keep the completed forms on file for audit.

**ERRORS:** The Equalization Department should correct any errors in totaling the taxable values in this report. If the assessing officer finds an error after the report has been filed, he or she must file a corrected report with the Equalization Department.
### 2008 Report of Taxable Valuations Including Additions, Losses and Totals as Approved by the Board of Review

**INSTRUCTIONS:** MCL Section 211.34d requires the assessing officer to tabulate the total taxable valuations and the amount of losses and additions, for each classification of property (which is separately equalized) on or before the first Monday in May for each unit of government that levies taxes within its boundaries.

List school districts on page 2.

<table>
<thead>
<tr>
<th>County</th>
<th>City or Township</th>
<th>Type of Property (Check one)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXAMPLE COUNTY, ALL PARCELS</td>
<td>EXAMPLE TOWNSHIP, ALL PARCELS</td>
<td></td>
</tr>
<tr>
<td>1. Total City or Township</td>
<td>790,379,760</td>
<td><strong>Agricultural Real</strong></td>
</tr>
<tr>
<td>2. Villages</td>
<td></td>
<td><strong>Commercial Real</strong></td>
</tr>
<tr>
<td>3. Authorities</td>
<td></td>
<td><strong>Industrial Real</strong></td>
</tr>
<tr>
<td>4. Other</td>
<td></td>
<td><strong>Residential Real</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total 2007 Taxable Valuation</th>
<th>2007 Taxable Valuation of Losses (Not Reclassified, Splits, etc.)</th>
<th>2008 Taxable Valuation of Additions (Not Reclassified, Splits, etc.)</th>
<th>Total 2008 Taxable Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXAMPLE TOWNSHIP, ALL PARCELS</td>
<td></td>
<td>5,623,535</td>
<td>27,926,351</td>
<td>812,759,786</td>
</tr>
</tbody>
</table>
### 5. School District (Name and Code Number)

<table>
<thead>
<tr>
<th>School District A (00000)</th>
<th>Total 2007 Taxable Valuation</th>
<th>2007 Taxable Valuation of Losses (Not Reclassified, Splits, etc.)</th>
<th>2008 Taxable Valuation of Additions (Not Reclassified, Splits, etc.)</th>
<th>Total 2008 Taxable Valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>592,053,149</td>
<td>5,298,750</td>
<td>16,436,204</td>
<td>601,781,350</td>
</tr>
<tr>
<td>(Non-PRE/MBT)</td>
<td>198,326,611</td>
<td>477,235</td>
<td>11,623,797</td>
<td>210,978,436</td>
</tr>
</tbody>
</table>

**MAILING:** Send completed forms to the Equalization Department on or before the first Monday in May. The Equalization Department will keep the completed forms on file for audit.

**ERRORS:** The Equalization Department should correct any errors in totaling the taxable values in this report. If the assessing officer finds an error after the report has been filed, he or she must file a corrected report with the Equalization Department.
The next page contains a Form L-4034 completed using figures for all parcels in the hypothetical local unit where the example problems occurred. The figures used on the Form L-4034 come from the Form L-4025 contained on the prior pages. Form L-4034 is used to calculate millage rollback fractions for use on Form L-4029. For the Form L-4034 on the following page, it is assumed for purposes of the course materials that the local unit did not receive an equalization factor for 2008.
### 2008 Millage Reduction Fraction Calculations Worksheet

Including Millage Reduction Fraction Calculations Not Specifically Assigned to the County Equalization Director by Law

<table>
<thead>
<tr>
<th>County</th>
<th>Taxing Jurisdiction</th>
<th>EXAMPLE COUNTY, ALL PARCELS</th>
<th>EXAMPLE TOWNSHIP, ALL PARCELS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007 Total Taxable Value</td>
<td>790,379,760.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Losses</td>
<td>5,623,535.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>27,926,351.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008 Total Taxable Value Based on SEV</td>
<td>812,759,786.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008 Total Taxable Value Based on Assessed Value (A.V.)</td>
<td>812,759,786.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008 Total Taxable Value Based on CEV</td>
<td>812,759,786.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** The last two items above are only needed when it is necessary to calculate a Truth in Assessing or Truth in County Equalization Rollback Fraction.

1. Section 211.34d, MCL, "Headlee" (for each unit of local government)

\[
\frac{(2007 \text{ Total Taxable Value} - \text{Losses}) \times \text{Inflation Rate of 1.023}}{(2008 \text{ Total Taxable Value Based on SEV} - \text{Additions})} = \frac{1.0000}{1.0000}
\]

2008 Millage Reduction Fraction (Headlee). Round to 4 decimal places in the conventional manner. If number exceeds 1.0000, line through and enter 1.0000.


2a. Section 211.34, MCL, "Truth in Assessing" (for cities and townships if S.E.V. exceeds A.V. for 2008 only)

\[
\frac{2008 \text{ Total Taxable Value Based on Assessed Value for all Classes}}{2008 \text{ Total Taxable Value Based on SEV for all Classes}} = \frac{\text{NA}}{\text{NA}}
\]

2008 Rollback Fraction (Truth in Assessing) Round to 4 decimal places in the conventional manner.

See State Tax Commission Bulletin No. 2 of 2008 for more information regarding this calculation.

2b. Section 211.34, MCL, "Truth in County Equalization" (for villages, counties and authorities if S.E.V. exceeds C.E.V. for 2008 only)

\[
\frac{2008 \text{ Total Taxable Value based on CEV for all Classes}}{2008 \text{ Total Taxable Value based on SEV for all Classes}} = \frac{\text{NA}}{\text{NA}}
\]

2008 Rollback Fraction (Truth in County Equalization) Round to 4 decimal places in the conventional manner.

See State Tax Commission Bulletin No. 2 of 2008 for more information regarding this calculation.

3. Section 211.24e, MCL, "Truth in Taxation" (for each taxing jurisdiction that levied more than 1 mill for operating purposes in 2007 only).

\[
\frac{(2007 \text{ Total Taxable Value} - \text{Losses})}{(2008 \text{ Total Taxable Value Based on SEV} - \text{Additions})} = \frac{0.9999}{0.9999}
\]

2008 Base Tax Rate Fraction (Truth in Taxation) Round to 4 decimal places in the conventional manner.

Use the same amounts for additions and losses as were used for the 211.34d ("Headlee") rollback.

**NOTE:** The truth in taxation BTRF is independent from the cumulative millage reductions provided by sections 211.34d and 211.34. The Base Tax Rate equals the BTRF X 2007 Operating Rate levied.
The next page contains a Form L-4028 completed using the figures from the Form L-4025 which contained figures from all the parcels in the hypothetical local unit where the example problems occurred. The Form L-4028 is completed by the County equalization director. It shows the millage reduction fractions (MRF) for all local units located completely within the County and all other taxing entities located completely within the County. It also contains information used to calculate MRF for local units and other taxing entities located in two or more Counties. Equalization directors are also responsible for completing Form L-4028 IC for intercounty taxing entities. In practice, the Form L-4028 on the next page would contain many entries (as opposed to just the one for the example Township in the course materials). An example of a completed L-4028 IC is not provided.
2008 Millage Reduction Fraction Computation

This form is issued under authority of Sections 211.34d and 211.150, M.C.L. Filing of this form is mandatory. Failure to file is punishable under Section 211.119, M.C.L.

INSTRUCTIONS: This form is to be completed by the county equalization director for all taxing jurisdictions which levy a property tax in his/her county. This form is to be filed with each unit of local government and with the State Tax Commission. Also provide a copy of this form to the equalization director of each county which shares an intercounty taxing jurisdiction. On this initial computation form, the 2008 millage reduction fraction (MRF) can be calculated only for taxing jurisdictions located exclusively within a single county. This will include the county unit as well as all townships and nearly every city and village. The MRF for a school district which is not fractional with any other county can also be calculated and listed on this form. For any taxing jurisdiction which extends into one or more other counties, leave the MRF column blank and enter the notation "IC" for intercounty.

<table>
<thead>
<tr>
<th>County Code Number</th>
<th>Taxing Jurisdiction</th>
<th>2007 Taxable Value as of 5/29/07</th>
<th>2008 Taxable Value as of 5/27/08</th>
<th>Taxable Value of Losses</th>
<th>Taxable Value of Additions</th>
<th>2008 Millage Reduction Fraction (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>EXAMPLE TOWNSHIP</td>
<td>790,379,760</td>
<td>812,759,786</td>
<td>5,623,535</td>
<td>27,926,351</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

(1) If this calculation results in a number greater than 1.0000, enter 1.0000.

www.michigan.gov/treasury
The next two pages contain a Form L-4029 completed using figures for all parcels in the hypothetical local unit where the example problems occurred. Form L-4029 is used to request the levy of millage rates.
2008 Tax Rate Request (This form must be completed and submitted on or before September 30, 2008)

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

This form is issued under authority of MCL Sections 211.24e, 211.34 and 211.34d. Filing is mandatory; Penalty applies.

You must complete this form for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2008 tax roll.

<table>
<thead>
<tr>
<th>(1) Source</th>
<th>(2) Purpose of Millage</th>
<th>(3) Date of Election</th>
<th>(4) Original Millage Authorized by Election Charter, etc.</th>
<th>(5) ** 2007 Millage Rate Permanently Reduced by MCL 211.34d &quot;Headlee&quot;</th>
<th>(6) 2008 Current Year &quot;Headlee&quot; Millage Reduction Fraction</th>
<th>(7) 2008 Millage Rate Permanently Reduced by MCL 211.34d &quot;Headlee&quot;</th>
<th>(8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction</th>
<th>(9) Maximum Allowable Millage Levy *</th>
<th>(10) Millage Requested to be Levied July 1</th>
<th>(11) Millage Requested to be Levied Dec. 1</th>
<th>(12) Expiration Date of Millage Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charter</td>
<td>Oper.</td>
<td>NA</td>
<td>5.0000</td>
<td>4.3094</td>
<td>1.0000</td>
<td>4.3094</td>
<td>1.0000</td>
<td>4.3094</td>
<td>-0-</td>
<td>4.3094</td>
<td>NA</td>
</tr>
<tr>
<td>Voted</td>
<td>Fire Eqpt</td>
<td>11/5/02</td>
<td>0.5000</td>
<td>0.4846</td>
<td>1.0000</td>
<td>0.4846</td>
<td>1.0000</td>
<td>0.4846</td>
<td>-0-</td>
<td>0.4846</td>
<td>12/30/08</td>
</tr>
<tr>
<td>Voted</td>
<td>Bldg Bnd</td>
<td>4/25/95</td>
<td>Unlimtd</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>0.5515</td>
<td>-0-</td>
<td>0.5515</td>
<td>NA</td>
</tr>
</tbody>
</table>

**CERTIFICATION:** As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.121(3).

Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 2 of 2008 for instructions on completing this section.

- Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)
  - For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal
  - For Commercial Personal
  - For all Other

* Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.

**IMPORTANT:** See instructions on page 2 regarding where to find the millage rate used in column (5).
## Instructions For Completing Form L-4029, 2008 Tax Rate Request
### Millage Request Report To County Board Of Commissioners

These instructions are provided under MCL Sections 211.24e (truth in taxation), 211.34 (truth in county equalization and truth in assessing), 211.34d (Headlee), and 211.36 and 211.37 (apportionment).

**Column 1: Source.** Enter the source of each millage. For example, allocated millage, separate millage limitations voted, charter, approved extra-voted millage, public act number, etc. Do not include taxes levied on the Industrial Facilities Tax Roll.

**Column 2: Purpose of millage.** Examples are: operating, debt service, special assessments, school enhancement millage, sinking fund millage, etc. A local school district must separately list operating millages by whether they are levied against ALL PROPERTIES in the school district or against the NON-HOME group of properties. (See State Tax Commission Bulletin No. 2 of 2008 for more explanation.) A local school district may use the following abbreviations when completing Column 2: “Operating ALL” and “Operating NON-HOME”. “Operating ALL” is short for “Operating millage to be levied on ALL PROPERTIES in the local school district” such as Supplemental (Hold Harmless) Millages and Building and Site Sinking Fund Millages. “Operating NON-HOME” is short for “Operating millage to be levied on ALL PROPERTIES EXCLUDING PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL, QUALIFIED FOREST AND INDUSTRIAL PERSONAL PROPERTIES in the local school district” such as the 18 mills in a district which does not levy a Supplemental (Hold Harmless) Millage.

**Column 3: Date of Election.** Enter the month and year of the election for each millage authorized by direct voter approval.

**Column 4: Millage Authorized.** List the allocated rate, charter aggregate rate, extra-voted authorized before 1979, each separate rate authorized by voters after 1978, debt service rate, etc. (This rate is the rate before any reductions.)

**Column 5: 2007 Millage Rate Permanently Reduced by MCL 211.34d ("Headlee") Rollback.** Starting with taxes levied in 1994, the "Headlee" rollback permanently reduces the maximum rate or rates authorized by law or charter. The 2007 permanently reduced rate can be found in column 7 of the 2007 Form L-4029. For operating millage approved by the voters after April 30, 2007, enter the millage approved by the voters. For debt service or special assessments not subject to a millage reduction fraction, enter "NA" signifying "not applicable".

**Column 6: Current Year Millage Reduction Fraction.** List the millage reduction fraction certified by the county treasurer for the current year as calculated on 2008 Millage Reduction Fraction Calculations Worksheet, Form L-4034. The millage reduction fraction shall be rounded to four (4) decimal places. The current year millage reduction fraction shall not exceed 1.0000 for 2008 and future years. This prevents any increase or "roll up" of millage rates. Use 1.0000 for new millage approved by the voters after April 30, 2008. For debt service or special assessments not subject to a millage reduction fraction, enter 1.0000.

**Column 7: 2008 Millage Rate Permanently Reduced by MCL 211.34d ("Headlee") Rollback.** The number in column 7 is found by multiplying column 5 by column 6 on this 2008 Form L-4029. This rate must be rounded DOWN to 4 decimal places. (See STC Bulletin No. 11 of 1999.) For debt service or special assessments not subject to a millage reduction fraction, enter "NA" signifying "not applicable".

**Column 8: Section 211.34 Millage Rollback Fraction (Truth in Assessing or Truth in Equalization).** List the millage rollback fraction for 2008 for each millage which is an operating rate. Round this millage rollback fraction to 4 decimal places. Use 1.0000 for school districts, for special assessments and for bonded debt retirement levies. For counties, villages and authorities, enter the Truth in Equalization Rollback Fraction calculated on STC Form L-4034 as TOTAL TAXABLE VALUE BASED ON CEV FOR ALL CLASSES/TOTAL TAXABLE VALUE BASED ON SEV FOR ALL CLASSES. Use 1.0000 for an authority located in more than one county. For further information, see State Tax Commission Bulletin No. 2 of 2008. For townships and cities, enter the Truth in Assessing Rollback Fraction calculated on STC Form L-4034 as TOTAL TAXABLE VALUE BASED ON ASSESSED VALUE FOR ALL CLASSES/TOTAL TAXABLE VALUE BASED ON SEV FOR ALL CLASSES. The Section 211.34 Millage Rollback Fraction shall not exceed 1.0000.

**Column 9: Maximum Allowable Millage Levy.** Multiply column 7 (2008 Millage Rate Permanently Reduced by MCL 211.34d) by column 8 (Section 211.34 millage rollback fraction). Round the rate DOWN to 4 decimal places. (See STC Bulletin No. 11 of 1999.) For debt service or special assessments not subject to a millage reduction fraction, enter millage from Column 4.

**Column 10/Column 11: Millage Requested to be Levied.** Enter the tax rate approved by the unit of local government provided that the rate does not exceed the maximum allowable millage levy (column 9). A millage rate that exceeds the base tax rate (Truth in Taxation) cannot be requested unless the requirements of MCL 211.24e have been met. For further information, see State Tax Commission Bulletin No. 2 of 2008. A LOCAL School District which levies a Supplemental (Hold Harmless) Millage shall not levy a Supplemental Millage in excess of that allowed by MCL 380.1211(3). Please see the memo to assessors dated October 26, 2004 regarding the change in the collection date of certain county taxes.

**Column 12: Expiration Date of Millage.** Enter the month and year on which the millage will expire.
STATE ASSESSORS BOARD

SIX-HOUR CERTIFICATION RENEWAL PROGRAM EVALUATION

APPLICATION OF NEW, LOSS, ADDITIONS, LOSSES, AND ADJUSTMENT

At the conclusion of the program, please take a few moments to rate the program materials and the instructor. Also, please provide your comments regarding these items and the program location. Your input will be considered in improving the program for future students and in developing future renewal programs.

Your name (optional):

Your level of certification:

Location:

Instructor(s):

How would you rate the program materials (please circle one)?

Excellent  Good  Average  Fair  Poor

How would you rate the instructor(s) (please circle one)?

Excellent  Good  Average  Fair  Poor

Comments:

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