



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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Bulletin 18 of 2017
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Recalculating Taxable Values

TO: Assessors, Equalization Directors and Interested Parties

FROM: State Tax Commission

SUBJECT: Recalculating Taxable Value for the Assessment Years Which Follow the Years Changed by an Order of the Michigan Tax Tribunal

Bulletin No. 6 of 1999 is rescinded.

The State Tax Commission directs that, whenever an order for a change in Taxable Value is received by an assessor from the Michigan Tax Tribunal (MTT), the assessor shall also recalculate Taxable Values for the year(s) following the year(s) specifically included in the order. This recalculation for the following years shall be based on the Taxable Value ordered by the MTT for the most recent year of the order.

The State Tax Commission has established the following procedures which shall be used by assessors when the recalculation of Taxable Value is required after an MTT order is issued.

- 1) Upon receiving an MTT order for a change in Taxable Value, the assessor shall immediately recalculate Taxable Value(s) for the year(s) following the most recent year contained in the order.
- 2) The assessor shall immediately correct the assessment roll(s) and tax roll(s) for the appropriate year(s) by entering the recalculated Taxable Value(s) on the roll(s). The assessor shall also, within 30 days, file an affidavit with the proper officials who are involved with the assessment figures, rate of taxation, or mathematical calculations and all official records shall be corrected. Assessors should use Form 3452 Assessor Affidavit Regarding the Recalculation of Taxable Value Following an MTT Order for a Prior Year.
- 3) For each tax year in which the tax roll is corrected, a corrected tax bill shall be issued by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll.

The Tax Tribunal Act (MCL 205.735(2)) allows a property owner to appeal the recalculated Taxable Value to the Michigan Tax Tribunal within 60 days after mailing of the tax bill by the treasurer. Any appeal under this section is limited "to correcting arithmetic errors or mistakes

and shall not be a basis of appeal as to disputes of valuation of the property, its exempt status, or the equalized value”

The change in Taxable Value will result in either a rebate of taxes already paid or a bill for additional taxes due. The State Tax Commission advises that it seems appropriate that the same law (MCL 205.737) which applies to interest rates on Tax Tribunal orders should also apply to recalculated Taxable Values for the years following a Tax Tribunal order.

If an update in Taxable Value required by this bulletin is for the current year and the tax bill has not yet been sent, then the REBATE or the ADDITIONAL TAXES due are treated the same as current year’s taxes.

IMPORTANT NOTE: The process of recalculating Taxable Values after an MTT order is issued does not apply to Assessed Value. Therefore, in the example below, the assessor is not authorized to change the 2017 assessed value of \$125,000 because the example assumes an MTT order date of April 30, 2017 which means that there is no authority to change assessed value because the 2017 March Board of Review has already closed.

Example:

The original Assessed Value and Taxable Value established by the Board of Review for the 2016 tax year was \$120,000. The property owner filed an appeal of these values with the MTT.

For the 2017 tax year, the Board of Review established an Assessed Value of \$125,000 and a Taxable Value of \$121,080.

An MTT final decision for the 2016 tax year appeal was issued on April 30, 2017, which directed that the 2016 Assessed Value and Taxable Value of parcel A should be changed to \$110,000.

The assessor CANNOT change the 2017 Assessed Value of \$125,000. However, the assessor MUST recalculate the 2017 Taxable Value because the \$121,080 Taxable Value was calculated based on \$120,000 being the prior year’s Taxable Value, not the revised Taxable Value of \$110,000 set by the MTT final decision. (Assume there were no additions or losses in the 2017 assessment).

The 2017 Taxable Value would be recalculated as follows:

2017 Taxable Value is the LESSER of:

- 1) **2017 Capped Value**

OR

- 2) **2017 State Equalized Value**

2017 Capped Value =

Prior Year's Taxable Value MINUS Losses X 2017 Inflation Multiplier + Additions

= \$110,000 X 1.009

= \$110,990

2017 State Equalized Value = \$125,000 (assuming and equalization factor of 1.0000)

The recalculated 2017 Taxable Value is therefore \$110,990 because that value is lower Than the 2017 State Equalized Value of \$125,000.