

Example:

A property with a 1994 SEV of \$50,000 increased in value by 10% for 1995. The owner constructed a garage in 1994 which has an SEV of \$4,000 (Market Value is \$8,000). The 1995 SEV will be: $\$50,000 + 10\% + \$4,000$ (garage) = \$59,000.

The 1995 Taxable Value for this property will be $\$50,000 + 2.6\% + \$4,000$ (garage) = \$55,300. 1995 property taxes would be calculated on the Taxable Value of \$55,300, NOT on the SEV of \$59,000.

A physical loss on or before December 31, 1994 (tax day for 1994), such as a fire during 1994, would decrease the Taxable Value. To calculate the maximum 1995 Taxable Value, subtract losses from the 1994 SEV of the parcel, multiply the result by 1.026, and then add in additions.

Taxable Value is also limited by the fact that it cannot exceed the current State Equalized Value (SEV) of the property.

Example:

In the example above, if the value of the house increased by 1% instead of 10%, the 1995 SEV would be: $\$50,000 + 1\% + \$4,000$ (garage) = \$54,500 instead of \$59,000.

Because \$54,500 is less than the \$55,300 (based on the increase of 2.6%), \$54,500 would be the Taxable Value.

Transferred Properties

Proposal A states that in the year following a transfer (sale), the Taxable Value will be the property's SEV, regardless of the cap. Because transfers don't begin until January 1, 1995, Taxable Values will first be uncapped in 1996 for properties transferred (sold) in 1995. 1995 Taxable Values will not become uncapped because a property sold in 1994. Buyers of real estate in 1995 must report the sale and sales price to the local assessor on a new SIC Form (SIC L-4260). The forms have been distributed to closing agents, realtors, assessors, supervisors and equalization departments.

Appealing to the March Board of Review

You may receive a property tax assessment increase notice through the mail prior to the March Board of Review. It will show a tentative SEV and tentative Taxable Value.

If you believe that your assessment or tentative SEV is over 50 percent of True Cash Value or is not uniform, you may appeal the assessment to the local March Board of Review. If you believe that your Taxable Value is calculated improperly, you may appeal the Taxable Value to the March Board of Review. You may also appeal your property assessment classification and the denial by the assessor of a qualified agricultural property exemption to the March Board of Review. Note that a denial of a homestead exemption may NOT be appealed to the local Board of Review, but may be appealed to the Michigan Department of Treasury.