

Michigan Property Tax Explanation

Michigan Department of Treasury
March 13, 2008

Proposal A

- Enacted by statewide vote in 1994
- Changed formula for property tax calculation, based on two factors
 - Taxable Value
 - State Equalized Value (SEV)
- Taxable value may increase, limited to 5 percent or the rate of inflation, whichever is less (excluding new construction)

State Equalized Value

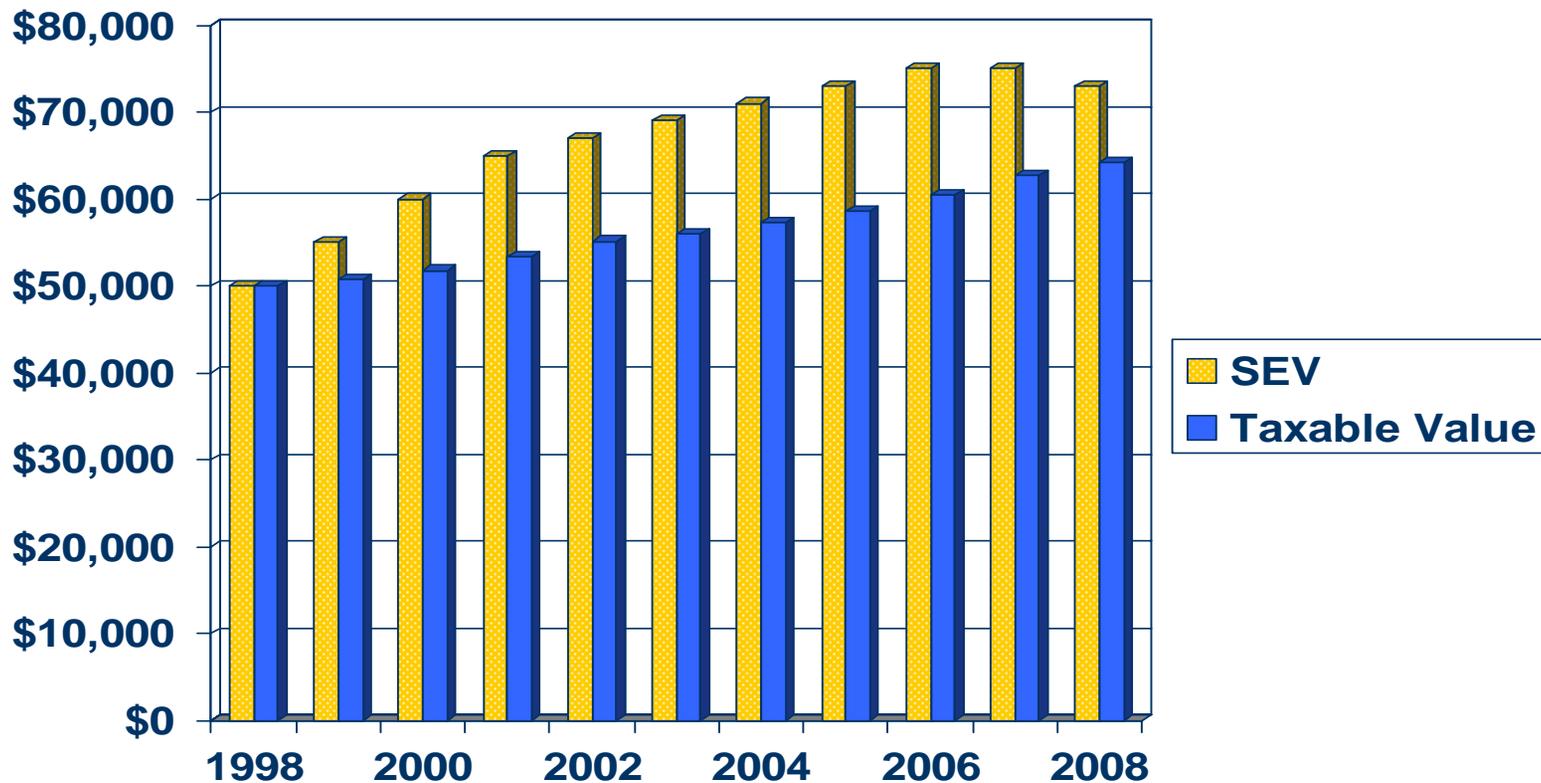
- Equal to one half of market value
 - Example: If home is worth \$100,000, SEV is \$50,000
- Value may increase or decrease year to year based on different factors
- Can appeal your assessment

Taxable Value

- Equal to, or less than, the SEV
- Cannot go down
 - Unless there are changes to the property
- Can only increase each year by the rate of inflation or 5 percent, whichever is less
 - Unless there are changes to the property
- Can never be higher than the SEV

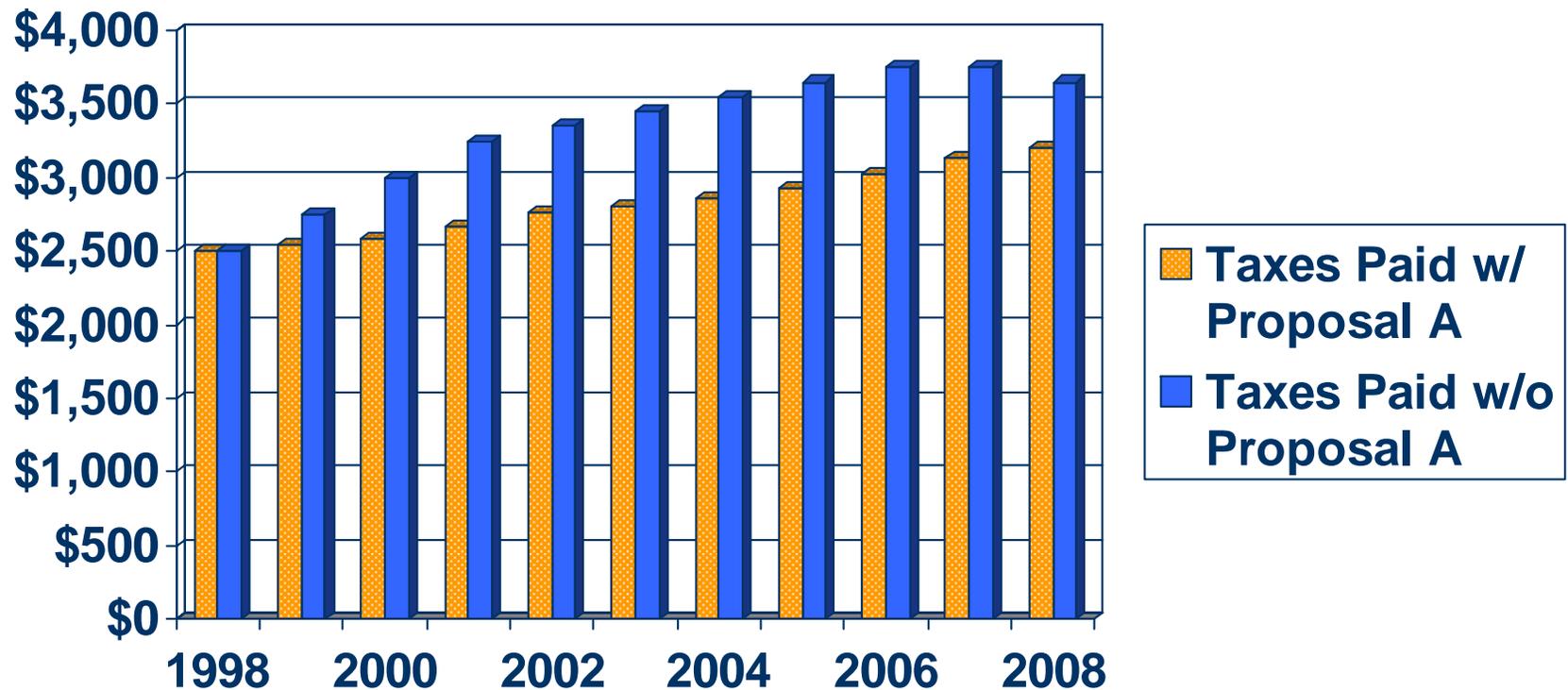
SEV vs. Taxable Value

(Based on a \$100,000 home purchased in 1998)



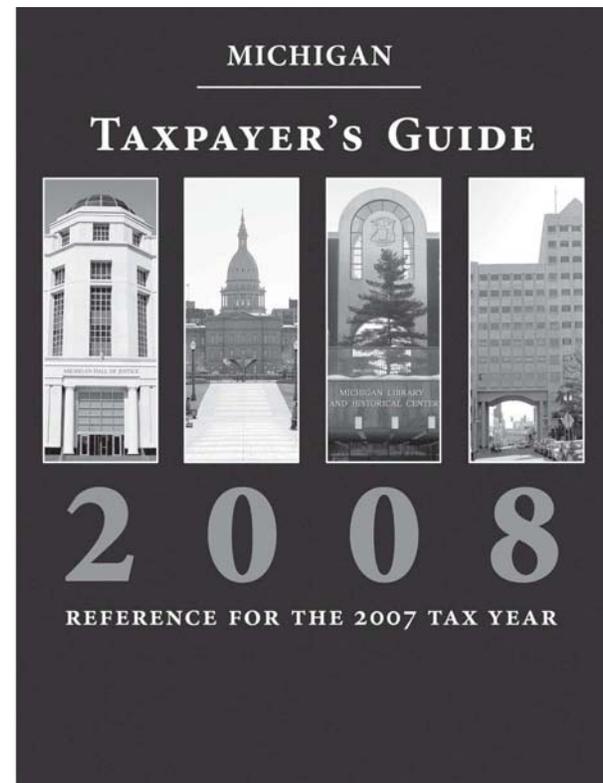
Taxes Paid With and Without Proposal A

(Based on a \$100,000 house purchased in 1998)



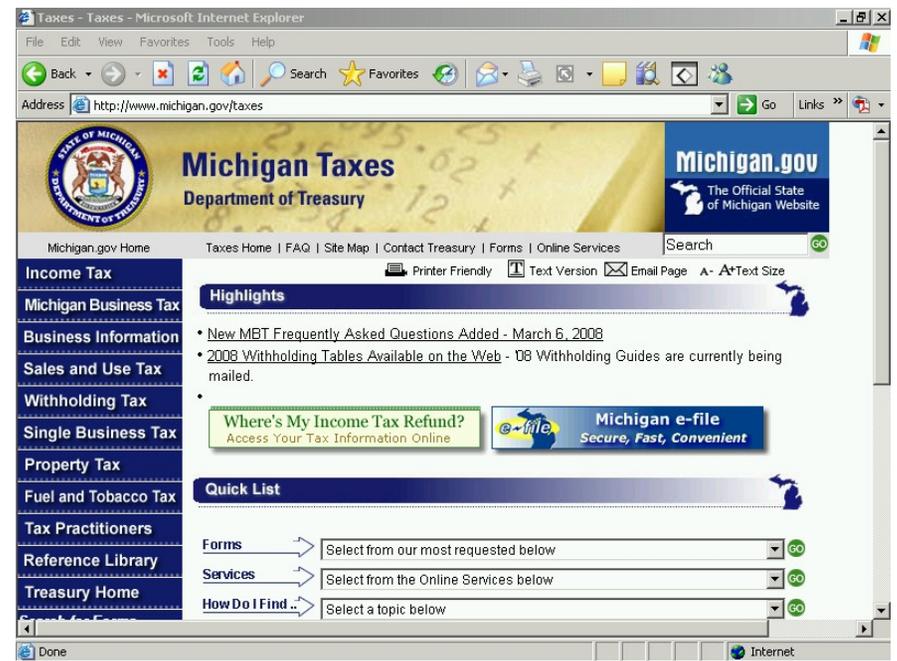
For More Info ...

- Refer to the 2008 Michigan Taxpayer's Guide
- www.legislature.mi.gov/documents/publications/taxpayersguide.pdf



For more info ...

- Visit the Property Tax Section on the Michigan Taxes site
- www.michigan.gov/taxes





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