“Because an informed public matters”

Michigan Assessing Coalition is a non-profit organization that provides Assessing Services to Local Government while providing practical training to those entering the Assessing Profession. We also strive to inform the public about the Property Tax System in Michigan.

Michigan Assessing Coalition

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MAC Inc. Group

MICHIGAN ASSESSING COALITION

Understanding Property Tax Values

Assessed, Capped and Taxable Values

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Understanding Proposal A of 1994

Proposal A of 1994 was passed by the voters of Michigan as Property Tax Reform.

It created three new values related to property tax.

Assessed Value: 50% of the estimated True Cash Value (Market Value)

True Cash Value is defined in law as "the USUAL selling price"

Capped Value: A mathematical equation as follows:

Previous Year Taxable Value
Minus any Losses (Garage demolished, etc.)
Plus the current year rate of inflation
Plus the current value of any Additions (new house, etc.)

Taxable Value: Is the lower of either the Assessed Value or the Capped Value. If the Capped Value is lower than the Assessed Value, that becomes the Taxable Value. If the Assessed Value is lower than the Capped Value, that becomes the Taxable Value.

This Property Tax System protects a property owner from increases to their tax bill due to property values going up more than inflation.

It is important to be aware that other factors may increase the property taxes, including new construction or increases in millage rates.

It is also important to be aware that your assessment notice is mailed every year around the end of February. This notice reports these values to you for the upcoming tax year. The notice will also report the inflation rate used to calculate the current capped value.

What if I recently purchased my property?

Proposal A of 1994 also provides for the taxable value to "catch up" to the Assessed Value in the year following a transfer of ownership. This is generally referred to as "uncapping".

For example, if you purchased your property in 2025, the 2026 Taxable Value will be equal to the Assessed Value.

After that "uncapping", the Taxable Value will again be limited or "capped" up again during your ownership.

It is important to know that your taxes will not be the same as the previous owner's. Depending on the gap between the Assessed Value and the Taxable Value, the taxes could go up significantly in the year following the purchase.

You can estimate property taxes on this website:
www.michigan.gov/taxes/property/estimator