

EXAMPLES

The following is a compilation of various assessment scenarios that could be similar to your particular situation:

(The inflation rate multiplier is determined annually by the State Tax Commission. A 1.05 multiplier has been used in the following examples)

Example A

You Purchased a New Home

Last year, you purchased a new home valued at \$200,000 (true cash value) with Assessed Value (AV) and State Equalized Value (SEV) both at \$100,000 and Taxable Value (TV) of \$80,000.

A study of sales in the neighborhood shows true cash value of the property has increased to \$220,000 for the current year.

Current year:
Assessed Value (AV) is (1/2 of \$220,000).....\$110,000
SEV (tentative) is.....\$110,000

Value is “uncapped” the year following an ownership transfer (sale) of a property, the Taxable Value will be the same as the State Equalized Value.

Taxable Value (TV) is\$110,000

It is important to note that a property does not uncap to the selling price but to the SEV in the year following the transfer of ownership.

Example B

You Added a Family Room to Your Home

Last year, your home valued at \$200,000 had a \$100,000 SEV, and a Taxable Value (TV) of \$80,000. You added a family room addition valued at \$40,000 (true cash value).

A study of sales in the neighborhood shows the true cash value of your property (with the addition) has increased to \$240,000.

Current Year:
Assessed Value (AV) is (1/2 of \$240,000).....\$120,000
SEV (tentative) is.....\$120,000
Capped Value (CV) is
[((\$80,000 x 1.05) + 50% of \$40,000)].....\$104,000

Taxable Value,
the **lesser** of SEV or CV, is.....\$104,000

Example C

You Made NO Changes to Your Property

Increased SEV / TV Increase

Last year, your home valued at \$200,000 (true cash value) had a \$100,000 State Equalized Value (SEV), and a Taxable Value (TV) of \$80,000.

A study of sales in the neighborhood shows your property true cash value has increased to \$220,000 for the current year.

Current Year:
Assessed Value (AV) is (1/2 of 220,000).....\$110,000
SEV (tentative) is.....\$110,000
Capped Value (CAP) is (\$80,000 x 1.05).....\$84,000
Taxable Value, the **lesser** of SEV or CV, is.....\$84,000

Example D

Decreased SEV / TV Increase

Last year, your home valued at \$200,000 (true cash value) had a \$100,000 State Equalized Value (SEV), and a Taxable Value (TV) of \$80,000.

A study of sales in the neighborhood shows your property true cash value has decreased to \$180,000 for the current year.

Current Year:
Assessed Value (AV) is (1/2 of \$180,000).....\$90,000
SEV (tentative) is.....\$90,000
Capped Value (CV) is (\$80,000 x 1.05).....\$84,000
Taxable Value, the **lesser** of SEV or CAP, is.....\$84,000

Example E

Decreased SEV / TV Decrease

Last year, your home valued at \$180,000 (true cash value) had a \$90,000 State Equalized Value (SEV), and a Taxable Value (TV) of \$80,000.

A study of sales in the neighborhood shows your property true cash value has decreased to \$165,000 for the current year.

Current Year:
Assessed Value (AV) is (1/2 of \$165,000).....\$82,500
SEV (tentative) is.....\$82,500
Capped Value (CV) is (\$80,000 x 1.05).....\$84,000
Taxable Value, the **lesser** of SEV or CV, is\$82,500

ADDITIONAL RESOURCES

White Lake Treasurer’s Office
248-698-3300 ext. 4
www.whitelaketwp.com/treasurer

Oakland County Treasurer’s Office
248-858-0611
www.oakgov.com/treasurer

Oakland County Health Division
248-858-1280
www.oakgov.com/health

Oakland County Register of Deeds
248-858-0581
www.oakgov.com/clerkrod

Oakland County Road Commission
877-858-4804
www.rcocweb.org

Michigan State Tax Commission
517-335-3429
www.michigan.gov/statetaxcommission

Michigan Principal Residence Exemption Unit
517-335-7487

U.S. Department of Veterans Affairs
800-698-2411
800-827-1000
www.VA.gov



A guide to your 2024 property taxes and Proposal “A”

On March 15, 1994, Michigan voters approved the constitutional amendment known as Proposal “A”. Prior to Proposal “A”, property tax calculations were based on State Equalized Value (SEV).

Proposal “A” established “Taxable Value” (TV) as the basis for the calculation of property taxes. Increases in Taxable Value (TV) are limited to the percent of change in the rate of inflation or 5%, whichever is less, as long as there were no losses or additions to the property. The limit on TV does not apply to a property in the year following a transfer of ownership (sale).

White Lake Township Assessing
248-698-3300 ext. 3
www.whitelaketwp.com/assessing

WHAT IS ASSESSED VALUE?

The Michigan Constitution requires that property be uniformly assessed and not exceed 50% of the usual selling price, often referred to as True Cash Value. Each tax year, the local assessor determines the Assessed Value (AV) of each parcel of real property based on the condition of the property as of December 31 (Tax Day) of the previous year.

WHAT IS STATE EQUALIZED VALUE?

The State Equalized Value (SEV) is the Assessed Value as adjusted following county and state equalization. The County Board of Commissioners and State Tax Commission must review local assessment jurisdictions and adjust (equalize) them so that they do not exceed 50% of True Cash Value.

WHAT IS “CAPPED VALUE”?

“Capped Value” is the value established when the TV of the prior year, with adjustments for additions and losses, is multiplied by the Inflation Rate Multiplier (IRM). The multiplier is capped and cannot be greater than 1.05 (1 + 5%). It represents the change in the rate of inflation during the previous year. The final product is Capped Value (CV).

The Capped Value limitation on Taxable Value does not apply if you purchased your home last year.

Capped Value =

$(\text{Prior TV} - \text{Losses}) \times (\text{IRM})^* + \text{Additions}$

* Percent of change is the rate of inflation or 5%, whichever is less, expressed as a multiplier

CALCULATING THE INFLATION RATE MULTIPLIER

Based on this statutory requirement, the calculation for 2024 is as follows:

1. The 12 monthly values for October 2021 through September 2022 are averaged.
2. The 12 monthly values for October 2022 through September 2023 are averaged.
3. The ratio is calculated by dividing the average of column 2 by the average of column 1.

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>
Oct 2021	276.589	Oct 2022	298.012
Nov 2021	277.948	Nov 2022	297.711
Dec 2021	278.802	Dec 2022	296.797
Jan 2022	281.148	Jan 2023	299.170
Feb 2022	283.716	Feb 2023	300.840
Mar 2022	287.504	Mar 2023	301.836
Apr 2022	289.109	Apr 2023	303.363
May 2022	292.296	May 2023	304.127
Jun 2022	296.311	Jun 2023	305.109
Jul 2022	296.276	Jul 2023	305.691
Aug 2022	296.171	Aug 2023	307.026
Sep 2022	<u>296.808</u>	Sep 2023	<u>307.789</u>
Average	287.723	Average	302.289

Ratio	1.051
% Change	5.1%

WHAT SALES INFORMATION IS USED IN DETERMINING ASSESSMENTS?

A 24 month sales study is performed in order to determine property assessments. The timeframe of the sales study, determined by the State Tax Commission, is detailed below for this year:

2 Year Sales Study Timeframe:

April 1 to March 31
2021 to 2023

HOW ARE PROPERTY VALUES DETERMINED?

Market sale transactions for real property are used by Michigan assessors to compare assessed values (AV) with the actual sale prices (market values) for those same properties. Market value can be defined as the most probable price, as of a specific date, where both buyer and seller are knowledgeable and neither is under duress. The average ratio between the AV and the sale price should be 50%. Since the market for real estate constantly changes, the average ratio actually found will usually not be 50%. Local assessors are required to reestablish the 50% ratio on an annual basis.

NOTICE OF ASSESSMENT

Each year, prior to the March meetings of the local boards of review, informational notices are mailed. The “Notice of Assessment, Taxable Valuation, and Property Classification” also includes State Equalized Value, the percent of exemption as a Principal Residence, Michigan Business Tax, or Qualified Agricultural Property, and if there was or was not a Transfer of Ownership.

WHAT HAPPENS WHEN YOU PURCHASE A PROPERTY?

When a property, or interest in a property, is transferred, the following year’s State Equalized Value (SEV) becomes that year’s Taxable Value (TV). In other words, if you purchase property, your Taxable Value for the following year will be the same as the SEV. The Taxable Value will then be “capped” for the second year following the transfer of ownership.

WHAT IS A PRINCIPAL RESIDENCE EXEMPTION?

If you own and occupy your home as your principal residence, it may be exempt from a portion of local school operating taxes. On your “Notice of Assessment”, review your percentage of principal residence exemption.

To claim an exemption for the current year, you must own and occupy your home and file a “PRE Affidavit” with your city or township by June 1 for the immediately succeeding summer tax levy and all subsequent tax levies or by November 1 for the immediately succeeding winter tax levy and all subsequent tax levies.

MARCH BOARD OF REVIEW

If you believe the Assessed Value is more than half the value of your property you may appeal the Assessed and/or Taxable Values at the March Board of Review. You can obtain information about the specific meeting dates and schedule an appearance with the Board of Review by contacting our Assessing Office.

POVERTY EXEMPTIONS

As required under the General Property Tax Act, this program is available to Residential property owners who meet the policy guidelines. Annual application for this exemption is required with documentation supporting eligibility. This program may reduce or eliminate tax liability and guidelines are updated annually.

DISABLED VETERANS EXEMPTION

If you are an honorably discharged veteran with a service related disability or the surviving spouse of an eligible veteran, you may reach out to the Assessing Office to obtain eligibility requirements for the Disabled Veterans Exemption.