



Roadmap to MICHIGAN PROPERTY TAXES

General Assessment Overview

Michigan's townships and cities assess properties annually with an **assessment date of December 31**.

A property typically has three values. The first value is the *Assessed Value*, which is 50% of the property's true cash value. The true cash value is the value the assessor thinks the property is worth. This is established by comparing similar properties and using sales and cost data.

The second value assigned to a property is the *State Equalized Value (SEV)*. This is the assessed value multiplied by the "state equalization factor," a number that is usually 1, and often results in the assessed value and the SEV being the same.

The third value is a property's *Taxable Value*, which is used to calculate total tax liability. With the passage of Proposal A in 1994, there is a limit, or cap, placed on the amount the taxable value can increase each year. If a property does not experience a transfer of ownership or if no improvements were made, the annual increase in taxable value is limited to the lesser of 5% or the increase in the consumer price index (inflation rate) for the current year.

Reassessment Triggers

Proposal A also states that a reassessment will occur when a property undergoes any change in ownership, triggered by the recording of a deed or transfer affidavit. At this time, the assessor will revalue the property to *at least* its SEV. This new "uncapped" value will become the new taxable value the following year.

The new taxable value will be based upon the market data available for each property type—sales, rents, expenses, and cap rates. The purchase price will be a data point and is considered in the assessor's analysis.

Reassessment will also occur when a property undergoes construction, additions, or demolitions, experiences increases or decreases to occupancy, or filing omissions.

Assessment Notices

Assessors will mail out assessment notices at the end of February. The notice of assessment will show a property's classification, assessed value, SEV, taxable value, and any exemptions that may apply to the property.

Property Tax Appeals

Property owners can appeal their assessment to the local Board of Review or the Michigan Tax Tribunal.

The local **Board of Review** consists of three people appointed by the Township or City and is largely used for residential properties. Commercial and industrial taxpayers typically bypass the local Board and appeal directly to the Michigan Tax Tribunal.

The annual deadline to file a petition to the **State of Michigan Tax Tribunal** is May 31 of each year.

Personal Property

Taxpayers holding taxable personal property are required to file returns annually with the local assessor. Although most jurisdictions request the return by February 1, the **deadline by statute is February 20**. The statement must be received by the due date to constitute timely filing. No extensions are granted. If a taxpayer fails to file a return, the assessor will estimate an assessment.

Filings are based on original cost of acquisition and inventory is exempt. Assets are grouped into categories and differing depreciation tables are applied in order to arrive at "true cash value." The personal property is then assessed at 50% of the true cash value.

Legislation was passed in 2014 to phase out the personal property tax on industrial property and certain commercial properties gradually from 2016 to 2023. Effective in 2014 and after, any commercial and industrial personal property in a single taxing jurisdiction with a true cash value of less than \$80,000 is exempt. Remaining personal property tied to industrial processing will become exempt over time based on the year it was placed into service.

This exemption is NOT automatic. Exemption forms (Form 5076) must be submitted to the taxing jurisdiction by February 10.

Some cities and townships have contracted with outside firms to perform personal property audits.

Tax Bills

Total tax liability is calculated by multiplying the taxable value by the jurisdiction's millage rate.

Real estate and personal property tax billing systems vary throughout the state; however, the majority of taxing jurisdictions generate two tax bills, a "summer" and a "winter" bill.

The summer bill due dates vary based on jurisdiction but typically have a deadline anywhere between July and September. The winter bill due dates also vary, and usually have a deadline anywhere between December and March. No postmarked payments will be accepted meaning all tax payments must be received in the taxing jurisdiction by the due date.

Michigan Tax Calendar

Real Estate

Assessment Date	Dec 31
Value Notices Issued	Feb
Appeal Deadline	May 31
Tax Bills Due	Jul - Sep ("Summer" Bills) Dec - Mar ("Winter" Bills)

Personal Property

Assessment Date	Dec 31
Exemption Form Due	Feb 10
Tax Returns Due	Feb 20
Value Notices Issued	Feb
Appeal Deadline	Mar
Tax Bills Due	Jul - Sep ("Summer" Bills) Dec - Mar ("Winter" Bills)