Understanding Proposal "A"

- Capped Market Adjustment to the CPI
- Created a "Taxable Value" which property taxes are now based
- The year following a transfer, the taxable value "uncaps" to the current assessed value
- A new cap is established and continues as long as you own the property

Taxable Value Formula

- (Prior Year Taxable – Losses) x CPI + Additions

- CPI = Consumers Price Index as established by State of Michigan (Not determined locally)
- Losses = Reduction in value due to demolition, fire, or environmental contamination
- Additions = Increases in value due to new construction & additions not previously assessed

Improvements that are <u>NOT</u> Taxable

- Michigan Law defines improvements that are not taxable under MCL 211.27. They include:

- Painting
- Replacing existing items such as siding, roof, furnace, porches, windows, doors
- Repairing wiring, plumbing, fixtures

- Simply stated, normal maintenance does not cause an increase in the taxable value of your property

What exemptions are available?

- **Principal Residence Exemption**
- Must own and occupy as a primary residence prior to May 1st in a given year
- Must file the principal residence exemption form with your local assessing office
- Exempts the property from 18 mills of school operating millage
- For an average property with a taxable value of 45,000, it would save $810/year

What exemptions are available?

- **Poverty Exemption**
- Must meet Federal poverty standards
- Must submit completed application to Assessing office along with previous year income tax return
- Guideline as established by council sets taxes for those who qualify at 3.5% of their annual income