



# EQUALIZATION DEPARTMENT

If you would like to know more about how the Assessing and Equalization process affects you and your property taxes, please check out our brochure at:

[Assessing & Property Tax Brochure](#)

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The Inflation Rate Multiplier (IRM) for the State in 2020 is 1.9%. This is used in calculating your Capped Value for the year.

- Each property has a Capped Value. Capped Value is calculated by multiplying the prior year's Taxable Value, with adjustments for additions and losses, by the IRM as calculated by the State of Michigan and cannot increase by more than 5%.
- Taxable Value (TV), which property taxes are based on, is defined as the lower of State Equalized Value or Capped Value.
- Generally speaking, this means that unless the current year SEV is less than the previous year Taxable Value multiplied by the IRM, the current years Taxable Value will increase by the IRM.
  - SEV = 50% of True Cash Value
  - Capped Value = (Prior TV-Losses) x (1+ IRM\*) + Additions
  - Percent of change is the rate of inflation or 5%, whichever is less, expressed as a multiplier
  - Taxable Value = The lesser of State Equalized Value (SEV) or Capped Value unless there is a transfer of ownership.

New property owners:

1. In order to receive the Principal Residence Exemption, you will need to file the form with the local Assessor's Office. *A Principal Residence Exemption (PRE) exempts a residence from the tax levied by a local school district for school operating purposes up to 18 mills. To qualify for a PRE, a person must be a Michigan resident who owns and occupies the property as a principal residence.*
  - Michigan Department of Treasury Form No. 2368
    - [Form 2368](#)
2. It is the responsibility of the buyer in a transfer to file a Property Transfer Affidavit with the Assessor's Office within 45 days of the transfer.
  - Michigan Department of Treasury Form No. 2766
    - [Form 2766](#)
3. Changes of ownership may or may not affect your property taxes depending on whether the conveyance is considered a transfer of ownership.
  - If you purchased your property in 2019, the Taxable Value may have "uncapped" to the SEV for 2020.
    - Example: In 2019 Taxable Value of 18,402. SEV and Taxable Value for 2020 of 43,500.
  - Transfer of Ownership Guidelines
    - [Transfer of Ownership](#)

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