

EXAMPLE 3: Property with a Transfer of Ownership in 2023:

A home was purchased in 2023 for \$360,000. Based on the most recent assessment study, the 2024 market value is now \$340,000. The 2023 Assessed Value was \$150,000. The 2023 Taxable Value was \$130,000. The 2024 C.P.I. is 5.0%.

- 2024 AV is \$170,000

(1/2 of the market value-not 1/2 of the price)

- 2024 CAPPED VALUE is \$136,500 (\$130,000 x 1.05)
- 2024 TV is \$170,000

(A transfer of ownership removes the “Cap”. Per State law, the Taxable Value is now equal to the Assessed Value)

REVIEW PROCESS

The Assessor’s Office mails every property owner a notice of the change in property valuation the end of February. This statement shows the values for the upcoming tax year and the amount of change from the prior year. The Assessment Roll is available for public inspection and review.

Residential owners that wish to dispute the value MUST appeal to the March Board of Review during the dates shown on the assessment notice to protect their right to appeal to the Michigan Tax Tribunal.

For additional information regarding the Michigan Tax Tribunal (MTT), visit: www.michigan.gov/taxtrib.

**BOTTOM LINE
THE TAX BILL**

The value as set in March will eventually become the basis of your Tax bill. Sylvan Township collects taxes for:

- Washtenaw County
- Chelsea Area Schools
- Washtenaw Community College
- Washtenaw Intermediate Schools
- Chelsea Area Fire Authority
- State Education
- Sylvan Township
- Chelsea District Library

All taxes (except the State Education Tax and the County operating millage) are collected on the December Bill.

2024 Summer taxes are due without penalty from July 1 – September 14th.

2024 Winter taxes are due without penalty from December 1- February 14th.

It is the homeowner’s responsibility to pay the taxes. Failure to receive a bill does not waive a penalty.

******* Note that there may be tax assistance available for disabled veterans or low-income residents. Contact the assessor’s office for assistance with Disabled Veteran’s Exemptions or Poverty Exemptions.**



UNDERSTANDING

ASSESSED VALUE,

STATE EQUALIZED VALUE,

CAPPED VALUE,

TAXABLE VALUE and

YOUR TAX BILL

www.sylvantownshipmi.gov

Office Hours M-Th 9:00 am-12:00 pm

Ph. 734-475-8890

Assessing Office Ext. 111

Treasurer’s Office Ext. 117

PROPOSAL A OF 1994

The passage of Proposal A in March of 1994 drastically changed the property assessment and taxation system. Some of the changes can be confusing. One such change is the “assessment cap”. The language in Proposal A stated that beginning in 1995, the taxable value can be increased only by the amount of the consumer price index (C.P.I.) or 5% (whichever is less) and for construction changes. However, other laws still require that the Assessed Value (AV) is 50% of the current market value.

As a result, there are three different “values” recorded for each property: the Assessed Value; the Capped Value; and the Taxable Value. **PROPERTY TAXES ARE CALCULATED ON THE TAXABLE VALUE.**

Property tax law requires that the Assessor annually estimate the market value of every property and record 50% of that as the **Assessed Value**. This value, after reviews by the county and state, is eventually referred to as the **State Equalized Value (SEV)**. The Assessor is also required to annually calculate the taxable value of each property by multiplying the previous year’s taxable value by the C.P.I. to calculate a **Capped Value**. The lesser of the assessed value and the capped value will become the new **Taxable Value** for that property. Structural items not previously assessed are also added to the taxable value.

In most cases, a property’s taxable value will not be increased more than the previous year’s taxable value times the C.P.I. This “capping” process will continue annually until the **ownership** is transferred.

In the year after a transfer of ownership, the Taxable Value becomes equal to the Assessed Value. See Example 3 for a calculation summary....

TO SUMMARIZE:

ASSESSED VALUE (AV)

equals . . .

half of the Appraised Market Value, based on township sales studies.

CAPPED VALUE

equals . . .

last year’s taxable value increased or decreased by the amount of the Consumer Price Index (**with a maximum of 5%**) plus additions.

TAXABLE VALUE (TV)

equals . . .

the lesser of the Assessed and Capped Values. Taxable Value can NOT be higher than the Assessed Value.

Note -- The Taxable Value can still increase even if the Assessed Value decreases, as long as it does not exceed the Assessed Value.

*****The Taxable Value is used in the calculation of property taxes*****

EXAMPLE 1: Property with no difference between the prior year Assessed Value & Taxable Value:

A home had a market value of \$300,000 (AV of \$150,000) in 2023, with a taxable value of \$150,000. Sales of comparable homes in the area show that the market value has increased in 2024 to \$330,000. The 2024 C.P.I. is 5.0%.

- 2023 AV was \$150,000 (½ of the market value)
- 2023 TV was \$150,000
- 2023 AV is \$165,000
- 2024 CAPPED VALUE is \$157,500 ($150,000 * 1.05 = 157,500$)
- 2024 TV is \$157,500
(**Taxable Value is the lesser of the Capped Value and Assessed Value**)

EXAMPLE 2 Property with considerable difference between the Assessed Value & Taxable Value:

A home had a market value of \$300,000 (Assessed Value of \$150,000) in 2023, with a taxable value of \$96,000. Sales of comparable homes in the area show that the market value has increased in 2024 to \$330,000. The 2024 C.P.I. is 5.0%.

- 2023 AV was \$150,000
- 2023 TV was 96,000
- 2024 AV is \$165,000
- 2024 CAPPED VALUE is \$100,800 ($96,000 * 1.05 = \$100,800$)
- 2024 TV is \$100,800
(**Taxable Value is the lesser of the Capped Value and Assessed Value**)