Taxable Value Goes Up While Assessed Value Stays the Same or Goes Down

Chikaming Township knows this is an area of great concern to our taxpayers. Assessments are a function of property value and property taxes are calculated on your taxable value. In 1994 Proposal A required property taxes be calculated based on the Taxable Value not the Assessed Value. By law, Taxable Values are annually increased or decreased each year by the CPI (Consumer Price Index) or 5% whichever is lower; unless there are physical changes to the property or a transfer of ownership occurred. During the 1990s and early 2000s, property values greatly exceeded the annual CPI. This has created a gap between the assessed and taxable values. Property taxes will continue to rise until the taxable value is equal to the assessed value. It is possible for your assessed value to decrease and your taxable value to increase until they are equal. **Proposal A does not permit the taxable value to ever be higher than the assessed value**.

The Assessor does not have any authority to change this provision of Proposal A since it a constitutional requirement. The following examples illustrate how the taxable value changes independently of the assessed value.

Examples

The following examples illustrate how the taxable value changes independently of the assessed value. The examples will assume no physical changes have been made to the properties.

Example 1

If a homeowner has owned their home since the passing of Proposal A in 1994, they could receive an assessment notice with values as follows:

Year	Assessed Value	Taxable Value
Previous Year	$80,000	$40,000
Current Year	$80,000	$40,840 (Previous year taxable value multiplied by the inflation rate of 2.1%)

The example above shows the assessed value can remain the same, while taxable value increases due to an increase in the inflation rate. This is a function of Proposal A. Taxable value will increase or decrease from year-to-year, by the inflation rate, until it reaches the assessed value.

Example 2

When the calculation of the taxable value would exceed the assessed value, state law mandates the assessed value becomes the taxable value. The following example is illustrated:

Year	Assessed Value	Taxable Value
Previous Year	$80,000	$77,000
Current Year	$70,000	$70,000

In the above example, the previous year taxable value of $77,000 would increase to $78,617 after the inflation rate (2.1%) is applied. However, since the current year assessed value is only $70,000, Proposal A requires that taxable value **cannot** exceed assessed value.

Appeal Assessed Value – 2ND WEEK OF MARCH ONLY

To appeal your assessed value, go to our website (ChikamingTownship.org) to review your property record card and and if you feel the need, schedule an appointment. You must be prepared to provide evidence to the Board of Review to support your contention that your property does not have a market value equal to twice the TAXABLE value. An appraisal is good evidence. “My taxes are too high,” is not considered a valid argument. You must fill out a Petition form. You may either send in the Petition by mail or schedule an appointment to present you case to the Board of Review.