

The Definition of Values

Assessed Value = 50% of True Cash Value. Calculated annually based on market data and physical characteristics of a property.

State Equalized Value = The assessed value as equalized by the State multiplier, if any. Generally this value will be the same as the assessed value in Long Lake Township.

CPI = Consumer Price Index as calculated by the State of Michigan or 5%, whichever is less, expressed as a multiplier. For 2012 the CPI is 2.7% (1.027 multiplier). For information on how the CPI is calculated go to www.longlaketownship.com and click on "2012 Property Assessment Information".

Capped Value = (Prior year taxable value - physical losses) x 1.027 (2012 CPI Multiplier) + Physical additions.

Taxable Value = The lesser of State Equalized Value or Capped Value unless there was a transfer of ownership during the previous year. The Taxable value is the value that property taxes are calculated on.

How Can My Taxes Go Up When Property Values are Dropping?

Although on the surface it would seem logical that taxes wouldn't rise while in a declining housing market, that may not be true under the Michigan Property Tax System. In 1994, Michigan voters passed Proposal A that placed a cap on increases in taxable value and consequently property tax increases as well. This cap is the CPI as defined above.

During the strong housing market of the 1990's through the mid 2000's a significant gap between assessed and taxable values occurred on many properties. As long as the taxable value is less than the assessed value, even if the assessed value is lowered, the taxable value will increase by the rate of inflation. If you purchased or built your home in the past several years, the assessed and taxable values may be the same. If the values are the same, a reduction in the assessed value will reflect in a reduction in the taxable value.

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