

Common Tax Assessment Terms

The definitions provided on this and other Assessor Department web pages are merely general explanations of common tax terms used by the Charter Township of Breitung. They are not meant to be construed as legally binding explanations.

- *Appeal by Letter*
 - You may appeal your property assessment or taxable value to the local Board of Review in person (by appointment) or by letter.
 - The Board of Review meets the second Monday in March each year for the purpose of considering appeals.
- *Assessed Value*
 - By State Statute, this is 50% of market value.
- *Board of Review*
 - A local board comprised of property owners that meets each year during March for the purpose of hearing appeals on the assessed value of property owners.
- *Consumer Price Index (CPI)*
 - A measure of inflation used by the State of Michigan to cap annual increases in taxable value.
- *Homestead (Principal Residence) Exemption*
 - Now called principal residence exemption
 - Michigan statute allows owners of homes to exempt up to 18 mills of tax levied for school operating expenditures
 - In Midland, because of voter-approved millages, principal residence exemptions are reduced to just under 13 mills
 - A [Homeowner's Principal Residence Exemption Affidavit \(PDF\)](#) must be filed in order to be considered for the exemption
 - The exemption will remain in effect until it is rescinded
 - You are responsible for rescinding the exemption once you no longer own or occupy your principal residence
 - The exemption also applies to all owned parcels that are contiguous to your residence
- *Market Value*
 - The typical open market selling price of similar houses in a neighborhood.
- *Mill*

- A mill is equal to \$1 per \$1,000 of taxable value
- The basic formula to arrive at your tax bill is as follows: (Taxable Value) x (Millage Rate) = (Tax Bill)
- *Millage Rate*
 - The millage rate is the total of all mills requested by various governmental entities, as well as any voter-approved special millages.
 - In Midland, there are [multiple governmental entities](#) that receive tax monies generated by millages.
 - Review the Millage Rates (PDF) for the current year for [millage information](#).
- *Non-Homestead (non-Principal Residence) Status*
 - If your property does not qualify for the Principal Residence Exemption, you will be required to pay the full 18 mills of tax levied for school operating expenditures.
 - Non-principal residence status applies to businesses, people owning vacant land that is not adjacent to their homestead, owners of second homes and other non-owner occupied properties.
- *Parcel Identification Number (PIN)*
 - A unique number identifying a specific property on the assessment and tax rolls, and used to identify a particular parcel's location within the City of Midland per the [City's assessing map](#).
- *Proposal A*
 - In 1994, Michigan voters passed Proposal A, which changed the State's constitution.
 - Proposal A shifted some of the tax burden off of property and onto the sales tax, which rose from 4 to 6 cents on every dollar spent.
 - It also resulted in the development of a new way of calculating property taxes using what's known as a property's taxable value (see definition below).
 - More information on [Proposal A and how property taxes are calculated](#) is available.
- *State Equalized Value (SEV)*
 - The SEV is the Assessed Value that has been adjusted or "equalized" by the County and State through a process that assures that assessments, for every class of property, are uniformly assessed at 50% of true cash value.
 - After the assessment rolls of local jurisdictions are reviewed and approved (through the equalization process) by the County and State, the Assessed Values become the State Equalized Values.
- *Tax Day*
 - December 31 is called "tax day."
 - The status of a property on December 31 determines the following year's values and taxes.

- A property's status can be determined by the existence of structures on the property, the condition of those structures, and local market influences.
- *Taxable Value (TV)*
 - The value used to calculate property taxes. By Michigan statute, the taxable value is to be calculated based on the prior year's taxable value.
 - A property's taxable value for a given year is last year's taxable value times the Consumer Price Index, or 5%, whichever is less.
 - See [How Property Taxes are Calculated](#) for more information on taxable value.
- *Uncapping*
 - The year following a transfer of ownership, the taxable value of a property is raised to equal its assessed value.
 - This is called "uncapping" a property's taxable value. Uncapping can raise the taxes on a newly purchased parcel.
 - For example, let's assume a home is purchased in 2000.
 - At that time, the assessed value on the home is \$35,000 and the taxable value is \$24,359.
 - In the year following the sale - in this instance, 2001 - the assessed value goes up to \$37,500, and the taxable value also increases to \$37,500.
 - The tax amount on this parcel would also see an increase - by \$618.94 for a Principal Residence (Homestead).
 - Oftentimes, new homeowners are not aware of this and may be surprised when their tax bill reflects such a large increase in taxes due.