

2026 ASSESSMENT INFORMATION



UNDERSTANDING PROPOSAL A IN AN INCREASING MARKET

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For further information, please refer to the
Muskegon County Equalization website:

<http://muskegoncounty.net/722/Equalization>

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Proposal A

On March 15, 1994, Michigan voters approved the constitutional amendment known as Proposal A. Proposal A was designed to limit the growth in property taxes by the Consumer Price Index (CPI) until ownership in the property was transferred.

How It Works

Prior to Proposal A, property taxes were based upon State Equalized Value (SEV). With the implementation of Proposal A, property taxes are now based upon Taxable Value. Each year, the Assessing Office must calculate the SEV for every property based upon the period as outlined by the State Tax Commission. A property's taxable status is determined as of December 31, which is called Tax Day.

Additionally, 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 CPI as calculated by the State of Michigan and cannot increase by more than 5%. **For 2026, the CPI has been calculated at 2.7%.**

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's SEV is less than the previous year's Taxable Value multiplied by the CPI, the current year's Taxable Value will increase by the CPI.**

SEV = 50% of True Cash Value

Capped Value = (Prior TV-Losses) x (1+ CPI*) + Additions

* CPI = Percent of change in the rate of inflation or 5%, whichever is less, expressed as a multiplier.

Taxable Value = The lesser of State Equalized Value or Capped Value unless there is a transfer of ownership.

The Equalization Timetable

With the recovery in market values, local assessors use a 24-month sales study to determine values for the 2026 assessment cycle. **For 2026 assessments, the 24-month sales study began April 1, 2023 and ended March 31, 2025.**

Use of a 24-month study allows 2026 assessments to be based off of more sales; however, some areas may still have a limited number of current sales.

Actual Sale Price is not True Cash Value

The law defines True Cash Value as the **usual** selling price of a property. The Legislature and the Courts have stated very clearly that **the actual selling price of a property is not a controlling factor in the True Cash Value or State Equalized Value** as calculated by the Assessor. For this reason, when analyzing sales for determining assessment changes, the Assessing Office will review all sales but exclude non-representative sales from the assessment analysis.

Foreclosure Sales

Inherent in the definition of usual selling price is the assumption that the sale does not involve any element of distress from either party.

The State Tax Commission has issued guidelines concerning foreclosure sales and, generally speaking, these guidelines preclude the Assessor from considering foreclosure sales when calculating values for assessment purposes. If the assessor has verified additional market information, then these sales may be considered.

For this reason, distressed sales, such as sales involving **mortgage foreclosure** or sales involving transfers to or from relocation companies, are usually not considered as typical sales in the valuation of property for assessment purposes nor are they necessarily reliable indicators of value when making market comparisons for current assessed values or appeals.

Transfers of Ownerships and Uncapping of Assessments

According to Proposal A, when a property (or interest in a property) is transferred, the following year's SEV becomes that year's Taxable Value. In other words, if you purchased a property in 2025, the Taxable Value for 2026 will be the same as the 2026 SEV. The Taxable Value will then be "capped" again in the second year following the transfer of ownership. 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. Failure to file a Property Transfer Affidavit may result in a penalty of \$5 per day for each day after the 45 day period with a maximum penalty of \$200. Property Transfer Affidavit forms are available from the local assessor or online.

Again, it is important to note that a property does not uncapse to the selling price, but to the SEV in the year following the transfer of ownership.

Principal Residence Exemption

If you **own and occupy** your home as your principal residence, it may be exempt from a portion of local school operating taxes. You may check your percentage of principal residence exemption on your "Notice of Assessment". If the percentage exempt as "Principal Residence" is 0% on your assessment notice and you wish to claim an exemption for the current year, a Principal Residence Exemption Affidavit must be completed and filed with the Assessor's Office prior to June 1 for a full exemption and prior to November 1 for an exemption for the Winter portion only. Furthermore, if you currently have a Principal Residence Exemption on your property and you no longer own and occupy the property as your primary residence, you must rescind the Principal Residence Exemption with the Assessor's Office.

Forms to claim a new exemption or to rescind a current exemption are available from the local assessor.

So what does it all mean?

How can I expect my assessment and taxable value to change in 2026?

As stated earlier, for 2026 the time period of the sales study for assessment review is April 1, 2023 through March 31, 2025. Sales occurring after April 1, 2025 will not be reviewed until the 2027 assessment cycle.

Using the current sales data means that most areas will have increases reflecting the strong recovery in the real estate market. Areas with limited sales data in the current 24 month study may have little or no sales for the Assessor to use for the 2026 assessment roll. Therefore, some assessment adjustments will be based on market activity in the surrounding neighborhoods or general market trends.

Properties where the market increase is greater than 2.7% will have Taxable Values lower than their Assessed Values. For some properties the gap is significant.

How can my Taxable Value go up when my SEV goes down?

With the recovery in the real estate market this is rare but may occasionally happen. Remember, the definition of Taxable Value is the lesser of SEV or last year's Taxable Value (adjusted for physical changes) times the CPI. (2.7% for 2026). Since the beginning of Proposal A in 1994, overall increases in SEV have generally been greater than the increase in Taxable Value capped at the CPI. The longer a property has been owned and capped, the greater the gap between SEV and Taxable Value. Even with a decrease in SEV for 2026, **if there is still a gap between SEV and Taxable Value and the 2026 SEV is greater than the Taxable Value in the previous year, the Taxable Value will increase to the limit of the CPI cap.**

If, however, the 2026 SEV is **lower** than the calculation of last year's Taxable Value multiplied by the CPI, then the 2026 Taxable Value will be the same as the 2026 SEV.

