

NOTICE OF PROPERTY TAX CHANGE
AFTER PURCHASE
IN THE STATE OF MICHIGAN

YOUR property taxes may significantly change as compared to what the PRIOR owner paid in property taxes. The reason is due to the Michigan statute MCL 211.27a(3) which requires that the Taxable Value be “uncapped” the year after a transfer of ownership.

When there is no change in ownership, a property’s Taxable Value (and therefore its property taxes) are annually “capped” by the Consumer Price Index (CPI) or 5%, whichever is less. However, when a transfer of ownership occurs, this “cap” is removed the year following the sale and the Taxable Value becomes equal to the Assessed Value. See example below:

EXAMPLE OF “UNCAPPING”:

Year of purchase - 2023

Assessed Value	\$30,000	(50% of market value)
Taxable Value	\$17,000	(has been “capped” from prior owner)

Year after purchase - 2024

Assessed Value	\$31,800	(6% market value increase)
Taxable Value	\$31,800	(Taxable Value = Assessed Value)

In the example above you can see that in 2024, the year after the purchase, the Taxable Value is “uncapped” and now equals the Assessed Value. The tax bills in 2023 were based on \$17,000 but for 2024 will be based on \$31,800 (an increase in value taxes are based on).

Due to the “uncapping”, your property’s Taxable Value will be equal to the Assessed Value the year after your sale. This “uncapped” Taxable Value will be the value that your taxes will be based on. See below for explanation of Assessed Value:

Assessed Value - 50% of the property’s market value. The Assessed Value is not 50% of your purchase price as we are not looking at just your sale but rather analyzing and adjusting similar properties as a whole. This process is known as “mass appraisal”. The Assessed Value is determined each year and can increase or decrease by any amount depending on the market.

The year after your property’s Taxable Value “uncaps”, the Taxable Value will be “capped” the following years. This means that the Taxable Value can only increase by the CPI or 5%, whichever is less (except for physical changes to the property such as a new deck). Your Assessed Value will still increase or decrease according to the market, however the Taxable Value will be “capped” as long as you remain the owner.

If you have any questions, please call the City of Ecorse Assessing Department at 313-386-2520 (option 8) on Wednesday or Friday, 8:00 am – 4:30 pm.