For the purpose of this memo, the term Assessed Value (AV) and State Equalized Value (SEV) are the same and both mean a value that represents 50% of market value.

## Annual Assessment of property:

An assessment of all the property in the state liable to taxation shall be made annually in all townships, villages, and cities by the applicable assessing officer as provided in section 3 of article 1X of the state constitution of 1963 and section 27a.

Beginning December 31, 1994, the purchase price paid in a transfer of property is not the presumptive true cash value of the property transferred. In determining the true cash value of the transferred property, an assessing officer shall assess that property using the same valuation method used to value all other property of that same classification in the assessing jurisdiction.

In the year following a sale which is determined to be a "transfer of ownership", the SEV of the property will not necessarily equal ½ of the individual sale price. An individual sale price is not always a good indicator of the true cash value of a property due to a variety of reasons such as an uniformed buyer, an uninformed seller, insufficient marketing time, buyer and seller are relatives, and other possible reasons.

Taxable Values:

Upon a transfer of ownership of property, the property's taxable value for the calendar year following the year of the transfer shall be equal to the property's state equalized valuation for the calendar year following the transfer."

This means that "Transfers of ownership" that occur in 2009 and the resulting 2010 Taxable Values of properties which have experienced a "Transfer of Ownership" in 2009 will be the same as the State Equalized Values (SEV) of the properties. This process of making the Taxable Value the same as the SEV in the year following a "Transfer of Ownership" is referred to in this memo as "uncapping the taxable value."