



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**Bulletin 14 of 2025  
Inflation Rate Multiplier  
November 18, 2025**

**TO:** Assessors and Equalization Directors

**FROM:** Michigan State Tax Commission

**SUBJECT:** Inflation Rate Multiplier for use in the 2026 capped value formula and the "Headlee" Millage Reduction Fraction (MRF) formula

The calculation of the Inflation Rate Multiplier is set in statute in MCL 211.34d:

(l) "Inflation rate" means the ratio of the general price level for the state fiscal year ending in the calendar year immediately preceding the current year divided by the general price level for the state fiscal year ending in the calendar year before the year immediately preceding the current year.

(f) "General price level" means the annual average of the 12 monthly values for the United States consumer price index for all urban consumers as defined and officially reported by the United States Department of Labor, Bureau of Labor Statistics.

**Calculation of 2026 Inflation Rate Multiplier**

Based on the statutory requirements in MCL 211.34d, the calculation of the inflation rate multiplier for 2026 is as follows:

1. The 12 monthly values for October 2023 through September 2024 are averaged.
2. The 12 monthly values for October 2024 through September 2025 are averaged.
3. The ratio is calculated by dividing the average of column 2 by the average of column 1.

The specific numbers from the US Department of Labor, Bureau of Labor Statistics are as follows:

**CPI data used to calculate Inflation Rate Ratio for 2026 property taxes**

**2025 Calculations**

| <u>FY 2023 - 2024</u> |                | <u>FY 2024 - 2025</u> |                |
|-----------------------|----------------|-----------------------|----------------|
| Oct-23                | 307.671        | Oct-24                | 315.664        |
| Nov-23                | 307.051        | Nov-24                | 315.493        |
| Dec-23                | 306.746        | Dec-24                | 315.605        |
| Jan-24                | 308.417        | Jan-25                | 317.671        |
| Feb-24                | 310.326        | Feb-25                | 319.082        |
| Mar-24                | 312.332        | Mar-25                | 319.799        |
| Apr-24                | 313.548        | Apr-25                | 320.795        |
| May-24                | 314.069        | May-25                | 321.465        |
| Jun-24                | 314.175        | Jun-25                | 322.561        |
| Jul-24                | 314.540        | Jul-25                | 323.048        |
| Aug-24                | 314.796        | Aug-25                | 323.976        |
| Sep-24                | <u>315.301</u> | Sep-25                | <u>324.800</u> |
| <b>Average</b>        | <b>311.581</b> | <b>Average</b>        | <b>319.997</b> |

|          |              |
|----------|--------------|
| Ratio    | <b>1.027</b> |
| % Change | <b>2.7%</b>  |

**Important:** Local units **cannot** develop or adopt or use an inflation rate multiplier other than 1.027 in 2026. It is not acceptable for local units or assessors to indicate to taxpayers that they do not know how the multiplier is developed.

**Inflation Rate Multiplier (IRM) Used in the 2026 Capped Value Formula**

The inflation rate, expressed as a multiplier, to be used in the 2026 Capped Value Formula is 1.027.

**2026 CAPPED VALUE = (2025 Taxable Value – LOSSES) X 1.027 + ADDITIONS**

- The formula above does not include 1.05 because the inflation rate multiplier of 1.027 is lower than 1.05.

**Inflation Rate Multiplier Used in 2026 “Headlee” Calculations**

The inflation rate multiplier of 1.027 shall ALSO be used in the calculation of the 2026 “Headlee” Millage Reduction Fraction required by Michigan Compiled Law (MCL) 211.34d.

The formula for calculating the 2026 "Headlee" Millage Reduction Fraction (MRF) is:

$$\text{2026 MRF} = \frac{(\text{2025 Taxable Value} - \text{LOSSES}) \times 1.027}{\text{2026 Taxable Value} - \text{ADDITIONS}}$$

### Historical Inflation Rate Multipliers

The following is a listing of the inflation rate multipliers used in the Capped Value and "Headlee" calculations since the start of Proposal A.

| YEAR | IRM   | YEAR | IRM   |         |
|------|-------|------|-------|---------|
| 1995 | 1.026 | 2012 | 1.027 |         |
| 1996 | 1.028 | 2013 | 1.024 |         |
| 1997 | 1.028 | 2014 | 1.016 |         |
| 1998 | 1.027 | 2015 | 1.016 |         |
| 1999 | 1.016 | 2016 | 1.003 |         |
| 2000 | 1.019 | 2017 | 1.009 |         |
| 2001 | 1.032 | 2018 | 1.021 |         |
| 2002 | 1.032 | 2019 | 1.024 |         |
| 2003 | 1.015 | 2020 | 1.019 |         |
| 2004 | 1.023 | 2021 | 1.014 |         |
| 2005 | 1.023 | 2022 | 1.033 |         |
| 2006 | 1.033 | 2023 | 1.079 | Headlee |
| 2007 | 1.037 |      | 1.05  | Capped  |
| 2008 | 1.023 | 2024 | 1.051 | Headlee |
| 2009 | 1.044 |      | 1.05  | Capped  |
| 2010 | 0.997 | 2025 | 1.031 |         |
| 2011 | 1.017 | 2026 | 1.027 |         |