



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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>	
Oct-23	307.671
Nov-23	307.051
Dec-23	306.746
Jan-24	308.417
Feb-24	310.326
Mar-24	312.332
Apr-24	313.548
May-24	314.069
Jun-24	314.175
Jul-24	314.540
Aug-24	314.796
Sep-24	<u>315.301</u>
Average	311.581

<u>FY 2024 - 2025</u>	
Oct-24	315.664
Nov-24	315.493
Dec-24	315.605
Jan-25	317.671
Feb-25	319.082
Mar-25	319.799
Apr-25	320.795
May-25	321.465
Jun-25	322.561
Jul-25	323.048
Aug-25	323.976
Sep-25	<u>324.800</u>
Average	319.997

Ratio	1.027
% Change	2.7%

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.

$$\text{2026 CAPPED VALUE} = (\text{2025 Taxable Value} - \text{LOSSES}) \times 1.027 + \text{ADDITIONS}$$

- 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	