

INFLATION RATE USED IN THE 2008 CAPPED VALUE FORMULA

The inflation rate, expressed as a multiplier, to be used in the 2008 Capped Value formula is 1.023.

Boards of Review are cautioned that they cannot make up their own inflation rate multiplier, nor should they indicate to taxpayers that they do not know how the multiplier is calculated. MCL 211.34d states in part:

- (I) “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 month 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.

Based on the statutory requirement, the calculation for 2008 is as follows:

The 12 monthly values for October 2005 through September 2006 are averaged. (A)

The 12 monthly values for October 2006 through September 2007 are averaged. (B)

The ratio of B is divided by A is calculated.

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

Oct 05	199.2	Oct-06	201.8
Nov-05	197.6	Nov 06	201.5
Dec-05	196.8	Dec-06	201.8
Jan-06	198.3	Jan-07	202.4
Feb-06	198.7	Feb-07	203.5
Mar-06	199.8	Mar-07	205.4
Apr-06	201.5	Apr-07	206.7
May-06	202.5	May-07	207.9
Jun-06	202.5	Jun-07	208.4
Jul-06	203.5	Jul-07	208.3
Aug-06	203.9	Aug-07	207.9
Sep-06	202.9	Sep-07	208.5
Average	200.6		205.3

Ratio 1.023
% Change 2.3%