

Non-Homestead Millage FAQ - Tuesday, May 7, 2019

1. What is a Non-Homestead Millage?

A: The Non-Homestead Millage **does not** apply to a home owner's primary residence. This is money that the State assumes that the district will collect on second homes and businesses. By law, school districts in Michigan are required to seek voter approval to levy taxes on such properties. In Algonac Community Schools, this generates approximately 3.9 million dollars per year in funding for day to day operations. This is **not additional funding**, as the district's state funding is calculated assuming the district levies its full Non-Homestead Millage.

2. Wasn't this on the ballot a couple of years ago?

A: Yes. The current version of the Non-Homestead Millage was established in 1994 with the passage of Proposal A, which shifted a large portion of school funding from local property taxes to state and sales taxes. It has been on the ballot every few years since that time. The Algonac community has successfully supported this millage each time it previously has been voted upon.

3. How will this affect my property taxes?

A: Primary homeowner's will see **no increase** in their property tax rate. It **is not a new tax**. It is a continuation of the current rate that non-homestead properties have been levied since 1994. If the proposal were to fail, there will be no decrease in tax rate on primary homes.

4. The last time this was on the ballot, it was a two year renewal. Why does this proposal call for a 4 year period?

A: The State allows districts to propose up to a 20 year period for the millage to cover. Algonac Community Schools has traditionally proposed two year renewals. However, frequent elections cost the district money that could be spent on students. **The rationale of switching from a 2 year to a 4 year is simply to save on the costs associated with running an election.**

5. How is this different from the sinking fund millage that was on the ballot last May?

A: The sinking fund was a proposal dedicated to updating building facilities and improving technology over a 10 year period. Sinking fund dollars cannot be used for day to day operations, such as salaries for employees. The dollars generated from the Non-Homestead Millage are for regular operating costs. Again, the State assumes that the district levies the full non-homestead tax when establishing the districts state funding. If the district doesn't levy the full tax, the State doesn't make up the difference.

6. The ballot language calls for a renewal and also a .5 increase, what does this mean?

A: By law, the district can never levy more than 18 mills. However, if the millage is ever subject to a Headlee rollback to less than 18 mills, the extra .5 mill will offset that reduction so that the district can continue to levy the full 18 mills. **Again, this is only on non-homestead properties.**

7. What does the ballot language look like?

ALGONAC COMMUNITY SCHOOLS
OPERATING MILLAGE PROPOSAL

This proposal will allow the school district to continue to levy the statutory rate of not to exceed 18 mills on all property, except principal residence and other property exempted by law, required for the school district to receive its full revenue per pupil foundation allowance and restores millage lost as a result of the reduction required by the Michigan Constitution of 1963.

Shall the currently authorized millage rate limitation on the amount of taxes which may be assessed against all property, except principal residence and other property exempted by law, in Algonac Community Schools, St. Clair County, Michigan, be renewed by 17.8524 mills (\$17.8524 on each \$1,000 of taxable valuation) for a period of 4 years, 2020 to 2023, inclusive, and also be increased by .5 mill (\$0.50 on each \$1,000 of taxable valuation) for a period of 4 years, 2020 to 2023, inclusive, to provide funds for operating purposes; the estimate of the revenue the school district will collect if the millage is approved and 18 mills are levied in 2020 is approximately \$3,989,658 (this millage is to renew millage that will expire with the 2019 levy and to restore millage lost as a result of the reduction required by the "Headlee" amendment to the Michigan Constitution of 1963 and will be levied only to the extent necessary to restore that reduction)?