

FAIR Committee
City Council Chambers, City Hall
March 13, 2017
6:00 pm

AGENDA

1. Committee Minutes – January 16, 2017
2. Public Comment
3. Road Project Updates – DPS Director Jake Hammell
 - Garden, Vine, Mead and Rippon Street ICE Grant
 - Hallett Road Safety Grant
 - 2017/2018 Proposed Street Maintenance
4. Presentation and Analysis of Taxes Levied from 2007-2016 – City Assessor Kim Thomas
5. 2017 Road Repair Funding Recommendation – City Manager David Mackie
6. Miscellaneous
 - March 8, 2017 Detroit News Article from Dr. Gary Wolfram (Revenue sharing boosts Michigan communities)
7. Public Comment
8. Adjournment

FAIR Committee Agenda Item Summary

Meeting Date: March 13, 2017

Agenda Item 1: Committee Minutes January 16, 2017

SUBJECT: Approval

BACKGROUND PROVIDED BY STAFF: City Clerk

[Attachment](#)

**FUNDING ALTERNATIVES IDENTIFICATION & RECOMMENDATION
(F.A.I.R.)
MINUTES**

City of Hillsdale
Council Chambers
January 17, 2017
6:00 P.M.

Regular Meeting

Members Present: Barry Hill, EDC & BPU
**JJ Hodshire, Hillsdale Hospital
Eric Moore, Moore Insurance Services/Planning Commission
Dennis Wainscott, Hillsdale Justice Project
Laura Smith, City Planning Commission
Scott M. Sessions, Mayor
Matt Bell, City Council Member
*Adam Stockford, City Council Member

Members Absent: Jason Kyser, Kyser Construction
John Lewis, Hillsdale College
Tim Dixon, City Council Member

City staff members present were City Manager David Mackie, City Clerk Stephen M. French, Jake Hammel (DPS), Kay Freese (HR), Scott Hephner (HCPD, HCFD), Bonnie Tew (Finance), Kim Thomas (Assessor), and Mary Wolfram (Economic Development).

Call to Order

City Manager Mackie called the meeting to order and reviewed the meeting agenda.

Approval of Minutes

City Manager Mackie stated the November 14, 2016 minutes should reflect that Mr. Barry Hill was absent from the meeting.

Ms. Smith, seconded by Mr. Bell, moved to approve the November 14, 2016 minutes of the F.A.I.R. Committee meeting with the change recommended by City Manager Mackie. By a voice vote, the motion passed unanimously.

Public Comment

Mr. Lon King, 18 Foxtail Lane, discussed the poor condition of the city roads that had caused many, costly damages to his vehicles. Mr. King encouraged the committee members

to act on an option that would provide funding for the necessary road repairs. Mr. King stated the well-maintained roads were necessary to increase the existing city population level and economic viability of the city.

Special Assessments

City Manager Mackie then reviewed a report created by City Assessor Thomas which illustrated a hypothetical special assessment district for the Garden, Vine, and Mead improvement project. City Manager Mackie stated the City Charter allowed a special assessment district to provide funding for a capital improvement project and that the special assessment could not exceed 25% of the assessed value of each property within the district. City Manager Mackie stated that using the Garden, Vine, and Mead special assessment district as an example, the special assessment revenue would cover 25% of the total project costs, or \$283,692.63 for the \$1,134,770 project. City Manager Mackie noted the special assessments for the Garden, Vine, and Mead improvement project would average approximately \$4,900 per property and could be repaid by property owners over a 10 or 15-year period at a predetermined interest rate. City Manager Mackie presented the amortization tables for the 10-year and 15-year repayment schedules for review and discussion.

City Manager Mackie stressed the need for the city to make the special assessment procedures fair to all residents by maintaining a consistent percentage for every improvement project.

Mr. Bell voiced objection to the implementation of a special assessment district without support of the affected property owners. Assessor Thomas discussed the procedure for the establishment of a special assessment district and the requirement that a minimum of 50% of the property owners approve of the district prior to its enactment.

Mr. Hill voiced support for having a policy in place that would make special assessment districts fair and equitable for all residents throughout the city.

Mr. Bell also noted that an approved special assessment district could re-prioritize a road improvement project that may not have been a high priority project by city staff.

Mr. Wainscott noted the burden a special assessment payment could place on residents on fixed incomes or those who are living in poverty. Assessor Thomas reported the USDA and the State of Michigan offered programs where residents could petition for assistance if they were unable to pay for the special assessments.

Ms. Smith stated \$4,900 was a consider sum of money, but a 10-year payment plan made the annual payments more palpable to the average citizen. Ms. Smith also stated the property values of homes would increase if a new road project was completed in the affected area. Ms. Smith stated the use of public education and information dissemination about the special assessment system could provide greater fairness about the system.

Mr. Bell stated a super-majority support of Council should be required to implement a special assessment district. Assessor Thomas stated this requirement would require a charter amendment, as the current charter only required a simple majority for Council approval.

Mr. Hill, seconded by Ms. Smith, moved to recommend the establishment of a policy that would require all special assessment districts to fund 25% of the total cost of the project, and that the special assessment rate would not exceed 25% of the taxable value for each parcel within the district. By a voice vote, the motion passed unanimously.

Road Repair Options

City Manager Mackie presented the various funding options that had been discussed to-date by the F.A.I.R. Committee. Those options included:

1. Savings realized with changes to the city budget: City Manager Mackie stated the FY2017 budget earmarked \$300,000 for road repair funding. City Manager Mackie noted any additional funding through changes to the city budget would require dramatic changes in the delivery of city services.
2. PILOT payments by BPU or other non-profit organizations in the city
3. State Grants: City Manager Mackie stated state grants were actively sought, but receipt of grant funding was limited to once every three or four years. City Manager Mackie stated that if the city received funding for the Garden-Mead-Vine project, for example, the city would not be eligible for another, large state grant for a couple of years.
4. Special Assessments

City Manager Mackie then presented two funding options that would require specific approval from city residents:

1. Special Millage: the approval of a special, 4-mil tax would raise approximately \$500,000 per year that could be set-aside for road funding. The approval of a special millage rate would allow a “major” project to be completed every 2 or 3 years.
2. Income Tax: the implementation of a city-wide income tax would generate approximately \$1.0 million per year and would allow a “major” project to be completed every year or two years.

City Manager Mackie stated both ballot questions could be placed before the voters, which would include both a millage and income tax option. City Manager Mackie stated that if both questions passed, the millage would be dismissed and the income tax would be utilized; if both items failed, the city would continue on a status-quo basis.

Mr. Hill noted the income tax and millage options were the only two options that could raise adequate funding for multiple road improvement projects in a timely manner throughout the city. Mr. Hill also questioned the option of additional PILOT revenues that could be solicited from either Hillsdale Hospital or Hillsdale College.

Mr. Stockford stated the problem with a ballot question is that business and property owners who do not live in the city would not have an opportunity to vote on the ballot questions. Mr. Stockford stated business owners also supported the city by paying property taxes and by supporting other businesses in the area.

Mr. Hodshire strongly opposed the implementation of an income tax and discussed the disastrous consequences it would have on Hillsdale Hospital's attempts regarding employee recruitment and retention. Mr. Hodshire stated the income tax would have a devastating, secondary effect on the city as a whole. Mr. Hodshire discussed the need for a multi-faceted approach to road funding that would not center on the sole recommendation of an income tax question.

Mr. Bell noted the residents of Hillsdale had soundly defeated the income tax proposal just four years prior and Council should not re-submit the question to the voters. City Manager Mackie argued the previous income tax question seemed to be abandoned and was set-up to fail by the City Council.

Mr. Hill recommended the income tax be presented to the voters once again as the roads continued to deteriorate and nothing had been done to fund the necessary repairs.

Mayor Sessions objected to a city-wide income tax and discussed the negative effects of an income tax on other Michigan cities. Mayor Sessions noted 19 of the 22 cities with a local income tax had experienced a loss of population after the income tax had been implemented.

Ms. Smith stated the income tax should be the last option for the committee. Ms. Smith stated the city should instead look to its state and federal legislators to demand an increase in funding for local governments.

Clerk French discussed a recent program from the Michigan Municipal League (MML) entitled "Save MI City" which aimed to raise grassroots support for legislation to reevaluate how the state allocated revenue funding to local units.

Mr. Stockford stated lobbying state and federal legislators was vital to obtaining much-needed funding for roads and local governments. Mr. Stockford stated the State of Michigan should also amend the existing TIFA legislation to allow cities to either expand, or add, additional TIFA districts. Mr. Stockford also stated a long-term economic development solution was needed to benefit the City of Hillsdale.

*Mr. Stockford left the meeting at this point.

Mr. Wainscott voiced support for the committee to request a meeting with state and federal legislators to discuss funding local government and road improvements.

Mr. Bell stated the question must also be asked, "What has happened to the tax money we've already paid?" Mr. Bell stated the model of government in Hillsdale had not changed, even while the funding had been reduced in recent decades. Mr. Bell stated radical reduction of

spending in the FY2018 budget and restructuring of government was necessary to allocate dollars for road improvements.

City Manager Mackie noted one-third of the city's budget was spent on public safety, whether it was police or fire protection.

Mr. Hodshire, seconded by Mr. Wainscott, moved to invite state and federal legislators to the next F.A.I.R. committee meeting so discussion could be held regarding funding local government and road improvements. By a voice vote, the motion passed unanimously.

Public Comments

Mr. Lon King discussed the difficulty of finding employees at Hillsdale College due to the location and size of the community, not because of the tax rates or costs of living. Mr. King stated the road improvements were vital for the on-going success of the city.

Mr. Gary Kurtz discussed the poor condition of Westwood Drive and the need for timely reconstruction of that road. Mr. Kurtz discussed the BPU's plan to reserve \$100,000 annually for the project, but noted the roadway would simply not last until all of the money was raised.

**Mr. Hodshire left the meeting at 7:30 p.m.

Mr. Jack McLain, 1455 Bunn Road, stated the condition of Hallett Road had been that way for years and property owners should have realized that before they purchased property on the road. Mr. McLain noted the importance of educating the public on the available funding options for roadway improvements.

Ms. Penny Swan voiced support for meeting with state and federal legislators before placing an additional tax burden on the residents. Ms. Swan also discussed the programs at the city level, such as expenses used for the airport, which could be eliminated and instead used to fund road repairs.

Adjournment

The meeting adjourned at 7:40 p.m.

Stephen M. French, City Clerk

FAIR Committee Agenda Item Summary

Meeting Date: March 13, 2017

Agenda Item 3: Road Project Updates

SUBJECT: Discussion

BACKGROUND PROVIDED BY STAFF: DPS Director Jake Hammel

No Attachment

FAIR Committee Agenda Item Summary

Meeting Date: March 13, 2017

Agenda Item 4: Presentation and Analysis of Taxes Levied from 2007-2016

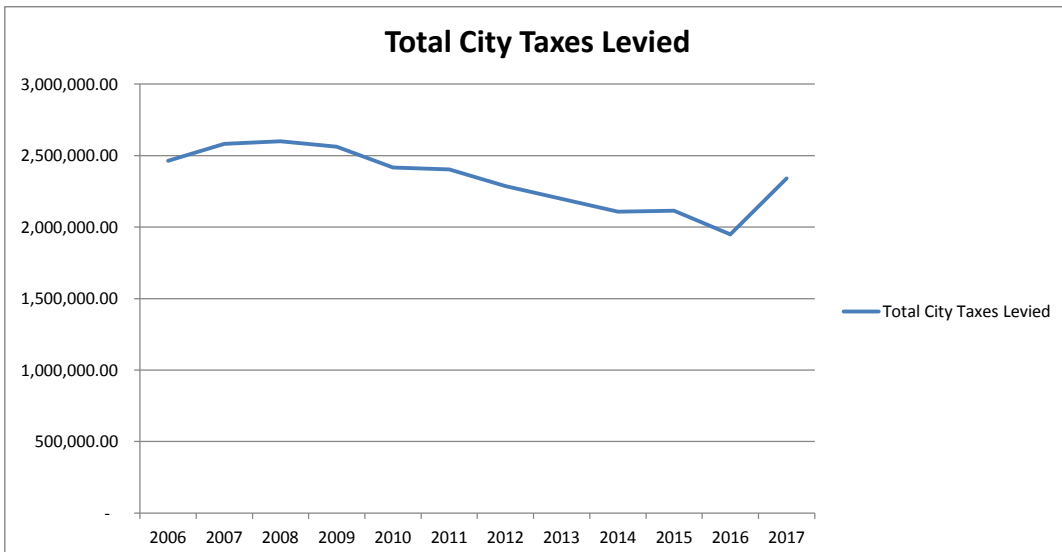
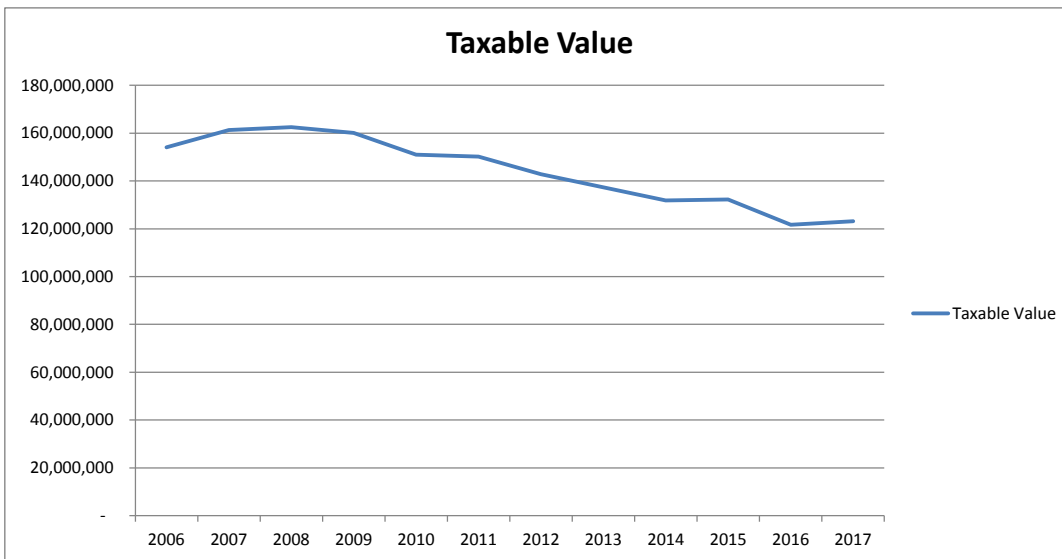
SUBJECT: Discussion

BACKGROUND PROVIDED BY STAFF: City Assessor Kim Thomas

Attachment

Property Tax Revenue Trends								
Tax Year	Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied
2006	154,044,603	n/a	n/a	\$ 1,925,557.54	\$ 385,111.51	\$ 154,044.60	462,133.81	<u>2,464,713.65</u>
2007	161,334,921	4.73%	4.73%	\$ 2,016,686.51	\$ 403,337.30	\$ 161,334.92	484,004.76	<u>2,581,358.74</u>
2008	162,494,303	0.72%	5.49%	\$ 2,031,178.79	\$ 406,235.76	\$ 162,494.30	487,482.91	<u>2,599,908.85</u>
2009	160,083,631	-1.48%	3.92%	\$ 2,001,045.39	\$ 400,209.08	\$ 160,083.63	480,250.89	<u>2,561,338.10</u>
2010	151,048,005	-5.64%	-1.95%	\$ 1,888,100.06	\$ 377,620.01	\$ 151,048.01	453,144.02	<u>2,416,768.08</u>
2011	150,229,722	-0.54%	-2.48%	\$ 1,877,871.53	\$ 375,574.31	\$ 150,229.72	450,689.17	<u>2,403,675.55</u>
2012	142,873,135	-4.90%	-7.25%	\$ 1,785,914.19	\$ 357,182.84	\$ 142,873.14	428,619.41	<u>2,285,970.16</u>
2013	137,403,128	-3.83%	-10.80%	\$ 1,717,539.10	\$ 343,507.82	\$ 137,403.13	412,209.38	<u>2,198,450.05</u>
2014	131,789,352	-4.09%	-14.45%	\$ 1,647,366.90	\$ 329,473.38	\$ 131,789.35	395,368.06	<u>2,108,629.63</u>
2015	132,224,657	0.33%	-14.16%	\$ 1,652,808.21	\$ 330,561.64	\$ 132,224.66	396,673.97	<u>2,115,594.51</u>
2016	121,748,668	-7.92%	-20.97%	\$ 1,521,858.35	\$ 304,371.67	\$ 121,748.67	365,246.00	<u>1,947,978.69</u>
2017	123,219,048	1.21%	-20.01%	\$ 1,540,238.10	\$ 308,047.62	\$ 123,219.05	369,657.14	<u>2,341,161.91</u>

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



Millage rates based on charter, without "Headlee" or other millage reduction factors

Ad Valorem parcels only

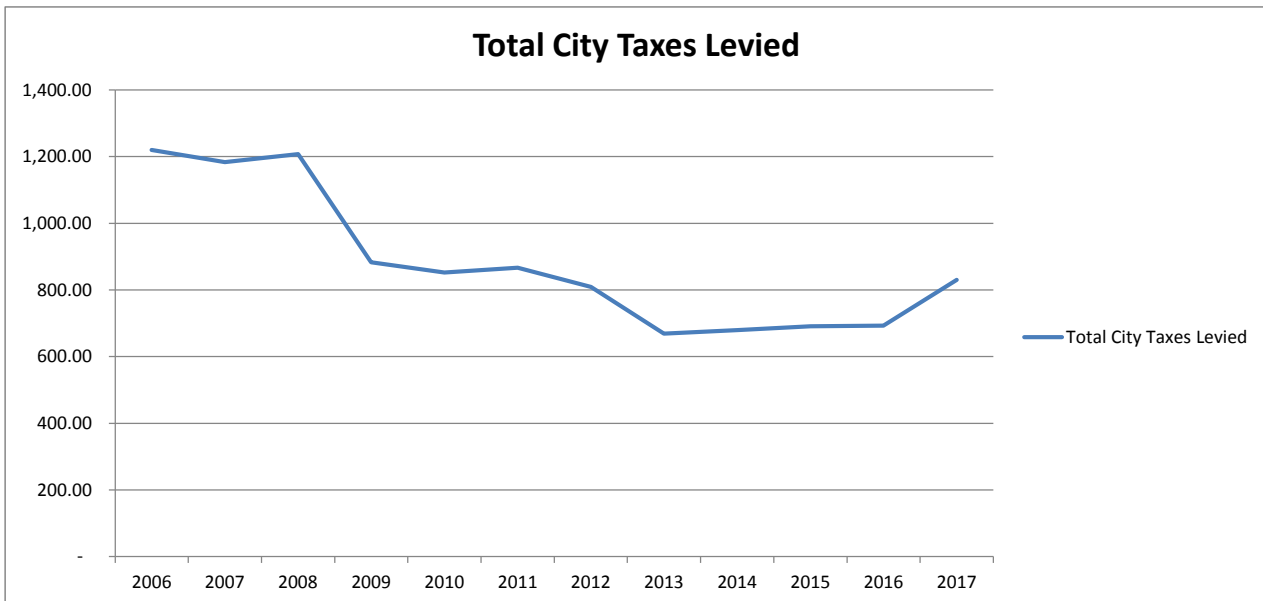
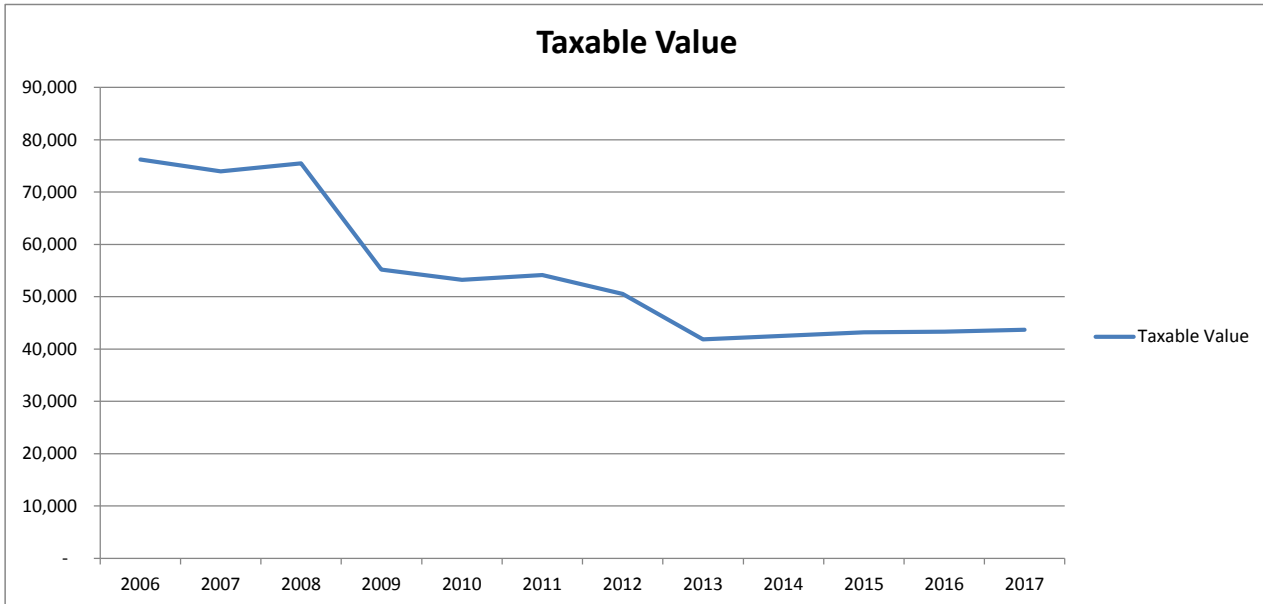
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Tentative - pending approval

Not levied

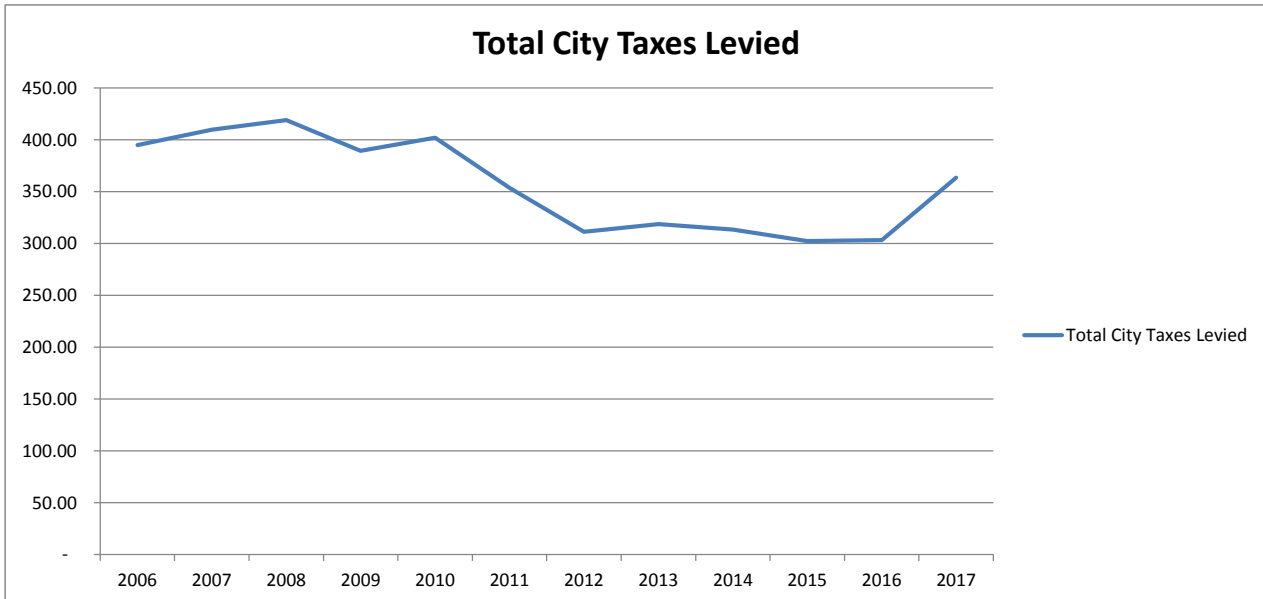
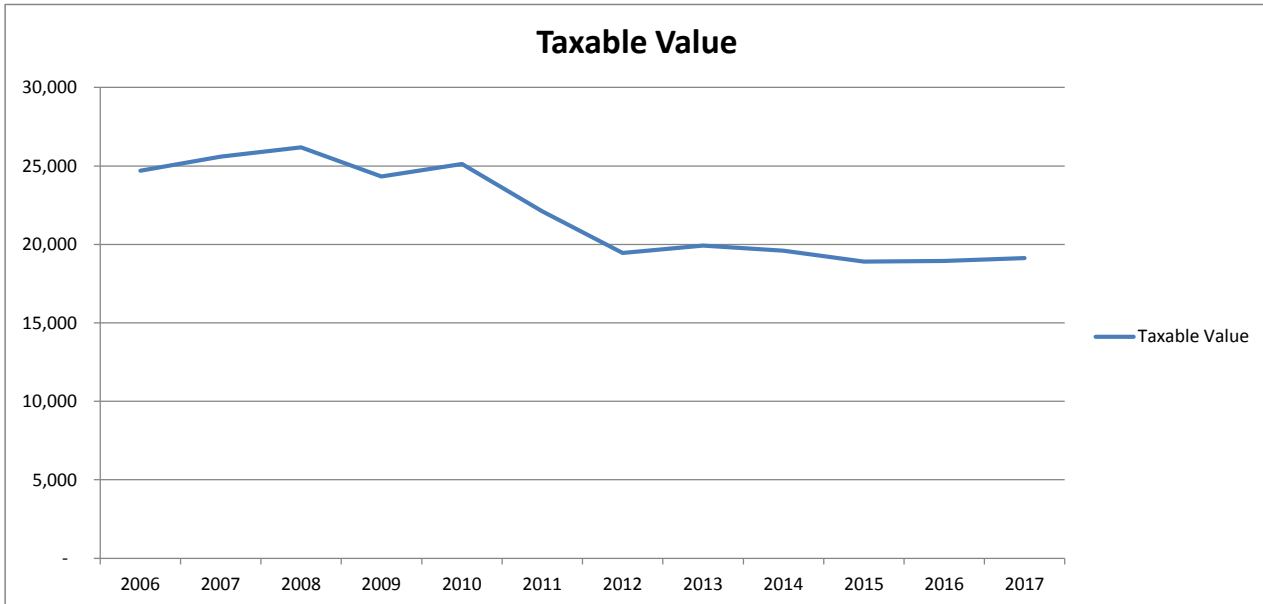
Property Tax Revenue Trends									
Tax Year	Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	76,250	n/a	n/a	\$ 953.13	\$ 190.63	\$ 76.25	228.75	1,220.00	\$ 120,000
2007	73,990	-2.96%	-2.96%	\$ 924.88	\$ 184.98	\$ 73.99	221.97	1,183.84	
2008	75,470	2.00%	-1.02%	\$ 943.38	\$ 188.68	\$ 75.47	226.41	1,207.52	
2009	55,160	-26.91%	-27.66%	\$ 689.50	\$ 137.90	\$ 55.16	165.48	882.56	
2010	53,240	-3.48%	-30.18%	\$ 665.50	\$ 133.10	\$ 53.24	159.72	851.84	
2011	54,145	1.70%	-28.99%	\$ 676.81	\$ 135.36	\$ 54.15	162.44	866.32	
2012	50,560	-6.62%	-33.69%	\$ 632.00	\$ 126.40	\$ 50.56	151.68	808.96	
2013	41,830	-17.27%	-45.14%	\$ 522.88	\$ 104.58	\$ 41.83	125.49	669.28	
2014	42,499	1.60%	-44.26%	\$ 531.24	\$ 106.25	\$ 42.50	127.50	679.98	
2015	43,178	1.60%	-43.37%	\$ 539.73	\$ 107.95	\$ 43.18	129.53	690.85	
2016	43,307	0.30%	-43.20%	\$ 541.34	\$ 108.27	\$ 43.31	129.92	692.91	
2017	43,696	0.90%	-42.69%	\$ 546.20	\$ 109.24	\$ 43.70	131.09	830.22	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



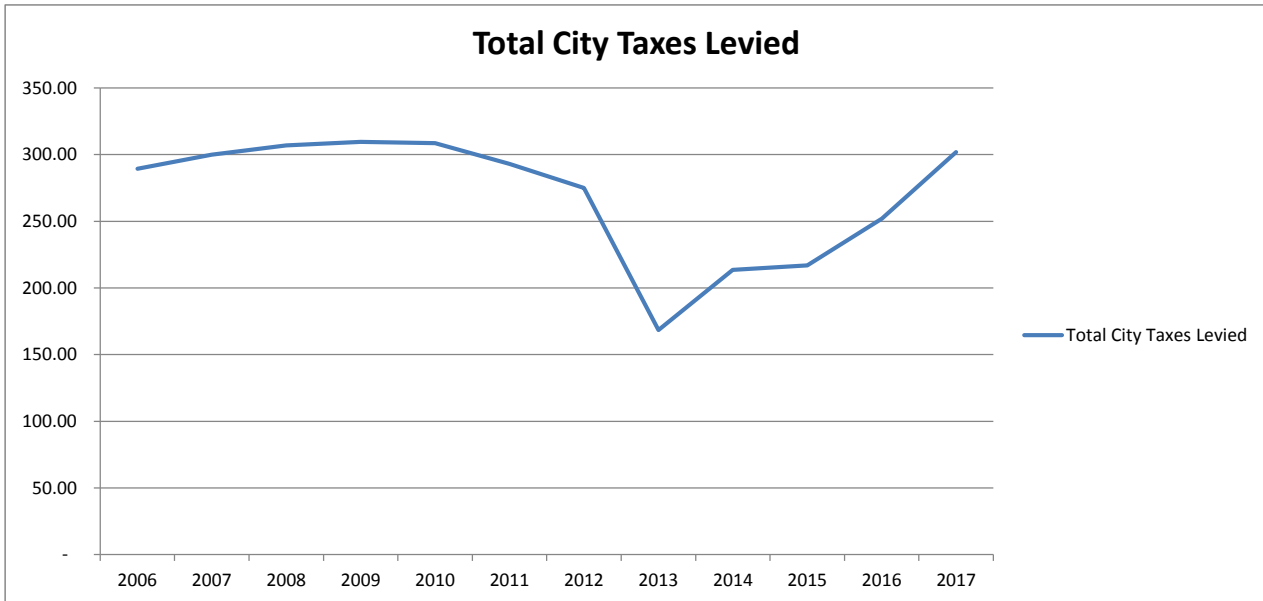
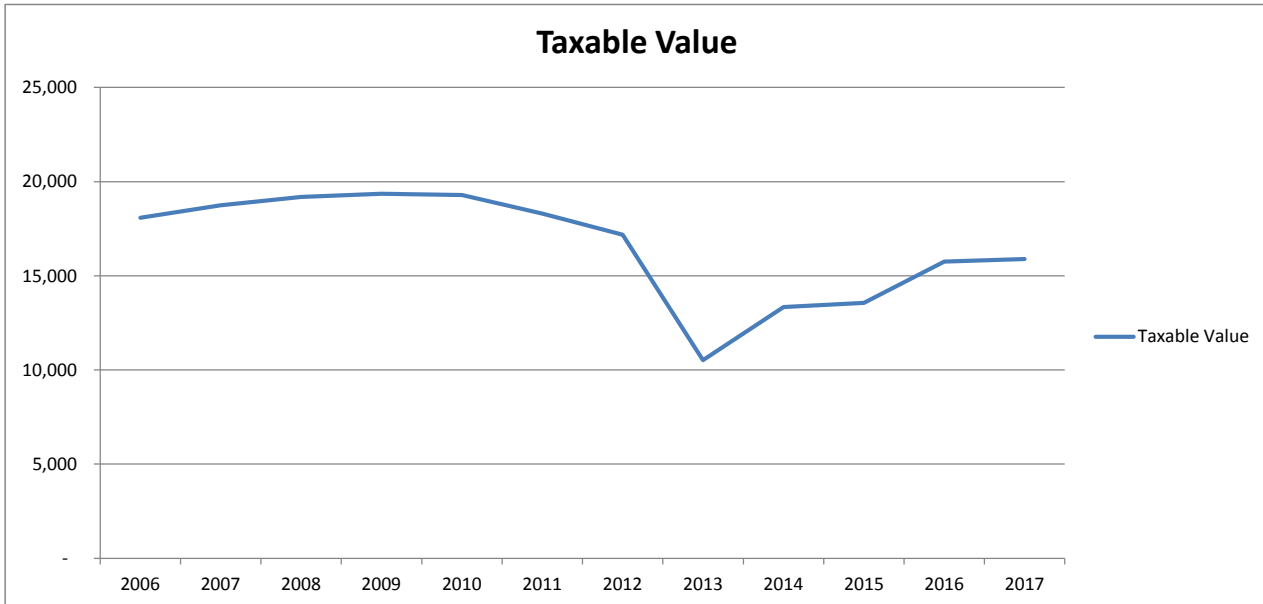
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Tax Year	Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	24,690	n/a	n/a	\$ 308.63	\$ 61.73	\$ 24.69	74.07	395.04	\$ 64,000
2007	25,603	3.70%	3.70%	\$ 320.04	\$ 64.01	\$ 25.60	76.81	409.65	
2008	26,191	2.30%	6.08%	\$ 327.39	\$ 65.48	\$ 26.19	78.57	419.06	
2009	24,340	-7.07%	-1.42%	\$ 304.25	\$ 60.85	\$ 24.34	73.02	389.44	
2010	25,120	3.20%	1.74%	\$ 314.00	\$ 62.80	\$ 25.12	75.36	401.92	
2011	22,100	-12.02%	-10.49%	\$ 276.25	\$ 55.25	\$ 22.10	66.30	353.60	
2012	19,460	-11.95%	-21.18%	\$ 243.25	\$ 48.65	\$ 19.46	58.38	311.36	
2013	19,927	2.40%	-19.29%	\$ 249.09	\$ 49.82	\$ 19.93	59.78	318.83	
2014	19,600	-1.64%	-20.62%	\$ 245.00	\$ 49.00	\$ 19.60	58.80	313.60	
2015	18,900	-3.57%	-23.45%	\$ 236.25	\$ 47.25	\$ 18.90	56.70	302.40	
2016	18,956	0.30%	-23.22%	\$ 236.95	\$ 47.39	\$ 18.96	56.87	303.30	
2017	19,126	0.90%	-22.54%	\$ 239.08	\$ 47.82	\$ 19.13	57.38	363.39	

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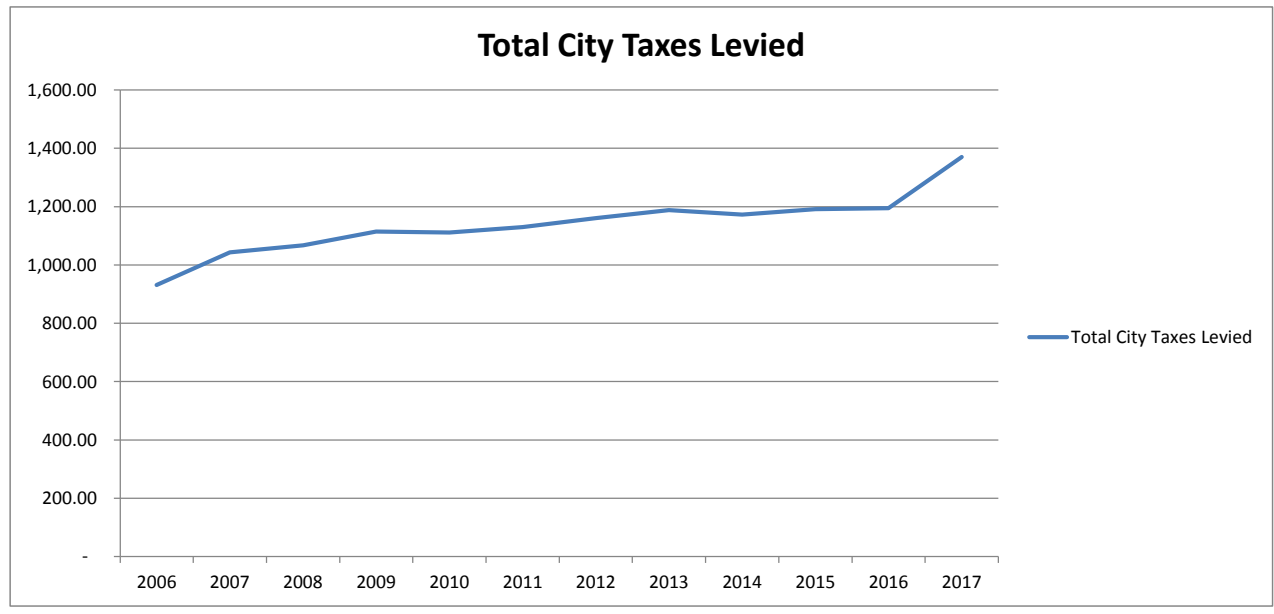
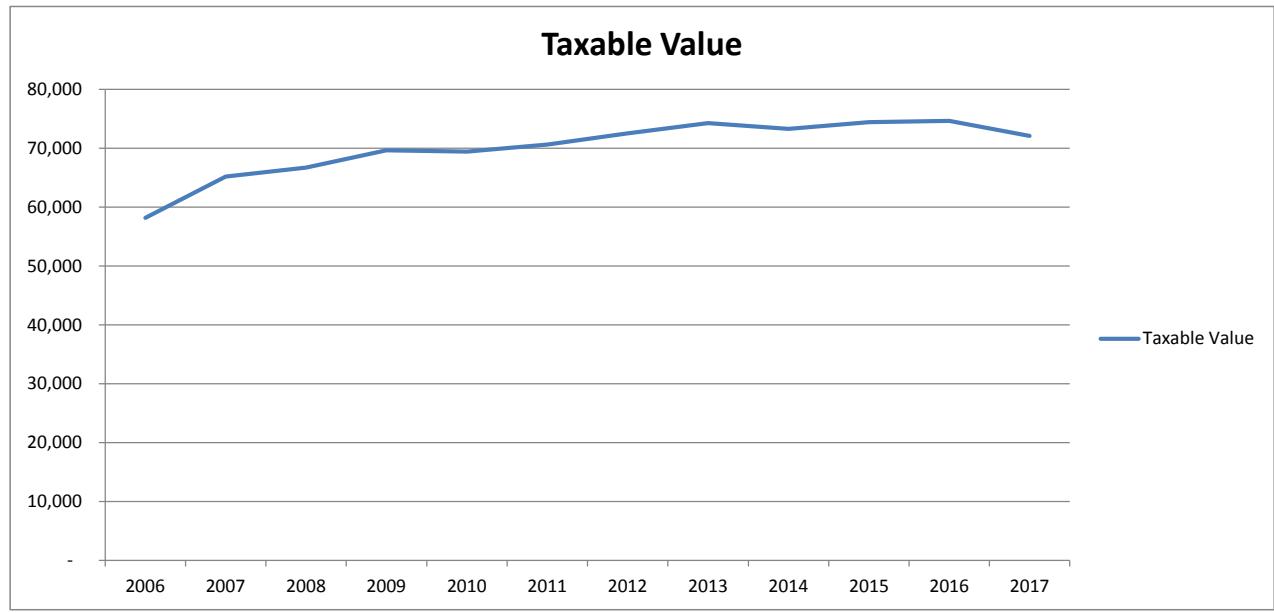
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Tax Year	Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	18,081	n/a	n/a	\$ 226.01	\$ 45.20	\$ 18.08	54.24	289.30	
2007	18,749	3.69%	3.69%	\$ 234.36	\$ 46.87	\$ 18.75	56.25	299.98	
2008	19,180	2.30%	6.08%	\$ 239.75	\$ 47.95	\$ 19.18	57.54	306.88	
2009	19,350	0.89%	7.02%	\$ 241.88	\$ 48.38	\$ 19.35	58.05	309.60	
2010	19,291	-0.30%	6.69%	\$ 241.14	\$ 48.23	\$ 19.29	57.87	308.66	
2011	18,310	-5.09%	1.27%	\$ 228.88	\$ 45.78	\$ 18.31	54.93	292.96	
2012	17,190	-6.12%	-4.93%	\$ 214.88	\$ 42.98	\$ 17.19	51.57	275.04	
2013	10,520	-38.80%	-41.82%	\$ 131.50	\$ 26.30	\$ 10.52	31.56	168.32	
2014	13,344	26.84%	-26.20%	\$ 166.80	\$ 33.36	\$ 13.34	40.03	213.50	
2015	13,557	1.60%	-25.02%	\$ 169.46	\$ 33.89	\$ 13.56	40.67	216.91	
2016	15,748	16.16%	-12.90%	\$ 196.85	\$ 39.37	\$ 15.75	47.24	251.97	
2017	15,889	0.90%	-12.12%	\$ 198.61	\$ 39.72	\$ 15.89	47.67	301.89	

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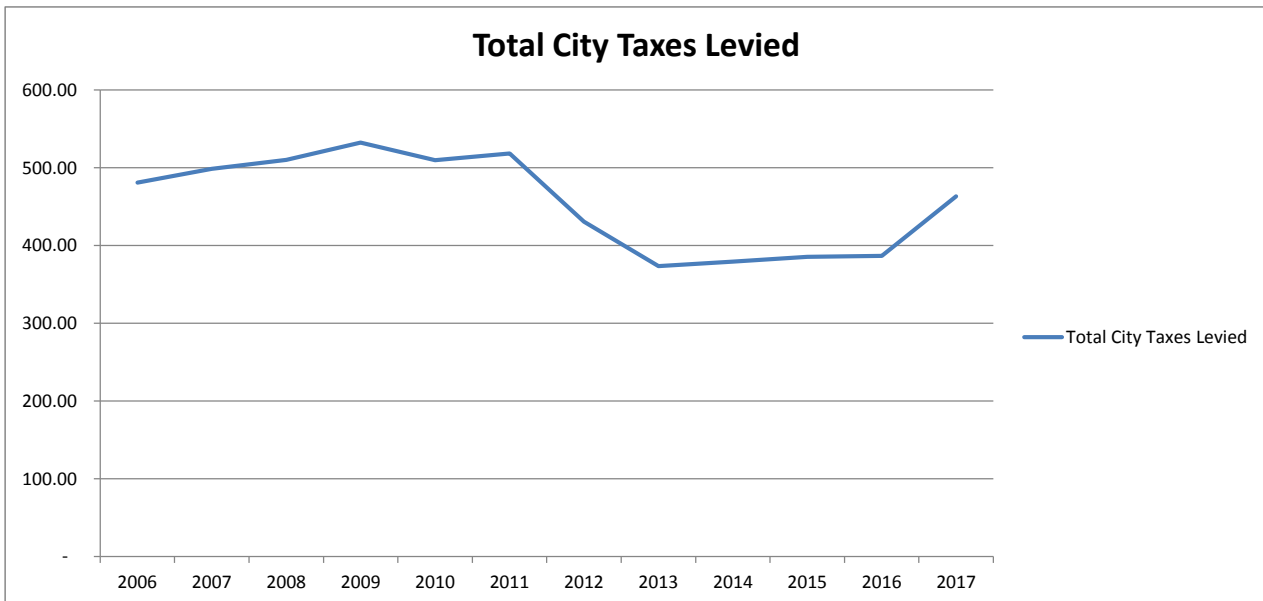
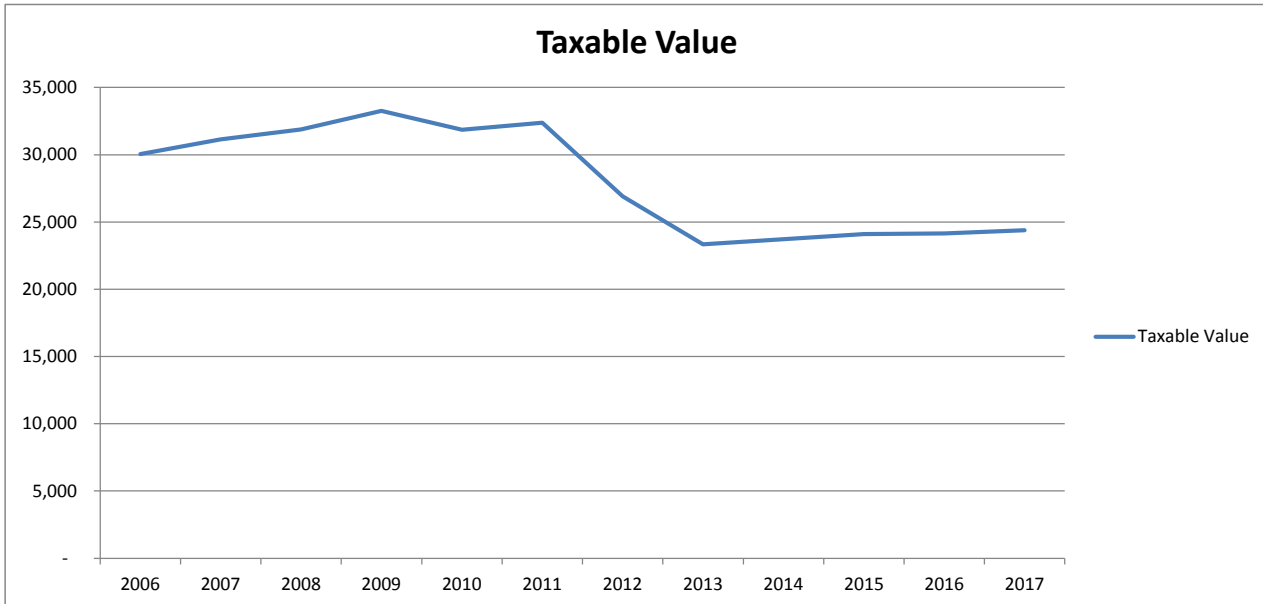
Property Tax Revenue Trends									
Tax Year	Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	58,179	n/a	n/a	\$ 727.24	\$ 145.45	\$ 58.18	174.54	930.86	
2007	65,221	12.10%	12.10%	\$ 815.26	\$ 163.05	\$ 65.22	195.66	1,043.54	
2008	66,721	2.30%	14.68%	\$ 834.01	\$ 166.80	\$ 66.72	200.16	1,067.54	
2009	69,656	4.40%	19.73%	\$ 870.70	\$ 174.14	\$ 69.66	208.97	1,114.50	
2010	69,447	-0.30%	19.37%	\$ 868.09	\$ 173.62	\$ 69.45	208.34	1,111.15	
2011	70,627	1.70%	21.40%	\$ 882.84	\$ 176.57	\$ 70.63	211.88	1,130.03	
2012	72,533	2.70%	24.67%	\$ 906.66	\$ 181.33	\$ 72.53	217.60	1,160.53	
2013	74,273	2.40%	27.66%	\$ 928.41	\$ 185.68	\$ 74.27	222.82	1,188.37	
2014	73,300	-1.31%	25.99%	\$ 916.25	\$ 183.25	\$ 73.30	219.90	1,172.80	
2015	74,472	1.60%	28.00%	\$ 930.90	\$ 186.18	\$ 74.47	223.42	1,191.55	
2016	74,695	0.30%	28.39%	\$ 933.69	\$ 186.74	\$ 74.70	224.09	1,195.12	
2017	72,100	-3.47%	23.93%	\$ 901.25	\$ 180.25	\$ 72.10	216.30	1,369.90	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



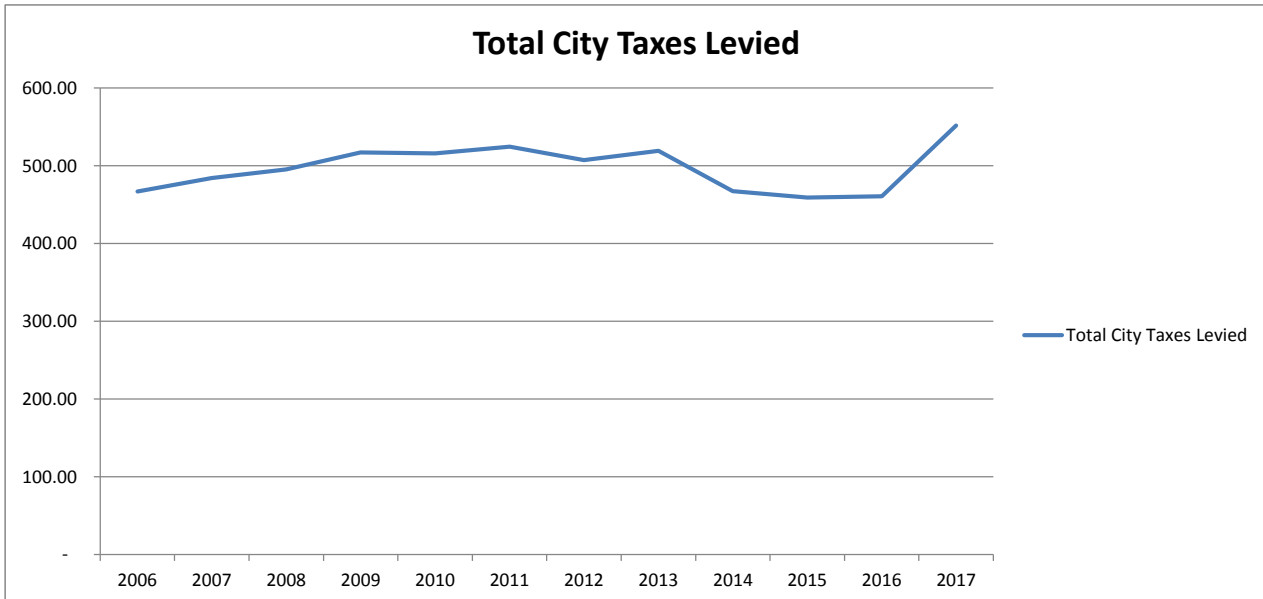
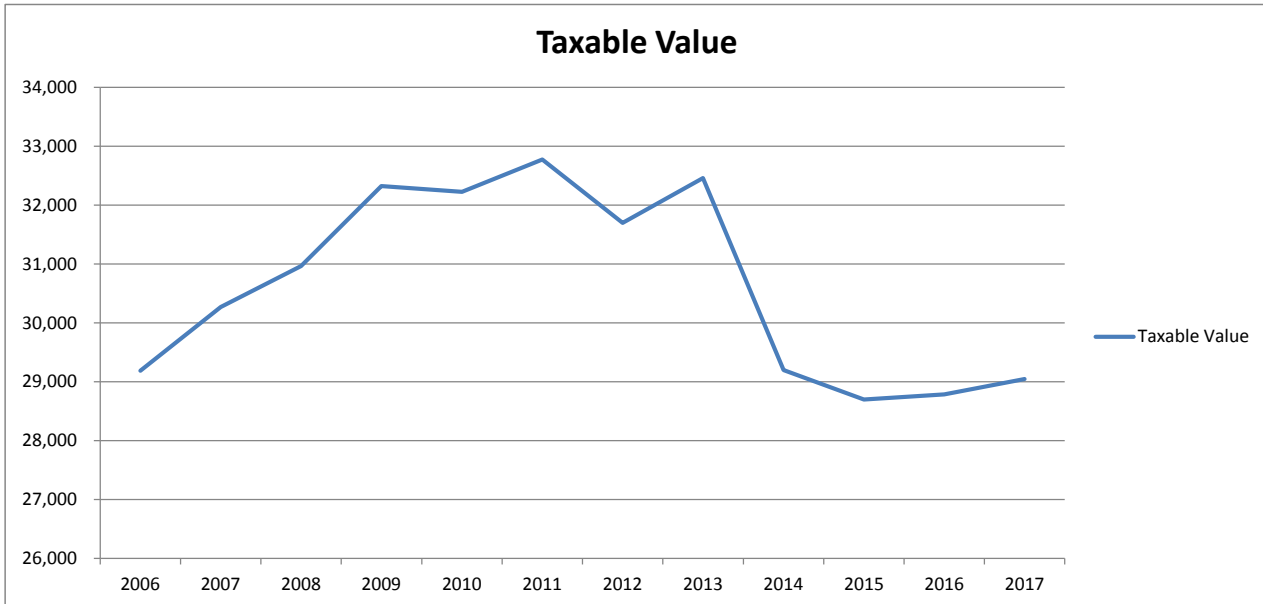
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Tax Year	Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	30,044	n/a	n/a	\$ 375.55	\$ 75.11	\$ 30.04	90.13	480.70	
2007	31,155	3.70%	3.70%	\$ 389.44	\$ 77.89	\$ 31.16	93.47	498.48	
2008	31,871	2.30%	6.08%	\$ 398.39	\$ 79.68	\$ 31.87	95.61	509.94	
2009	33,273	4.40%	10.75%	\$ 415.91	\$ 83.18	\$ 33.27	99.82	532.37	
2010	31,850	-4.28%	6.01%	\$ 398.13	\$ 79.63	\$ 31.85	95.55	509.60	
2011	32,391	1.70%	7.81%	\$ 404.89	\$ 80.98	\$ 32.39	97.17	518.26	
2012	26,920	-16.89%	-10.40%	\$ 336.50	\$ 67.30	\$ 26.92	80.76	430.72	
2013	23,340	-13.30%	-22.31%	\$ 291.75	\$ 58.35	\$ 23.34	70.02	373.44	
2014	23,713	1.60%	-21.07%	\$ 296.41	\$ 59.28	\$ 23.71	71.14	379.41	
2015	24,092	1.60%	-19.81%	\$ 301.15	\$ 60.23	\$ 24.09	72.28	385.47	
2016	24,161	0.29%	-19.58%	\$ 302.01	\$ 60.40	\$ 24.16	72.48	386.58	
2017	24,381	0.91%	-18.85%	\$ 304.76	\$ 60.95	\$ 24.38	73.14	463.24	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



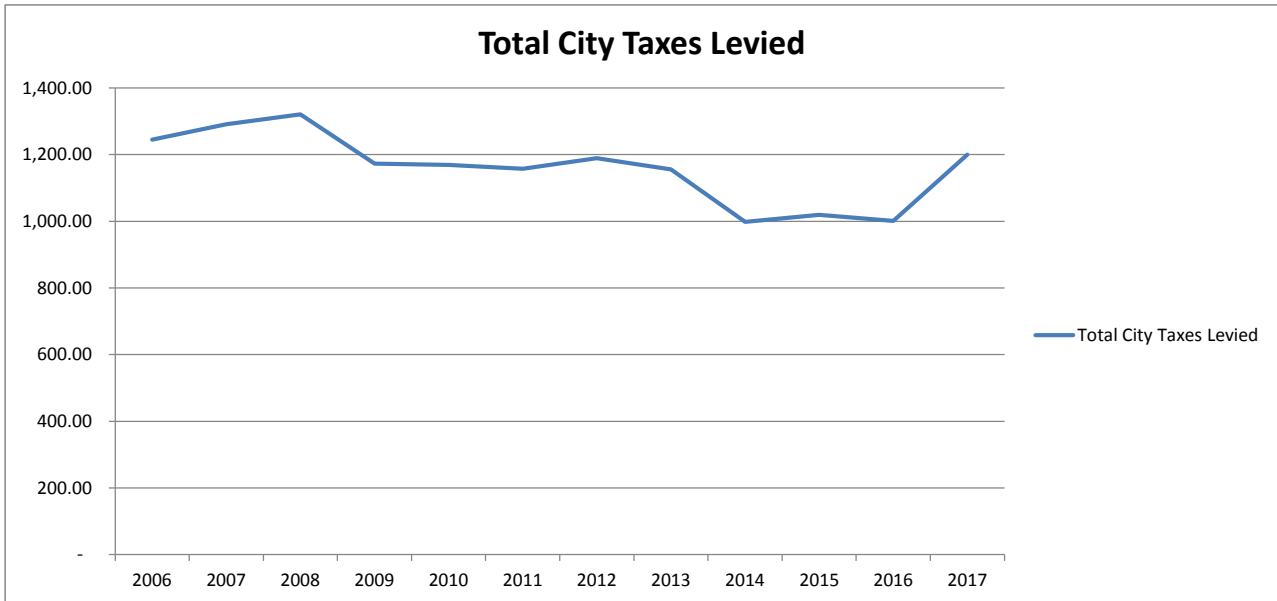
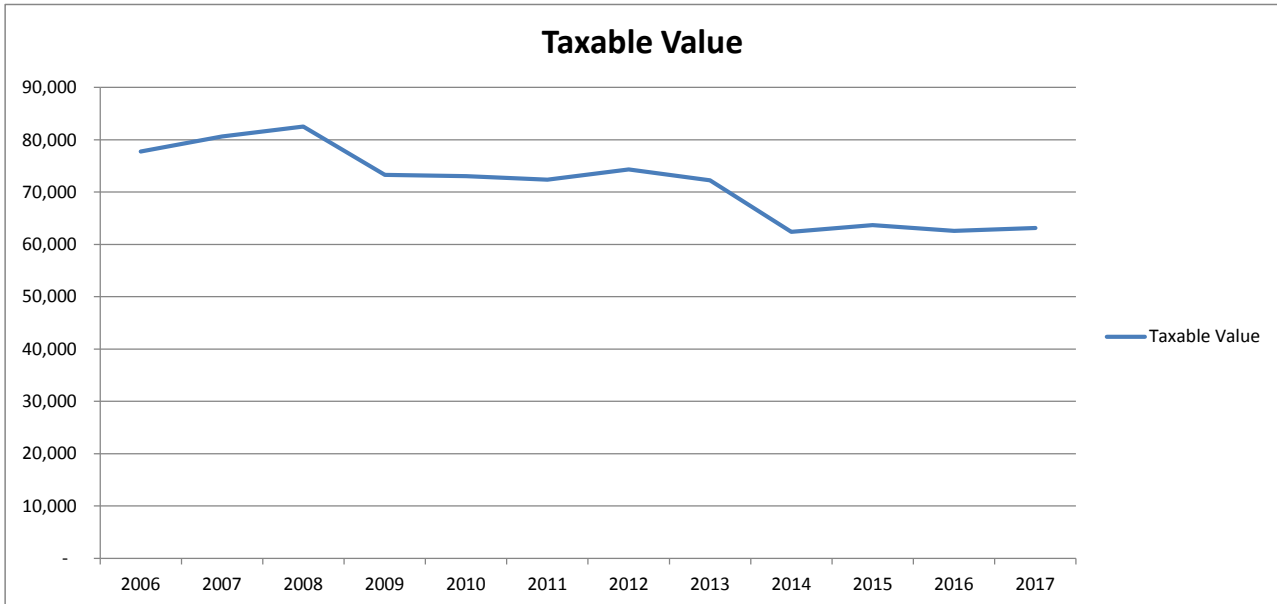
Property Tax Revenue Trends									
Tax Year	Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	29,189	n/a	n/a	\$ 364.86	\$ 72.97	\$ 29.19	87.57	467.02	
2007	30,268	3.70%	3.70%	\$ 378.35	\$ 75.67	\$ 30.27	90.80	484.29	
2008	30,964	2.30%	6.08%	\$ 387.05	\$ 77.41	\$ 30.96	92.89	495.42	
2009	32,326	4.40%	10.75%	\$ 404.08	\$ 80.82	\$ 32.33	96.98	517.22	
2010	32,229	-0.30%	10.41%	\$ 402.86	\$ 80.57	\$ 32.23	96.69	515.66	
2011	32,776	1.70%	12.29%	\$ 409.70	\$ 81.94	\$ 32.78	98.33	524.42	
2012	31,700	-3.28%	8.60%	\$ 396.25	\$ 79.25	\$ 31.70	95.10	507.20	
2013	32,460	2.40%	11.21%	\$ 405.75	\$ 81.15	\$ 32.46	97.38	519.36	
2014	29,200	-10.04%	0.04%	\$ 365.00	\$ 73.00	\$ 29.20	87.60	467.20	
2015	28,700	-1.71%	-1.68%	\$ 358.75	\$ 71.75	\$ 28.70	86.10	459.20	
2016	28,786	0.30%	-1.38%	\$ 359.83	\$ 71.97	\$ 28.79	86.36	460.58	
2017	29,045	0.90%	-0.49%	\$ 363.06	\$ 72.61	\$ 29.05	87.14	551.86	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



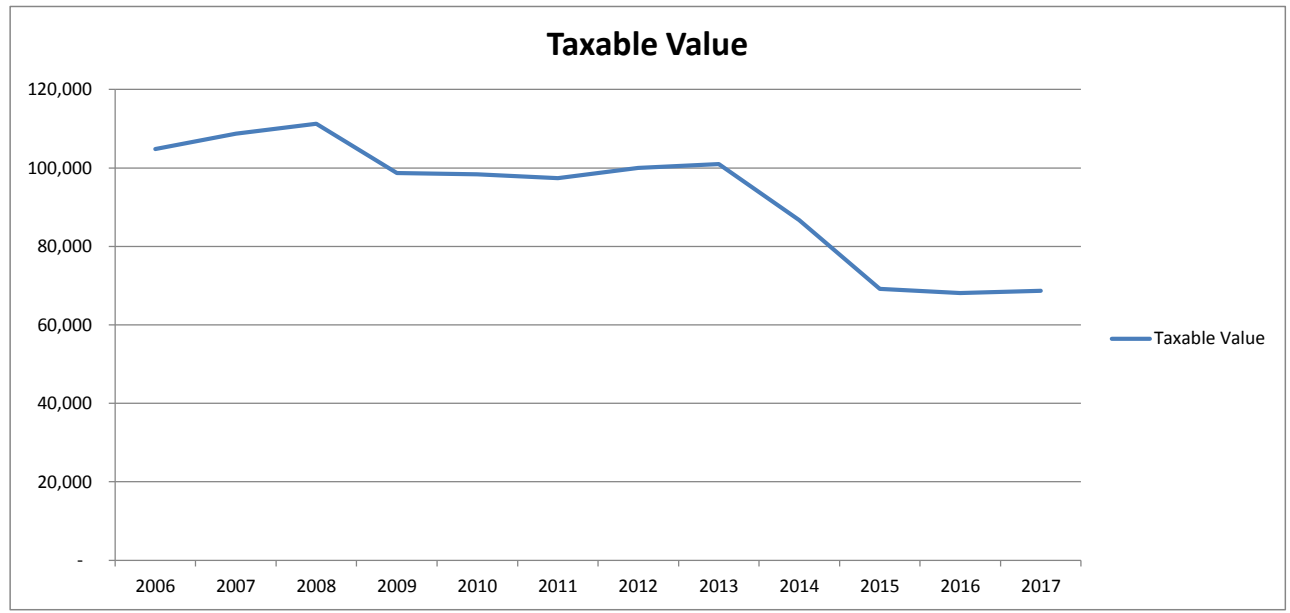
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Tax Year	Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	77,790	n/a	n/a	\$ 972.38	\$ 194.48	\$ 77.79	233.37	1,244.64	
2007	80,668	3.70%	3.70%	\$ 1,008.35	\$ 201.67	\$ 80.67	242.00	1,290.69	
2008	82,523	2.30%	6.08%	\$ 1,031.54	\$ 206.31	\$ 82.52	247.57	1,320.37	
2009	73,290	-11.19%	-5.78%	\$ 916.13	\$ 183.23	\$ 73.29	219.87	1,172.64	
2010	73,070	-0.30%	-6.07%	\$ 913.38	\$ 182.68	\$ 73.07	219.21	1,169.12	
2011	72,370	-0.96%	-6.97%	\$ 904.63	\$ 180.93	\$ 72.37	217.11	1,157.92	
2012	74,323	2.70%	-4.46%	\$ 929.04	\$ 185.81	\$ 74.32	222.97	1,189.17	
2013	72,240	-2.80%	-7.13%	\$ 903.00	\$ 180.60	\$ 72.24	216.72	1,155.84	
2014	62,400	-13.62%	-19.78%	\$ 780.00	\$ 156.00	\$ 62.40	187.20	998.40	\$ 180,000
2015	63,700	2.08%	-18.11%	\$ 796.25	\$ 159.25	\$ 63.70	191.10	1,019.20	
2016	62,600	-1.73%	-19.53%	\$ 782.50	\$ 156.50	\$ 62.60	187.80	1,001.60	
2017	63,163	0.90%	-18.80%	\$ 789.54	\$ 157.91	\$ 63.16	189.49	1,200.10	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



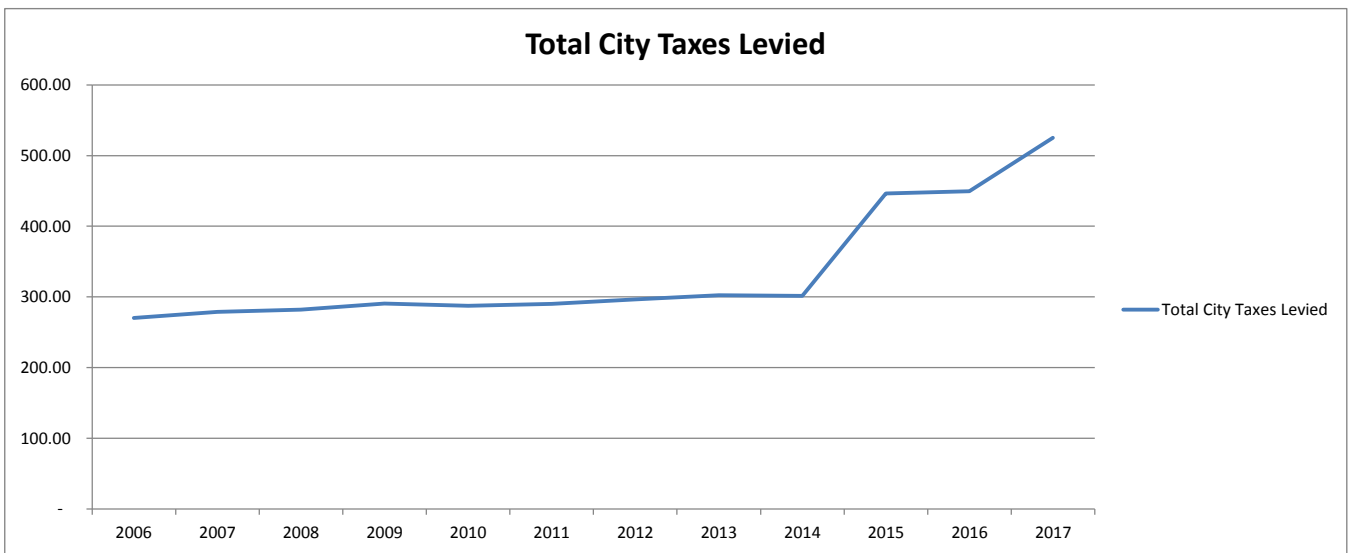
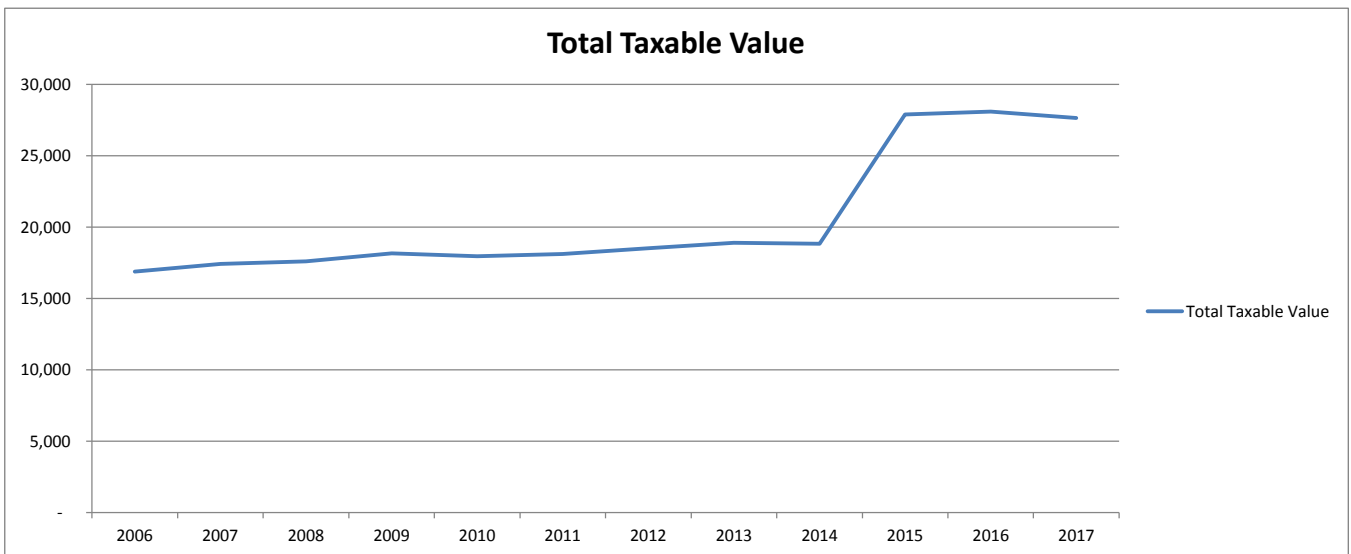
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Tax Year	Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	104,860	n/a	n/a	\$ 1,310.75	\$ 262.15	\$ 104.86	314.58	1,677.76	
2007	108,739	3.70%	3.70%	\$ 1,359.24	\$ 271.85	\$ 108.74	326.22	1,739.82	
2008	111,239	2.30%	6.08%	\$ 1,390.49	\$ 278.10	\$ 111.24	333.72	1,779.82	\$ 199,000
2009	98,700	-11.27%	-5.87%	\$ 1,233.75	\$ 246.75	\$ 98.70	296.10	1,579.20	
2010	98,403	-0.30%	-6.16%	\$ 1,230.04	\$ 246.01	\$ 98.40	295.21	1,574.45	
2011	97,370	-1.05%	-7.14%	\$ 1,217.13	\$ 243.43	\$ 97.37	292.11	1,557.92	
2012	99,998	2.70%	-4.64%	\$ 1,249.98	\$ 250.00	\$ 100.00	299.99	1,599.97	
2013	101,010	1.01%	-3.67%	\$ 1,262.63	\$ 252.53	\$ 101.01	303.03	1,616.16	
2014	86,700	-14.17%	-17.32%	\$ 1,083.75	\$ 216.75	\$ 86.70	260.10	1,387.20	
2015	69,200	-20.18%	-34.01%	\$ 865.00	\$ 173.00	\$ 69.20	207.60	1,107.20	
2016	68,100	-1.59%	-35.06%	\$ 851.25	\$ 170.25	\$ 68.10	204.30	1,089.60	
2017	68,712	0.90%	-34.47%	\$ 858.90	\$ 171.78	\$ 68.71	206.14	1,305.53	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



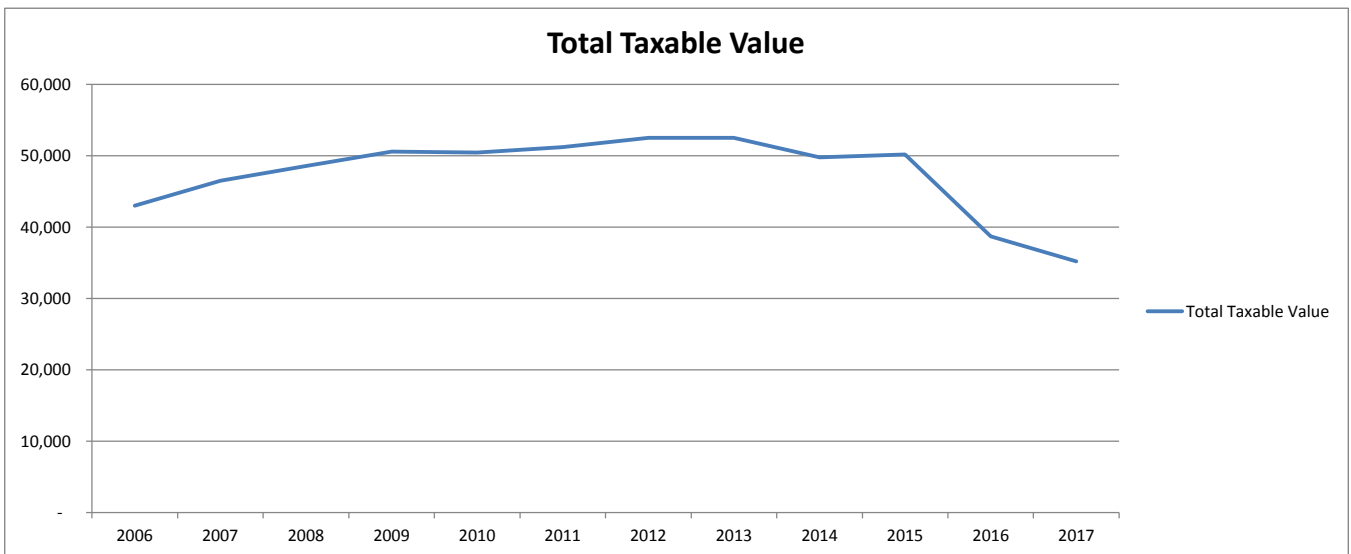
Property Tax Revenue Trends												Sales
Tax Year	Real Taxable Value	Personal Taxable Value	Total Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied		
2006	15,705	1,188	16,893	n/a	n/a	\$ 211.16	\$ 42.23	\$ 16.89	50.68	270.29		
2007	16,286	1,135	17,421	3.13%	3.13%	\$ 217.76	\$ 43.55	\$ 17.42	52.26	278.74		
2008	16,660	958	17,618	1.13%	4.29%	\$ 220.23	\$ 44.05	\$ 17.62	52.85	281.89		
2009	17,393	770	18,163	3.09%	7.52%	\$ 227.04	\$ 45.41	\$ 18.16	54.49	290.61		
2010	17,340	620	17,960	-1.12%	6.32%	\$ 224.50	\$ 44.90	\$ 17.96	53.88	287.36		
2011	17,634	500	18,134	0.97%	7.35%	\$ 226.68	\$ 45.34	\$ 18.13	54.40	290.14		
2012	18,110	420	18,530	2.18%	9.69%	\$ 231.63	\$ 46.33	\$ 18.53	55.59	296.48		
2013	18,544	360	18,904	2.02%	11.90%	\$ 236.30	\$ 47.26	\$ 18.90	56.71	302.46		
2014	18,840	-	18,840	-0.34%	11.53%	\$ 235.50	\$ 47.10	\$ 18.84	56.52	301.44	\$ 59,750	
2015	27,900	-	27,900	48.09%	65.16%	\$ 348.75	\$ 69.75	\$ 27.90	83.70	446.40		
2016	27,400	700	28,100	0.72%	66.34%	\$ 351.25	\$ 70.25	\$ 28.10	84.30	449.60		
2017	27,646	-	27,646	-1.62%	63.65%	\$ 345.58	\$ 69.12	\$ 27.65	82.94	525.27		

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



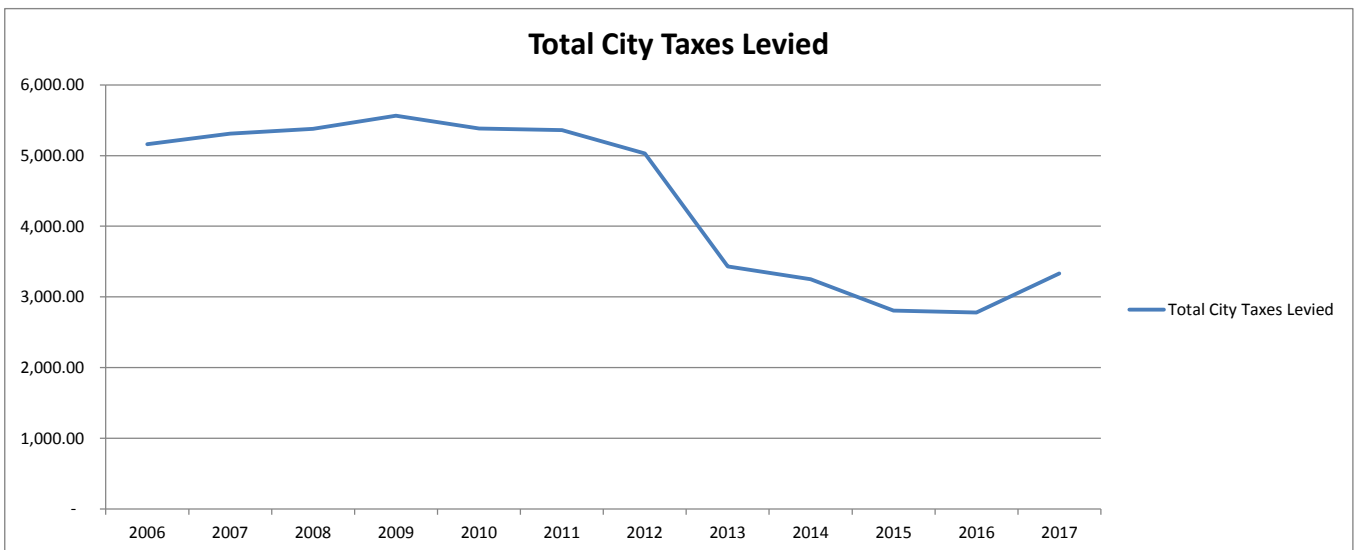
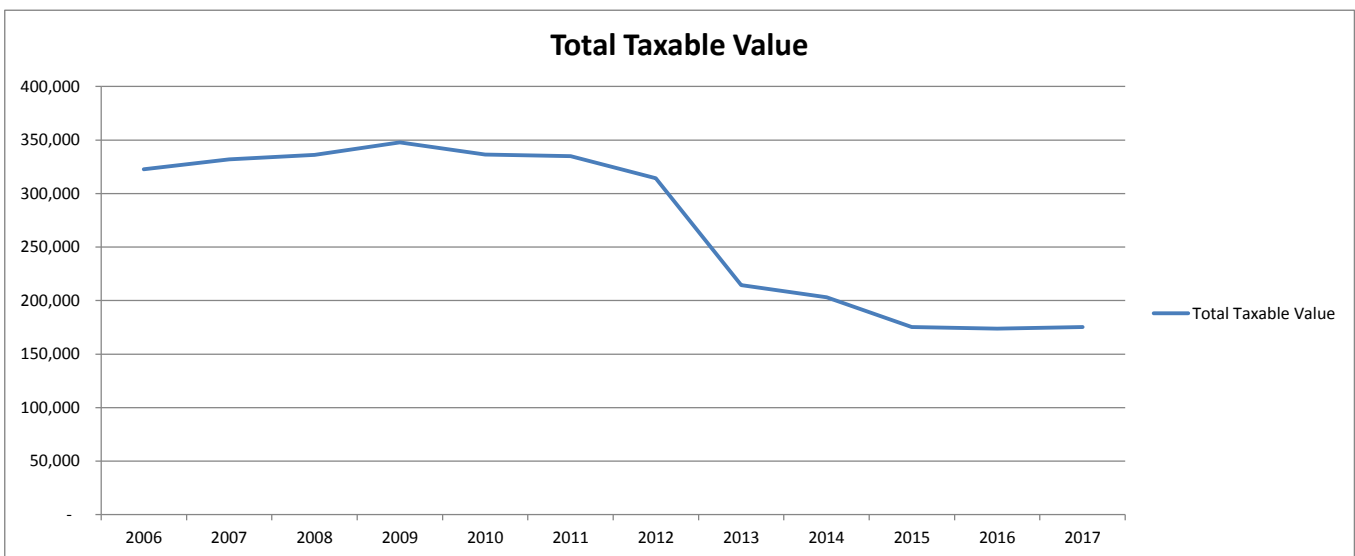
Property Tax Revenue Trends											
Tax Year	Real Taxable Value	Personal Taxable Value	Total Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	42,518	492	43,010	n/a	n/a	\$ 537.63	\$ 107.53	\$ 43.01	129.03	688.16	
2007	44,091	2,436	46,527	8.18%	8.18%	\$ 581.59	\$ 116.32	\$ 46.53	139.58	744.43	
2008	45,105	3,500	48,605	4.47%	13.01%	\$ 607.56	\$ 121.51	\$ 48.61	145.82	777.68	
2009	47,089	3,500	50,589	4.08%	17.62%	\$ 632.36	\$ 126.47	\$ 50.59	151.77	809.42	
2010	46,947	3,500	50,447	-0.28%	17.29%	\$ 630.59	\$ 126.12	\$ 50.45	151.34	807.15	
2011	47,745	3,500	51,245	1.58%	19.15%	\$ 640.56	\$ 128.11	\$ 51.25	153.74	819.92	
2012	49,034	3,500	52,534	2.52%	22.14%	\$ 656.68	\$ 131.34	\$ 52.53	157.60	840.54	
2013	49,010	3,500	52,510	-0.05%	22.09%	\$ 656.38	\$ 131.28	\$ 52.51	157.53	840.16	
2014	49,794	-	49,794	-5.17%	15.77%	\$ 622.43	\$ 124.49	\$ 49.79	149.38	796.70	
2015	50,200	-	50,200	0.82%	16.72%	\$ 627.50	\$ 125.50	\$ 50.20	150.60	803.20	
2016	38,700	-	38,700	-22.91%	-10.02%	\$ 483.75	\$ 96.75	\$ 38.70	116.10	619.20	
2017	35,200	-	35,200	-9.04%	-18.16%	\$ 440.00	\$ 88.00	\$ 35.20	105.60	668.80	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



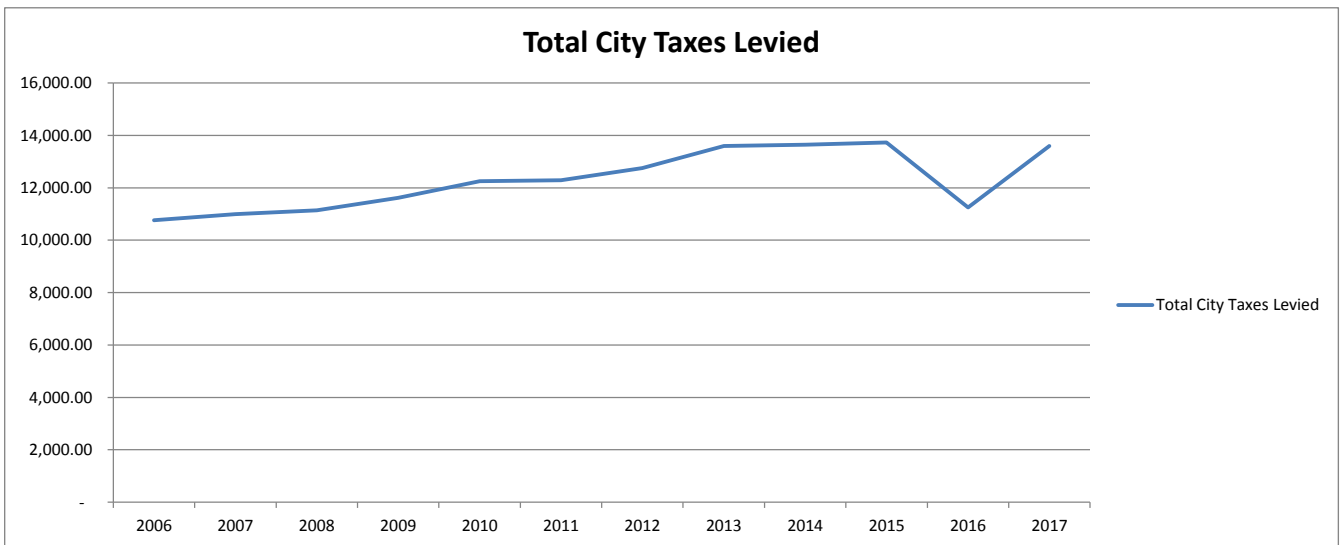
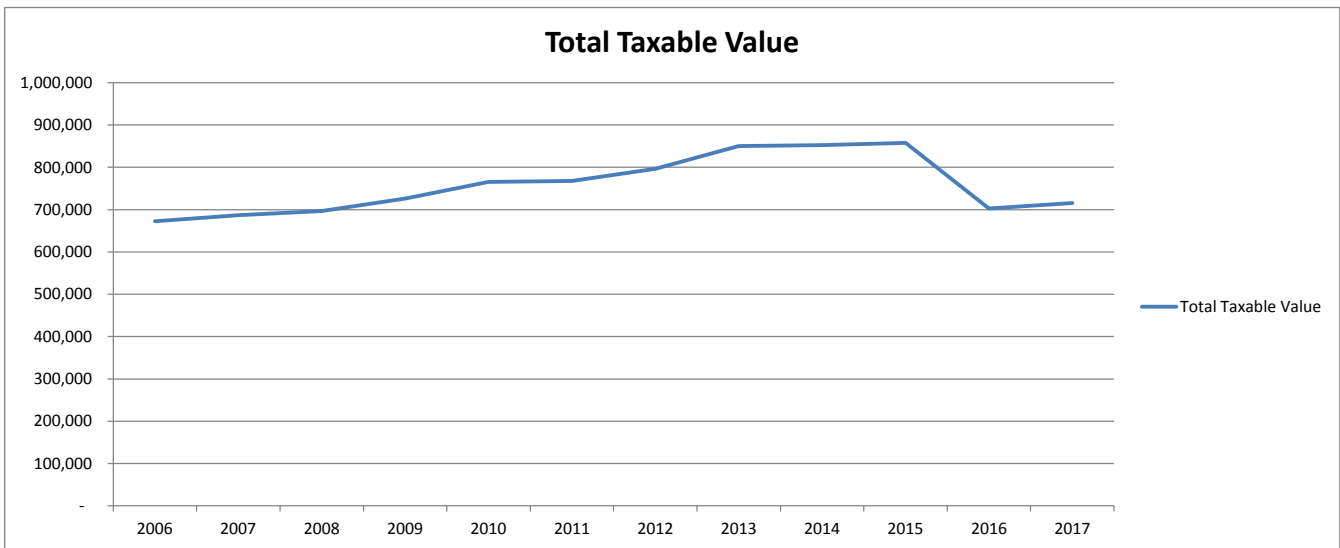
Property Tax Revenue Trends											
Tax Year	Real Taxable Value	Personal Taxable Value	Total Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	293,035	29,605	322,640	n/a	n/a	\$ 4,033.00	\$ 806.60	\$ 322.64	967.92	5,162.24	
2007	303,877	28,068	331,945	2.88%	2.88%	\$ 4,149.31	\$ 829.86	\$ 331.95	995.84	5,311.12	
2008	310,866	25,179	336,045	1.24%	4.15%	\$ 4,200.56	\$ 840.11	\$ 336.05	1,008.14	5,376.72	
2009	324,544	23,160	347,704	3.47%	7.77%	\$ 4,346.30	\$ 869.26	\$ 347.70	1,043.11	5,563.26	
2010	316,110	20,240	336,350	-3.27%	4.25%	\$ 4,204.38	\$ 840.88	\$ 336.35	1,009.05	5,381.60	
2011	316,110	18,850	334,960	-0.41%	3.82%	\$ 4,187.00	\$ 837.40	\$ 334.96	1,004.88	5,359.36	
2012	297,980	16,420	314,400	-6.14%	-2.55%	\$ 3,930.00	\$ 786.00	\$ 314.40	943.20	5,030.40	
2013	200,000	14,520	214,520	-31.77%	-33.51%	\$ 2,681.50	\$ 536.30	\$ 214.52	643.56	3,432.32	MTT
2014	203,200	-	203,200	-5.28%	-37.02%	\$ 2,540.00	\$ 508.00	\$ 203.20	609.60	3,251.20	MTT
2015	175,400	-	175,400	-13.68%	-45.64%	\$ 2,192.50	\$ 438.50	\$ 175.40	526.20	2,806.40	
2016	173,800	-	173,800	-0.91%	-46.13%	\$ 2,172.50	\$ 434.50	\$ 173.80	521.40	2,780.80	
2017	175,364	-	175,364	0.90%	-45.65%	\$ 2,192.05	\$ 438.41	\$ 175.36	526.09	3,331.92	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



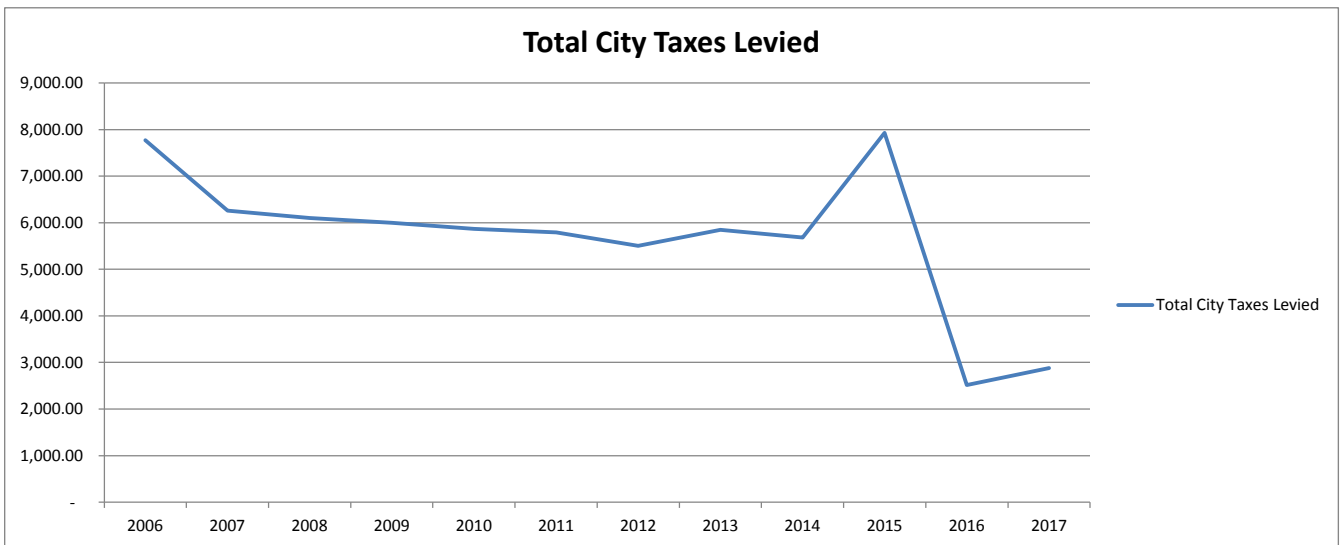
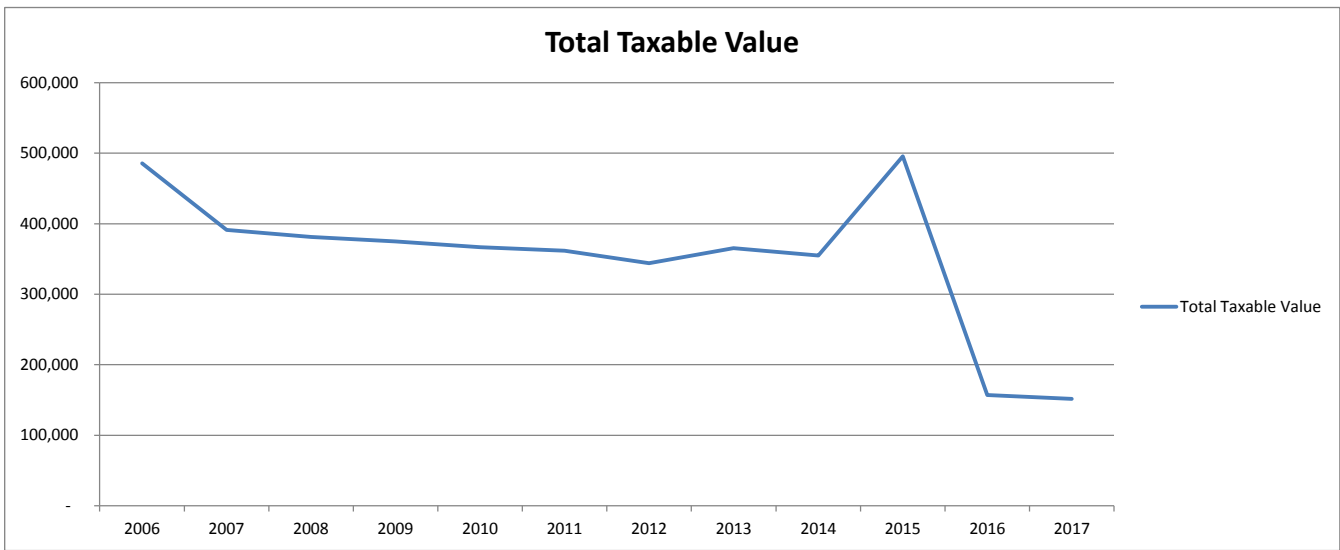
Property Tax Revenue Trends											Sales
Tax Year	Real Taxable Value	Personal Taxable Value	Total Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	
2006	545,163	127,613	672,776	n/a	n/a	\$ 8,409.70	\$ 1,681.94	\$ 672.78	2,018.33	10,764.42	
2007	565,334	121,810	687,144	2.14%	2.14%	\$ 8,589.30	\$ 1,717.86	\$ 687.14	2,061.43	10,994.30	
2008	578,336	117,994	696,330	1.34%	3.50%	\$ 8,704.13	\$ 1,740.83	\$ 696.33	2,088.99	11,141.28	
2009	603,782	122,480	726,262	4.30%	7.95%	\$ 9,078.28	\$ 1,815.66	\$ 726.26	2,178.79	11,620.19	
2010	646,780	118,720	765,500	5.40%	13.78%	\$ 9,568.75	\$ 1,913.75	\$ 765.50	2,296.50	12,248.00	
2011	657,775	110,000	767,775	0.30%	14.12%	\$ 9,597.19	\$ 1,919.44	\$ 767.78	2,303.33	12,284.40	
2012	675,534	121,070	796,604	3.75%	18.41%	\$ 9,957.55	\$ 1,991.51	\$ 796.60	2,389.81	12,745.66	
2013	691,746	158,220	849,966	6.70%	26.34%	\$ 10,624.58	\$ 2,124.92	\$ 849.97	2,549.90	13,599.46	
2014	702,813	149,700	852,513	0.30%	26.72%	\$ 10,656.41	\$ 2,131.28	\$ 852.51	2,557.54	13,640.21	
2015	699,600	158,200	857,800	0.62%	27.50%	\$ 10,722.50	\$ 2,144.50	\$ 857.80	2,573.40	13,724.80	
2016	558,400	144,400	702,800	-18.07%	4.46%	\$ 8,785.00	\$ 1,757.00	\$ 702.80	2,108.40	11,244.80	
2017	563,425	151,900	715,325	1.78%	6.32%	\$ 8,941.56	\$ 1,788.31	\$ 715.33	2,145.98	13,591.18	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



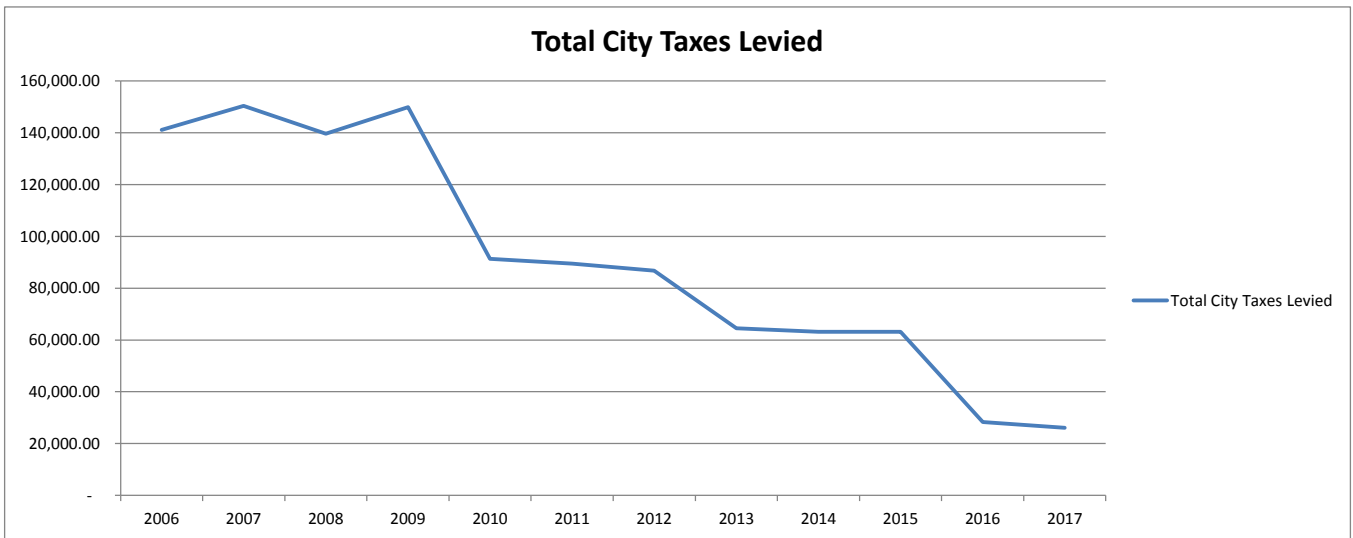
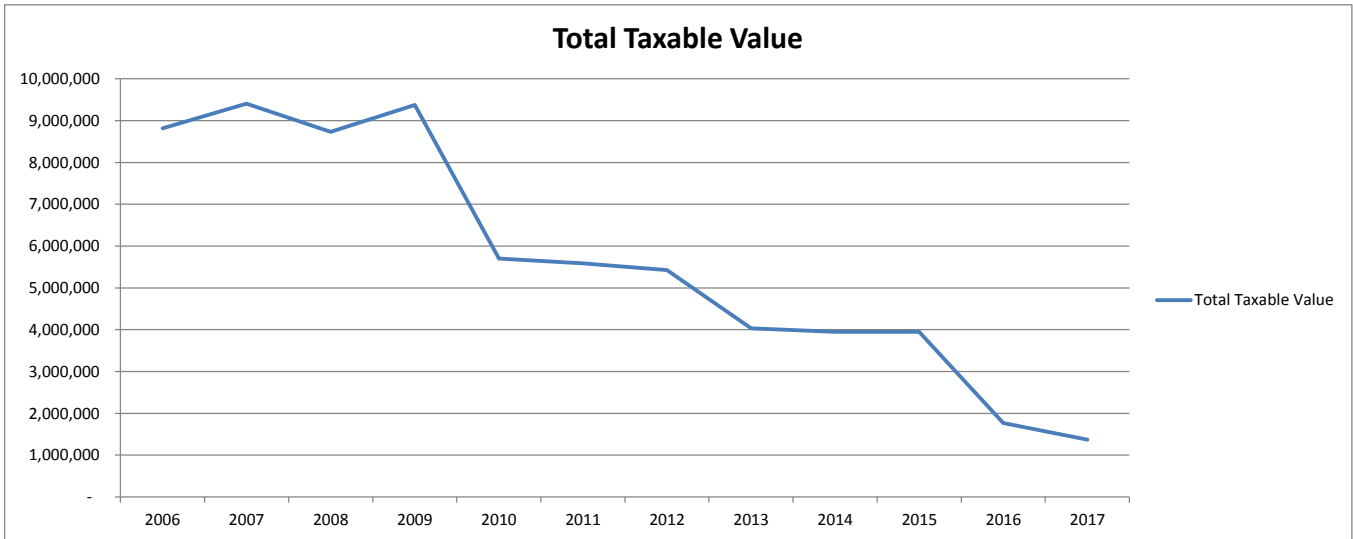
Property Tax Revenue Trends											
Tax Year	Real Taxable Value	Personal Taxable Value	Total Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	135,867	349,739	485,606	n/a	n/a	\$ 6,070.08	\$ 1,214.02	\$ 485.61	1,456.82	7,769.70	
2007	140,894	250,489	391,383	-19.40%	-19.40%	\$ 4,892.29	\$ 978.46	\$ 391.38	1,174.15	6,262.13	
2008	144,134	237,233	381,367	-2.56%	-21.47%	\$ 4,767.09	\$ 953.42	\$ 381.37	1,144.10	6,101.87	
2009	150,475	224,380	374,855	-1.71%	-22.81%	\$ 4,685.69	\$ 937.14	\$ 374.86	1,124.57	5,997.68	
2010	148,410	218,500	366,910	-2.12%	-24.44%	\$ 4,586.38	\$ 917.28	\$ 366.91	1,100.73	5,870.56	
2011	148,410	213,380	361,790	-1.40%	-25.50%	\$ 4,522.38	\$ 904.48	\$ 361.79	1,085.37	5,788.64	
2012	140,320	203,820	344,140	-4.88%	-29.13%	\$ 4,301.75	\$ 860.35	\$ 344.14	1,032.42	5,506.24	
2013	143,687	221,660	365,347	6.16%	-24.76%	\$ 4,566.84	\$ 913.37	\$ 365.35	1,096.04	5,845.55	
2014	135,100	219,900	355,000	-2.83%	-26.90%	\$ 4,437.50	\$ 887.50	\$ 355.00	1,065.00	5,680.00	
2015	137,261	358,300	495,561	39.59%	2.05%	\$ 6,194.51	\$ 1,238.90	\$ 495.56	1,486.68	7,928.98	
2016	137,672	19,400	157,072	-68.30%	-67.65%	\$ 1,963.40	\$ 392.68	\$ 157.07	471.22	2,513.15	
2017	134,000	17,600	151,600	-3.48%	-68.78%	\$ 1,895.00	\$ 379.00	\$ 151.60	454.80	2,880.40	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



Property Tax Revenue Trends											
Tax Year	Real Taxable Value	Personal Taxable Value	Total Taxable Value	% Change from prior year	% Change from 2006	Gen Oper - 12.5 mills	Streets - 2.5 mills	Library - 1 mill	Sinking Fund / Debt Service - up to 3 mills	Total City Taxes Levied	Sales
2006	1,371,301	7,447,204	8,818,505	n/a	n/a	\$ 110,231.31	\$ 22,046.26	\$ 8,818.51	26,455.52	141,096.08	
2007	1,422,039	7,981,150	9,403,189	6.63%	6.63%	\$ 117,539.86	\$ 23,507.97	\$ 9,403.19	28,209.57	150,451.02	
2008	1,454,745	7,275,970	8,730,715	-7.15%	-1.00%	\$ 109,133.94	\$ 21,826.79	\$ 8,730.72	26,192.15	139,691.44	
2009	1,821,590	7,550,570	9,372,160	7.35%	6.28%	\$ 117,152.00	\$ 23,430.40	\$ 9,372.16	28,116.48	149,954.56	
2010	1,602,180	4,103,110	5,705,290	-39.13%	-35.30%	\$ 71,316.13	\$ 14,263.23	\$ 5,705.29	17,115.87	91,284.64	
2011	1,590,060	4,000,760	5,590,820	-2.01%	-36.60%	\$ 69,885.25	\$ 13,977.05	\$ 5,590.82	16,772.46	89,453.12	
2012	1,482,730	3,941,910	5,424,640	-2.97%	-38.49%	\$ 67,808.00	\$ 13,561.60	\$ 5,424.64	16,273.92	86,794.24	
2013	1,429,190	2,606,160	4,035,350	-25.61%	-54.24%	\$ 50,441.88	\$ 10,088.38	\$ 4,035.35	12,106.05	64,565.60	
2014	1,317,600	2,630,100	3,947,700	-2.17%	-55.23%	\$ 49,346.25	\$ 9,869.25	\$ 3,947.70	11,843.10	63,163.20	
2015	1,338,681	2,608,500	3,947,181	-0.01%	-55.24%	\$ 49,339.76	\$ 9,867.95	\$ 3,947.18	11,841.54	63,154.90	
2016	1,303,600	464,000	1,767,600	-55.22%	-79.96%	\$ 22,095.00	\$ 4,419.00	\$ 1,767.60	5,302.80	28,281.60	
2017	1,211,300	160,800	1,372,100	-22.37%	-84.44%	\$ 17,151.25	\$ 3,430.25	\$ 1,372.10	4,116.30	26,069.90	

2017 "Total City Taxes Levied" assumes approval of 3 mill sinking fund



FAIR Committee Agenda Item Summary

Meeting Date: March 13, 2017

Agenda Item 5: 2017 Road Repair Funding Recommendation

SUBJECT: Discussion & Recommendation

BACKGROUND PROVIDED BY STAFF: City Manager David Mackie

RECOMMENDATION:

After review and discussion, I would ask the FAIR Committee to consider recommending to the City Council supporting the inclusion of the 3 mill sinking fund in the 2017/18 budget and continuing to earmark \$300,000 from BPU PILOT payments for road reconstruction projects. The combination of these two revenue streams will generate approximately \$650,000.

Attachment

F.A.I.R. Committee -Property Tax Information

2017 Taxable Value (Ad Valorem)		123,219,048 (estimated 2/9/2017)	
<u>Purpose</u>	Authorized By Charter:		Proposed 2017/18
	<u>Mills</u>	<u>\$ based on 2016 TV</u>	<u>Mills</u> <u>2016 Levy</u>
General Operating - up to 1.25% (12.5 mills) of assessed (taxable) valuation	12.5000 \$	1,540,238.10	12.4338 \$ 1,532,074.84 (Statutory Reduction by Headlee)
Street Maintenance - up to 0.25% (2.5 mills) of assessed (taxable) valuation	2.5000 \$	308,047.62	2.4868 \$ 306,414.97 (Statutory Reduction by Headlee)
Debt/Sinking Fund (optional/as needed) - up to 0.3% (3 mills) of assessed (taxable) valuation	3.0000 \$	369,657.14	2.9841 \$ 367,697.96 Levied by City Council resolution per Section 8.4 of Charter
Library - special purpose (voted)	1.0000 \$	123,219.05	0.9947 \$ 122,565.99 (Statutory Reduction by Headlee)
Special Purpose (Voted) - to be used to erect buildings, purchase ground therefor, or other public improvements or purpose	1.0000 \$	123,219.05	- \$ - (More can be requested if no debt/sinking fund collected - no more than 20 total mills annually)
Annual Limitation	20.0000 \$	2,464,380.96	18.8993 \$ 2,328,753.75
Available, not utilized	(1.10) \$	(135,627.21)	

Section 8.4. - Adoption of budget—Tax limit.

Not later than the first Monday in the month of June, the Council shall, by resolution, make an appropriation for the money needed for municipal purposes during the ensuing fiscal year, and provide for a levy of the amount necessary to be raised by taxes upon real and personal property for municipal purposes. The aggregate amount which the Council may raise by general tax upon the taxable real and personal property in the City, for the purpose of defraying the general expenses and liabilities of the corporation, shall not, except as herein otherwise provided, exceed in one year one and one-fourth per cent of the assessed valuation of all real and personal property subject to taxation in the City. The Council may also raise by tax for defraying the expenses of working upon, improving, and repairing and cleaning the streets of the City, a sum not exceeding in any one year one-fourth of one per cent on the assessed value of the taxable real and personal property of the City. **The Council may also raise such further sum annually, not exceeding three-tenths of one per cent of the assessed value of the real and personal property of the City as may be necessary to provide for the payment of interest and principal on the funded debt of the City, including payment into a sinking fund established for the purpose of debt service.**

Should any greater amount be required in any year for the purpose of erecting public buildings, or for the purchase of ground therefor, or for other public improvements or purposes, to be paid for from current appropriations of the general fund of the City, than can be raised by the Council under the foregoing provision of this section, such amount may be raised by tax if authorized by two-thirds of the electors voting upon the question at an annual City election or special election called for such purpose. In such election only electors owning property assessed for taxation, or their husbands or wives, may vote. ⁽⁵⁾ The proposition to raise such additional amount shall be submitted to a vote of the electors by a resolution of the Council, distinctly stating the purpose of the proposed expenditure and the amount to proposed to be raised therefor. Such resolution shall be passed, and published in one or more of the newspapers of the City at least two weeks before the election at which the vote is to be taken.

The amount that may be voted or raised in any year under the several provisions of this section shall not exceed a total of two per-cent of the assessed valuation of all real and personal property of the City as shown by the last preceding tax roll, except that any levy authorized by the laws of this state to be made outside of charter tax limitations may be so levied.

Editor's note— For statutory provisions concerning limitations on local property taxation and millage levies, including provisions requiring roll-backs, see Mich. Const. 1963, art. IX, § 31, and MCL 211.24c and 211.34.

Footnotes:

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Editor's note—Such voting requirement is of doubtful constitutionality as a violation of equal protection.

FAIR Committee Agenda Item Summary

Meeting Date: March 13, 2017

Agenda Item 6: Detroit News Article

SUBJECT: Information

BACKGROUND PROVIDED BY: Dr. Gary Wolfram

[Attachment](#)

Revenue sharing boosts Michigan communities

Gary Wolfram 12:07 a.m. ET March 8, 2017



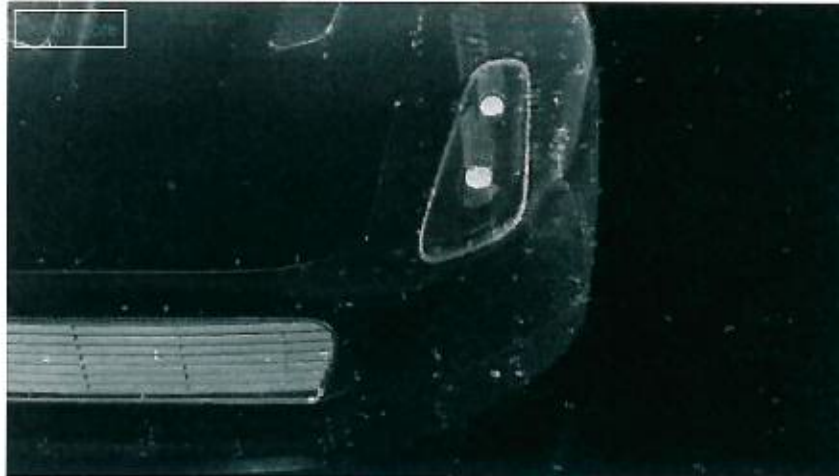
(Photo: AJ Goldts)

Thomas Jefferson made clear that much of our governance should come at the local level. As he put it in 1816 in his letter to Joseph Cabell:

"It is by dividing and subdividing these republics from the great national one down through all its subordinations, until it ends in the administration of every man's farm by himself; by placing under everyone what his own eye may superintend, that all will be done for the best."

Michigan has a long history of declaring the importance of local government. The Home Rule City Act of 1909 precluded the state government from dissolving a city without a vote of the local residents. Section 34 of Article VII of the 1963 Constitution requires that provisions of the constitution concerning cities "shall be liberally construed in their favor." One way of acknowledging the importance of local units of government was the establishment of revenue sharing, whereby the state government collects revenue statewide and returns the revenue to cities, villages, and townships.

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Unfortunately, since the Great Recession, local units of government have been hit with three major blows, all of which involve the state government. The first, is the major decline in revenue sharing as the state struggled to balance its budget during the recession of 2007-2009.

Statutory revenue sharing, including EVIP and now CVTRS payments, declined from a peak of \$684 million in FY 2001 to \$210 million in FY 2012 and only recovered to \$249 million in FY 2016. Total revenue sharing which fell from a peak of \$1.326 billion in FY 2001 has only recovered to \$998 million in FY 2016. These figures are in nominal dollars. Imagine what the fiscal situation of cities would be if there had been an additional \$400 million in revenue sharing each year.

The second problem is the decline in Act 51 revenues. As the House Fiscal Agency noted in its report last month, road funding has stagnated. "Some local road agencies received a smaller distribution in FY 2012-13 than they did in FY 1997-98." There is expected to be some increase in funding due to the recent transportation package, however, funding for local roads will still be well below in nominal dollars what it was a decade ago.

The third problem is the unintended consequences of Proposal A's limit on the increase in taxable value of property. In 1993 it was not expected you would get a severe decline in property values. In retrospect, the language should have allowed taxable values to return to their prior level at the market rate in the case of a downturn. Instead, the taxable value can only go up by 5 percent or the rate of inflation whichever is smaller. This has resulted in a significant decline in property taxes in the local units.

Taxable valuations statewide fell by \$48 billion from 2008 to 2013, from \$363 billion to \$315 billion, and have only recovered to \$327 billion for 2015 (latest figures available from the Department of Treasury Ad Valorem Property Tax Report). As a consequence property taxes collected by Michigan cities declined by more than \$139 million from 2008 to 2015.

A top priority in the state budget should be a return of statutory revenue sharing to at least its 2008 level. The combination of these three threats to local government finances have left some cities under emergency management, and many cities with lessened police and fire protection. Road and other infrastructure maintenance has been delayed with the result that many local roads are in disrepair.

Restoring revenue sharing will lead to less state spending on bailouts of cities and result in more secure local government services and in a tax cut for Michiganians as their local governments will be able to reduce property tax rates.

Gary Wolfram is the William Simon professor of economics and public policy director of economics at Hillsdale College.

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