



Non-Homestead Millage Renewal F.A.Q.

On May 6, 2014, Ludington Area School District voters will have the opportunity to vote on a millage renewal proposal. On the ballot will be a Non Homestead Millage Renewal. Below find answers to frequently asked questions.

How does this fit into the overall School Funding Structure?

Michigan schools are funded under a structure created when Michigan electors approved Proposal A statewide in 1994. Under the plan, Michigan schools are funded with a total of 24 mills on non-homesteads. This is made up of a state wide millage rate of 6 mills on all property and 18 mills on non-homestead property when approved by local voters. When Proposal A passed in 1994, the school operating property tax rate on homesteads decreased by 75 percent, from 24.3885 mills to 6 mills. The school-operating rate on non-homesteads decreased from 24.3885 mills to 24 mills.

I thought schools no longer received funding through property taxes, so why are they talking about a millage renewal?

Funding for school districts changed significantly in 1993/94 when Michigan voters passed Proposal A. Under Proposal A, the State guarantees our foundation allowance, and in Ludington the majority of that comes from the millage on non-homestead property. To receive full funding, schools must levy 18 mills on non-homestead property.

What does "Non Homestead" mean?

Non-homestead represents industrial, commercial and some agricultural property and "second homes." **It does not include a family's primary residence.**

Is this a new tax?

No. The voters approved this millage in 1994. The district has voter approval to levy 18 mills on non-homestead property through the 2013-2014 school year.

How much will this cost my business?

This renewal will have no effect on your current taxes. For a business with a taxable value of property established at \$200,000 the tax cost would be \$3,600 ($\$200,000 \div 1,000 \times 18$ mills), the same as what you are paying today.

Will my residential school taxes increase?

No. This tax is on non-homestead property and does not apply to your primary place of residence.

What if the millage is voted down?

The revenue generated from the 18 mills totals over \$12.5 million annually, or about 63.8% of the school district's budget. The district's total operating budget is 19.7 million dollars. If this millage does not pass, the State will not replace the funding and Ludington Area School District will be forced to reduce or cut programs to offset the loss.

Can the district use bond money or sinking fund money to cover the loss?

Although the district receives revenue from the bond funds and sinking funds, these funds are restricted by law to specific uses, which does not include general operating fund operating expenditures.

Where can I read the ballot language?

Please visit the Ludington Area School District web page for additional ballot language information.