**Non-Homestead Property Tax Vote Set for May 3, 2016**

The Mt.Morris Consolidated Schools Board of Education approved a resolution at the January 26 meeting calling for an election on a proposal to continue the non-homestead property tax rate to the maximum permitted assessment of 18 mills.

*It is important to note that by law, to obtain the total foundation allowance, school districts must collect a local “Non-Homestead” millage for this portion of its budget. The State reduces its obligation to districts by this amount and only pays the balance*. ***Therefore it is critical to continue to collect 18 mills on non-homestead property to attain full funding.***

Below is a Q & A that provides information on the non-homestead operational millage. I am hoping the Q & A clarifies the purpose and need for the millage. Please feel free to contact me if you have any questions; I would be happy to talk or meet with you. I can be reached at 591-8760.

Tricia



**Questions and Answers on the Non-Homestead Property Tax Election**

**What will the millage cost homeowners?**

**Nothing.** The 18 mills Non-Homestead Millage only applies to local business, industrial and commercial property or property that is not the owner’s primary residence.

There is **NO IMPACT** on homeowners.

**Will this increase taxes on Non-Homestead properties?**

**No.** This is a continuing tax, not an increase, so businesses will keep paying the same millage rate they are currently paying.

**What does “Non-Homestead” mean?**

Non-Homestead properties represent industrial, commercial, and some agricultural property and “second homes.” It does not include a family’s primary residence.

**How important is this election?**

**Extremely.** The Non-Homestead Millage comprises about $1.3 million, or six percent, of Mt. Morris Consolidated Schools’ operating budget. The State of Michigan assumes school districts levy and collect the full 18 mills, and subtracts this amount from each district’s per pupil allowance. For Mt. Morris Schools this is equal to more than $654 per pupil. These are the funds used to pay for staffing, purchase textbooks and classroom supplies, and operate the district’s school buildings. These local funds are deducted from the per pupil money the school district receives from the state. If the millage renewal is not approved, the state will not make up the difference, and Mt. Morris Schools will lose $1.3 million in revenue.

**What is the Headlee Rollback?**

Mt. Morris Schools’ Non-Homestead Millage has been reduced or rolled back periodically since 2002. The rollback is called a Headlee Rollback. A Headlee Rollback occurs when local units of government (including school districts) are required by law to reduce, or “rollback”, the millage rate when the growth on existing property is greater than the rate of inflation. As a result of Headlee Rollback, school districts collect less revenue than is allowable under Proposal A.

**Why are voters being asked to pass 20 mills, when the maximum Non-Homestead levy by law is 18 mills?**

Since 2002, the school district’s operating millage rate was reduced through a Headlee Rollback. To restore the full operation dollars authorized by the state under Proposal A, voters approved a Headlee adjustment millage in 2002. Although the district is seeking 20 mills only the maximum allowable 18 mills will be levied, with the balance of the approved millage available in the event of future Headlee Rollbacks.

**How are Michigan school districts funded?**

Public schools in Michigan receive most of their funding on a per pupil basis from the state. The amount a school district receives per pupil is called the Foundation Allowance. The per pupil foundation allowance for Mt. Morris Consolidated Schools is currently $7,391. This represents the major portion of Mt. Morris Schools’ revenues and is funded from two sources: (1) local revenue – 18 mills collected on non-homestead property, and (2)state revenue.

For example, the Foundation Allowance funding calculation is as follows:

Student Count (adjusted count for K-12 general education) 2,055

Per Pupil Foundation Allowance x $7,391

Total Foundation Allowance $15,188,505

18 mills Collected on Non-Homestead Properties - $1,343,842

Amount Paid by State $13,844,663

*By law, to obtain the Total Foundation Allowance, Mt. Morris Consolidated Schools must collect the maximum local Non-Homestead Millage for this portion of the budget. The state reduces its obligation to districts by this amount and only pays the balance.* ***Therefore, it is critical to continue to collect 18 mills on Non-Homestead properties in the school district.***