

Millage Subcommittee Final Report



Prepared by the Kent County Administrator's Office

November 16, 2011

The mission of Kent County government is to be an effective and efficient steward in delivering quality services for our diverse community. Our priority is to provide mandated services, which may be enhanced and supplemented by additional services to improve the quality of life for all our citizens within the constraints of sound fiscal policy.

I. HISTORY/BACKGROUND

Funding for many operations of Kent County is dependent upon property tax revenues. Property tax revenues are generated through the levy of a millage rate. For Kent County, three millage rates are levied: 1) annual operations; 2) corrections/detention (both operations and debt service); and 3) senior services. Recognizing that there are stresses being placed on many operations and services, both internal and external to the County, in January 2011 Board Chair Sandi Parrish established a Subcommittee with the following mission:

To understand Kent County's millage levies in comparison to other county millage levies throughout the State of Michigan; to become knowledgeable about potential millage (ballot questions) that are both internally (County) and externally (Community groups) developed; and to make recommendations to the Board of Commissioners on the County's priorities for such millage requests.

The Subcommittee consists of Commissioners Dick VanderMolen (Chair), Dick Bulkowski, Stan Ponstein, Shana Shroll, and Michael Wawee.

County Administrator/Controller Daryl Delabbio, Corporate Counsel Dan Ophoff, and Bureau of Equalization Director Matt Woolford assisted the Subcommittee in its deliberations.

Since late January, the Subcommittee met on nine occasions to fulfill its responsibilities.

II. KEY SUBCOMMITTEE FINDINGS

Kent County Millage

The first task of the Subcommittee was to become educated about the County's millage levy and how it compares to other millage levies throughout the State. As noted above, the County levies three millages, identified as follows:

Operating ¹ :	4.2803	NA
Senior Services	0.3244	Expires December 2013
Corrections/Detention	0.7893	Expires December 2029
Total County Millage	5.3940	

In addition, there are a number of multi-jurisdictional millages levied within Kent County that overlap governmental boundaries, some of which are countywide, some of which are not. These millages include:

KISD (Countywide)	4.6005	NA
GRCC (Countywide)	1.7865	NA
Kent District Library ²	0.8800	Expires December 2013
ITP (The Rapid) ³	1.2900	Expires December 2017

¹ Maximum levy for County operating millage is 4.3200 (0.0397 mills currently not levied)

² Includes all of Kent County with the exception of the City of Grand Rapids, Solon Township, Sparta Township, the Village of Sparta, and the City of Cedar Springs

³ Includes the Cities of Grand Rapids, Wyoming, Kentwood, Walker, Grandville, and East Grand Rapids

All millage levies are subject to the “Headlee Amendment,” passed by Michigan voters in November 1978, and Proposal A, passed by Michigan voters in 1994.

Based upon the latest county millage levies, Kent County’s *operating millage* of 4.2803 ranks it 71 out of 83 counties. The average operating millage for counties in the state is 5.157 mills. Kent County’s *total millage* levy of 5.394 is 77th out of the 83 counties (that is, Kent County’s total millage levy is the seventh lowest in the state). The average total millage levy for counties is 7.421 mills. Livingston County levies the lowest millage rate for both operations (3.3897) and total (3.7342). Baraga County levies the highest millage rate for operations (8.3527) and total (14.5412).

What a Mill Generates

Property tax revenues are derived from applying a millage rate to the State Taxable Value of a property. The State of Michigan’s Constitution requires that property assessments be 50% of the market value of the property (the state equalized value or SEV). With the passage of Proposal A in 1994, the Constitution was amended, permitting the State Legislature to authorize taxes on a non-uniform basis. As a result, a new measure of property value was created: the State Taxable Value or STV, which limits the amount a property can be taxed at to the inflation rate or 5%, whichever is less.

Kent County’s total 2011 STV is \$20,506,183,649. The following chart denotes the revenue that one mill will generate, in one-tenth increments⁴:

0.10 mill	\$ 2,050,618
0.20 mill	\$ 4,101,236
0.30 mill	\$ 6,151,854
0.40 mill	\$ 8,202,472
0.50 mill	\$10,253,090
0.60 mill	\$12,303,708
0.70 mill	\$14,354,326
0.80 mill	\$16,404,944
0.90 mill	\$18,455,562
1.00 mill	\$20,506,184

What a Mill Means to the Taxpayer

A millage rate is levied on the taxable value of a property (the taxable value of a property is, by mandate of the Michigan Constitution, one half of the fair market value of a property). A mill can be defined as \$1 in tax for each \$1,000 in taxable value. The following are illustrative examples of what one mill means to a taxpayer.

<u>Market Value</u>	<u>Taxable Value</u>	<u>Tax</u>
\$100,000	\$ 50,000	\$ 50.00
\$150,000	\$ 75,000	\$ 75.00
\$200,000	\$100,000	\$100.00
\$250,000	\$175,000	\$175.00

⁴ Revenues listed are gross property tax revenues and do not take into account any revenues “captured” by various tax capture districts (e.g., DDAs, TIFAs, Smartzones, Renaissance Zones, etc.).

Potential Millages

The second task of the Subcommittee was to identify potential millages that might be requested over the next two years (2011 and 2012). The initial list of potential millage requests included the following:

- Parks
- Zoo
- Early Childhood
- Purchase of Development Rights
- Countywide Transportation
- Veteran's Affairs

As part of this task, the Subcommittee requested information related to deadlines for the Board of Commissioners to place millage questions on the ballot. The schedule for 2011 and 2012 is as follows:

<u>Election Date</u>	<u>Proposal Filing Deadline</u>
May 3, 2011	February 22, 2011
August 2, 2011	May 24, 2011
November 8, 2011	August 30, 2011
February 8, 2012	December 20, 2011
May 8, 2012	February 28, 2012
August 7, 2012	May 29, 2012
November 6, 2012	August 28, 2012

While not part of the initial charge of the Subcommittee, it was discovered that there were changes in election law since the County's Millage Request Policy was established. As a result, the Subcommittee recommended changes to the Policy, and those changes were adopted by the Board of Commissioners in May 2011. In addition, the development of an application form to be used by agencies/organizations requesting that the County consider placing a millage question on a ballot was developed.

Upcoming Millage Requests

Obviously, no millage requests requiring a vote of the citizens have been made in 2011. Based upon the understanding of the Subcommittee, it appears that there could be up to three millage requests made in 2012.

Parks: Presently, there is a committee that is looking at ways to improve services and sustain funding. It is too soon to determine if a millage request will be forthcoming in 2012.

Zoo: Based upon a community committee looking at the merger of the John Ball Zoological Garden and the Zoological Society, it appears that any request for a millage will be proposed in 2014.

Early Childhood: The Subcommittee met with representatives of the Early Childhood Initiative and it was informed that any potential request for a millage would probably not take place until 2013 or 2014.

PDR: At this point, it is unknown if a millage request will be forthcoming.

Countywide Transportation: While the Grand Valley Metropolitan Council completed its *Kent County Transit Needs Assessment* in June 2011, there has been no further action/ correspondence related to its recommendations.

Veteran's Affairs: The Veteran's Affairs Committee made an official request for the County to levy an additional 1/100ths of a mill to fund needs for indigent veterans. Because the statute enabling such a millage to be levied preceded the "Headlee Amendment," the additional millage could be levied without a vote of the people. This request was reviewed by the Subcommittee and while there was general consensus to recommend it, the Finance & Physical Resources directed the County Administrator/Controller include additional funding within the current operating millage rate of the County in the proposed 2012 Budget.

Senior Services: While not part of the initial list noted above, the Senior Services millage will expire on December 31, 2013. It is anticipated that a request from advocates for this funding will be made to include a question on the August 2014 Primary Election or November 2014 General Election ballot.

Kent District Library: The Kent District Library (KDL), as a separate entity, does not have to make a formal request to the Board of Commissioners to have a millage question placed on the ballot. The existing millage for the KDL expires on December 31, 2013. The Director of the District Library has indicated the intent of the District Library Board to place a millage on the August 2014 ballot.

III. RECOMMENDATIONS

The final task of the Subcommittee is to make a recommendation. At this point, there are no recommendations forthcoming in terms of millage requests. As noted above, however, there is the potential for three millage requests: Park, PDR, Senior Services. The most likely request will be for Senior Services. In addition, discussions have emerged during the year at the State level to eliminate the personal property tax. As the prospect for this becomes more realistic, and if replacement funding is not identified, requests for millages (increasing existing millages or levying new ones) may accelerate, depending on how quickly and deeply the personal property tax is reduced, phased out, or eliminated.

Because of this, the Subcommittee recommends that it continue into 2012 and meet on an as-needed basis to review any millage requests that are submitted for consideration. The Subcommittee believes it should be restructured to include two members of the Finance & Physical Resources Committee and three members of the Legislative & Human Resources Committee (instead of the current make-up of one member from the Finance & Physical Resources Committee and four members from the Legislative & Human Resources Committee).

The Subcommittee has developed a strong data base of information related to county millages levied throughout the state. In addition, based on its research and accompanying discussion, it has developed a solid understanding of Kent County's millage rates and the history behind them. The Subcommittee believes it should be a resource for the Board of Commissioners to provide a mechanism for due-diligence and research and to make reports on millage requests, but not necessarily to make recommendations.

The Subcommittee envisions a process whereby a request for a millage question to be placed on a ballot would begin with a formal application from an advocacy (or other) group or a recommendation from one of the Standing Committees. If an advocacy (or other) group makes a

request, an initial presentation could be made to the Board of Commissioners under *Special Order of Business*. The application/request would be referred to the Millage Subcommittee, which will review the request and submit a report to the appropriate standing committee for review and recommendation to the Board of Commissioners.

Recommendations:

- 1) ***That the Chair of the Board of Commissioners re-appoint a Millage Subcommittee in 2012.***
- 2) ***That the Subcommittee membership be comprised of two members of the Finance & Physical Resources Committee and three members of the Legislative & Human Resources Committee.***
- 3) ***That the Subcommittee's charge be to conduct research on millage questions brought to the County of Kent and submit a report of findings to the appropriate Standing Committee for formal recommendation to the Board of Commissioners..***