



Climax-Scotts Community Schools

Where Students Are More Than A Test Score!

Climax-Scotts Community Members:

There is an important school issue on the **May 3, 2022, voting ballot!**

The intent is the **RENEWAL** of the normal **18-mill non-homestead tax**, also known as the **operational millage**. But, because the value of the taxable property has increased faster than inflation in recent years, the school's legally allowable operational millage of 18-mills, has been reduced to 17.5864, a process known as the Headlee rollback. This reduction is a loss of revenue to the district that is not made up by the State of Michigan. So, to effectively restore the 18-mills the ballot language is in two parts. Included in the ballot language is our request to consider **renewing the reduced 17.5864 millage** and a second request to consider an additional 2-mills, of which we are only allowed to levy the amount that brings it back up to 18-mills. The difference could be available to levy in future years if the operational millage is again reduced, due to the Headlee rollback. **We would only levy the legally allowable 18-mills.**

The 18-mill non-homestead tax originated in 1994 with the passing of Proposal A. The tax covers all property that is not homestead or qualified agricultural property. If you own one home within the Climax-Scotts School District, the tax will not pertain to you and **would not cost you anything**. The non-homestead tax covers homeowners of more than one home, or a second home, within the district, and businesses.

The non-homestead **RENEWAL and RESTORATION** is extremely important to the school district. It is included as part of the State's Foundation Allowance that is paid for each student and if it was not renewed and fully restored, it would cost the district approximately \$340,000, which would not be made up by the State. These are funds used for general fund operating expenses and the loss of them would have catastrophic consequences. Please look for, and vote on, the school district's non-homestead **RENEWAL** ballot question and the additional **2-mills** ballot question.

Thank you to our business owner friends who have generously supported our schools with this tax, and remember; we are voting on a **renewal, and a restoration**, which would allow the district to levy up to 18-mills.

Douglas P. Newington
Superintendent



Non-Homestead Millage Renewal

May 3, 2022

Frequently Asked Questions

On May 3, 2022, Climax-Scotts Community Schools will ask voters to renew our current 17.5864 operating millage and also restore it back to an 18-mill tax levy on non-homestead property. There will be no increase or decrease in your primary residence property taxes related to this millage.

What is non-homestead property?

Non-homestead property refers to industrial, commercial, rental and vacation property, including apartment buildings, and certain vacant land. It does not include a family's primary residence.

If the millage requests are approved, will taxes on my home increase?

No. There will be no increase in your primary residence property taxes if the millage requests are approved.

If the millage requests are defeated, will the taxes on my home decrease?

No. There will be no reduction in your primary residence property taxes if the millage does not pass.

Will this increase taxes on Non-Homestead properties?

The school district is legally allowed to levy 18 mills annually. The 17.5864 mills requested is a renewal, not an increase. However, .4136 mills (18-17.5864) of the 2 mills being requested, which is intended to restore the full 18 mills, is an increase over 2021. It simply restores the allowable 18 mills back to the full 2019 level, which is where it was prior to the 2020 Headlee Rollback.

What is the Headlee Rollback?

C-S's Non-Homestead Millage has been reduced or "rolled back" since 2020. 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 a Headlee Rollback, school districts collect less revenue than is allowable under Proposal A.

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 C-S Community Schools is currently \$8,700. This represents the major portion of C-S Community School's revenues and is funded from two sources: (1) local revenue - 18 mills collected on Non-Homestead property in the district, and (2) state revenue.

Why are voters being asked to renew 17.5864 mills, plus an additional 2 mills, when the maximum Non-Homestead levy by law is 18 mills?

Beginning in 2020, the school district's operating millage rate has been reduced below 18 mills through a Headlee Rollback. To restore the full operational dollars authorized by the state under Proposal A, C-S is requesting voters approve an additional 2.0 mills to ensure full funding from the state. It is possible that additional Headlee Rollbacks will occur over the next few years and the district needs to ensure that our funding is protected.

Although the district is seeking a total of 19.5864 mills (17.5864 and 2.0), the district will only levy the maximum allowable 18 mills that is legally authorized to be levied in any given year. If approved, the balance of 1.5864 mills could be available in the event of future Headlee Rollbacks.

How important is this election?

Extremely. The Non-Homestead Millage comprises almost \$340,000, or 5 percent, of Climax-Scotts Community Schools' operating revenues. 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 C-S Community Schools this is equal to more than \$635 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 C-S Community Schools will lose approximately \$340,000 in revenue each year.

Why do we need a millage election?

The Non-Homestead Millage is required by Proposal A (the state's school funding structure), in order for C-S Community Schools to receive its full per pupil foundation allowance from the state. The law requires that the 18 mills on Non-Homestead property cannot be levied unless it comes before voters in an election. C-S Community School's residents last approved the operating millage in 2019, and a 5-year renewal period is requested in the May 3, 2022, election.

Can the district use bond money to cover the loss in revenue if the millage is not approved?

No. These funds are restricted by law to building and site projects and cannot be used for general fund expenditures such as staffing, textbook and classroom supplies, or to operate our school buildings.

What is a "mill?"

A mill is \$1 for every \$1,000 of taxable valuation on property. The non-homestead operating millage rate is 18 mills, which means affected property owners would pay \$18 for each \$1,000 of taxable valuation.

Where do I vote?

Visit www.michigan.gov/vote to see if you are a registered voter, locate your voting precinct, and view your ballot.

EXHIBIT A

I. CLIMAX-SCOTTS COMMUNITY SCHOOLS OPERATING MILLAGE RENEWAL 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 revenue per pupil foundation allowance and renews millage that will expire with the 2023 tax levy.

Shall the currently authorized millage rate limitation of 17.5864 mills (\$17.5864 on each \$1,000 of taxable valuation) on the amount of taxes which may be assessed against all property, except principal residence and other property exempted by law, in Climax-Scotts Community Schools, Kalamazoo and Calhoun Counties, Michigan, be renewed for a period of 5 years, 2024 to 2028, inclusive, to provide funds for operating purposes; the estimate of the revenue the school district will collect if the millage is approved and levied in 2024 is approximately \$338,892 (this is a renewal of millage that will expire with the 2023 tax levy)?

II. CLIMAX-SCOTTS COMMUNITY SCHOOLS OPERATING MILLAGE PROPOSAL

This proposal will allow the school district 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 revenue per pupil foundation allowance.

Shall the limitation on the amount of taxes which may be assessed against all property, except principal residence and other property exempted by law, in Climax-Scotts Community Schools, Kalamazoo and Calhoun Counties, Michigan, be increased by 2 mills (\$2.00 on each \$1,000 of taxable valuation) for a period of 7 years, 2022 to 2028, inclusive, to provide funds for operating purposes; the estimate of the revenue the school district will collect if the millage is approved and levied in 2022 is approximately \$7,814 (this millage is to restore millage lost as a result of the reduction required by the Michigan Constitution of 1963 and will be levied only to the extent necessary to restore that reduction)?