

Ypsilanti Public Schools

Proposal F Vote

The Problem

The Headlee formula limits the total tax increase for an entire district to the rate of inflation.

It is triggered when property is sold and re-valued at a level much higher than the rate of inflation.

This causes the 18 mills to be rolled back (currently at 17.215 mills for Ypsilanti Public Schools).

Example:

When a 100 acre parcel of vacant (non-homestead) land is sold for \$1,000,000 it may then come onto the tax rolls as 85 individual building sites for a new subdivision valued at \$40,000 each. New taxable value: \$3,400,000

This extra \$2,400,000 of non-homestead property value (along with numerous other “similar” sales) triggers the “Headlee Rollback” of the 18 mills non-homestead millage.

The Solution

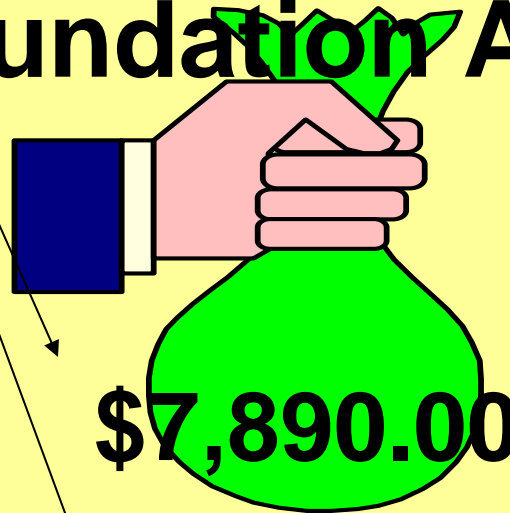
To resolve this issue, many school districts are requesting more mills than are needed to override Headlee. Districts are requesting authorization to levy 20 or 21 mills. The state law prohibits Districts from levying more than 18 mills. Headlee reduces the authorized millage rate, not the levied rate. If a rollback occurs, it is applied to the 20 or 21 mills, not the 18 mills levied. This means there is no impact on the 18 mills levy for a number of years. This increase is rationalized by districts saying that it will eliminate the need to come back to voters again and again to ask for the same 18 mill levy.

Passage of Proposal F Projected Sources of Revenue for Per Pupil Foundation Allowance

\$2,476

Local Non-Homestead Taxes

(18 Mills Times
Non-Homestead
Taxable Value
Divided by Student Count



\$5,414

From the State

**Non-Homestead properties include:
apartment buildings, rental homes, vacation property,
vacant land, commercial / industrial property**

Failure of Proposal F Actual Sources of Revenue for Per Pupil Foundation Allowance

\$2,368

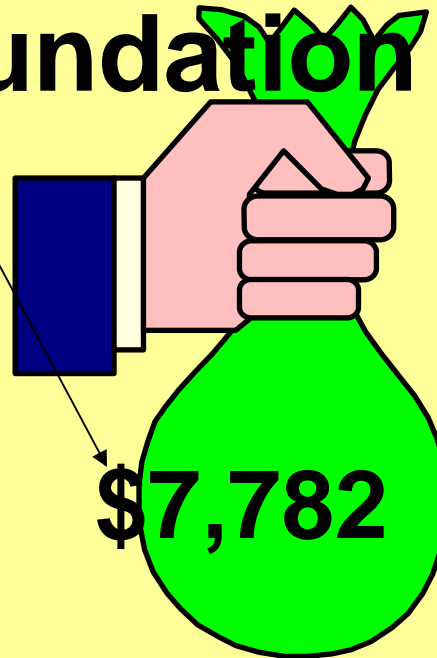
Local Non-Homestead Taxes

(17.215 Mills Times

Non-Homestead

Taxable Value

Divided by Student Count



\$7,782

\$5,414.

From the State

**State assumes all
Districts are levying
18 mills**

2008-09

Loss of Revenue to Ypsilanti Public Schools

Student Count (Blended)		3,888.12
Loss of Non-Homestead Tax Revenue	x \$	108.04
Total Loss of Revenue		\$420,066.00

Potential Long Term Impact of Failure to Override Headlee

Year	Annual Increase in Lost Revenue	Annual Total Lost Revenue	Cumulative Lost Revenue	Mills
2008-09	\$ 420,066.00	\$ 420,066.00	\$ 420,066.00	0.785
2009-10	420,066.00	840,132.00	1,260,198.00	1.57

Example Calculation

Year 1	Non Homestead Millage Rate		18.0000
Year 2	Non Homestead Millage Rate		17.2150
	Additional Non-Homestead Millage Rate	+	2.0000
	Total Authorized to Levy		19.2150
	Total Levied		18.0000
Year 3	Non Homestead Millage Rate		16.4300
	Additional Non-Homestead Millage Rate	+	2.0000
	Total Authorized to Levy		18.4300
	Total Levied		18.0000