

Operating Millage Proposal on Non-Homestead Properties

Frequently Asked Questions

Who pays the operating millage?

The operating millage is levied on properties that do not qualify for the Michigan homestead exemption (non-homestead properties). Primary residences qualify for the homestead exemption and, therefore, do not pay this 18 mill tax.

What is a non-homestead property?

A non-homestead property is any property that is not a primary residence or qualified agricultural property, such as a business, investment property, vacation home, and rental properties.

Is this a new tax?

No. This millage has been in place since 1994 with the passage of Proposal A. The voters last approved a levy for 18 mills on non-homestead property in May 2015. The current millage expires with the 2020 tax levy.

What is the Headlee Amendment and how does it affect me?

The Headlee Amendment of 1978 changed the Michigan Constitution. At that time, real estate was increasing in value faster than the rate of inflation. So when taxing entities (cities, townships, state, etc.) calculated property taxes based on property value, they would collect more than the increase in inflation. The Headlee Amendment automatically “rolls back” the millage

rate to equal the rate of inflation in order to keep taxes from increasing more than inflation.

Why is the district asking for a 2-year authorization?

The district has operated on a 5-year renewal cycle for the non-homestead operating millage. For the 2018 tax year the value of non-homestead properties in Caledonia has increased at a rate greater than inflation, which has caused the millage to be Headlee reduced. The non-homestead millage is an important portion of the state’s per-pupil foundation allowance and must be collected locally. The state calculates the amount the district should receive based on the voters levying the full 18 mills. If the millage has been Headlee reduced, the district’s State Aid Foundation allowance is reduced based on not levying the full 18 mills, and during the 2018-2019 school year that reduction amount will negatively impact the district budget by \$71,000. The district is seeking community support for a Headlee Override operating millage to restore the non-homestead operating millage to the full 18 mills in a timely manner and will expire with our current Headlee reduced non-homestead operating millage in 2020.

What is a Headlee Override?

A Headlee Override is a vote by the state statute, or a vote of the people and is necessary to counteract the effects of the Headlee rollback. On July

16, 2018, the Board of Education approved a ballot proposal of a 1.5 mill Headlee Override on the non-homestead operating millage because the millage has been Headlee reduced to 17.8452 mills. The authorization of the 1.5 mill override will allow the district to levy the full 18 mills on non-homestead properties during the 2019 tax year. At no time is the district permitted to levy more than 18 mills on non-homestead properties.

What happens if the millage does not get voter approval?

Failure to authorize the operating millage proposal would decrease our state School Aid Foundation allowance by approximately \$31 per student. The State of Michigan will not replace the lost funding due to voters’ non-approval.

Cost to Homeowner: \$0

This operating millage proposal will allow the district to levy the full 18 mills on non-homestead property. **If approved, homeowners will not see an increase in their property taxes.** This millage proposal will not change the taxes on your primary residence. **This is not a new tax.** It is a proposal to restore the district to the full 18 mill assessment on non-homestead properties, which directly impacts the amount the district receives from the state School Aid Foundation allowance per-pupil.

