



Frequently Asked Questions WLCSD Operating Millage Replacement November 5, 2024 Ballot Proposal

1. What is on the November 5, 2024 ballot?

On the Tuesday, November 5, 2024 ballot, the Walled Lake Consolidated School District (WLCSD) is asking the community to consider replacing its local operating millage.

The 18 mill non-homestead operating millage was most recently passed in November of 2014. The proposal on the November ballot will ask voters to levy up to 18 mills with a 3-mill Headlee cushion over the next 14 years to ensure the district can collect its full 18 mills on non-homestead properties and get its full per-student state aid. To receive the full per pupil allowance permitted by the state of Michigan, every school district in the state is expected and assumed to levy 18 mills (the maximum allowable mills that can be levied by law) on all non-homestead properties (businesses, rental properties, vacant land & second homes). The per-pupil foundation allowance (comprised of local taxes and State funding) provides the majority of the operating funding for public schools in Michigan.

The operating levy on homestead properties, generally categorized as residential property, is the Hold Harmless portion of the replacement millage. It is capped at the amount necessary to ensure that the District's combined state and local revenue equals the per pupil amount allowed under the state's funding system. Although the proposal authorizes up to 3.6297 mills (3.6432 mills were authorized by the voters in 2014), only .3086 was levied. As the state assumes more of this obligation through legislative changes in the foundation allowance, the residential portion of the operating millage (Hold Harmless) will continue to decrease. This occurred in 2021-22 dropping the allowable rate from 1.55 to .47 mills.

2. What is a millage?

A millage rate is the rate at which property taxes are levied on property. One (1) mill = \$1.00 for each \$1,000 of taxable value. Property taxes are computed by dividing the taxable value (not the assessed value) of the property by \$1,000 and then multiplying by the number of mills levied. For example, if the taxable value of a non-homestead property was \$50,000 and 18 mills were authorized, the annual tax would be \$900 ($\$50,000/\1000×18 mills).

3. What is a non-homestead millage?

A non-homestead millage is a tax rate on properties that **are not** considered primary residences or qualified agricultural properties. These properties include businesses, vacation homes, investment properties, and rental properties located within WLCSD. In Michigan, all school districts are expected and assumed to levy 18 mills on non-homestead properties to receive their full state foundation allowance. The money raised from this tax supports the majority of the district's day-to-day educational operations.

4. What is a Headlee Rollback?

A "Headlee rollback" occurs each year when the rate of inflation is higher than the rate of the increase in the taxable value of homes. The Headlee amendment caps property tax increases at 5% or the rate of inflation, whichever is less. Since the rate of growth of property values sometimes exceeds the rate of inflation, the actual tax levy decreases when this occurs.

To receive full per-student funding from the state, schools must levy 18 mills on non-homestead property, so operating millages are often approved with a cushion referred to as a "Headlee override" to ensure that it is possible in future years to collect the full 18 mills.

5. If the school district cannot collect the full 18 mills from local sources, does the State make up the difference?

No, the state does not make up the lost revenue when rollbacks reduce millage authorized below 18 mills. In fact, over the past 10 years, the District was unable to collect over \$13 million and the state did not make up the shortfall.

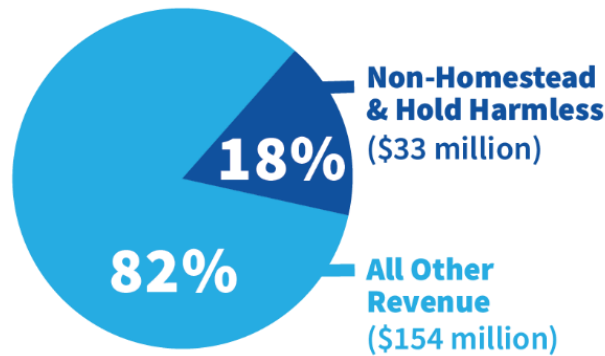
6. How does this vote impact the property tax rate on my primary residential home?

You will see ZERO impact on the property tax rate of your primary residence for the non-homestead millage replacement. Only the allowable "Hold-Harmless" millage rate applies to residential properties. All registered voters can vote on this operating millage proposal. However, the non-homestead millage (the majority of the operating millage) only applies to "non-homesteads" (mainly businesses, rental properties, vacant land, and second homes).

7. What is the approximate dollar value of the non-homestead and hold harmless millage and its impact on the overall WLCSD operating budget?

This non-homestead millage and hold harmless millage provide approximately \$33 million or roughly 18% of the school district's annual 2024-25 budgeted operating revenue.

2024/25 Budgeted Revenue
(All Sources)



**At Stake: 18% of WLCSD's
Total Operating Budget**

8. How does the district use the funds from the Operating Millage?

The money WLCSD receives from the Operating Millage supports the district's day-to-day agenda including operating expenses, facility maintenance, and staff compensation.

9. How is it different from a bond?

A bond millage is specific to the construction and renovation of district buildings and sites, and instructional equipment. Bond dollars **cannot** be used for general operations of the District. The non-homestead and hold harmless millage restorations are specific to general operations of the District and will mean a loss of funding if not approved. The state does not make up this revenue if the voters do not approve the proposal.

10. Why is this vote necessary?

Under state law, school operating millage authority expires periodically. For WLCSD to continue to receive the full state foundation allowance for each student, this millage must be reauthorized by the voters from time to time. This millage was last approved 10 years ago in 2014.

11. What happens if it doesn't pass?

If this proposal is not approved, the school district will lose more than \$33 million in operating revenue every year. The loss of this funding may cause the District to make difficult choices to balance the budget including possible program cuts, increased class sizes, closing of buildings, significant reduction in transportation, staff lay-offs, and/or service cuts.

12. What is the maximum levy amount in this operating millage for business owners?

By law, school districts cannot levy more than 18 mills, even with voter approval of a rate in excess of 18 mills. WLCSD has experienced Headlee rollbacks since the 2014 authorization resulting in the loss of access to over \$13 million of operating funds. The state does not make up the lost revenue when rollbacks reduce millage authority below 18 mills. WLCSD is requesting a 3 mill cushion (for a total of 21 mills) on non-homestead properties to protect the 18 mill levy against future Headlee Amendment rollbacks (losses).

13. What is the Headlee amendment and how does it affect these millage rates?

The Headlee amendment to the Michigan Constitution caps annual increases in property values at 5% or the rate of inflation, whichever is less (except when the property is sold). When the rate of growth of property values exceeds the rate of inflation (as it has several times in the last ten years), the Headlee amendment reduces the authorized tax rate this is referred to as a rollback.

14. Have we had this already? How long? Renewal?

This is an extension and restoration of an authorization first approved in 1995 and last approved in 2014. The current authorization will expire with the 2025 levy. We are requesting this before the expiration so the District will be able to access the full 18 mills for the upcoming year.

15. Who is eligible to vote for the election on Tuesday, November 5, 2024?

Registered voters living within the WLCSD's boundaries are eligible to vote on this proposal.

16. When is the election and where do I vote?

Election day is Tuesday, November 5. Polls are open from 7 a.m. to 8 p.m.

- Absentee ballots are available for voters on September 26.
- Early voting period is between October 26 – November 3.
- In-person voter registration required October 22 – November 5.

You can find your voting location through the state of Michigan website: www.Michigan.gov/VOTE .

17. Where can I find more information?

More information can be found on the District website: www.wlcsd.org/elections

18. How will this proposal appear on the November 5, 2024 ballot?

WALLED LAKE CONSOLIDATED SCHOOL DISTRICT
 COUNTY OF OAKLAND
 STATE OF MICHIGAN
 OPERATING MILLAGE REPLACEMENT PROPOSAL

This proposal would replace, restore and extend the authority of the School District, which expires with the 2025 tax levy, to levy up to 18.00 mills for general school district operating purposes on taxable property in the School District to the extent that such property is not exempt from such levy, restrict the levy on principal residences (owner-occupied homes) to no more than 3.6297 mills and protect against the impact of future Headlee rollbacks of up to 3.0 mills. This authorization would allow the School District to continue to levy the statutory limit of 18.00 mills on non-homestead property (principally industrial and commercial real property and residential rental property) and to continue to levy on principal residence property (owner occupied homes) only that portion of the mills necessary to allow the School District to receive the full revenue per pupil foundation allowance permitted by the State. The School District only levied 0.3086 mills on personal residences (owner occupied homes) in 2024.

Shall the limitation on the amount of taxes which may be imposed on taxable property in the Walled Lake Consolidated School District, County of Oakland, Michigan, be increased in the amount of 21 mills, with 18 mills being the maximum allowable levy (\$18.00 per \$1,000 of taxable value), to the extent such property is not statutorily exempt, and of which not more than 3.6297 mills may be imposed on principal residences, for fourteen (14) years, the years 2024 to 2037, inclusive? This operating millage, if approved and levied, would provide estimated revenues to the School District of \$3,232,239 during the 2024 calendar year, to be used for general operating purposes.

YES _____
 NO _____