

# Tawas Area Schools

245 West M-55 • Tawas City, MI 48763  
John R. Klinger, Superintendent  
Telephone (989) 984-2250 • Fax (989) 984-2253

Dear Community Members,

I would like to share factual information regarding the upcoming Operational Millage renewal vote on Tuesday, May 2, 2023. The Tawas Area School District is requesting a ten-year extension of property taxes assessed to all property, **except principal residence and other property exempted by law**, for a term of ten years (2024 to 2033).

## **Is this a new or increased tax?**

**NO.** This is a renewal of millage that will expire with the July, 2023 tax levy. The school district has levied 18 mills on non-homestead property since 1994 and would continue to levy 18 mills if the proposal is approved.

## **Will the taxes on my home increase?**

**NO.** Since the adoption of Proposal A in 1994, school funding was structured to include an 18 mill non-homestead tax that requires periodic renewal through voter approval. The non-homestead tax that is now subject to renewal is assessed on non-homestead property (such as most commercial and industrial property, rental or vacation properties, etc.).

## **How much would the school collect if the renewal passed?**

The district would collect approximately \$5,006,140 for the 2022-2023 school year.

## **What are the funds used for?**

The funds received from the non-homestead millage supports approximately 32% of the district's annual operating budget to pay for the day-to-day operation of the school district. Operating expenses include textbooks, classroom supplies, utilities, transportation, teachers and other staff, etc.

## **What does "except principal residence and other property exempted by law" mean?**

The tax is assessed against non-homestead property and NOT on a homeowner's primary residence. Examples of non-homestead property subject to the 18 mills includes: second homes or vacation property and most industrial and commercial property.

## **What is a mill?**

One (1) mill is the equivalent to \$1.00 for every \$1,000 of taxable value of property. Example: If a property has a taxable value of \$100,000, each mill would generate \$100.

## **Why does the ballot language indicate 19.5234 mills, but only 18 mills will be levied?**

Under Michigan law, a school district may only levy 18 mills regardless of whether the voters authorize more than 18 mills. The remaining 1.5234 mills protects the school district (and will allow the district to levy its full 18 mills) in the event the mills authorized by the voters are reduced due to a "Headlee Rollback" which may occur on an annual basis. A Headlee Rollback occurs when the annual taxable value of the non-homestead property increases at a rate higher than inflation or 5%. When this happens, in order to ensure that total revenue does not increase more than the rate of inflation the millage rate must be reduced or rolled back below the current 18 mills. The remaining 1.5234 mills are only available to be levied to restore the millage lost allowing the district to continue to collect the full 18 mills if a rollback should occur.

**"A Tradition of Academic Excellence"**

**What if the Operational Millage renewal does not pass?**

If the Operational Millage is not passed and the 18 mill non-homestead tax is not levied, the Tawas Area School District would not receive full revenue per the pupil foundation allowance. The State of Michigan decides how much of the per pupil funding comes from the state and how much comes from each district's local non-homestead tax base. The state assumes each district is collecting 18 mills from its non-homestead properties. The state then backs out the non-homestead property taxes (the full 18 mills) before sending the district its monthly payments. Without the full 18 mills, the district cannot collect its full foundation allowance for each pupil. The district would lose approximately \$5 million dollars annually as compared to current funding which would result in significant operational cuts.

Please vote on Tuesday, May 2, 2023. The Tawas Area School District has a long tradition of providing a quality education to all students. For questions, please contact Mr. Klinger at 989-984-2250.

Thank you,

A handwritten signature in black ink that reads "Mr. John Klinger". The signature is written in a cursive style with a large initial "M" and "J".

John Klinger, Superintendent  
Tawas Area Schools