



2013 Budget Process Revenue Generation Options

When Would a Proposal be on the Ballot?

	November Election	February Election	May Election	August Election	November Election
Election Day	05-Nov-13	25-Feb-14	06-May-14	05-Aug-14	04-Nov-14
BOC Action	27-Aug-13	17-Dec-13	25-Feb-14	27-May-14	26-Aug-14
Petition Submission to BOC	13-Aug-13	03-Dec-13	11-Feb-14	13-May-14	12-Aug-14
Posting of Notice of Intent	29-Jun-13	19-Oct-13	28-Dec-13	29-Mar-14	28-Jun-14

Michigan allows four days per year for non-special elections in February, May, August and November. For an issue to appear on the ballot, the Board of Commissioners must take action at least 70 days before the election. In the case of ballot questions brought via citizen petitions, the petitions must be submitted at least 14 days before board action. For Pension Obligation Bonds, citizens have 45 days from the posting of a Notice of Intent to Bond by the Board of Commissioners to collect signatures to put the issue on the ballot.

The table above provides a schedule for putting an issue on the ballot. For example, if the Board of Commissioners wished to put a millage on the May 6, 2014 ballot, they would have to vote to do so no later than February 25, 2014. If a Pension Obligation Bond is to be issued, citizens would have the right to petition for that question to be on the ballot. This table shows that, for example, to have a POB appear on the same May ballot, the Board of Commissioners would have to issue the Notice of Intent no later than December 28, 2013.

How Much Does a Millage Raise?

2013 Total Ad Valorem Taxable Value: \$14,210,463,343					
Mills	1/10th (0.1000)	1/8th (0.1250)	¼ (0.2500)	1/2 (0.5000)	1 (1.000)
Tax Generation*	\$1,421,046	\$1,776,308	\$3,552,616	\$7,105,232	\$14,210,463

* Tax generation is calculated before deductions for tax increment finance agreements, etc.

A mill is calculated as \$1 per \$1,000 of taxable value. The Board of Commissioners may place a millage proposal on the ballot in any increment of one ten-thousandth of a mill. For example, one of the Washtenaw County Parks millages is levied at 0.2367 mills. The table above illustrates how much revenue is generated in 2013 by various millage amounts before exemptions and deductions. Deductions may reduce revenue by as much as 18 percent.

Some Options for Millage Proposals

Below are options the Board could consider for revenue generation. It is not an exhaustive list.

Headlee Override

- ✓ Raises General Fund Revenue
- ✓ Requires a Vote of the Electorate
- ✓ Increases the Tax Cap by 0.9507 Mills
- ✓ Makes the Tax Rate Adjustable by the Board of Commissioners
- ✓ Raises a Maximum of Approximately \$13,500,000 (2013 Equalization)

Washtenaw County's original charter operating millage authorization is capped at 5.5000 mills. The Headlee Amendment has caused that cap to be "rolled back" since its inception to 4.5493 mills. The current millage generates less in nominal dollars (not adjusted for inflation) than it did in 2006. In a strong economy, the Headlee Amendment adjusts the millage rate of a local government downward to regulate income growth to the rate of inflation or five percent, whichever is lower. In weak economies, the rate is not automatically increased to compensate for its decreased earning power. Instead, the local government may place a "Headlee Override" proposal before the voters to restore the original millage cap written into the government's charter. **A Headlee Override does not necessarily result in an increase in the tax rate.** Rather, it allows the County Commission to determine an appropriate rate that may be higher than the current cap. Each year when the Commission votes to adopt the annual millage rate, the Board may apply a rate up to the cap. Currently Washtenaw County taxes at the maximum cap of 4.5493 mills. A Headlee Override would allow the Board to increase the millage rate by any increment up to the new cap of 5.5000 mills.

The difference between Washtenaw's current cap and its charter maximum is 0.9507 mills. If a Headlee Override were to pass, the Board of Commissioners could increase tax revenue by approximately \$13,500,000 in 2014.

Act 88 Advertisement of Agricultural Advantages

- ✓ May Offset General Fund Expenses for Economic Development
- ✓ Does Not Require a Vote of the Electorate
- ✓ Maximum Allowable Tax of 0.5000 Mills
- ✓ Raises a Maximum of Approximately \$7,100,000 (2013 Equalization)

Public Act 88 of 1913 authorizes the County to impose up to 0.5000 mills "to be used for advertising agricultural or industrial advantages of the state or county or any part of the state, or for collecting, preparing or maintaining an exhibition of the products and industries of the county at any domestic or foreign exposition, for the purpose of encouraging immigration and increasing the trade in the products of Michigan, or advertising the state and any portion thereof for tourists and resorters."

Currently, the County assesses 0.0600 mills for Act 88, raising approximately \$696,000 in 2013 after exemptions. Additional mills could offset or augment general fund contributions to the Office of Community & Economic Development or County MSU Extension.

Act 283 County Road Tax

- ✓ Does Not Offset General Fund Expenses
- ✓ Does Not Require a Vote of the Electorate
- ✓ Maximum Allowable Tax of 1.0000 Mills
- ✓ Raises a Maximum of Approximately \$14,200,000 (2013 Equalization)

Washtenaw County, upon the recommendation of the County Road Commission, may impose up to 1.000 mills to fund county roads, bridges and culverts. The Road Commission must annually propose a plan for the use of the County Road Tax and the Board must vote in an amount to be assessed (which may be nothing). Currently the Board does not assess this tax.

Implementing the County Road Tax would not currently offset any General Fund expenditures.

Veterans' Relief Fund

- ✓ May Offset General Fund Expenses for Veteran's Affairs
- ✓ Does Not Require a Vote of the Electorate
- ✓ Maximum Allowable Tax of 0.1000 Mills (0.2000 in a Year of Emergency)
- ✓ Raises a Maximum of Approximately \$1,420,000 (2013 Equalization)

The County currently levies 1/35th (0.0286) of a mill used for indigent relief for veterans and their families. This amount is recommended annually by the County Veteran's Affairs Department. It is possible that an increase in this assessment could be used to support other projects. For example, it might be able to be used to fund early childhood education for the children of poor veterans.

Conservation District Tax Levy

- ✓ May Offset General Fund Expenses for Soil Conservation (\$30,000)
- ✓ Requires a Vote of the Electorate
- ✓ Maximum Allowable Tax of 1.0000 Mills for 20 years
- ✓ Raises a Maximum of Approximately \$14,200,000 (2013 Equalization)

Upon a vote of the people, the County may assess up to 1.0000 mill for up to 20 years (renewable) to support the operations of the County Conservation District. Currently the County does not levy this tax. The Conservation District receives \$30,000 of general fund support each year currently. It is possible that an increase in support to the Conservation District could help offset General Fund contributions to the Water Resources Commissioner (\$1,887,596) or the Water Resources – Public Works (\$77,666) lines.

Additional Voted General Millage

- ✓ May Offset General Fund Expenses for Soil Conservation
- ✓ Requires a Vote of the Electorate

The Board of Commissioners may propose a new specific millage to support its priorities. An additional voted millage could offset current general fund expenses. For example:

Pension/OPEB Liabilities

The County's pension and OPEB unfunded liabilities of approximately \$272M require increasing contributions from the general fund (presuming they are not bonded for) to meet the annually required contribution of approximately \$26M. The General Fund impact in 2014 is estimated between \$3.9 and \$5.1M.

- Tax to Offset: 0.2744 – 0.3589 mills

Public Safety

Among other services, the County General Fund provides support for discretionary contract road patrol and 12 general fund road patrol deputies. The County contribution to contract road patrol services is anticipated to increase to \$3.1M in 2015, while the total general fund effort for police services is estimated to grow to \$11.2M.

- Tax to Offset: 0.2181 – 0.7882 mills

Human Services

The County General Fund contribution to the Child Care fund is approximately \$4.6M and the annual contribution to Public Health is approximately \$1.6M.

- Tax to Offset: 0.1126 – 0.4363 mills

Outside Agencies

The County allocates \$1.35M annually to outside agencies, predominantly nonprofits, that support programmatic priorities. A little over \$1M is awarded through the "coordinated funding" program.

- Tax to Offset: 0.0950 mills

Additional voted millages could also be used to fund activities that serve to build the overall tax base or indirectly reduce other County costs. For example:

Early Childhood Education and College Promise Programs

Investments in education have been shown to reduce public safety and public health costs while also increasing the earning power of beneficiaries. There is a clear direct relationship between the overall level of education in a community and its economic stability and general wealth. An income-dependent countywide pre-school guarantee could be provided for under 1.0000 mill.

Land Banking and Blight Elimination

Abandoned or distressed properties decrease the value of surrounding properties, depressing tax revenues. Investments in neighborhood stabilization can help local government address challenging sites and rebuild prosperity. Early estimations of the costs for an effective county land bank were approximately \$600,000 or 0.0422 mills.