

CITY OF ST. JOHNS
INFORMATION SHEET/HEADLEE OVERRIDE
NOVEMBER 3, 2020 BALLOT PROPOSAL

INTRODUCTION: On the November general election ballot St. Johns voters will consider a proposal that restores the ten-mill general millage rate established by the City Charter. This millage is used for general governmental purposes. It should be noted the St. Johns millage rate is one of the lowest in the Mid-Michigan region. Restoring this millage by passing this Headlee Override ballot proposal will generate an additional \$22,500 per year in revenue while only costing the owner of a home with a market value of \$150,000 an additional \$13.50 in property taxes per year.

THE PROPOSAL: On July 13, 2020 the St. Johns City Commission adopted a resolution authorizing the following ballot proposal.

Shall the authorized charter millage for the City of St. Johns, established by operation of law at 10 mills (\$10.00 per \$1,000 of taxable value) and reduced to 9.9052 mills (\$.9.9052 per \$1,000 of taxable value) by Headlee rollbacks, be increased in an amount not to exceed .0948 mills (\$.0948 per \$1,000 of taxable value) to restore the full amount (10 mills) of the original authorized charter millage rate for each year beginning in 2021, inclusive, for all City and municipal purposes authorized by law. This proposal is estimated to generate approximately \$22,500 per year, beginning July of 2021, and is perpetual, subject to any future reductions by the Headlee Amendment.

Shall the ballot proposal be adopted for the purpose of levying this millage?

Voters will have the opportunity to decide this issue at the November 3, 2020 general election.

HISTORICAL BACKGROUND: The City Charter, passed by the St. Johns voters in 1918 and amended from time to time, sets the maximum millage rate at ten mills (by operation of law). One mill is a tax of \$1 for every \$1,000 of “taxable value”. This is commonly known as the City’s property tax rate, and the revenue generated is used to run local government’s general operations such as police and fire protection, infrastructure maintenance and repair, administrative operations, park and recreation programs and the like.

HEADLEE AMENDMENT: In 1978 Michigan voters amended the state constitution. One amendment imposed a limit on the rate at which property tax revenues of local governments could increase base on the increase in property values. This amendment, known as the Headlee Amendment, required that when increases in a community’s taxable value exceeded the rate of general inflation, the maximum millage rate would be rolled back or reduced. The effect of the Headlee Amendment in St. Johns has been a reduction in the voter-authorized ten mills (via Charter). Voting “yes” on this proposal restores the ten mills authorized by the Charter, and increases modestly property taxes as described above (9 cents per \$1,000 of taxable value). This proposal is known as a Headlee Override.

FISCAL BACKGROUND: Since the adoption of the Headlee Amendment, a number of factors have affected the budgets of local Michigan communities, including St. Johns. A separate piece of legislation passed in 1994 entitled Proposition A has imposed additional property tax limitations. Beginning in 2001 the State of Michigan began reducing state revenue sharing, which are revenues traditionally provided to communities from state sales taxes. State revenue sharing is expected to be reduced again—possibly by a significant amount—due to the novel coronavirus pandemic and its impact on federal and state revenues.

COST OF THE PROPOSAL: If the voters of St. Johns approve the Headlee Override ballot proposal on November 3rd, it is estimated that an additional \$22,500 would be raised in general property tax revenue. As indicated earlier, the increase in property taxes per year would be very modest; approximately \$13.50 for the average homeowner. This increase would not appear until the summer 2021 tax bill.