

On **Tuesday, August 5**, voters in Charlotte will be asked to consider a **City ballot proposal**. This proposal, if passed, would permit the City to levy up to 2.35 additional mills to fund street improvements. The following information has been prepared in an effort to address questions that voters might have regarding these two proposals.

Q1. Who would pay the millage in Charlotte?

A1. Like other property taxes, this millage would be paid by all owners of real and personal property located within the City limits. This would include businesses and industries as well as residents. Properties currently exempt from property taxes, such as schools, churches and government buildings, would also be exempt from this tax.

Q2. What exactly is a millage?

A2. A millage is a tax on property. One mill is equal to one dollar in taxes for every one thousand dollars of **taxable value**. Taxable value cannot be more than one-half of the market value of the property. The proposal, if passed, would increase taxes up to \$2.35 for every \$1,000 in taxable value.

Q3. So how much would this new millage cost the average residential property owner?

A3. Based on an average taxable value of \$42,000, the millage would add \$99 to the property tax bill in the first year. Due to projected increases in property values, we estimated that this amount could increase to \$107 in the fifth year of the millage.

Q4. I do not have an average house. How much will it cost me?

A4. You can calculate your own tax if you know the taxable value of your property. This amount can be found on a property tax bill, an assessment change notice, or on the “Assessing” tab of the City’s website www.charlottemi.org. If you cannot find your taxable value, use half the market value of your house. The easiest way to estimate your tax is to divide the taxable value by 1,000 and multiply by 2.35.

Q5. Could the City levy fewer than 2.35 mills?

A5. It is possible. Each year the City Council sets tax rates when it adopts the budget. If Council determines that it is not necessary to levy the full amount, it could set a lower millage rate. Council could never set a rate higher than 2.35 mills without approval of the voters.

Q6. Why is the City Council asking voters to approve a millage increase.

A6. The City Council looked at several different options to come up with additional revenue to be used to pay for street maintenance and reconstruction. In 2013, a City income tax was proposed but rejected by voters. Some of those who opposed an income tax expressed support for a dedicated millage.

Q7. How much revenue would the millage generate

A7. If Council were to levy the entire 2.35 mills, it is estimated to generate almost \$500,000 per year for street reconstruction.

Q8. Would all the revenue generated by millage be used to repair streets?

A8. Not quite. State law provides that the Downtown Development Authority captures a portion of the millage revenue paid by the owners of properties within its boundaries. It is estimated that \$1,738 would be captured in the first year and not be used for streets. The remaining \$487,680 would be available for street repairs and reconstruction and could not be used for any other purpose.

FAST FACT: It costs \$2 million to completely reconstruct 1 mile of a City street.

Q9. Is Eaton County also requesting a millage for roads?

A9. Yes, but this question will not be on the ballot until the November 2014 election. The County is requesting 1.5 mills to be levied over a 12 year period of time. If approved, a portion of the revenue the County collects will be received by the City to use in repairing and resurfacing City streets. This amount would be about 2/3 of the amount the City needs for street reconstruction each year.

Q10. What happens if both the City and County ballot proposals pass?

A10. The City Council could choose not to levy the 2.35 mills approved by City voters or it could choose to levy only a portion of that amount to make up the difference between what is received from the County and the amount required to repair City streets.

FAST FACT: More than 70% of Charlotte city streets are in poor or fair condition.

Q11. The City gets a share of the tax on gasoline. Why does it need additional money?

A11. The City receives about \$480,000 each year from the state as its share of the tax on gasoline and of registration fees. These funds are used primarily for street maintenance activities such as snow removal, street sweeping, and patching potholes. Some funds are also used to match grant funds available to rebuild a few designated streets. There are not sufficient funds available from state sources to repair the majority of city streets.

Q12. Why can't the City just reduce costs elsewhere in the budget to find the money it needs to repair streets?

A12. The City has made budget cuts over the last several years by eliminating jobs, freezing wages, cutting employee benefits and through a variety of other measures. Like many cities in Michigan, Charlotte has seen its revenues reduced by cuts that state government has been making in the City's share of the sales tax. Since 2001, state revenue sharing has declined by nearly 30%, a loss of \$300,000 annually. Further, the City expects to see revenues reduced by declining property values and as a result of state law changing the way business machinery and equipment is taxed. The City Council has determined

that the budget cannot be reduced more without affecting essential services such as police and fire protection.

Q13. Do other cities in Michigan have street millages?

A13. Yes. Alma levies 2.5 mills for street reconstruction. Big Rapids levies 1 mill. In 2013, Sturgis voters approved 3 mills for streets and St. Johns voters approved 4 mills for this purpose. These are provided as examples; it is not known exactly how many cities have dedicated street millages.

Q14. The millage would be levied for five years. Would all the streets be repaired by then?

A14. No. City staff estimates at least \$500,000 would need to be spent each and every year for a very long time—maybe forever—just to address the ongoing deterioration of streets that occurs due to use and weather. At the end of five years, there will be much street work still to be completed. It is possible voters would be asked to renew this millage for an additional period so this work could be completed. This would be a decision City Council would have to make at that time. Whether a renewal of the millage would be requested could be affected by the City's fiscal condition and actions that might have been taken by the State of Michigan.

2014 Ballot Proposal

City of Charlotte Road Improvement Millage Proposal

Shall the City of Charlotte impose an additional millage up to 2.35 mills (\$2.35 per \$1000 of taxable value) for a five year period only, which funds shall be used for the sole purpose of acquiring, extending, altering, constructing or repairing of public streets and highways within the City of Charlotte, which will raise an estimated \$487,680 for the general fund and \$1,738 for the Downtown Development Authority the first year the millage is levied?

YES _____

NO _____

Do you know the condition rating of your street? Each year the City hires a consultant to evaluate the condition of each City street. This is information we use to plan street work we will undertake. You can learn how your street was rated by visiting <http://wp.me/P1yHGc-Lh> (Note: case sensitive)

FIRST-CLASS MAIL
U.S. POSTAGE PAID
CHARLOTTE, MI
PERMIT #12

City of Charlotte
111 E. Lawrence Avenue
Charlotte, MI 48813