

WHAT WILL THE BALLOT SAY?

Shall the Jackson District Library, County of Jackson, be authorized to levy an amount not to exceed 1.7593 mills (\$1.7593 per \$1,000 of taxable value), of which 1.2593 mills is a **renewal** of the millage rate that expires in 2016 and .5 mill is **new** additional millage, against all **taxable** property within the Jackson District Library district for a period of eight (8) years, 2017 to 2024, inclusive, for the purpose of providing funds for all district library purposes authorized by law for the continued operation of the Jackson District Library? The estimate of the revenue the Jackson District Library will collect if the millage is approved and levied by the District Library in the 2017 calendar year is approximately \$7,498,000. A **portion** of the revenue collected may be subject to capture by the Downtown Development Authorities of the City of Jackson, the Villages of Grass Lake and Springport, and the Townships of Blackman and Leoni; the Local Development Finance Authorities of the Village of Parma-Sandstone and the Township of Blackman; and the Brownfield Redevelopment Authorities of the City of Jackson and the Townships of Columbia and Leoni.

BALLOT LANGUAGE EXPLAINED

In 1977, Jackson County Voters approved a 1.00 millage to fund a district library. That millage was renewed in 1996 for 20 years and expires in December 2016. A Michigan law called the Headlee amendment limits the rise in property taxes to the rate of inflation. As property taxes remain below the level voters agreed to pay with the 1996 renewal, that rate has been reduced to .8593 mills. The 2008 election approval of .4 mills for library operations is also set to expire in December 2016. Combined, these two millages represent the requested renewal of 1.2593 mills.

Due to the decline in property values, JDL is seeking an additional .5 mills to continue to fund operations.

Taxable value is generally $\frac{1}{2}$ the assessed value of a home. A homeowner with a property having a market value of \$100,000 has a taxable value of \$50,000.

A portion of revenue funding Jackson District Library is captured by TIFAs (Tax Incremented Financing Authorities). Tax increment finance districts capture tax revenues from the increased value or "increment," created by new development. TIFAs are created and regulated by state government, but draw their funding from local taxes. JDL is legally required to list all TIFAs on its ballot measure.

Tax Increment Financing in Jackson County

By law [Section 24f of the General Property Tax Act (MCL 211.24f)] public libraries are required to list on any ballot question seeking millage funds, all the Tax Increment Financing that would be eligible for a portion of new or renewed taxes. As the Library's millage is subject to the tax capture law, the Library **must** comply. The tax capture is included in the November 8, 2016 ballot language for full transparency. To say that this requirement has caused voter confusion would be a huge understatement.

Legislation approved in 1980 (Act 450 of 1980) requires a **small percentage** of public library millage funds be captured to use for local improvements. Tax captures are used to encourage economic development and create jobs; support neighborhood revitalization, promote the redevelopment of tax-reverted, blighted or functionally obsolete property; or pursue other public improvements. This type of funding is called Tax Increment Financing (TIF). This law has further allowed for the creation of different types of Tax Increment Financing Authorities, which over the years has been expanded to include Local Development Financing Authority (1986), Brownfield Redevelopment Finance Authority (1996), Historic Neighborhood Authority (2004), Corridor Improvement Authority (2005), Neighborhood Improvement Authority (2007), Water Resource Improvement TIFA (2008) as well as the original "DDA Act" (Michigan Public Act 197 of 1975) which authorized the use of Tax Increment Finance.

Although these entities have been collecting their legal portion of the taxes since their inceptions, a majority of taxpayers were unaware of this fact. This led to the requirement for the expanded ballot language. The TIFAs listed on the ballot question for JDL include the following.

Downtown Development Authorities (DDA) of the:

- City of Jackson,
- Village of Grass Lake,
- Village of Springport
- Township of Blackman
- Township of Leoni

Local Development Finance Authorities (LDFA) of the:

- Village of Parma-Sandstone
- Township of Blackman

Brownfield Redevelopment Authorities of the:

- City of Jackson
- Township of Columbia
- Township of Leoni

It is important to note that if you live and pay taxes in a municipality **not** listed above, your tax dollars are **not** affected by these Tax Increment Financing Authorities. For example, if you are a

resident of the Village of Hanover or the Township of Spring Arbor, your tax dollars paid for the library will be directed toward the Jackson District Library and no portion will go to the City of Jackson, Villages of Grass Lake, Parma-Sandstone and Springport, nor the Townships of Blackman, Leoni or Columbia.

The amount of the tax capture changes annually, based on a formula in the law. In 2015, the amount captured was approximately **3%** of the tax levy for the Jackson District Library.

If you have any questions or require more information, please do not hesitate to contact the Jackson District Library Director at 517.788.4099.

More information on Tax Increment Financing Authorities may be found in the following articles:

MLive Article by Rick Haglund, "*Tax Increment Financing Authorities (TIFAs across the state in financial trouble, looking to taxpayers for help*", August 16, 2012:

http://www.mlive.com/politics/index.ssf/2012/08/tax_increment_financing_author.html

State Legislative Notes, Winter 2016, "*Tax Increment Financing in Michigan*" by Drew Krogulecki, Legislative Analyst:

<http://www.senate.michigan.gov/sfa/publications/notes/2016notes/noteswin16dk.pdf>