

CITY OF MIDLAND

ROLLBACK PROVISIONS

2005 Assessment Year for 2005-2006 Fiscal Year

Headlee Rollback (Constitution, Art 9, Sec 31 and 211.34d M.C.L.)

If the taxable valuation (TV) of property excluding the value of new construction and improvements, increases by a larger percentage than the increase in the General Price Level (as measured by the annual average of the United States Consumer Price Index for all urban consumers) from the previous year, the maximum authorized rate (operating millage rate) applied shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the General Price Level.

The 2005 Millage Reduction Formula (MRF) is calculated as:

$$2005 \text{ MRF} = \frac{(\text{Total 2004 TV} - \text{2004 Losses TV}) \times \text{Inflation Rate Multiplier}}{\text{Total 2005 Taxable} - \text{2005 Additions TV}}$$

$$2005 \text{ MRF} = \frac{2,425,188,600 - 73,720,711 \times 1.023}{2,432,040,700 - 68,791,100}$$

$$2005 \text{ MRF} = \frac{2,351,467,889 \times 1.023}{2,363,249,600}$$

$$2005 \text{ MRF} = \frac{2,405,551,650}{2,363,249,600}$$

$$2005 \text{ MRF} = 1.0179$$

The current year Millage Reduction Fraction cannot exceed 1.0000 in the computation of the maximum allowable millage. The 2005 millage rate permanently reduced multiplied by 1.0000 results in a maximum allowable millage rate for 2005 of 17.87 mills.

Truth in Taxation Rollback (1982 P.A. 5, Sec 211.24e M.C.L.)

Since the City of Midland is in compliance with section 16 of the Uniform Budgeting and Accounting Act, P.A., 2 of 1968, being section 141.436 of the Michigan Compiled Laws, additional public notice of increasing property taxes is not required for 2005. The calculations however, are shown below.

Required information:

1. 2004 Total Taxable Value (TV)	2,425,188,600
2. 2005 Total Taxable Value	2,432,040,700
3. 2004 Losses TV, without transfers to another classification	73,720,711
4. 2005 Additions TV, without transfers to another classification	68,791,100
5. 2005 CPI =	1.023

The Base Tax Rate Fraction (BTRF) is calculated as:

$$2005 \text{ BTRF} = \frac{2004 \text{ Total Taxable} - 2004 \text{ Losses TV}}{2005 \text{ Total Taxable} - 2005 \text{ Additions TV}}$$

$$2005 \text{ BTRF} = \frac{2,425,188,600 - 73,720,711}{2,432,040,700 - 68,791,100}$$

$$2005 \text{ BTRF} = \frac{2,351,467,889}{2,363,249,600}$$

$$2005 \text{ BTRF} = .9950$$

The Base Tax Rate (BTR) is calculated by multiplying the Base Tax Rate Fraction (BTRF) by the operating tax rate levied in the immediately preceding year.

$$\text{BTR} = 2004 \text{ Operating Tax Rate} \times \text{BTRF}$$

$$\text{BTR} = 9.23 \times .9950$$

$$\text{BTR} = 9.1838$$

The Base Tax Rate of 9.1838 multiplied by the 2005 estimated Taxable Value of \$2,432,040,700 equals \$22,335,375 or the Base Operating Levy in dollars that can be derived from the Base Tax Rate for city operations for the Fiscal Year 2005-2006.

Truth in Assessing (1981 P.A. 213, Sec 211.34, M.C.L.)

Under Public Act 213 of 1981 as amended, the City is restricted to an operating levy based on the local taxable value based on the assessed valuation total rather than a full levy based on the taxable value based on the State Equalized Valuation.

The Truth in Assessing rollback fraction is calculated as:

$$\begin{aligned} \text{2005 Sec 34 rollback fraction} &= \frac{\text{Total Taxable Value Based}}{\text{on Assessed Value}} \\ &\quad \frac{\text{Total Taxable Value Based}}{\text{on SEV}} \\ &= \frac{2,432,040,700}{2,432,040,700} \\ &= 1.0000 \end{aligned}$$

$$\begin{aligned} \text{Allowable Rate} &= \frac{\text{Max Authorized Operating Rate} \times \text{Total AV}}{\text{Total State Equalized Value}} \\ &= \frac{17.87^* \text{ mills} \times 2,432,040,700}{2,432,040,700} \\ &= 17.87 \text{ mills, allowable tax rate} \end{aligned}$$

*The maximum authorized millage rate of 17.87 as computed under Headlee Rollback.

Respectfully submitted,

Reid Duford
City Assessor
3-30-05