

On August 7, voters in the Hopkins school district will decide whether or not to approve a “Headlee override” proposal that would allow the district to collect the full 18 mills voters approved in August 2016, instead of a rolled-back amount of 17.5047 mills.

The millage applies only to non-homestead property such as commercial business, rental properties, vacant land and second-home properties. Primary homeowners aren’t impacted by the millage.

Without the override, the district will lose over \$21,000 of operating revenue each year.

The millage rate was rolled back because of the 1978 Headlee Amendment, which is required it when property tax values grow faster than the rate of inflation. With property values increasing in the community recently, Headlee dropped the HPS millage rate below the 18-mill maximum.

It is important to understand how school districts are funded in Michigan. In Michigan, school districts get the bulk of their operation funding from two main sources: local property taxes and state school aid.

With voter approval, school districts may levy up to 18 mills on non-homestead properties — those that don’t serve as the owner’s primary residence or fall under another exemption.

Most school districts also get money from the School Aid Fund which comes from another 6 mills that is levied against all taxable property in the state. Each year state lawmakers establish a “foundation grant” amount for school districts. That number is then multiplied by the number of students enrolled in a district to establish how much tax revenue the district is entitled for that year. The state then makes up the difference between what the district receives in local property taxes collected on the 18-mill non-homestead levy and the amount to which the district is entitled through its foundation grant calculation.

State officials assume that districts always levy the full 18 mills and do not make up the difference in the event that a district does not levy the full non-homestead amount.

In many cases, when a district’s non-homestead millage has been or is expected to be rolled back below 18 mills before the millage itself expires, the district may ask voters for a “Headlee override.” This is essentially asking voters to restore the amount of millage that was rolled back because of the Headlee Amendment.

In other cases, many districts ask for a non-homestead millage of more than 18 mills with the understanding that the district will never levy more than 18 mills at any one time. The additional millage above 18 mills only come into play in the event that Headlee millage rollback occurs, and then only to the extent necessary to bring the millage back up to 18 mills.

The millage approved above the 18 mill amount essentially serves as a cushion against future Headlee Amendment rollbacks for the life of the millage request. For example, a district might seek, and receive approval for, a non-homestead millage of 18.5 mills. And if that millage is later rolled back to 17.7 mills, the district will still be able to levy its full 18 mills.

Hopkins Public Schools is asking voters to recommit to what they agreed to in August of 2016 as the rollback amount is expected to grow in the future as property values continue to recover from the economic downturn of a few years ago.

The ballot language of the proposal is shown below. Please call (269) 793-7261 if you have any questions on this issue.

#### HOPKINS PUBLIC SCHOOLS OPERATING MILLAGE PROPOSAL

This proposal will allow the school district to levy the statutory rate of not to exceed 18 mills on all property, except principal residence and other property exempted by law, required for the school district to receive its revenue per pupil foundation allowance.

Shall the limitation on the amount of taxes which may be assessed against all property, except principal residence and other property exempted by law, in Hopkins Public Schools, Allegan County, Michigan, be increased by 1.7808 mills (\$1.7808 on each \$1,000 of taxable valuation) for a period of 4 years, 2018 to 2021, inclusive, to provide funds for operating purposes; the estimate of the revenue the school district will collect if the millage is approved and levied in 2018 is approximately \$703,425 (this millage is to restore millage lost as a result of the reduction required by the Michigan Constitution of 1963 and will be levied only to the extent necessary to restore that reduction)?

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