



MUSKEGON HEIGHTS PUBLIC SCHOOLS

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Frequently Asked Questions and Answers on MHPS Millage November 6:

Millage will Renew Tax on 2nd Homes & Commercial Properties—NO TAX INCREASE

October 8, 2012

On November 6, 2012, when voters in Muskegon Heights Public School District go to the polls to cast their vote for the President of the United States, they will also vote on an Operating Millage Renewal for Muskegon Heights Public Schools (MHPS).

Here are the answers to some frequently asked questions about this millage:

Q: What is the millage for?

A: The Non-Homestead Operating Millage is an existing tax on second homes and commercial properties within the City of Muskegon Heights. Under Proposal A, owners of second homes and commercial properties pay \$18 on every \$1,000 of property value. MHPS and other schools in the state have collected the 18-mills non-homestead millage since Proposal A passed in 1994.

Q: Why is MHPS asking voters to renew the millage?

A: The millage renewal is the only way to repay \$16 million in MHPS debt with NO TAX INCREASE. Nothing changes if the millage is renewed.

Q: What if the millage fails?

A: Property Taxes will increase for ALL home owners, second home owners, and commercial property owners in the City of Muskegon Heights. The State of Michigan and creditors will seek a court ordered levy on ALL property within the MHPS district. A special tax will be added to pay off the school's operating debt. The repayment schedule and tax rate will be determined by the State of Michigan.

Q: Why would the State of Michigan do this?

A: The State of Michigan and other creditors (food service, insurance, heating vendors) must be repaid.

Q: What will the funds from this millage be used for?

A: The State of Michigan will use the funds to pay back the money MHPS borrowed and pay off the debt accumulated while the district was operational.

Q: Is the millage a NEW tax?

A: No. The tax is already in place.

Q: If the millage passes, will owners of second homes and commercial property pay MORE taxes?

A: No. They will pay the same rate they are paying now.

Q: Will taxes increase for home owners who live in their homes if the millage passes?

A: No. The tax does not impact those who own and live in their homes ("principal residences").

Q: Will taxes decrease for home owners if the millage fails?

A: No. The tax does not impact those who own and live in their homes ("principal residences").

Q: Now that MHPS has a contract with Mosaica to operate the school as a charter school, why does it need a millage?

A: The state will allow Muskegon Heights Public Schools to use the Non-Homestead Operating Millage to pay off the \$16 million it owes to the State of Michigan and other vendors for things like food service, utilities, insurance, and supplies.

Q: Will the money generated by a millage impact the contract with Mosaica to run the Muskegon Heights Public School Academy?

A: No. The outcome of the millage question will not impact the charter school operation.

Q: Will Mosaica receive any of the money?

A: No.

Q: The school district recently received a loan from the State of Michigan. Why do they still need a millage?

A: All dollars generated by the millage will be used by the district to repay the loan and outstanding debts owed to the state and other creditors.

Q: Will the State of Michigan and other creditors forgive Muskegon Heights this debt if the millage fails?

A: No. The State and private companies MUST collect the money owed by the district. Instead a special levy will be assessed to all property owners.

Q: What does the ballot language say?

A: MUSKEGON HEIGHTS PUBLIC SCHOOLS
OPERATING MILLAGE RENEWAL PROPOSAL

This proposal will allow the school district to continue to levy the statutory rate of 18 mills on all property, except principal residence and other property exempted by law, required for the school district to receive any revenue per pupil foundation allowance and renews millage that will expire with the 2012 tax levy.

Shall the currently authorized millage rate limitation of 18 mills (\$18.00 on each \$1,000 of taxable valuation) on the amount of taxes which may be assessed against all property, except principal residence and other property exempted by law, in Muskegon Heights Public Schools, Muskegon County, Michigan, be renewed for a period of 16 years, 2013 to 2028, 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 2013 is approximately \$1,268,588.00 (this is a renewal of millage which will expire with the 2012 tax levy).

Q: Who should I call if I have questions?

A: Donald Weatherspoon, Muskegon Heights Public Schools Emergency Financial Manager at 231-830-3221.

Additional information will be posted to www.mhpsnet.org