

## **Library Millages**

Michigan Libraries largely depend on locally dedicated millages for a majority of our funding. Although we rely on other sources such as State Aid, Penal Fines, and Personal Property Tax, the most stable source of funding is from a millage.

A millage is a tax on property, levied at the local, municipal level after being approved through a popular vote on a ballot initiative. The millage is the amount per \$1,000 of the taxable value of property. For example, a 1 mill tax rate on a home valued at \$100,000 would generate \$100 in taxes

Like other municipalities, libraries have also struggled with the Headlee Amendment (1978) and Proposal A (1994), which rolls back the tax rate limiting growth. When property values are increasing, this can protect property owners, however, when there is a sharp decline in property values, such as during a recession, it prevents municipalities from being able to recover. It usually requires a Headlee Override ballot proposal at an election just to return to the original voter-approved millage. The way to think of it is, when property values go up, there's a roll back, however, when property values go down, there isn't a roll up.

In addition to providing critical funding, City, Village, Township, and District Libraries are all required to pass millages as part of the current establishment process to become a library.

## **Tax Capture**

In 2016, MLA spearheaded legislation that provided relief for libraries from tax capture from 6 entities listed here. These were PA 505-510 of 2016, which later became The Recodified Tax Increment Financing Act, PA 57 of 2018. The new law exempts any library millage approved by voters after January 1, 2017 from tax capture. Millages approved prior to that could opt out if there weren't existing bond obligations.

Downtown Development Authority

Tax Increment Finance Authorities

Local development Finance Authorities

Corridor Improvement Authorities

Water Resource Improvement Authorities

Historical Neighborhood Improvement Authorities

The legislation does not apply to Brownfield Redevelopment Authorities

The laws allowed libraries to determine if tax capture is right for their patrons, by stopping them from being automatic. Libraries wishing to participate in capture by an Authority need to file a resolution to opt in. This has created greater transparency and brought all parties to the table to determine if a partnership through tax capture would be beneficial.

## **Elections**

In Michigan, there have been regular attempts to change or limit the number of elections held per year. The law already limits municipalities from going to voters no more than 2 times in any calendar year.

Election dates are currently offered three times each year, and continue to provide libraries and others flexibility when proposing new millages, requesting a Headlee Override, or renewing an existing millage.

Reducing the number of elections in a calendar year would be problematic for the following reasons:

- A millage loss could very well close the doors permanently for a library, so it is essential to have another chance to present their proposal to their community during the calendar year. A one and done approach could be devastating if there is a loss the first time and they can't bring it back soon.
- Prior to voter reforms like "No Reason Absentee Voting" we know that November ballots were huge, packed often with confusing ballot proposals. Local ballots were often lost in the shuffle, placed after lengthy state proposals.
- By law, Ballot language is complex and requirements for elections could create a problem causing a library to miss their opportunity to be on the ballot until the next election. If it is limited to only November elections, the library would not have a millage or budget to operate under while waiting.

Due to these many issues, MLA opposes any restrictions to reduce the number of elections each year for library millages by the Michigan legislature. We need library millages to continue to be open and available to the public so that we can continue to serve our communities.