



May 27

City of
Clarkston

2014

Information presented to the Clarkston Mayor and City Council
for the purpose of considering a proposed 2014 millage rate

2014
Proposed
Millage Rate
Discussion

2014 Proposed Millage Rate

The City of Clarkston has received the valuation reports from DeKalb County in preparation for the annual millage adoption process. This year, the digest was received on Friday, May 9, 2014. DeKalb has requested that our final millage rate setting process be concluded and the results transmitted by **July 2, 2014**. To accomplish this, the Council will need to discuss and vote on a proposed millage rate for advertising purposes only, at the **June 3, 2014** Regular Council Work session Meeting. A schedule for Millage adoption has been included later on in this document for illustration purposes.

The current projected Clarkston Net Tax Digest is **\$68,935,931**. (This amount may alter slightly as new updates are sent to the City). In comparison, the 2013 Net Tax Digest for Clarkston was **\$63,043,863**. This represents a **9.34%** increase in Net Digest value as compared to last year.

Although I am optimistic that our digest values are trending in a desirable direction, the current 2014 Net Tax Digest is still **24%** below what it was in 2010. The Net Tax Digest was **\$68,659,536** in 2012, **\$76,204,429** in 2011 and **\$91,061,068** in 2010.

The calculated rollback millage rate for 2014, the rate the city would need to adopt in order to receive the same tax amounts as last year, is **16.632**. The rollback millage rate is lower than the current 2013 adopted millage rate of **17.95**. Please note that the anticipated revenue for Real Property and Motor Vehicle Taxes for 2014 is \$1,317,000 for 2014 versus \$982,000 in 2013, a difference of \$335,000.

Proposed Millage Rate

After reviewing the City of Clarkston's Net Digest figures and adjusting those numbers to account for revenue reductions due to less than 100% property tax collections and reductions to the Digest due to tax assessment appeals and adjustments, I recommend that the Clarkston City Council consider advertising a proposed millage rate of **21.11 mills** for publishing and discussion purposes.

Council must vote to propose a millage rate

The Council must vote for a proposed millage rate. This is the millage rate that will be advertised for public information. The proposed millage is not necessarily the same as the rate the Council may ultimately adopt. The final millage rate adopted can be the same as the proposed (advertised) rate or **lower** than the proposed rate. The final millage rate adopted by Council **cannot** be higher than the proposed (advertised) millage rate.

Council must hold Public Hearings

Given that the proposed millage rate advertised will be greater than the Rollback Rate, the City Council must hold three public hearings. The purpose of the hearings is to take public comment on the millage rate for consideration in setting the final adopted rate. There must be one week between the public hearings.

Council Adopt Millage Rate

After the conclusion of the final Public Hearing, the Council will vote to adopt the final millage rate for 2014 at the Regular Meeting held on July 1, 2014.

Advertising Requirements

During the Millage Adoption Process there are advertising requirements the City must comply with. The Legal Organ for DeKalb County is the Champion Newspaper and they have a deadline of noon on Thursdays for the advertisement to run in the following Thursday issue.

- “5 Year History” must be published at least two weeks before the final adoption of the 2012 millage rate.
- A “Notice of Property Tax Increase” must be published at least one week before each hearing (If applicable)
- Simultaneously with this notice, the recommending authority or levying authority shall provide a press release to the local media.
- The advertisement for the Public Hearings shall appear at least one week prior to each hearing.

General Millage Information

- **Millage Rate:** The amount of tax charged for every \$1,000 of value. (a.k.a. property tax rate) So, if the rate is *6 mills*, then you would owe 6 dollars for every \$1,000 of the *assessed* value for your house.
- **Tax Digest:** The value of all the property in an area. (Note: This figure is generally given at 40% of its market value, which is sometimes called the “40% assessed value.” That is why on your property tax bill – the “gross assessed value” is about 40% of the fair market value.)
- **Assessed Value:** The amount your property is estimated to be worth. Like the tax digest, you might be looking at the 40% number, so check for that.
- **Property Tax Freeze:** Locally, some governments including DeKalb) have “frozen” all home values until the property sells to someone else. That means if your property value goes up, the value you are taxed on does not. (Note: A law passed in 2009 also made this happen statewide.)
- **On January 1, 2000**, State law added a new definition on taxes called the “rollback rate.”
- The **rollback rate** is defined as last year’s millage rate minus the amount needed to make assessment increases result in no new revenue.

As an example ---

- If last year’s rate was 10.00 mills....
- And reassessments were worth 0.10 mills....

- The *rollback rate* would be 10.00 – 0.10 or 9.9 mills.
- According to the new definition that would be a 1.01% increase above the *rollback rate*.
- Housing prices are beginning to rebound for the first time in 4 years as indicated by the increased digest.
- An independent body (*The Board of Tax Assessors*) determines how much your house is worth.
- Up until 2009, that group could *not* use foreclosure sales in determining the value of your property. (*)
In April 2009, that State law was changed.
- Also, another state law *froze property values*, so unless it sells, the value will not be increased. DeKalb was already doing this for homeowners and in 2010 and 2011 extensive revaluation of properties has meant that many homeowners have seen their property value decreased to take into account the reduction in home values as a result of foreclosures and bank sales. This decrease in property values also means a decrease in expected tax revenues to the City.

Schedule for Millage Adoption

It will be necessary to complete the process within the DeKalb County deadline of July 2, 2014, to ensure there are no difficulties with our tax collection process. If the Council can agree on a proposed millage rate at the Council Work session Meeting on May 27th, 2014, we will be able to conduct an effective Public Hearing process.

Millage Adoption Timeline	Millage Adoption Proposed Schedule
Council Vote Proposed Millage Rate	Tuesday, June 03, 2014
Submit Proposed Millage rate to Champion News: 5 year History, Notice Property Tax Increase, Press Release, Public Hearing Ad (1st Meeting)	Wednesday, June 05, 2014
Submit Proposed Millage rate to Champion News: Notice Property Tax Increase, Press Release, Public Hearing Ad (2nd & 3rd Meetings)	Wednesday, June 11, 2014

Millage Adoption Timeline	Millage Adoption Proposed Schedule
Champion Ads Publish	Thursday, June 12, 2014
Champion Ads Publish	Thursday, June 19, 2014
1st Public Hearing - 7:00pm	Tuesday, June 24, 2014
2nd Public Hearing - 10:30am	Tuesday, July 01, 2014
3rd Public Hearing - 7:00pm	Tuesday, July 01, 2014
Council Vote to Adopt 2014 Millage Rate & Final Millage to DeKalb County	Wednesday, July 03, 2013