

Frequently Asked Questions about the Separate Tax Limitation Ballot Proposal and the 2018 Ingham County Budget

Q: What is the County asking its voters to consider?

A: State laws have forced the County to “roll back” its millage rate because of growth in property values. Through this ballot initiative, Ingham County is asking the voters to consider raising the millage rate from 6.4206 mills to its original rate of 6.8 mills. **To be clear, voters are being asked to raise the millage above its current rate, but no higher than the rate originally authorized by voters.** If approved, this change will result in an additional \$2.7 million in revenue for essential County services.

Q: Why was the millage rate reduced in the first place?

A: A voter-approved amendment to the Michigan Constitution in 1978, known as the “Headlee Amendment,” places limits on the millage factor. Laws passed to enforce this Constitutional mandate limit local government revenue to the amount the millage *originally* generated.

Q: How much would this change cost me, as a taxpayer?

A: A taxpayer who owns a home with an assessed value of \$100,000 (\$50,000 taxable value) will see an increase of \$18.97 annually.

Q: Why is the ballot language worded so poorly?

A: The County was legally required to use ballot language imbedded in a 50+ year-old state law (MCL 211.205g).

Q: With a general fund increase of 1.5% going into 2018, what is the problem with the general fund budget?

A: Driven mostly by a roughly \$2 million increase in required retirement benefit contributions, the County was forced to use reserve funds to maintain current service levels. If this trend continues, reserve funds known as “fund balance” will be exhausted in about three years. It should be noted that the combined County budget, which includes more than 150 special purpose funds, will *decrease* by 0.5% in 2018.

Q: How does the unfunded retirement liability factor into the ballot question?

A: The unfunded retirement liability is not the only factor causing County budget stress, but it is certainly a major factor. Unexpectedly severe rule changes imposed by the Municipal Employees Retirement System of Michigan are just the latest factors to cause financial distress in many Michigan communities. The Headlee Amendment and Proposal A absolutely prevent local government revenues from catching up with economic upturns experienced in much of the private sector.

Q: How did the County get so far behind on pension obligations?

A: Ingham County has always paid 100% of its billed pension expense. Unfortunately, cost projections calculated by the Municipal Employees Retirement System of Michigan have not accurately predicted economic factors that impact the cost of pension benefits. Rule changes imposed in 2016 are intended to correct past shortcomings, but will come at the County's expense.

Q: What other municipalities and public agencies will be impacted if the ballot measure passes?

A: Maximum millage rates for general law townships (all townships except Delhi, Lansing and Meridian) and the Ingham Intermediate School District will be reset to their respective original maximum amounts if the ballot question is approved. Maximum Township millages would be reset to 1 mill, and the Intermediate School District rate would be reset to 0.2 mill.

Q: What will happen if the ballot proposal fails?

A: Without an influx of new revenue, the County will be forced to make significant service reductions beginning in 2019. At this time it is impossible to know with certainty which programs will be impacted. However, current projected revenue shortfalls would be felt across the board.

Q: Why can't the County just live "within its means"?

A: Ingham County, like all other local government units in Michigan, is required to adopt a balanced budget ahead of the start of each fiscal year – thereby living "within its means."