

Beaver Island Association
Supporting Environmental and Economic Sustainability

Property Tax Discussion
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2011 Annual Meeting

A Summary of Beaver Island Property Taxes (2009)

- Total Island-wide property taxes levied in 2009 were \$5.0 million.
- Of the total, \$2.8 million (56%) were school related taxes levied by:
 - Beaver Island, \$1.7+ million (62%)
 - the State of Michigan, \$0.7+ million (26%)
 - Charlevoix County, \$0.3+ million (12%)
- St. James and Peaine Townships each levied \$0.6 million for a total of \$1.2 million (24% of the total). In addition, \$0.1 million was levied by the Beaver Island District Library (2% of the total)
- Charlevoix County levied taxes of \$0.9 million (18% of the Beaver Island total) to support its governmental operations, roads, senior citizen programs, transit and recycling.

School Taxes

- Of the \$2.8 million levy, \$1.5 million was the result of a 15.79 mil-rate imposed on non-homestead property.
- The Beaver Island Community School budget for 2009, was \$2.1 million (versus \$2.8 million in local taxes).
- Approximately \$0.7 million of the Beaver Island school tax levies went to support off-island education (State and Charlevoix County).
- With a local budget of \$2.1 million and a student enrollment of 70, the Beaver Island cost per student is \$30,000.

Township Operations

- Both townships levied taxes of approximately \$580,000, (total \$1.2- million).
- To achieve this amount, St. James levied a mil-rate of 12 mils on taxable values of \$47 million. Peaine levied a mil-rate of 8 mils on \$71 million taxable value.
- The townships contribute equal dollar amounts to support the transfer station, airport, EMS, fire protection and the Historical Society.
- The townships have established equal mil-rates to support the Rural Health Center.
- Peaine spends fewer dollars on township roads and other operations, than does St. James.

St. James and Peaine Townships

- St. James levied a mil-rate of 12+ mils on \$47 million taxable value. Peaine levied 8+ mils on \$71 million in taxable value. Both townships raise \$580,000.
- If the townships were to establish a common mil-rate to raise the same taxes, it would be approximately 9.8 mils.
- The impact on homeowners would be (assuming no savings from consolidation):
 - For a \$100k taxable value (\$200k assessed)
 - Peaine taxes would **increase \$138 annually (1.3%)**
 - St. James taxes would **decrease \$276 annually (2.8%)**
- The increase for Peaine Township could be eliminated by a 17% reduction of the current township budgets, equal to about \$200,000 (from the current \$1,160,000).

Mil-rates for selected cities/towns (2010) [Charlevoix County]

	<u>Primary Residence</u>		<u>Non- Primary Residence</u>
Boyne City	37		55
Petosky	24		42
Charlevoix	34		52
Peaine	28		44
St. James	32		47
East Jordan	40		58

Things to think about

- The Beaver Island Community School cost per student per year is approximately \$30+ thousand. \$700 thousand (net) of education related taxes leave the island.
- Charlevoix County imposes \$0.9 million in taxes, including \$200,000 for senior citizens, and \$118,000 for roads. (Note: the townships budgets an additional \$150,000 for roads.) Does Beaver Island receive county services worth \$900,000?
- The two townships spend \$1.2 million to support two governments and local operations. Is there redundancy that could be eliminated without affecting services?
- How significant is the negative impact of non-homestead taxes on the island population, economy, property values and the real-estate market?
- How significant is the negative impact of state law grandfathering taxable values on the housing market and new construction? Is this a roadblock to increased population and economic activity?