

# The 4410: Taxable Values and the Local School District

*Phil Boone August 7, 2017*

*Office of State Aid and School Finance*



# State Aid Funding

- Per pupil “foundation” funding is a set amount for the district (\$7611 - \$8279 per pupil for 17-18)
- Per pupil funding = local revenue + State Aid
- Local revenue calculation based on taxable value reporting



# Local Revenue Calculation

- $TV * \text{millage rate} = \text{revenue}$

$$\begin{aligned} TV = & \\ & \text{value of properties paying millage} \\ & + \\ & \text{value of properties in Ren. Zone} \\ & - \\ & \text{property value of school operating} \\ & \text{millage captured by TIFA, DDA, LDFA...} \end{aligned}$$



# Local Revenue Calculation

TV \* millage rate = revenue

	<u>Amount</u>	<u>Mills</u>	<u>Revenue</u>
Non-PRE TV	291,867,970	18.0000	5,253,623
Comm PP TV	3,146,995	6.0000	18,882
Assumed Local Revenue			<u>5,272,505</u>
Local Revenue Per GE			5,978.91
Local Revenue Per Membership			5,764.38

See status reports at

<https://mdoe.state.mi.us/SAMSStatusReports/StatusReport.aspx>



# Result of value change

- Increasing taxable value (PRE denial or decreasing capture) → reduces State Aid
- Decreasing taxable value → increases State Aid



# Current vs. prior year

- Adjustments to current year are “slow”, 1/11 per payment
- Adjustments to prior year are “fast”, 100% effect in next payment.
- Adjustments go back to tax year 1994



# Example – Current year

FY 2016 Foundation	8,169.00
FY 1995 Foundation	6,466.45

Fall :  
Speci  
Supp  
Fall :  
Speci

FY 2016 Foundation	8,169.00
FY 1995 Foundation	6,466.45

Fall 2  
Specia  
Supp  
Fall 2  
Specia

	Amount	Mills	Revenue
Non-Pre TV	430,859,363	18.000	7,755,469
Comm PP TV	39,003,500	6.000	234,021
Assumed Local Revenue			7,989,490
Local Revenue Per GE			1,954.71
Local Revenue Per Membership			1,906.09

Supp  
Fall :

	Amount	Mills	Revenue
Non-Pre TV	425,109,696	18.000	7,651,975
Comm PP TV	39,042,900	6.000	234,257
Assumed Local Revenue			7,886,232
Local Revenue Per GE			1,929.45
Local Revenue Per Membership			1,881.45

Supp  
Fall 2

## CURRENT YEAR ALLOWANCES

	Amount
22a PROP A OBLIGATION (State PP: \$4,560.36)	19,115,068.17
51c SPEC ED HEADLEE OBLIGATION	1,673,760.86
22b DISCRETIONARY PAYMENT	5,922,480.50

## CURRENT YEAR ALLOWANCES

	Amount
22a PROP A OBLIGATION (State PP: \$4,585.00)	19,218,348.45
51c SPEC ED HEADLEE OBLIGATION	1,673,760.86
22b DISCRETIONARY PAYMENT	5,922,445.42

Changing taxable values reduces assumed local revenue by \$103K, resulting in an increase to district's current year allowances of \$103K.



# Example – Prior Year

District gets no supporting information on Status Report but can access a report that will tell them if PYAs are caused by TV changes

<b>PRIOR YEAR ADJUSTMENTS</b>		Amount	Pct to Date	Previous Amt	Current Amt
22a	2014 PROP A OBLIGATION	(35,107.88)	100.00 %	0.00	(35,107.88)
22b	2014 DISCRETIONARY PAYMENT	1.94	100.00 %	0.00	1.94
22a	2015 PROP A OBLIGATION	(38,983.48)	100.00 %	0.00	(38,983.48)
22b	2015 DISCRETIONARY PAYMENT	36.54	100.00 %	0.00	36.54
22f	2015 BEST PRACTICE RESIDUAL	(2,019.98)	100.00 %	0.00	(2,019.98)
		<u>(\$76,072.86)</u>		<u>\$0.00</u>	<u>(\$76,072.86)</u>





# District reconciliation tools

20	5/20/2013	507,261.54
20	7/22/2013	276,991.50
20	10/21/2013	-1,435,683.66
20	11/20/2013	2,243,964.88
20	1/21/2014	329,052.56
20	5/20/2014	150,843.56
	Open Bal	293,177,148.95
	Total	294,465,326.29

39	2/20/2013	1,677,010.61
39	3/20/2013	520.37
39	5/20/2013	-240.35
39	7/22/2013	561.52
39	10/21/2013	-166.27
39	11/20/2013	-411.32
39	1/21/2014	-371.35
39	5/20/2014	715.00
	Open Bal	72,667,268.61
	Total	72,667,034.67

## Changes in Taxable Value

Pay Date	Homestead Total	Non HS Total	Ind Total	Com Total	All Total
20 May 2014(Seq 9)	2,498,804,987.00	4,147,757,040.00	399,678,841.00	591,972,906.00	7,638,213,774.00
21 Jan 2014(Seq 4)	2,493,600,870.00	4,156,168,673.00	399,678,841.00	591,972,906.00	7,641,421,290.00
20 Nov 2013(Seq 2)	2,486,258,440.00	4,174,449,045.00	399,678,841.00	591,972,906.00	7,652,359,232.00
21 Oct 2013(Seq 1)	2,487,266,101.00	4,299,081,441.00	399,678,841.00	591,972,906.00	7,777,999,289.00
20 Aug 2013(Seq 12)	2,487,266,101.00	4,219,329,301.00	399,678,841.00	591,972,906.00	7,698,247,149.00
20 Aug 2012(Seq 12)	2,480,417,659.00	4,615,970,515.00	399,678,841.00	591,972,906.00	8,088,039,921.00

## Changes in Pupil Count

Description	PupilCountBlend	GeneralEdBlend	SpecialEdBlend
20 Aug 2012(Seq 12)	66,744.94	60,866.89	5,878.05

## Changes in Special Ed Costs

Description	SpecialEdCosts	SpecialEdTransCosts
20 Aug 2013(Seq 12)	139,332,411.00	13,392,956.00
20 Aug 2012(Seq 12)	159,084,256.00	15,371,096.00

## Summary of Original & Current values

Description	Original Value *	Prior Month Value	Current Value	Chg from prior mth
FOUNDATION GRANT	350,936,081.26	359,363,710.85	359,363,710.85	0.00



# Reporting Website

- <https://mdoe.state.mi.us/TaxableValue>
- 24/7 access for county users
- Password reset: 517-335-0505
- Public access available for districts
- “Unit level” detail
- Uploaded to State Aid Management System on or about the first of the month



# Taxable value format < 2008

KALAMAZOO COUNTY  
 County Code: 39  
 Tax Year: 2005

	PRE & Qualified Ag. & Qualified Forest	Non-PRE
Includes Capture and RZ Only Capture	\$4,161,027,957 \$1,681,198	\$2,956,349,203 \$34,119,401



PRE refers to Principal Residence Exemption  
 CAPTURE refers to School Operating Capture Taxable Value  
 RZ refers to Renaissance Zone

Unit	CountyName	DistrictCode		PRE & Qualified Ag. & Qualified Forest	Non-PRE	LastUpdate	Update By	Email
ALAMO (3901)	KALAMAZOO COUNTY	03010	Includes Capture and RZ Capture Only	\$13,857,256 \$0	\$5,882,060 \$0	1/4/2010	Mary, Balkema	
ALAMO (3901)	KALAMAZOO COUNTY	03020	Includes Capture and RZ Capture Only	\$70,528,082 \$0	\$16,649,360 \$0	6/15/2009	Mary, Balkema	
BRADY (3902)	KALAMAZOO COUNTY	39170	Includes Capture and RZ Capture Only	\$104,483,223 \$0	\$18,724,485 \$0	6/15/2009	Mary, Balkema	



# Taxable value format < 2008

- Two property categories
- PRE (homestead) or non-PRE (non-homestead)



# Taxable value format < 2008

- “Includes Capture and RZ”
  - Value of all properties
- “Capture Only”
  - Value of properties in TIFA paying no school operating millage



# Taxable value format 2008 >

KALAMAZOO COUNTY  
 County Code: 39  
 Tax Year: 2010



Totals :				
	PRE & Qualified Ag. & Qualified Forest	Industrial Personal Property	Commercial Personal Property	All Other (Non-PRE)
Includes Capture but not RZ :	\$4,740,880,317	\$467,455,604	\$262,342,631	\$2,596,741,582
Only Capture :	\$1,000,206	\$10,448,538	\$3,224,700	\$48,774,247
Only RZ :	\$1,010,201	\$10,938,524	\$964,373	\$30,525,823

PRE refers to Principal Residence Exemption  
 CAPTURE refers to School Operating Capture Taxable Value  
 RZ refers to Renaissance Zone

Unit	CountyName	DistrictCode		PRE & Qualified Ag. & Qualified Forest	Industrial Personal Property	Commercial Personal Property	All other (Non-PRE)	LastUpdate	Update By	Email
ALAMO (3901)	KALAMAZOO COUNTY	03010	Includes Capture but not RZ	\$16,444,194	\$60,670	\$642,717	\$4,928,291	9/2/2010	Mary, Balkema	<input checked="" type="checkbox"/>
			Only Capture	\$0	\$0	\$0				
			Only RZ	\$0	\$128,236	\$0	\$178,234			
ALAMO (3901)	KALAMAZOO COUNTY	03020	Includes Capture but not RZ	\$82,529,540	\$49,817	\$1,624,935	\$19,223,075	9/2/2010	Mary, Balkema	<input checked="" type="checkbox"/>
			Only Capture	\$0	\$0	\$0				
			Only RZ	\$0	\$108,920	\$0	\$114,174			
BRADY (3902)	KALAMAZOO COUNTY	39170	Includes Capture but not RZ	\$121,356,962	\$1,985,300	\$737,100	\$20,730,883	9/2/2010	Mary, Balkema	<input checked="" type="checkbox"/>
			Only Capture	\$0	\$0	\$0				
			Only RZ	\$0	\$0	\$0				



# Taxable value format 2008 >

- Four property categories
  - PRE (homestead)
  - Industrial Personal
  - Commercial Personal
  - all other non-PRE (non-homestead)



# Taxable value format 2008 >

- “Includes Capture but not RZ”
  - Value of all properties not within RZ
- “Capture Only”
  - Value of properties in TIFA paying no school operating millage
- “RZ only”
  - Value of properties within RZ





# Changing values

<input type="button" value="Edit"/>	AURELIUS (3302)	INGHAM COUNTY	33130		Includes Capture but not RZ Only Capture Only RZ	\$108,668,291 \$0 \$0	\$0 \$0 \$0	\$511,500 \$0 \$0	\$9,281,188 \$0 \$0	5/25/2016	Elisabeth, Richardson	<input checked="" type="checkbox"/>	<input type="button" value="Edit"/>
<input type="button" value="Update"/> <input type="button" value="Cancel"/>	BUNKER HILL (3303)	INGHAM COUNTY	33040		Includes Capture but not RZ Only Capture Only RZ	PRE Qualified Ag. & Qualified Forest 16766596 0 0	Industrial Personal Property 0 0 0	Commercial Personal Property 191000 0 0	All Other (Non-PRE) 15498722 0 0	5/25/2016	Elisabeth, Richardson	<input checked="" type="checkbox"/>	<input type="button" value="Update"/> <input type="button" value="Cancel"/>
<input type="button" value="Edit"/>	BUNKER HILL (3303)	INGHAM COUNTY	33100		Includes Capture but not RZ Only Capture Only RZ	\$15,044,427 \$0 \$0	\$0 \$0 \$0	\$37,800 \$0 \$0	\$17,932,428 \$0 \$0	5/25/2016	Elisabeth, Richardson	<input checked="" type="checkbox"/>	<input type="button" value="Edit"/>

<input type="button" value="Edit"/>	AURELIUS (3302)	INGHAM COUNTY	33130		Includes Capture but not RZ Only Capture Only RZ	\$108,668,291 \$0 \$0	\$0 \$0 \$0	\$511,500 \$0 \$0	\$9,281,188 \$0 \$0	5/25/2016	Elisabeth, Richardson	<input checked="" type="checkbox"/>	<input type="button" value="Edit"/>
<input type="button" value="Edit"/>	BUNKER HILL (3303)	INGHAM COUNTY	33040	<span style="color: red;">*</span> <b>Review Exceptions</b>	Includes Capture but not RZ Only Capture Only RZ	\$16,766,596 \$0 \$0	\$0 \$0 \$0	\$191,000 \$0 \$0	\$15,498,722 \$0 \$0	8/4/2016	Phillip, Boone	<input checked="" type="checkbox"/>	<input type="button" value="Edit"/>
<input type="button" value="Edit"/>	BUNKER HILL (3303)	INGHAM COUNTY	33100		Includes Capture but not RZ Only Capture Only RZ	\$15,044,427 \$0 \$0	\$0 \$0 \$0	\$37,800 \$0 \$0	\$17,932,428 \$0 \$0	5/25/2016	Elisabeth, Richardson	<input checked="" type="checkbox"/>	<input type="button" value="Edit"/>

**The changes listed below have triggered an exception.  
Please CLICK ON EDIT TO PROVIDE A REASON for this exceptional increase/decrease in value.**

INGHAM COUNTY  
County Code: 33

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	Unit Name	County	District Code	Tax Year	Exception Type	Old Value	New Value	Amount Change	Exception Reason	
<input type="button" value="Edit"/> <input type="button" value="Delete"/>	BUNKER HILL (3303)	INGHAM COUNTY	33040	2016	Commercial TV	\$191,000	\$1,191,001	\$1,000,001	Provide Reason.	<input type="button" value="Edit"/>



# Changing values - exceptions

The changes listed below have triggered an exception.  
Please **CLICK ON EDIT TO PROVIDE A REASON** for this exceptional increase/decrease in value.

INGHAM COUNTY  
County Code: 33

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	Unit Name	County	District Code	Tax Year	Exception Type	Old Value	New Value	Amount Change	Exception Reason	
Update Cancel	BUNKER HILL (3303)	INGHAM COUNTY	33040	2016	Commercial TV	\$191,000	\$1,191,001	\$1,000,001	Demonstration	Update Cancel

The changes listed below have triggered an exception.  
Please **CLICK ON EDIT TO PROVIDE A REASON** for this exceptional increase/decrease in value.

INGHAM COUNTY  
County Code: 33

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	Unit Name	County	District Code	Tax Year	Exception Type	Old Value	New Value	Amount Change	Exception Reason	
Edit Delete	BUNKER HILL (3303)	INGHAM COUNTY	33040	2016	Commercial TV	\$191,000	\$1,191,001	\$1,000,001	Demonstration	Edit

BUNKER HILL (3303)	INGHAM COUNTY	33040	Includes Capture but not RZ Only Capture Only RZ	\$16,766,596 \$0 \$0	\$0 \$0 \$0	\$1,191,001 \$0 \$0	\$15,498,722 \$0 \$0	8/4/2016	Phillip, Boone	<input checked="" type="checkbox"/>
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# Reporting Guidelines

Phillip Boone

Monday, January 31, 2011

## Taxable Value Admin Menu

County:  ▼

Year:  ▼

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[Manage Flagged Records](#)  
[Manage System Messages](#)  
[Manage Users](#)  
[Manage Locked Units](#)

## Reporting Guide

**Taxable value reporting guidelines for tax years beginning with [2008](#).**

**Taxable value reporting guidelines for tax years [1994](#) through [2007](#).**

**[Calculation of value changes related to foreclosures](#)**



# Reporting Guidelines

- Beginning in tax year 2012, MCL 380.1211.7cc(2) provides 2 annual deadlines for submission of principal residence affidavits. When a home is assessed as NonPRE on the July bill and as PRE on the December bill, the taxable value for the year is:
  - NonPRE if the school operating tax was levied 100% in July
  - PRE if the school operating tax was levied 100% in December
  - $\frac{1}{2}$  NonPRE and  $\frac{1}{2}$  PRE if the school operating tax was levied  $\frac{1}{2}$  in July and  $\frac{1}{2}$  in December.



# Traditional Reporting Dates

- September 1 “A”
  - Initial taxable values
- May 1 “B”
  - Revisions to current year
- October 20 “C”
  - Revisions of prior years
- Traditional...or obsolete?



# The Weakest Links

- Captured value
- Capture must be district specific.
- Easily confused
- “Capture” may not = school district operating capture





# The Weakest Links

- Negative Capture
- Guidelines after login
- If overall capture for an authority is negative, report zero.
- If positive and negative in same authority, convert to \$ captured, combine, and convert back to property value. (see examples)





# The Weakest Links

- Foreclosure chargebacks and PRE Denials – when?
- Your discretion, but waiting until after foreclosure sale or taxpayer has paid reduces financial stress on district



# The Weakest Links

- “C” updates due Oct. 20
- Causes Nov. reimbursement
- December BOR’s can result in bills with no reimbursement until NEXT November
- Large reductions in value result in large bills to districts



# How can we improve?

- If “C” values were updated May 1 with “B” update, December BOR’s would be reimbursed in 5 months instead of 11.
- Triage – please try to make major updates ASAP.



# Questions?

- How do we treat land bank properties?
  - If a property's title is held by a land bank, that property is exempt from property tax, and its taxable value is zero.
  - Most property sold by a land bank is subject to a specific tax for the next five years. That property is exempt from property tax, its taxable value is zero, and its captured value is also zero during that period.



# Questions?

- How do we handle pre-ACT381 plan (partial) Brownfield capture?
  - Back into a capture amount from \$ captured (captured \$ / .018 or .006)



# Questions?

- Why does my local unit's 4410 report show capture when it does not capture school operating?
  - Please refer to your software provider.



# Contact Info

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