

TAX CAP FAQs

Frequently Asked Questions About Removing the City of Saginaw Tax Caps

➤ **What are the tax caps?**

- A. There are two tax caps, both established in 1979: One imposes a millage rate cap of 7.5 mills and the other imposes a dollar limit on the amount of property tax the City is able to collect. Prior to 1979, the City of Saginaw was able to levy 10 mills (\$10 per \$1000 of taxable property value). In 1979, the City Charter was amended to reduce the millage rate from 10 to 7.5 (known as the “rate cap”) and the dollar amount was also limited to the actual amount 7.5 mills yielded in 1979 (known as the “dollar cap”), with no adjustment for inflation.

➤ **How does a 23-year old tax cut have any impact today?**

- A. The 1979 changes not only reduced revenue for vital City services, it prohibited the City from benefiting from growth by limiting the actual dollar amount it can collect from property taxes. The City can only collect the same dollar amount, \$3.8 million, it collected in 1979. So, no matter how much Saginaw grows, no matter how many new homes or businesses are created, the City cannot collect more than the same dollar amount it collected 23 years ago.

➤ **But the City is smaller than it used to be, so maybe some cutbacks were in order?**

- A. True, the City is smaller, but the cuts have far exceeded the population loss. Population has decreased by 23% since 1978; but the workforce has been reduced by 43%, including a 35% loss in firefighters and a 36% loss in sworn police officers. Also, some services still require the same amount of attention, like maintaining the same acreage of public parks, whether the population increases or decreases.

➤ **Why can't the City simply live within its means, even if it means scaling back?**

- A. The City has lived within its means. Effective management over the past 20 years has allowed the City to maintain most public services and enhance others, despite a 43% cut in the labor force. Not many families or businesses could survive living on the same income from 1979 and, likewise, the City can no longer absorb these cutbacks without reducing and eliminating vital public services.



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(continued)

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➤ **So what will happen if the City continues to absorb these cutbacks?**

A. Over the past three years the City has eliminated 65 positions in order to balance each year's budget. Without increased revenue, projections for next year indicate a \$3.2 million shortfall; so additional cuts are necessary and will result in significant reductions in service. The projected cuts include:

Service Reduction/Elimination	Savings
Close Japanese Cultural Center	\$146,000
Eliminate Subsidy to Andersen Enrichment Center – Reduced Operations	\$35,000
Eliminate City's Administration of Summer Food Program	\$50,000
Internal Service Charges for Computerization (reduction in internal efficiencies)	\$249,200
Eliminate Y-City Partnership – All Recreation Programs	\$500,000
Eliminate Housing Inspections and Dangerous Building Demolitions	\$1,185,000
Fire Dept - Cut Equivalent of 8 Firefighters; Rescue Squad/Station Eliminations	\$675,000
Police Dept - Cut Equivalent of 7 Police Officers; Service Level Reductions	\$675,000

➤ **OK, I'm convinced that these tax caps must be removed, but I'm concerned about how much more I'll pay in property taxes. How much more will I pay?**

A. It depends on the value of your property. Here's a table to help figure it out.

Fair Market Value	Taxable Value	Difference Between Current Levy and Proposed Maximum of 10 mills	Cost/Day
\$30,000	\$15,000	\$66	18¢
\$70,000	\$35,000	\$155	42¢
\$110,000	\$55,000	\$243	67¢
\$130,000	\$65,000	\$287	79¢

How much will your property be worth if we fail to invest in the City?

**INVEST IN YOUR PROPERTY VALUE
INVEST IN YOUR QUALITY OF LIFE
INVEST IN SAGINAW**

REMOVE THE CAPS – VOTE YES ON 1, 2 & 3 – NOVEMBER 5