

TRUTH IN TAXATION

In 1978, the Headlee Amendment was passed to protect property owners by limiting how quickly the Taxable Value of a community can increase. To prevent high growth from one year to the next, Headlee requires the Township to lower, or “rollback”, its operating millages so that taxable value growth doesn’t exceed inflation.

2026 Millage Reduction Fraction (Headlee) Calculation

FORMULA: $(2025 \text{ Total TV} - \text{Losses}) \times \text{Inflation Rate} / (2026 \text{ Total TV} - \text{Additions}) = 2026 \text{ BTRF (Base Tax Rate Fraction)}$

V-TWP Data: $(477,165,539 - 1,066,309) \times 1.027 / (498,946,778 - 7,267,574) = \mathbf{0.9945}$

Truth in Taxation Formula:

FORMULA: $\text{BTRF} \times 2025 \text{ Levy} (2026 \text{ Proposed Levy } 4.0400) = \text{Maximum levy possible without hearing.}$

V-TWP Data: $\mathbf{0.9945} \times 4.0400 = \mathbf{3.9119}$

If the recalculated rate remained at 4.0400, as levied in 2025, we would not have to hold a Truth in Taxation Hearing.

Any levy rates between 3.9119 and 4.0400 would require a hearing.

$4.0400 - 3.9119 = \mathbf{0.1281}$ Proposed change in Operating millage to maintain 4.0400 levy

If approved, operating revenues from ad valorem property taxes will increase **3.27%** $(0.1281/3.9119 \times 100)$ over revenues generated by levy amount permitted without holding a hearing.

If not approved, the operating revenue will increase by 0.91% over the preceding year’s operating revenue.

Each year’s new rate becomes permanent and becomes the basis for the next year’s calculation.

Consequently, if the tax levy is lowered to 3.9119 for 2025, that will be the new base for calculating 2027 tax levy and will continue to affect the township in future calculations. We could never get back to 4.0400, unless we went back to the voters on a ballot.

We want to make sure we retain our maximum allowable tax levy and that the Maximum does not roll back to a rate lower than what we are currently collecting. This allows us to continue providing the same level of services to our residents, as we currently offer.