

Acknowledgements

The information contained in this report was gathered, analyzed, and presented by Public Policy Associates, Incorporated (PPA) through a grant from the C.S. Mott Foundation, Flint.

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All analyses and conclusions included in this report are those of PPA.

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Executive Summary

Purpose of Study

This study analyzes the relative burden on individuals and firms of the total taxes, fees, and debt currently borne by Flint, seven selected neighboring municipalities in Genesee County, and five other Michigan comparison cities: Troy, Auburn Hills, Pontiac, Kalamazoo, and Saginaw. Troy and Auburn Hills are included for comparison due to their proximity to Flint and their rapid growth, while Pontiac, Kalamazoo, and Saginaw are included due to their similarity to Flint as aging industrial centers.

The intent of the study is to inform the public dialogue concerning the comparative advantage and/or disadvantage that the overall costs of government services and doing business in Flint may present as Flint and Genesee County leaders and residents make decisions over the coming months about additional school millages, as well as how to deal with the city's financial crisis.

Well-intentioned and important investments in schools, libraries, and city and county services need to be considered in light of their overall and potential impact on the residents of Flint and adjacent communities in Genesee County. Nearby communities are ready alternatives to locating a home or business in Flint. In addition, Flint-area residents and leaders need to know how their taxes, fees, and related costs of government services compare with other urban areas in Michigan, in order to understand the potential impact of these "fiscal burdens" on Flint's future.

Summary Conclusions

The analysis in this report illustrates the facts concerning Flint's tax burden and structure from a variety of useful vantage points. The following are the main themes and conclusions that capture the essence of what the data tell us:

- **Flint's tax structure is not spread equally across sectors.** Any new tax falls disproportionately on a relatively narrow band of homeowners and renters in Flint. Much of Flint's industrial property is not taxed. Flint only lists approximately a quarter of its taxable

property as commercial or industrial, which is second lowest among the comparison cities to Saginaw. The remaining 75 percent of property in Flint is valued as residential (47.76%) or personal property (25.67%).

- The large number of tax abatements given by the City of Flint shifts the tax burden to residents and renters. While Flint has the largest population of all of the communities included in the study, it ranks at the bottom of the Genesee County communities in the percentage of people who own their homes. Flint also has the lowest total percentage of property valued as homestead (See Table 11).
 - When compared with the other comparison cities included in this report, only Auburn Hills has issued more tax abatements than Flint since 1986.
 - Shifting the tax burden to homeowners and renters changes the perceived impact of any tax. While renters pay indirectly for public services, they are less likely to vote in school and local elections where millages are at stake. Renters are less likely to directly “feel” the tax and factor it into their decisions. Rental property owners likely pass the tax through to renters creating a less clear sense of “who pays”; hence, homeowners feel the brunt of a Flint tax.
- **Flint’s ability to bring in additional revenue through new taxes is minimal.** Due to a history of declining property values, tax abatements, and a declining share of the taxable property base, Flint cannot raise as much revenue, proportionately, as the other communities studied.
- The state equalized value (SEV) and taxable value of nonhomestead property have decreased in the last decade. Since 1990, the SEV of nonhomestead property in Flint has decreased 13.02 percent. The taxable value of nonhomestead property in Flint decreased 12.13 percent from 1995 to 2001.

- The SEV and taxable value for residential property grew more slowly in Flint over the last decade than in any of the comparison cities except Saginaw.
 - Despite the high millage rates, Flint has allowed over \$1 billion in tax abatements for businesses. As a result, a high percentage of nonhomestead property generates less local tax revenue.
 - The large number of tax abatements has not resulted in any growth in SEV or taxable value in the City of Flint. Although the incentives and disincentives of tax abatements are not investigated in this report, Flint had the lowest level of growth in SEV and taxable value over the past decade.
 - Flint would bring in more money with a one-mill increase than all the cities in the study except Troy and Auburn Hills. However, all other cities have lower populations. Flint's relative millage tax revenue is low when compared with the comparison cities.
 - Flint had the largest decline in population of any of the communities evaluated in this report. Declines in population usually result in a decreasing tax base for the city.
- **Flint's overall local tax rate is high.** Just looking at the overall rate of taxation, Flint has a high rate relative to neighboring jurisdictions. However, Flint's overall tax rate is lower than two out of three older industrial comparison cities and higher than newly emerging cities where one mill of tax raises more due to higher property values. However, Flint, Pontiac, Saginaw, and Kalamazoo are the only cities included in this study to levy city income taxes. When computed for Flint, the local income tax for a median wage earner would be equivalent to 11 mills for the median value homeowner. The additional 11 mills for Flint residents means Flint residents are paying approximately 50.22 mills, third only to Pontiac and Kalamazoo. Important features of the overall tax-rate analysis include the following:
- Flint was only behind Fenton in the number of mills collected in the Genesee County communities analyzed in the study.

- While high, Flint's tax rate is comparable to, or lower than, those of older industrial cities. Flint's tax rate was lower than in Pontiac and Kalamazoo.
- The City of Flint raises more taxes to operate local government than any other Genesee County community. Among the other comparison cities, however, Pontiac and Kalamazoo have higher millage rates to fund their local government.
- When city income taxes are calculated as a millage equivalent, only Pontiac and Kalamazoo have a higher millage rate for local government than Flint. (Note: Only cities are able to levy an income tax.) A Flint median value homeowner who earns the median wage paid the equivalent of 11 mills for the city income tax¹. The additional 11-mill equivalent means Flint residents would pay 27.1 mills for the operation and debt millages for local government, totaling 50.22 mills overall.
- Flint currently charges a higher nonhomestead millage rate than any other neighboring municipality. Flint remains third among the comparison cities, behind Pontiac and Kalamazoo.
- The City of Flint collects significantly more taxes for operation of its libraries than any other neighboring municipality. Flint's library millage ranks third among other comparison cities included in the study. However, among the comparison cities, every library system is different. For instance, Kalamazoo's library does not cover the entire city, while Saginaw's library extends past its city limit. For this reason, library-millage comparisons should be viewed with caution.

■ **Flint's school-millage debt rate is low.** While the cumulative tax rate is high, Flint's community schools currently do not have any debt millages.

¹ The 2000 Census reported that the median wage earner in Flint earned \$28,015 while the median-value home in Flint was valued at \$49,700 (See Table 24 and 25).

- The City of Flint has the lowest local education millage rate of any community evaluated in the report. The Flint School District currently has no debt or sinking-fund millage. The lack of debt millage by the Flint School District reflects the fact that no capital improvements have been made recently to schools.
 - Other communities have financed, or are in the process of financing, school-infrastructure improvements that Flint is not.
- **Flint taxes overall are not high based on ability to pay.** Flint’s tax burden, when linked to “ability-to-pay” measures such as income and property value, shows that Flint is comparable to comparison cities and neighboring communities.
- On a median home/median wage comparison basis, Flint ranks fifth in the neighboring municipalities in the percentage of the median wage paid in taxes. Flint is last among the comparison cities.
 - Using a median home/median wage comparison that includes the estimated millage equivalent for local income taxes, Flint ranks third among the neighboring municipalities in the percentage of the median wage paid in taxes. Flint also ranks third among the comparison cities (behind Kalamazoo and Pontiac).
 - Although Flint’s local tax *rates* are high, the low value of property in Flint results in a lower per-mill net. On average, Flint residents pay less per mill than any other city contained in this study.
 - A median-value homeowner in Flint would pay \$76.50 (i.e., a 7 percent tax increase) for a three-mill increase.

■ **Flint's use of tax revenue is comparable to that of other communities in the study.**

- Flint's use of revenue is similar to that of other localities. The mills charged to run most programs are consistent with those charged by other cities in this study.
- Two areas where taxation is higher than in most other cities are local government and community library millage. Flint has the third largest library millage and is behind only Pontiac and Kalamazoo in local government millage.
- Although Flint is behind Fenton in the total number of mills collected, Fenton collects a total of 7.6127 mills as debt and sinking fund. Fenton has seen a population increase of 22 percent over the last 10 years and has recently built new schools.

Recommendations

Given these findings, which are illustrated in detail in the following report, PPA would encourage public discussion and debate around the following recommendations:

Expand the tax base to increase revenues.

Flint has given out a large number of tax abatements in the last 15 years. These abatements have shifted the burden to other taxpayers in the community, such as homeowners and renters. Meanwhile, there is little evidence that these abatements have helped Flint stem the loss of residents, firms, or revenue. Flint's overall local tax rates are higher than its neighboring communities. Although Flint's local taxation is not out of line with that of comparison cities, it is second only to Kalamazoo when the burden of city income taxes is included. Due to the demographics and structure of taxation, it appears that Flint is currently at the highest level of taxation it can absorb. In order to generate revenue, Flint needs to expand its tax base apart from generating revenue through more local millages. Strategies that could be pursued include:

- Limit new tax abatements, and ensure that any tax abatements given have a recapture penalty for businesses that do not hold up their end of the bargain.

- Revise future local business incentives away from tax abatements, and move toward incentive packages that focus on investments in infrastructure and job training.

- Support state policy efforts that focus investments and financing on core cities, and that similarly remix state business incentive packages to encourage infrastructure and job training investments.

- Consider raising Flint's city income tax to 1.5 percent for residents and 0.75 percent for non-residents instead of raising property tax millages as a potentially more progressive way to raise local revenue. (Raising Flint's city income tax above the standard rate would require a change in state legislation and a vote of the people.) The city income tax reaches across businesses, residents, and non-residents who work in Flint. Although the economic implications of local income taxes versus property taxes have not been studied in this report, Flint's declining property values would make additional property taxes a poor, short-term solution for revenue growth.

Revise regional and state taxing mechanisms to support core cities school infrastructure financing.

Flint's leadership should advance regional and state funding mechanisms as aggressively as possible. Although a millage increase in Flint would raise more total funds than in any of the neighboring cities in this study, Flint cannot raise as much proportionately. For example, Flint is, in some sense, a poster community for more generalized revenue-raising for school infrastructure. Flint has not taxed itself for school infrastructure as other communities have. It is not unreasonable for Flint to want and need to invest in its schools, considering that it has not done so for many years. Still, currently there is no effective mechanism for Flint and poor urban districts to raise resources for school infrastructure. The state school bond loan fund formula, which can help districts lower interest rates and guarantee school infrastructure bonds, was revised in 1991 to make it almost impossible for districts with declining home values (like Flint) to use. The regional (ISD) level enhancement millage of 3-mills afforded under Proposal A can only be used for operating revenues, not infrastructure. Michigan is one of only eight states that have no state grant support for school infrastructure. Some alternatives for consideration at the state level include:

- Advocate revision of the formula for the state school bond loan fund to make it possible for poorer districts to benefit.
- Seek revision of the intermediate school district enhancement millage to provide for school infrastructure.
- Encourage a new state financing mechanism that subsidizes school infrastructure investments in high priority districts.
- Earmark additional revenue raised by increasing the city income tax exclusively for schools, or other valued functions. Currently only the City of Detroit has legislative authority to levy a school income tax for school improvement. Earmarking city income tax revenues would require a change in statute at the state level.

Change the tax structure.

First, the community should promote dialogue and understanding that Flint's tax burden is not out of line, but that the structure of taxation generally is. When gauged by ability to pay, Flint does not overtax, particularly compared to other older industrial cities in Michigan. Relatively speaking, Flint does not tax its industrial/commercial base, but relies on the low percentage of homeowners to bear the burden. Seemingly necessary tax abatements for commercial and industrial property (\$1.07 billion since 1986) have eroded Flint's tax base significantly. Second, creative alternative taxing structures should be explored at both the local/regional and state levels. These could include:

- Implement a tax-based sharing plan that provides for distribution of the tax benefits derived from new large-scale commercial or industrial development across municipal jurisdictions.
- Consider adopting the Pittsburgh "split-taxation" approach for property taxes. Pittsburgh taxes land values at a high rate and the development on the land at a low rate. The intent of such an approach is to encourage the development of land in central cities and to raise the holding costs of idle land. Such an approach should be considered for Michigan to benefit Flint and other communities.
- Revise the state's statutory revenue sharing formula to assure that funding to local units is based on need and conditioned on planning cooperation with surrounding jurisdictions.
- Support regional institutions that are located in urban centers. Libraries, art and cultural institutions, concert halls, and convention centers benefit entire regions. The burden of supporting such institutions should not fall entirely on their home cities.
- Support the development of regional and metropolitan governance structures. Regional governance shares costs, expands the tax base, and facilitates comprehensive planning around regional infrastructure, land use, and economic development.

I. Introduction

For local municipalities, property taxes fund nearly all local services, local and county governments, public safety, and schools, in addition to libraries and parks.

While property taxes are an accepted way to pay for the aforementioned services, all considered to be in the public good, many argue that high property tax rates can actually discourage businesses or homeowners from locating in a given area.

Currently, the leadership of the Flint School District is considering whether to request a special bond millage in order to build new schools. In addition, the City of Flint and the region have debated the funding of public services such as library systems, police and fire departments, and education in recent years. Flint is currently in the hands of a receiver appointed by the former governor because of the city's severe fiscal crisis. As the Flint area considers additional taxes and/or millage levels, many in the community have desired a comprehensive analysis of the total tax burden of Flint's residents in comparison to other similar areas.

The goal of this study is to inform the public dialogue concerning the comparative advantage and/or disadvantage that the overall costs of government services and doing business in Flint may present as community leaders and residents make decisions over the coming months about additional school millages and ways to deal with the city's financial crisis.

II. Methodology

This study analyzes the tax burden on the citizens and business owners of the City of Flint and provides comparisons with surrounding communities as well as comparison cities across the state of Michigan.

The following communities (three cities and four townships) were chosen because of their proximity to Flint and because they may be viewed as alternatives for businesses or residents to locating in the City of Flint. In addition, they share many of the same Genesee County taxes.

Burton	Grand Blanc Township
Fenton	Flint Township
Grand Blanc	Mundy Township
	Fenton Township

Several other cities were added for additional comparison:

Auburn Hills	Saginaw
Kalamazoo	Troy
Pontiac	

Kalamazoo, Pontiac, and Saginaw were chosen because they are industrial cities with aging housing stocks. In addition, they share similar racial and economic makeups and locations.

Auburn Hills and Troy were chosen because they are relatively similar in size and location but have been experiencing dynamic, rapid growth. Auburn Hills' development, unlike that of Flint, has occurred within the past 30 years. Both Auburn Hills and Troy are markedly different from Flint in median home values and household income levels.

Collection of Information

The majority of information for the Genesee County municipalities was secured from the Genesee County Treasurer's Office; data for the comparison cities was compiled from official reports provided by the state treasurer's office. For all property tax levies and other taxation information, 2002 data were used, with the exception of Kalamazoo (Kalamazoo has yet to submit its 2002 tax data; therefore, 2001 data were used).

The community profiles were developed using the 2000 Census data compiled by researchers from Public Policy Associates, Incorporated (PPA). A glossary of relevant terms is provided in Appendix B.

Major Assumptions Made Throughout Report

In order to eliminate as much confusion as possible with the comparisons and analysis, all conclusions are based on a set of assumptions.

- For businesses, calculations are made without factoring in tax abatements, Renaissance Zones, or other incentives that may impact individual businesses or limited areas of a community. The report does, however, speak to the magnitude and impact of existing tax abatements, but only from a total dollar perspective. The full economic impact of these tax abatements are beyond the scope of this report.
- Several cities have more than one school district; the school district with the most taxable value within the city was chosen for comparison.
- Every city and county taxes its residents differently. While several cities or counties include libraries, public transportation, parks, and other expenditures in their operating budgets, others have separate millages to pay for these entities. For the purpose of standardization within this report, the millage amounts allocated to entities are separated whenever possible.

- The total local tax burden is calculated without determining deductions on federal income tax for local taxation. It is assumed that most homeowners will itemize property tax and mortgage interest deductions along with other deductions to lower their overall tax burden.
- The federal and state income taxes are based on 2002 rates and assume no deductions.
- Flint, Pontiac, and Kalamazoo are the only cities in this study with a 1.0 percent local income tax on residents (there is a 0.5 percent tax levied on nonresidents working in the city). Saginaw currently levies a 1.5 percent local income tax on residents (0.75 percent on nonresidents working in the city).
- Local income taxes are computed into a millage equivalent in this report using the median wage earned and median home-value figures from the 2000 Census (See table 22). The millage equivalent calculated in this report is a median estimate and will vary for residents depending on income and the value of their home. (Note: While businesses must also pay local income taxes, this report does not attempt to estimate millage equivalents for businesses.)
- Special assessments (reported as direct charge equivalents – see Table 16) are also included in the total property tax analysis. In most cases, cities administer and report assessments in total dollar values assessed. For purposes of this report, these assessments have been converted into an equivalent millage rate by dividing the total dollar value of the assessments by the total real taxable property valuation in each locality. For purposes of this analysis, it is assumed that all residents are paying the millage equivalent (Note: in some cases, an entire city or township may not be paying the assessment).
- In some instances, certain millages have been excluded from the analysis. These mainly include assessments or millages such as roads and drains that do not affect a majority of people in the selected city.

Structural Differences in Taxing Authorities

There are two major structural differences among the communities reviewed for this analysis. First, they differ in the structure of the general operating unit. A charter township may have a basic charter taxing authority of 5 or 10 mills that was created by its voters when the charter was adopted. Charter townships tend to be larger units and offer a broader array of services, although usually fewer than most cities. A city may have a basic charter of 10 or 20 mills, again dependent upon the original amount granted by its voters. Cities tend to offer the broadest array of public services. In addition to their basic taxing authority, these units may also seek voter approval of additional property tax levies as well as levy income taxes. In this analysis, Flint, Grand Blanc, Mundy, and Fenton Townships are all chartered townships. The remaining localities Flint, Grand Blanc, Fenton, Burton, Pontiac, Kalamazoo, Auburn Hills, Troy, and Saginaw are all cities.

Second, communities differ based upon historical development patterns. For example, residential and commercial areas tend to take root around the edge of basic industrial development. Older communities, cities, or townships may have lower value housing, while more upscale housing goes into newly developed areas. Quite often, major transportation improvements such as new highways or new intersections may spur development or ease movement from an older area to a newer one.

A frequent result of rapid development patterns is that newer areas will struggle to meet the demands of new residents for higher levels of services, while older residents of the area, comfortable with the services and lower taxes with which they are familiar, will oppose expansion of services. At the same time, older communities that are losing population struggle to maintain existing infrastructures and quality of life while trying to attract new residents and businesses.

III. Municipal Profiles

Several municipalities and larger cities were chosen for comparison to Flint. The following section provides a profile of each community.

Description of Communities

Burton, Fenton, Fenton Township, Flint, Flint Township, Grand Blanc, Grand Blanc Township, and Mundy Township are all located in Genesee County. Burton, Flint, and Flint Township are older communities; over 50 percent of their housing stock is at least 30 years old. In the case of Flint, 64 percent of its housing stock was constructed between 1940 and 1969, and 23 percent of its housing stock was built prior to that time. Only 13 percent of Flint's housing stock has been built since 1970. Fenton, Mundy, and Grand Blanc townships are experiencing growth, and their housing stock reflects this: a majority was constructed in the past 30 years. This is also the case in Grand Blanc and Fenton cities. Approximately 55 percent of residents of the City of Flint are African American. In the communities surrounding Flint, at least 85 percent of the population is Caucasian except in Flint Township (78 percent). The majority of the residents of Flint and the surrounding municipalities are employed in professional, service, or office occupations; however, 25 percent of Flint residents are employed in manufacturing occupations. Fifty-nine percent of the residents of Flint have a household income of less than \$35,000 per year, while a majority of the residents of the surrounding communities have household incomes greater than \$35,000 per year.

Kalamazoo is located in Kalamazoo County in southwestern Michigan. Kalamazoo is similar to Flint in that 69 percent of its housing stock is at least 30 years old. It is also experiencing a decline in population, and the city remains predominantly Caucasian (71 percent). Seventy-eight percent of Kalamazoo residents are employed in management, sales, or service occupations. Fifty-five percent of its residents have a household income of less than \$35,000 per year.

Auburn Hills, Pontiac, and Troy are all located in Oakland County in southeastern Michigan. Auburn Hills and Troy are experiencing rapid growth, while Pontiac has experienced a decline in population over the past decade. Pontiac, like Flint and Kalamazoo, is an older city, with 73 percent of its housing stock at least 30 years old. Pontiac is also similar to Flint in that 25 percent of its residents are employed in manufacturing occupations. Half of the residents of Pontiac are African American, while 2 percent of the residents of Troy and 13 percent of the residents of Auburn Hills are African American. Over 50 percent of the residents of Troy and 42 percent of the residents of Auburn Hills are employed in professional occupations. Fifty-four percent of the residents of Pontiac have a household income of less than \$35,000 per year, while only 17 percent of the residents of Troy and 31 percent of the residents of Auburn Hills have a household income of less than \$35,000 per year. Over 50 percent of the residents of Troy have a household income of \$75,000 or more while nearly 29 percent of Auburn Hills residents earn an income of \$75,000 or more. The City of Saginaw, located in Saginaw County, shares many similarities with the City of Flint. It is an older city with 90 percent of its housing stock at least 30 years old. Its population is declining, and a majority of its residents are African American. Sixty-two percent of its residents have a household income of less than \$35,000 per year.

The following tables provide additional information regarding each community. Table 1 displays the percentage of each type of taxable property within each community.

Table 1: Property Valuation Profiles

City/Township	Residential	Commercial*	Industrial	Personal Property**
Flint/Neighboring Municipalities				
Burton	62.44%	20.25%	5.96%	11.34%
Fenton	53.11%	28.84%	6.67%	11.39%
Fenton Township	90.10%	4.60%	1.27%	3.34%
City of Flint	47.76%	13.86%	12.71%	25.67%
Flint Township	45.08%	43.68%	1.18%	10.05%
Grand Blanc	74.09%	19.14%	1.92%	4.84%
Grand Blanc Township	67.29%	15.68%	5.71%	11.32%
Mundy Township	68.93%	17.80%	4.54%	6.80%
Flint/Comparison Cities				
Kalamazoo	46.58%	27.31%	8.10%	18.01%
Pontiac	39.84%	17.10%	13.29%	29.77%
City of Flint	47.76%	13.86%	12.71%	25.67%
Saginaw	56.58%	11.73%	6.8%	24.87%
Troy	49.97%	26.45%	9.72%	13.86%
Auburn Hills	12.88%	31.56%	25.97%	29.25%

Source: State Tax Commission, Michigan Department of Treasury

* Commercial businesses and rental housing.

**Items such as business equipment, vehicles, collectibles and inventory.

Table 2 shows the total homestead and nonhomestead property values for each municipality contained in this study.

Table 2: Total Property Valuation

City/Township	Total Homestead Property Values	Total Nonhomestead Property Values	Total All Property
Flint/Neighboring Municipalities			
City of Flint	\$536,356,579	\$1,002,758,897	\$1,539,115,476
Flint Township	\$381,482,737	\$542,430,253	\$923,912,990
Grand Blanc Township	\$560,161,435	\$353,501,709	\$913,663,144
Burton	\$317,524,098	\$252,691,052	\$570,215,150
Fenton Township	\$390,362,141	\$100,878,870	\$491,241,011
Mundy Township	\$230,683,029	\$121,706,378	\$352,389,407
Fenton	\$151,682,081	\$165,777,239	\$317,459,320
Grand Blanc	\$162,864,260	\$68,324,150	\$231,188,410
Flint/Comparison Cities			
Troy	\$2,246,105,497	\$2,440,145,445	\$4,686,250,942
Auburn Hills	\$205,244,628	\$1,506,091,157	\$1,711,335,785
City of Flint	\$536,356,579	\$1,002,758,897	\$1,539,115,476
Kalamazoo	\$526,445,629	\$806,374,571	\$1,332,820,200
Pontiac	\$345,574,694	\$748,717,324	\$1,094,292,018
Saginaw	\$295,090,334	\$390,828,302	\$685,918,636

Source: State Tax Commission, Michigan Department of Treasury

Historical Changes in State Equalized Valuation and Taxable Value

Flint has suffered a significant relative loss of property value over the years, greatly affecting the resources it can raise through taxes. Tables 3 through 5 show the changes in total property, residential, and nonresidential property valuations.

Table 3: Changes In Total Property Valuations: 1990 to 2001

City/Township	1990 SEV*	1995 SEV*	2001 SEV*	1990-2001 SEV Chg	1995-2001 SEV Chg
Flint/Neighboring Municipalities					
Fenton Township	195.2	299.8	589.6	202.05%	96.66%
Fenton	137.2	193.3	410.7	199.34%	112.47%
Mundy Township	155.3	225.6	418.9	169.74%	85.68%
Grand Blanc Township	418.5	575.0	1,023.2	144.49%	77.95%
Flint Township	555.8	724.3	1,103.1	98.47%	52.30%
Burton	330.5	396.4	647.0	95.75%	63.21%
Grand Blanc	130.1	171.6	244.1	87.62%	42.25%
City of Flint	1,631.4	1,551.4	1,756.0	7.64%	13.19%
Flint/Comparison Cities					
Auburn Hills	368.6	641.0	2,064.7	460.15%	222.11%
Troy	2,931.9	3,463.2	5,652.6	92.80%	63.22%
Kalamazoo	877.2	1,047.1	1,481.1	68.84%	41.45%
Pontiac	801.9	772.3	1,306.0	62.86%	69.11%
Saginaw	533.8	602.1	759.5	42.28%	26.14%
City of Flint	1,631.4	1,551.4	1,756.0	7.64%	13.19%

Source: State Tax Commission, Michigan Department of Treasury

*\$ millions

Flint had the lowest increase in SEV since 1990, indicating a very low rise in property valuations. All of Flint's neighboring municipalities experienced at least 11 times the growth in their SEVs as compared to Flint. The other comparison cities also experienced more robust growth than Flint.

**Table 4: Changes In Property Valuations,
Residential Property: 1990 to 2001**

City/Township	1990 SEV*	1995 SEV*	2001 SEV*	1990-2001 SEV Chg	1995-2001 SEV Chg
Flint/Neighboring Municipalities					
Fenton Township	169.0	266.1	537.4	218.06%	101.95%
Fenton	76.4	115.5	223.9	193.06%	93.89%
Mundy Township	108.1	157.2	296.8	174.56%	88.80%
Grand Blanc Township	267.5	368.0	705.4	163.75%	91.68%
Burton	190.3	239.8	428.4	125.12%	78.66%
Grand Blanc	88.2	122.6	182.3	106.69%	48.69%
Flint Township	256.7	320.4	491.9	91.62%	53.53%
City of Flint	632.0	636.2	886.7	40.30%	39.37%
Flint/Comparison Cities					
Auburn Hills	89.5	139.4	281.6	214.64%	102.01%
Pontiac	252.6	313.0	620.2	145.53%	98.16%
Troy	1,299.2	1,758.4	2,860.0	120.13%	62.65%
Kalamazoo	419.6	507.2	732.2	74.50%	44.36%
Saginaw	285.2	345.4	423.4	48.48%	22.58%
City of Flint	632.0	636.2	886.7	40.30%	39.37%

Source: State Tax Commission, Michigan Department of Treasury

*\$ millions

Flint also had the lowest percentage of growth in SEV in residential property compared to both neighboring communities and the other cities.

**Table 5: Changes In Property Valuations,
All Nonresidential Property (Business): 1990 to 2001**

City/Township	1990 SEV*	1995 SEV*	2001 SEV*	1990-2001 SEV Chg	1995-2001 SEV Chg
Flint/Neighboring Municipalities					
Fenton	60.8	77.8	186.8	207.24%	140.04%
Mundy Township	47.2	68.4	122.1	158.69%	78.51%
Grand Blanc Township	151.1	207.0	317.8	110.39%	53.53%
Flint Township	299.1	403.9	611.2	104.35%	51.32%
Fenton Township	26.2	33.7	52.2	98.93%	54.90%
Burton	140.2	156.6	218.6	55.89%	39.56%
Grand Blanc	41.9	49.0	61.8	47.49%	26.12%
Flint	999.4	915.2	869.3	-13.02%	-5.02%
Flint/Comparison Cities					
Auburn Hills	279.1	501.6	1,783.1	538.87%	255.48%
Troy	1,632.7	1,704.8	2,792.6	71.05%	63.81%
Kalamazoo	457.6	539.9	748.9	63.66%	38.71%
Saginaw	248.7	256.7	336.1	35.17%	30.93%
Pontiac	549.3	459.3	685.8	24.85%	49.31%
Flint	999.4	915.2	869.3	-13.02%	-5.02%

Source: State Tax Commission, Michigan Department of Treasury

*\$ millions

Flint was the only city in the study to experience a decline in the SEV of nonresidential property from 1990 to 2001. The relative lack of property value growth shows how Flint's tax base has not increased at a rate comparable with those of other communities, even other aging industrial cities such as Kalamazoo, Pontiac, and Saginaw.

Tables 6 through 8 show the percentage change in total, residential, and nonresidential taxable values from 1995 to 2001.

Table 6: Changes In Total Taxable Valuations: 1995 to 2001

City/Township	1995 Taxable Value*	2001 Taxable Value*	1995-2001 Taxable Value Change
Flint/Neighboring Municipalities			
Fenton Township	287.5	491.2	70.85%
Fenton	190.9	317.5	66.32%
Grand Blanc Township	566.5	913.7	61.29%
Mundy Township	220.0	352.4	60.18%
Burton	395.7	570.2	44.10%
Grand Blanc	170.6	231.2	35.52%
Flint Township	712.7	923.9	29.63%
Flint	1,541.2	1,539.1	-0.14%
Flint/Comparison Cities			
Auburn Hills	614.4	1,711.3	178.53%
Pontiac	757.7	1,094.3	44.42%
Troy	3,425.4	4,686.3	36.81%
Kalamazoo	1,035.7	1,332.8	28.69%
Saginaw	601.1	685.9	14.11%
Flint	1,541.2	1,539.1	-0.14%

Source: State Tax Commission, Michigan Department of Treasury

*\$ millions

Flint was the only city in this study to experience a decrease in total taxable value since 1995.

Flint's ability to raise taxes has been severely affected by the lack of growth in taxable values. A contributing factor may be the number of tax abatements Flint gives businesses and corporations that locate in the city (See Table 30).

**Table 7: Changes In Taxable Valuations,
Residential Property: 1995 to 2001**

City/Township	1995 Taxable Value*	2001 Taxable Value*	1995-2001 Taxable Value Change
Flint/Neighboring Municipalities			
Fenton Township	253.8	442.6	74.39%
Grand Blanc Township	362.3	614.8	69.69%
Mundy Township	153.4	242.9	58.34%
Burton	239.1	356.1	48.93%
Fenton	114.0	168.6	47.89%
Grand Blanc	121.6	171.3	40.87%
Flint Township	311.5	416.5	33.71%
Flint	626.2	735.1	17.39%
Flint/Comparison Cities			
Auburn Hills	127.9	220.4	72.32%
Pontiac	302.6	436.0	44.07%
Troy	1,719.6	2,341.6	36.17%
Kalamazoo	500.8	620.8	23.97%
Flint	626.2	735.1	17.39%
Saginaw	344.3	388.1	12.72%

Source: State Tax Commission, Michigan Department of Treasury

*\$ millions

The taxable value of Flint's residential property rose by slightly more than 17 percent between 1995 and 2001. The rate of growth was lower than in any other city contained in this study except Saginaw.

**Table 8: Changes In Taxable Valuations,
All Nonresidential Property (Business): 1995 to 2001**

City/Township	1995 Taxable Value*	2001 Taxable Value*	1995-2001 Taxable Value Change
Flint/Neighboring Municipalities			
Fenton	76.9	148.9	93.63%
Mundy Township	66.6	109.5	64.41%
Grand Blanc Township	204.2	298.9	46.38%
Fenton Township	33.7	48.6	44.21%
Burton	156.6	214.1	36.72%
Flint Township	401.2	507.4	26.47%
Grand Blanc	49.0	59.9	22.24%
Flint	915.0	804.0	-12.13%
Flint/Comparison Cities			
Auburn Hills	486.5	1,490.9	206.45%
Pontiac	455.1	658.3	44.66%
Troy	1,705.8	2,344.7	37.45%
Kalamazoo	534.9	712.0	33.10%
Saginaw	256.8	297.8	15.97%
Flint	915.0	804.0	-12.13%

Source: State Tax Commission, Michigan Department of Treasury

*\$ millions

While all other cities in this study experienced at least double-digit growth in the taxable value of nonresidential property, Flint experienced a 12.13 percent decline. Flint has not been able to generate increased revenue due to declining property values and the number of tax abatements given to local businesses.

Table 9 illustrates the population, housing units, and population density in each community.

Table 9: Population and Housing

City/Township	Population	Housing Units	Population Density (population per square mile)
Flint/Neighboring Municipalities			
Burton	30,308	12,348	1,291
City of Flint	124,943	55,464	3,715
Fenton	10,582	4,569	1,613
Fenton Township	12,968	5,247	543
Flint Township	33,691	14,864	1,426
Grand Blanc	8,242	3,725	2,197
Grand Blanc Township	29,827	12,450	915
Mundy Township	12,191	5,047	339
Flint/Comparison Cities			
Auburn Hills	19,837	8,822	1,195
City of Flint	124,943	55,464	3,715
Kalamazoo	77,145	31,798	3,125
Pontiac	66,337	26,336	3,318
Saginaw	61,799	25,639	3,543
Troy	80,959	30,018	2,414

Source: 2000 U.S. Census Data

Among these communities, the City of Flint has, by far, the largest population. Troy has the next largest at 80,959. However, Flint has only the third largest total taxable property value; Troy is first at \$4.7 billion—more than triple Flint’s \$1.5 billion. Flint also trails the far smaller Auburn Hills, which has a taxable value of \$1.7 billion (see Table 2). Flint’s total homestead (owner-occupied) property tax value of \$536.4 million trails Troy by more than \$1.5 billion. Flint also trails Saginaw and Grand Blanc Township and just barely edges Kalamazoo, although all these communities have much smaller populations.

Home Ownership

One of the principal factors in determining the potential success and impact of a tax increase is the percentage of homeowners living in the community. Homeowners are more likely to vote and usually are more in touch with the amount of property taxes they pay. Although the costs of new taxes are passed from landlord to renter, renters tend to have less connection with the community and are less likely to vote.

Landlords and renters are also affected by property tax millages. Landlords are charged the higher nonhomestead tax rates and generally pass these taxes directly to the renter, who is thus burdened with higher payments. According to the Genesee County Treasurer, some landlords falsely register their properties as homesteads. This can cost cities and municipalities a great deal of money. They can combat this problem by verifying that all property owners registered their property under the correct tax designation.

Table 10 displays the percentage of homes occupied by its owner within each city.

Table 10: Home Ownership*	
City/Township	Percentage of Owner Occupied Homes
Flint/Neighboring Municipalities	
Fenton Township	94.6%
Mundy Township	87.9%
Burton	80.8%
Grand Blanc Township	74.0%
Flint Township	68.6%
Fenton	66.3%
City of Flint	58.8%
Grand Blanc	58.8%
Flint/Comparison Cities	
Troy	77.3%
Saginaw	63.6%
City of Flint	58.8%
Pontiac	52.8%
Auburn Hills	51.1%
Kalamazoo	47.7%

Source: 2000 U.S. Census Data

*Represents the percentage of total number of houses occupied by its owner

Table 11 illustrates the percentage of homestead and nonhomestead property within each city.

Table 11: Percentage of Homestead and Nonhomestead Property

City/Township	Percentage of Homestead Property	Percentage of Nonhomestead Property
Flint/Neighboring Municipalities		
Fenton Township	79.46%	20.54%
Grand Blanc	70.45%	29.55%
Mundy Township	65.46%	34.54%
Grand Blanc Township	61.31%	38.69%
Burton	55.68%	44.32%
Fenton	47.78%	52.22%
Flint Township	41.29%	58.71%
City of Flint	34.85%	65.15%
Flint/Comparison Cities		
Saginaw	61.59%	38.41%
Troy	47.93%	52.07%
Kalamazoo	39.50%	60.50%
City of Flint	34.85%	65.15%
Pontiac	31.58%	68.42%
Auburn Hills	11.99%	88.01%

Source: 2000 U.S. Census Data

The largest of any community in the study, Flint ranks at the bottom of the Genesee County communities in terms of the percentage of all property classified as homestead. In the comparison cities, both Auburn Hills and Pontiac have lower percentages of homestead property. The substantially lower percentage of owner-occupied property in Auburn Hills reflects large percentages of commercial (31.6 percent) and industrial property (30 percent)—double the percentages of Flint (See Table 1).

Population Growth

Table 12 examines the amount of population growth for Flint and the comparison cities.

Table 12: Population Growth, 1980 to 2000

City/Township	1980 Population	1990 Population	2000 Population	Population Growth
Flint/Neighboring Municipalities				
Fenton	8,098	8,450	10,582	23.5%
Grand Blanc Township	24,413	25,614	29,827	18.2%
Grand Blanc	6,848	7,536	8,242	16.9%
Mundy Township	10,786	11,468	12,191	11.5%
Fenton Township	11,744	10,104	12,968	9.4%
Burton	29,976	27,476	30,308	1.1%
Flint Township	35,405	34,004	33,691	(-5.1%)
City of Flint	159,611	141,367	124,943	(-27.7%)
Flint/Comparison Cities				
Troy	67,102	72,884	80,959	17.1%
Auburn Hills	NA*	16,958	19,837	15.1%*
Kalamazoo	79,722	80,290	77,145	(-3.3%)
Pontiac	76,715	71,136	66,337	(-15.6%)
Saginaw	77,508	69,502	61,799	(-25.4%)
City of Flint	159,611	141,367	124,943	(-27.7%)

Source: 2000 U.S. Census Data

*Auburn Hills was incorporated in 1983—growth reported for 1990-2000.

While most of Genesee County experienced growth over the past decade, Flint and Flint Township both experienced a decline in population, with Flint experiencing the most significant decline (27.7 percent). In regard to the comparison communities, all of the older industrial cities experienced a decline in population, although Flint again saw the greatest decline. Auburn Hills and Troy both experienced significant growth in population, reflecting the trend of population and development growth away from Michigan's core cities to suburban areas.

IV. Tax Burden

Flint is considering a school debt millage and undergoing a serious examination of all fiscal options. To inform these discussions, the following section examines the current rate of local taxation for Flint and the selected comparison cities. The following section will examine:

- **Local millage rates** including all local government, education, and debt millages
- **Local education debt millage rates** including local debt and sinking fund millages
- **Local government taxes** including both operating and debt
- **Other taxes** such as county, libraries, transit, airport, parks, and other local assessments
- **Local property taxes as a percentage of home value**
- **Local property taxes as a percentage of home income**
- **Income taxes** including federal, state, and city income taxes
- **Median values of property and income**
- **Business tax rates**

Local Millage Rates

The total local millage rate accounts for all local millages levied upon homestead property owners. The total includes the mandatory six mills for the state education tax (SET) millage.

Table 13: Total Local Millage Rate

City/Township	Total Local Millage Rate
Flint/Neighboring Municipalities	
Fenton	39.2655
City of Flint	39.2200
Grand Blanc	36.6053
Burton	34.0978
Flint Township	31.4264
Mundy Township	30.3504
Fenton Township	28.6775
Grand Blanc Township	27.2037
Flint/Comparison Cities	
Kalamazoo	47.6017
Pontiac	43.6882
City of Flint	39.2200
Saginaw	33.1164
Troy	30.5802
Auburn Hills	29.8609

Source: State Tax Commission, Michigan Department of Treasury

Only Kalamazoo, Pontiac, and Fenton have higher total millage rates than Flint. The differences in millage rates are primarily attributable to two factors: the structure of the community as a general-law township, charter township, or city, and the amount of debt millage levied by the main school district in the community. A complete breakdown of all local millages is provided in Appendix A.

Local Education Debt Millage Rates

With the passage of Proposal A, local homestead property tax rates for K-12 education are limited to debt millage for the local district, a sinking fund millage if levied, and intermediate school district mills for special education and vocational education. All homesteads also pay the six state mills, which are deposited into the state school aid fund. Nonhomestead property owners—residential, rental, commercial, and industrial—pay up to an additional 18 mills. A very small number of districts can legally attach an additional millage on homesteads and/or businesses to avoid a revenue loss from their pre-Proposal A spending levels (Note: Troy pays 12.9237 mills for school operating).

Table 14 displays the amount of debt and sinking fund millages for the largest school districts within each city included in this analysis. Intermediate School District millages are provided in Appendix A.

Table 14: Total Local Education Debt Millages

City/Township	School District	Debt	Sinking Fund	Total Local Education
Flint/Neighboring Municipalities				
Fenton	Fenton	6.6500	0.9627	7.6127
Fenton Township	Lake Fenton	3.9800	0.9787	4.9587
Mundy Township	Swartz Creek	3.9800	0.9787	4.9587
Flint Township	Carman	3.6500	0.4993	4.1493
Grand Blanc	Grand Blanc	1.8000	0.9923	2.7923
Grand Blanc Township	Grand Blanc	1.8000	0.9872	2.7872
Burton	Atherton	1.9900	0.0000	1.9900
City of Flint	Flint	0.0000	0.0000	0.0000
Flint/Comparison Cities				
Kalamazoo	Kalamazoo	4.0800	0.0000	4.0800
Troy	Troy	3.1400	0.0000	3.1400
Auburn Hills	Pontiac	2.8000	0.0000	2.8000
Pontiac	Pontiac	2.8000	0.0000	2.8000
City of Flint	Flint	0.0000	0.0000	0.0000
Saginaw	Saginaw	0.0000	0.0000	0.0000

Source: State Tax Commission, Michigan Department of Treasury

Table 14 indicates that Flint and Saginaw are the only two cities in this study without any current school debt millage; the City of Fenton carries the most debt at 6.65 mills. The existence or absence of a significant amount of debt may simply mean that a community has just started or finished a major building campaign or that it may be having difficulty building a consensus regarding the need for a building campaign.

Local Government Taxes

Table 15 illustrates the amount of taxes levied by local municipal governments.

Table 15: Local Government Millage Rates*			
City/Township	Operating	Debt	Total Local Government
Flint/Neighboring Municipalities			
City of Flint	13.60000	2.50000	16.10000
Grand Blanc	10.94360	2.20000	13.14360
Fenton	10.97910	0.00000	10.97910
Burton	5.74210	1.70000	7.44210
Flint Township	4.67500	1.00000	5.67500
Grand Blanc Township	4.80590	0.46780	5.27370
Mundy Township	4.56400	0.00000	4.56400
Fenton Township	0.76790	0.64550	1.41340
Flint/Comparison Cities			
Pontiac	13.33040	8.58320	21.91360
Kalamazoo	19.27050	0.00000	19.27050
City of Flint	13.60000	2.50000	16.10000
Auburn Hills	9.49690	0.62750	10.12440
Troy	7.90000	0.75000	8.65000
Saginaw	5.58190	0.00000	5.58190

Source: State Tax Commission, Michigan Department of Treasury

* For purposes of standardization and comparisons, additional entities such as libraries, transportation systems, and parks have been excluded from local government operating millage. These entities are listed in Table 16.

The City of Flint levies more mills to operate its city services than any other Genesee County community. Flint, Grand Blanc, Fenton, and Mundy townships are restricted by law from collecting more than 10 mills for operating their municipalities. Pontiac and Kalamazoo both levy significantly more taxes for operation of their cities, although over 8.5 percent of Pontiac's millage is devoted to debt.

Other Taxes

Table 16 displays the variety of other millages levied locally.

Table 16: Other Taxes								
City/ Township	County	911 and Paramedic	Direct Charge Equivalent†	Library	Metro Transit Authority	Parks	Airport	Total
Flint/Neighboring Communities								
Burton	5.57350	0.49060	3.99630	0.77380	0.39960	0.49060	0.49060	12.21500
Fenton Township	5.55120	0.48860	3.14030	0.76810	0.39800	0.88250	0.48860	11.71730
City of Flint	5.57350	0.49060	0.32440	2.90000	0.39960	0.49060	0.49060	10.66930
Mundy	5.55120	0.48860	2.05650	0.76810	0.39800	0.48860	0.48860	10.23960
Flint Township	5.55120	0.48860	1.02370	0.76810	0.39800	0.48860	0.48860	9.20680
Grand Blanc Township	5.55120	0.48860	0.37160	0.76810	0.39800	0.48860	0.48860	8.55470
Fenton	5.55120	0.48860	0.09540	0.76810	0.39800	0.48860	0.48860	8.27850
Grand Blanc	5.57350	0.49060		0.77380	0.39960	0.49060	0.49060	8.21870
Flint/Comparison Cities								
Saginaw	6.27310	0.12180	2.69660	4.00000*	3.00000	0.81180		16.90330
Kalamazoo	6.14000		1.30000	3.9583**	0.99620			11.89450
City of Flint	5.57350	0.49060	0.32440	2.90000	0.39960	0.49060	0.49060	10.66930
Pontiac	4.19000		2.96230		0.32070	0.45380		7.92680
Auburn Hills	4.19000			0.92420	0.32070	0.45380		5.88870
Troy	4.19000		0.83000		0.32070	0.45380		5.79450

Source: State Tax Commission, Michigan Department of Treasury

†Includes assessments for sewers, drains, roads, and/or other special assessments calculated into a millage equivalent.

* Saginaw's library system also includes Kochville Township and Zilwaukee Township.

** Kalamazoo has two library millages. For purposes of this study, this millage represents the tax levied on the largest taxable value in the city.

Table 16 examines all of the other taxes—excluding local government, school, and community college—collected by the communities. In Genesee County, Burton collects the most taxes in these categories, largely due to special taxes (e.g., direct charge equivalents such as drainage taxes). Among the comparison cities, Saginaw collects the most taxes in these areas due to the four mills collected for its county library and the three mills collected for its local transportation.

All of the communities pay similar amounts of taxes for community colleges (as shown in Appendix A). The City of Flint is third among comparison cities in this category.

Flint currently collects 2.9 mills for operation of its library. Only Saginaw and Kalamazoo collect more mills to operate their respective libraries; however, Saginaw’s library system extends beyond its city limits. Libraries across the state are funded differently, making an apples to apples comparison difficult.

Local Property Taxes as Percentage of Home Value

Table 17 illustrates the yearly tax payments residents would make on differently valued homes. The annual taxes are computed by multiplying the taxable value of the home by the millage rate.

Table 17: Total Taxation in Dollars For Homestead Property					
City/Township	Total Local Millage Rate	Home Market Value Examples*			
		\$25,000	\$50,000	\$150,000	\$300,000
Flint/Neighboring Municipalities					
Fenton	39.2655	\$490.82	\$981.64	\$2,944.91	\$5,889.83
City of Flint	39.2200	\$490.25	\$980.50	\$2,941.50	\$5,883.00
Grand Blanc	36.6053	\$457.57	\$915.13	\$2,745.40	\$5,490.80
Burton	34.0978	\$426.22	\$852.45	\$2,557.34	\$5,114.67
Flint Township	31.4264	\$392.83	\$785.66	\$2,356.98	\$4,713.96
Mundy Township	30.3504	\$379.38	\$758.76	\$2,276.28	\$4,552.56
Fenton Township	28.6775	\$358.47	\$716.94	\$2,150.81	\$4,301.63
Grand Blanc Township	27.2037	\$340.05	\$680.09	\$2,040.28	\$4,080.56
Flint/Comparison Cities					
Kalamazoo	47.6017	\$595.02	\$1,190.04	\$3,570.13	\$7,140.26
Pontiac	43.6882	\$546.10	\$1,092.21	\$3,276.62	\$6,553.23
City of Flint	39.2200	\$490.25	\$980.50	\$2,941.50	\$5,883.00
Saginaw	33.1164	\$413.96	\$827.91	\$2,483.73	\$4,967.46
Troy	30.5802	\$382.25	\$764.51	\$2,293.52	\$4,587.03
Auburn Hills	29.8609	\$373.26	\$746.52	\$2,239.57	\$4,479.14

*Assume taxable value equals one-half of market value shown.

The total taxation for each locality, based on home values, correlates with the actual homestead millage rates. *Homeowners in Flint pay more than those of any neighboring municipality but Fenton. Flint ranks third when compared with the other comparison cities included in this study.*

Local Property Taxes as Percentage of Income

Table 18 displays the percentage of income different homeowners pay based on the value of their home and their annual incomes. *Flint residents pay a slightly larger share of income tax than in surrounding municipalities; their share is average in relation to the comparison cities.*

Table 18: Percentage Of Income Spent On Property Taxes						
Home Value	\$25,000	\$50,000		\$150,000		\$300,000
Annual Income	\$30,000	\$30,000	\$50,000	\$50,000	\$100,000	\$100,000
Flint/Neighboring Municipalities						
Fenton	1.64%	3.27%	1.96%	5.89%	2.94%	5.89%
City of Flint	1.63%	3.27%	1.96%	5.88%	2.94%	5.88%
Grand Blanc	1.53%	3.05%	1.83%	5.49%	2.75%	5.49%
Burton	1.42%	2.84%	1.70%	5.11%	2.56%	5.11%
Flint Township	1.31%	2.62%	1.57%	4.71%	2.36%	4.71%
Mundy Township	1.26%	2.53%	1.52%	4.55%	2.28%	4.55%
Fenton Township	1.19%	2.39%	1.43%	4.30%	2.15%	4.30%
Grand Blanc Township	1.13%	2.27%	1.36%	4.08%	2.04%	4.08%
Flint/Comparison Cities						
Kalamazoo	1.98%	3.97%	2.38%	7.14%	3.57%	7.14%
Pontiac	1.82%	3.64%	2.18%	6.55%	3.28%	6.55%
Flint	1.63%	3.27%	1.96%	5.88%	2.94%	5.88%
Saginaw	1.38%	2.76%	1.66%	4.97%	2.48%	4.97%
Troy	1.27%	2.55%	1.53%	4.59%	2.29%	4.59%
Auburn Hills	1.24%	2.49%	1.49%	4.48%	2.24%	4.48%

Income Taxes

Income tax is an additional burden on wage earners. Flint, Pontiac, Saginaw, and Kalamazoo are the only cities included in this study with a city income tax. The city income tax is limited to 1.0 percent for residents except in Saginaw. People who live outside of the city but work in Flint, Pontiac, or Kalamazoo pay 0.5 percent of their income. Saginaw residents pay 1.5 percent, while those who live outside the city but work in Saginaw pay 0.75 percent.

Tables 19, 20, and 21 illustrate the amount of federal, state, and local taxes residents in each city pay. The figures are calculated based on 2002 tax rates and are before tax returns are issued. The totals represent a single wage earner with no tax deductions.

Table 19: Flint, Pontiac, and Kalamazoo

Annual Income	Federal	State	Local	Total Income Tax Burden
\$30,000	\$6,120.00	\$1,230.00	\$300.00	\$7,650.00
\$50,000	\$13,125.00	\$2,050.00	\$500.00	\$15,675.00
\$100,000	\$31,450.00	\$4,100.00	\$1,000.00	\$36,550.00

Source: U.S. Tax Code

Table 20: Saginaw*

Annual Income	Federal	State	Local	Total Income Tax Burden
\$30,000	\$6,120.00	\$1,230.00	\$450.00	\$7,800.00
\$50,000	\$13,125.00	\$2,050.00	\$750.00	\$15,925.00
\$100,000	\$31,450.00	\$4,100.00	\$1,500.00	\$37,050.00

Source: U.S. Tax Code

* Saginaw has a 1.5% city income tax on residents.

Table 21: Other Comparison Cities

Annual Income	Federal	State	Local	Total Income Tax Burden
\$30,000	\$6,120.00	\$1,230.00	0.00	\$7,350.00
\$50,000	\$13,125.00	\$2,050.00	0.00	\$15,175.00
\$100,000	\$31,450.00	\$4,100.00	0.00	\$35,550.00

Source: U.S. Tax Code

Table 22 illustrates the millage equivalent of a local income tax on residents. The millage equivalent is based upon the median wage earner and median home values. The millage equivalent will vary for incomes and home values below or above the median.

	Median Income	Median Home Value	Local Income Tax	1 Mill Cost	Millage Equivalent
Saginaw	\$26,485.00	\$46,800.00	\$397.28	23.4	17
Flint	\$28,015.00	\$49,700.00	\$280.15	24.85	11
Pontiac	\$36,391.00	\$74,300.00	\$363.91	37.15	10
Kalamazoo	\$31,189.00	\$83,000.00	\$311.89	41.5	8

*The millage equivalent is rounded to the nearest mill.

The local income tax for Flint is the equivalent of approximately 11 mills for the median wage earner who owns a median-value home. Flint’s income tax represents the second largest millage-equivalent burden behind Saginaw (17 mills). However, it should be noted that the median home values and the median income in Flint and Saginaw are significantly lower than those of Pontiac and Kalamazoo. As a result, Pontiac and Kalamazoo are able to raise significantly more revenue through their income tax as well as their millage.

Table 23 displays the total millage rate with the income tax equivalent. The income tax equivalent is based on median income and median home values reported in each city.

**Table 23: Total Homestead Millage Rate
With City Income Tax Millage Equivalent***

City/Township	Total Local Millage Rate
Flint/Neighboring Municipalities	
City of Flint	50.2200
Fenton	39.2655
Grand Blanc	36.6053
Burton	34.0978
Flint Township	31.4264
Mundy Township	30.3504
Fenton Township	28.6775
Grand Blanc Township	27.2037
Flint/Comparison Cities	
Kalamazoo	55.6017
Pontiac	53.6882
City of Flint	50.2200
Saginaw	50.1164
Troy	30.5802
Auburn Hills	29.8609

*The millage equivalent for city income taxes is calculated using the median income and median home value for residents of Flint, Pontiac, Saginaw, and Kalamazoo.

When city income taxes are considered, only Kalamazoo and Pontiac have a higher estimated millage rate than Flint. (Note: Only cities are able to levy an income tax.)

Median Values

A better way to get a picture of the level of taxation related to ability to pay is to look at the median values. Table 24 illustrates the percentage that a median wage earner would pay living in a median-value home.

Table 24: Median Property Taxation

City/Township	Median Home	Median Wage	Total Mills	Average Local Tax Bill	Percentage of Median Wage
Flint/Neighboring Municipalities					
Fenton	\$124,200	\$47,400	39.2655	\$2,438.39	5.14%
Grand Blanc	\$148,500	\$54,099	36.6053	\$2,717.94	5.02%
Flint Township	\$98,600	\$39,718	31.4264	\$1,549.32	3.90%
Fenton Township	\$184,100	\$71,094	28.6775	\$2,639.76	3.71%
City of Flint	\$49,700	\$28,015	39.2200	\$974.62	3.48%
Mundy Township	\$122,100	\$53,948	30.3504	\$1,852.89	3.43%
Burton	\$84,500	\$44,050	34.0978	\$1,440.63	3.27%
Grand Blanc Township	\$134,900	\$59,858	27.2037	\$1,834.89	3.07%
Flint/Comparison Cities					
Kalamazoo	\$83,000	\$31,189	47.6017	\$1,975.47	6.33%
Pontiac	\$74,300	\$36,391	43.6882	\$1,623.02	4.46%
Troy	\$219,800	\$77,538	30.5802	\$3,360.76	4.33%
Auburn Hills	\$137,200	\$51,376	29.8609	\$2,048.46	3.99%
City of Flint	\$49,700	\$28,015	39.2200	\$974.62	3.48%
Saginaw	\$46,800	\$26,485	33.1164	\$774.92	2.93%

Source: 2000 U.S. Census

The median wage earner in Flint who owns a median value home pays approximately 3.48 percent of his or her annual earnings in property taxes. *In this comparison, Flint ranks fifth among the neighboring municipalities for the percentage of median wages paid in taxes. When compared with other cities, a median earner with a median-value home in Flint pays the second lowest percentage of his or her salary in property taxes.*

Table 25 illustrates the median taxation when estimated millage equivalents are included in the overall millage rate.

Table 25: Median Total Taxation (Including Local Income Tax)

City/Township	Median Home	Median Wage	Total Mills*	Average Local Tax Bill/Median Home	Percentage of Median Wage
Flint/Neighboring Municipalities					
Fenton	\$124,200	\$47,400	39.2655	\$2,438.39	5.14%
Grand Blanc	\$148,500	\$54,099	36.6053	\$2,717.94	5.02%
City of Flint	\$49,700	\$28,015	50.2200	\$1,247.97	4.45%
Flint Township	\$98,600	\$39,718	31.4264	\$1,549.32	3.90%
Fenton Township	\$184,100	\$71,094	28.6775	\$2,639.76	3.71%
Mundy Township	\$122,100	\$53,948	30.3504	\$1,852.89	3.43%
Burton	\$84,500	\$44,050	34.0978	\$1,440.63	3.27%
Grand Blanc Township	\$134,900	\$59,858	27.2037	\$1,834.89	3.07%
Flint/Comparison Cities					
Kalamazoo	\$83,000	\$31,189	55.6017	\$2,307.47	7.40%
Pontiac	\$74,300	\$36,391	53.6882	\$1,994.52	5.48%
City of Flint	\$49,700	\$28,015	50.2200	\$1,247.97	4.45%
Saginaw	\$46,800	\$26,485	50.1164	\$1,172.72	4.43%
Troy	\$219,800	\$77,538	30.5802	\$3,360.76	4.33%
Auburn Hills	\$137,200	\$51,376	29.8609	\$2,048.46	3.99%

* Includes local income tax millage equivalent from Table 22.

The median wage earner who owns a home at the median home value in Flint would pay approximately 4.45 percent of his or her annual earnings toward property taxes and local income taxes. In this comparison, Flint ranks third among neighboring municipalities in the percentage of median wages paid for taxes. When compared with other cities, a median wage earner with a median-value home in Flint is behind only Kalamazoo and Pontiac in percentage of income paid for local income and property taxes. Despite ranking third, the percentage of income paid for local income and property taxes is similar to the other comparison cities.

Table 26 shows the taxation per capita in each of the cities and townships.

Table 26: Taxation Per Capita

City/Township	Population	Total Taxes Collected*	Dollars Paid Per Person
Flint/Neighboring Municipalities			
Fenton	10,582	\$11,945,451	\$1128.8
Grand Blanc	8,242	\$7,689,168	\$932.9
Grand Blanc Township	29,827	\$24,188,680	\$811.0
Flint Township	33,691	\$26,981,303	\$800.8
Fenton Township	12,968	\$10,028,163	\$773.3
Flint	124,943	\$88,970,731	\$712.1
Mundy Township	12,191	\$8,365,309	\$686.2
Burton	30,308	\$16,527,059	\$545.3
Flint/Comparison Cities			
Auburn Hills	19,837	\$59,248,383	\$2986.8
Troy	80,959	\$148,750,142	\$1837.4
Pontiac	66,337	\$69,295,520	\$1044.6
Kalamazoo	77,145	\$66,834,433	\$866.3
Flint	124,943	\$88,970,731	\$712.1
Saginaw	61,799	\$39,389,355	\$637.4

* Total taxes collected include city, county, school, and local income taxes.

One common measure of taxation is to divide the total amount of taxes collected by the population. The taxes per capita illustrate that the overall burden per capita appears to be low when compared with neighboring municipalities and the other comparison cities.

Business Tax Rates

Typically, businesses pay nonhomestead rates. The limit for nonhomestead school operating rates is 18 mills and most municipalities in this study are close to or are at that limit. The City of Flint currently charges 18 mills for nonhomestead property, bringing the total millage rate for nonhomestead property owners to 57.2200. Flint's total homestead millage is third highest among the comparison cities, behind Pontiac and Kalamazoo.

Table 27 details the total nonhomestead rates for businesses.

Table 27: Nonhomestead Tax Rates

City/Township	Total Local Homestead Millage Rate*	Nonhomestead School Operating Rates	Total Business Tax Rate
Flint/Neighboring Municipalities			
City of Flint	39.2200	18.0000	57.2200
Fenton	39.2655	17.7912	57.0567
Grand Blanc	36.6053	18.0000	54.6053
Burton	34.0978	17.9172	52.0150
Flint Township	31.4264	18.0000	49.4264
Mundy Township	30.3504	18.0000	48.3504
Fenton Township	28.6775	17.7912	46.4687
Grand Blanc Township	27.2037	17.7480	44.9517
Flint/Comparison Cities			
Kalamazoo	47.6017	18.0000	65.6017
Pontiac	43.6882	17.8758	61.5640
City of Flint	39.2200	18.0000	57.2200
Saginaw	33.1164	18.0000	51.1164
Auburn Hills	29.8609	17.8758	47.7367
Troy	30.5802	11.0763	41.6565

Source: State Tax Commission, Michigan Department of Treasury

Note: The base homestead rate for schools operating across Michigan is 6 mills.

*Business property owners pay homestead millage rates in addition to the nonhomestead school operating rates.

Table 28 illustrates the amount of taxes business owners pay for property valued at \$200,000 and \$500,000. The following analysis assumes there are no tax abatements and that the business is not located in a Renaissance Zone.

Table 28: Taxable Value of Business Property*

City/Township	Total Nonhomestead Rate	Taxable Value of Business Property	
		\$200,000	\$500,000
Flint Neighboring Municipalities			
City of Flint	57.2200	\$5,722	\$14,305
Fenton	57.0567	\$5,706	\$14,264
Grand Blanc	54.6053	\$5,461	\$13,651
Burton	52.0150	\$5,202	\$13,004
Flint Township	49.4264	\$4,943	\$12,357
Mundy Township	48.3504	\$4,835	\$12,088
Fenton Township	46.4687	\$4,647	\$11,617
Grand Blanc Township	44.9517	\$4,495	\$11,238
Flint/Comparison Cities			
Kalamazoo	65.6017	\$6,560	\$16,400
Pontiac	61.5640	\$6,156	\$15,391
City of Flint	57.2200	\$5,722	\$14,305
Saginaw	51.1164	\$5,112	\$12,779
Auburn Hills	47.7367	\$4,774	\$11,934
Troy	41.6565	\$4,166	\$10,414

*Not including any tax abatements or Renaissance Zones

A business owner in Flint with a taxable property value of \$200,000 could expect to pay \$5,722 per year, while property with a taxable value of \$500,000 would cost more than \$14,000. Many people argue that the taxes levied on businesses can attract or deter them from locating in an area. *When compared to Genesee County municipalities, Flint levies the most property taxes on nonhomestead properties.*

Tax Abatements

The City of Flint has granted hundreds of millions of dollars in tax abatements since 1986, changing the impact of taxation significantly. Table 29 displays the total value of tax abatements issued through Public Act 198 from 1986 through 2001.

Table 29: Tax Abatements, 1986 to 2001*

City/Township	Value of Tax Abatements
Flint Neighboring Municipalities	
City of Flint	\$1,068,204,716
Grand Blanc Township	\$129,637,577
Fenton Township	\$14,616,360
Burton	\$14,150,811
Fenton	\$14,055,962
Flint Township	\$3,457,750
Grand Blanc	\$0
Mundy Township	\$0
Flint/Comparison Cities	
Auburn Hills	\$1,952,473,090
City of Flint	\$1,068,204,716
Pontiac	\$860,548,233
Saginaw	\$457,628,181
Kalamazoo	\$237,237,426
Troy	\$127,565,577

Source: State Tax Commission, Michigan Department of Treasury

*PA 198 tax abatements do not include Renaissance Zones.

The City of Flint issued far more tax abatements from 1986 to 2001 than any other Genesee County community in the study. Tax abatements can shift the burden of property taxes onto residents, renters, and smaller commercial businesses, and limit the total amount of revenue a locality can raise through a millage.

Flint has issued more tax abatements than all the comparison cities in this study except Auburn Hills, which issued over \$2 billion in tax abatements. However, unlike Flint, Auburn Hills has very little residential property and has experienced rapid growth in both SEV and taxable value in the past decade.

Table 30 displays the tax abatements per capita.

Table 30: Tax Abatements Per Capita

City/Township	Taxable Value of Tax Abatements 1986-2001	Nonhomestead Tax Rate	Total Taxes on Project Without Abatement	Taxes Paid on Abated Property	Per-Person Cost From Abatement*
Flint/Neighboring Municipalities					
Flint	\$534,102,358	57.2200	\$30,561,337	\$15,280,668.00	\$122.30
Grand Blanc Township	\$64,818,789	44.9517	\$2,913,715	\$1,456,857.00	\$48.84
Fenton	\$7,027,981	57.0567	\$400,993	\$200,496.00	\$18.95
Fenton Township	\$7,308,180	57.0567	\$416,981	\$208,490.00	\$16.08
Burton	\$7,075,406	52.0150	\$368,027	\$184,013.00	\$6.07
Flint Township	\$1,728,875	49.4264	\$85,452	\$42,726.00	\$1.27
Mundy Township	\$0	48.3504	\$0.00	\$0.00	\$0.00
Grand Blanc	\$0	54.6053	\$0.00	\$0.00	\$0.00
Flint/Comparison Cities					
Auburn Hills	\$976,236,545	47.7367	\$46,602,311	\$23,301,155.00	\$1,174.63
Pontiac	\$430,274,117	61.5640	\$26,489,396	\$13,244,697.00	\$199.66
Flint	\$534,102,358	57.2200	\$30,561,337	\$15,280,668.00	\$122.30
Saginaw	\$228,814,091	51.1164	\$11,696,153	\$5,848,076.00	\$94.63
Kalamazoo	\$118,618,713	65.6017	\$7,781,589	\$3,890,794.00	\$50.43
Troy	\$63,782,789	41.6565	\$2,656,968	\$1,328,483.00	\$16.41

* Represents costs over the 15 year period

Flint has issued more tax abatements per capita than any of its neighboring municipalities. It also ranks third behind Pontiac and Auburn Hills in the number of tax abatements per capita. While this table attempts to compare tax abatements in a standardized way, there are several limitations. First, Auburn Hills is a unique city with a very small population and a great deal of industry. Second, this analysis examines 15 years of tax abatements, beginning with 1986. Third, the population figures used for this analysis come from the 2000 Census; consequently, the analysis does not take into account the population decline experienced by some of the urban and industrial cities including Flint.

In addition to tax abatements, the City of Flint also hosts a Renaissance Zone that is nearly 1.3 million acres. A Renaissance Zone allows businesses and residents located or locating into the zone a virtually tax free existence for a period of time, usually 9 to 15 years. Renaissance Zones affect local revenues since similar levels of public services must still be provided within them. The issues raised by Renaissance Zones are beyond the scope of this report.

Expected Revenue Increases From Taxes

Table 31 displays the amount of revenue a millage increase would generate.

Table 31: Revenue Growth Through Millage-Rate Increases						
City/ Township	Total Property Valuation	1-Mill Increase	2-Mill Increase	3-Mill Increase	4-Mill Increase	5-Mill Increase
Flint/Neighboring Municipalities						
City of Flint	1,539,115,476.00	1,539,115.48	3,078,230.95	4,617,346.43	6,156,461.90	7,695,577.38
Flint Township	923,912,990.00	923,912.99	1,847,825.98	2,771,738.97	3,695,651.96	4,619,564.95
Grand Blanc Township	\$913,663,144.00	\$913,663.14	\$1,827,326.29	\$2,740,989.43	\$3,654,652.58	\$4,568,315.72
Burton	\$570,215,150.00	\$570,215.15	\$1,140,430.30	\$1,710,645.45	\$2,280,860.60	\$2,851,075.75
Fenton Township	\$491,241,011.00	\$491,241.01	\$982,482.02	\$1,473,723.03	\$1,964,964.04	\$2,456,205.06
Mundy Township	\$352,389,407.00	\$352,389.41	\$704,778.81	\$1,057,168.22	\$1,409,557.63	\$1,761,947.04
Fenton	\$317,459,320.00	\$317,459.32	\$634,918.64	\$952,377.96	\$1,269,837.28	\$1,587,296.60
Grand Blanc	\$231,188,410.00	\$231,188.41	\$462,376.82	\$693,565.23	\$924,753.64	\$1,155,942.05
Flint/Comparison Cities						
Troy	\$4,686,250,942.00	\$4,686,250.94	\$9,372,501.88	\$14,058,752.83	\$18,745,003.77	\$23,431,254.71
Auburn Hills	\$1,711,335,785.00	\$1,711,335.79	\$3,422,671.57	\$5,134,007.36	\$6,845,343.14	\$8,556,678.93
City of Flint	\$1,539,115,476.00	\$1,539,115.48	\$3,078,230.95	\$4,617,346.43	\$6,156,461.90	\$7,695,577.38
Kalamazoo	\$1,332,820,200.00	\$1,332,820.20	\$2,665,640.40	\$3,998,460.60	\$5,331,280.80	\$6,664,101.00
City of Pontiac	\$1,094,292,018.00	\$1,094,292.02	\$2,188,584.04	\$3,282,876.05	\$4,377,168.07	\$5,471,460.09
Saginaw	\$685,918,636.00	\$685,918.63	\$1,371,837.27	\$2,057,755.90	\$2,743,674.54	\$3,429,593.18

Roughly every new mill approved by the voters, based on Flint's taxable valuation of \$1.5 billion, could support \$15 million to \$23 million in bonds, depending on interest rates and the maturity of the bond. Using this guideline for the City of Flint, a three-mill increase would

support \$45 million to \$69 million and a five-mill increase would support \$75 million to \$115 million in bond revenue.

Table 32 displays the impact of a millage increase on homes with different taxable values.

Market Value of Home	Taxable Value of Home	1-Mill Increase	2-Mill Increase	3-Mill Increase
\$25,000	\$12,500	\$12.50	\$23.00	\$37.50
\$35,000	\$17,500	\$17.50	\$35.00	\$52.50
\$50,000	\$25,000	\$25.50	\$51.00	\$76.50
\$60,000	\$30,000	\$30.00	\$60.00	\$90.00
\$75,000	\$37,500	\$37.50	\$75.00	\$112.50
\$100,000	\$50,000	\$50.00	\$100.00	\$150.00
\$125,000	\$62,500	\$62.50	\$125.00	\$187.50
\$150,000	\$75,000	\$75.00	\$150.00	\$225.00
\$300,000	\$150,000	\$150.00	\$300.00	\$450.00

For a median-value home in Flint (\$49,700), a one-mill increase would add \$25.50 to the yearly property tax total. A three-mill increase would result in an extra \$76.50 per year for the median value homeowner in Flint.

