

East Bay Charter Township

# 2

TCAPS Agreement  
Tax Collection

Motion by: \_\_\_\_\_ Second by: \_\_\_\_\_

To

Approve

Table

Deny

\_\_\_\_\_  
\_\_\_\_\_

Roll call vote:

Aye: \_\_\_\_\_

Nay: \_\_\_\_\_

Abstain: \_\_\_\_\_

Absent: \_\_\_\_\_

Motion:

Passed

Failed

Glen Lile, Supervisor  
Susanne M. Courtade, Clerk  
Tracey Bartlett, Treasurer



Matt Courtade, Trustee  
Bryan Marrow, Trustee  
Dale McAllister, Trustee  
Leroy "Butch" Strait, Trustee

February 27, 2009

Township Board,

Enclosed is the request from TCAPS for an agreement to collect taxes in the summer for TCAPS, TBA/ISD, NMC and BATA. The request is for \$2.50 per parcel for 2009, 2010 & 2011. If you will remember last year they had also requested that we reduce the per parcel fee and at that time it was already in our budget for the \$3.72 per parcel so we declined to renegotiate the per parcel fee. The agreement we signed last year was for one year.

I have done some research on the topic; I have found documentation as far back as 1997 that we have collected the taxes for TCAPS, TBA/ISD and NMC in the summer. In 1997 we charged \$3.53 per parcel. If we were not collecting any taxes in the summer we would be entitled to \$2.50 from the State. In MCL 211 it states that whoever collects the SET tax shall also collect the county tax and are able to retain the \$2.50 per parcel fee.

As background information the 2008 agreement that TCAPS had with TBA/ISD and NMC was they would pay 10% (.37) of the per parcel fee. This would mean that TCAPS paid \$2.98 per parcel. It would be assumed that their agreement would also be renegotiated if the per parcel cost is reduced and with the addition of BATA.

In 2008 we had an agreement for \$3.72 per parcel which gave us revenue of \$29,972.04. In the 2009 budget we estimated the revenue at \$2.50 per parcel totaling \$20,143.00 a change of \$9,829.04.

If the township and the school do not come to an agreement then the school may try to negotiate an agreement with the County Treasurer. Bill Rokos said that if he is asked he would consider it. If they come to an agreement by April 1<sup>st</sup> the township would have 15 days to offer to collect for the same or lower cost. If we end up not settling the agreement to collect with the schools then we will end up not collecting any summer tax bill and whoever collects the school will collect all of the summer taxes.

*Tracey Bartlett*  
Treasurer



Tracey Bartlett, Treasurer  
East Bay Township  
1965 Three Mile Road  
Traverse City, MI 49686

**Paul Soma, CPA, CFO**  
*Chief Financial Officer*

**Michele Greenan**  
*Executive Assistant*

February 13, 2009

RE: Collection of Summer School Property Taxes

Dear Tracey,

As you are aware, we have been working with townships to review and adjust the per parcel collection fee for summer property taxes. It is our belief, and many townships agree, that it is reasonable to readdress and modify the fee, given the changes that have occurred to tax collection protocol since the 1980's. Some reasons to consider lowering the fee include:

- The 18 mils for school operating expenses that the townships collect is sent by TCAPS to the State, where it is mixed in with revenue and delivered back to TCAPS in the form of the per pupil foundation allowance. TCAPS, along with several other districts, receives the lowest per pupil funding in the state.
- If a school district does not get the 18 mils voted in to their district, they receive a smaller per-pupil payment. If they do get the 18 mils approved, they do not get a greater per pupil payment. Hence, if our voters do not approve the 18 mils at any time then TCAPS is penalized in their state funding.
- If townships do not collect for TCAPS in the summer, they are all still paid \$2.50 per parcel from the State. Collecting the summer taxes for TCAPS does not require much additional work for the township, nor does it result in much, if any, additional expense. TCAPS should not be viewed as a revenue stream for the townships by being charged a higher rate for tax collection purposes.

Please consider this rate reduction and, if it is acceptable to you, sign and return the enclosed agreement. Note that this agreement is for a 3-year period and includes tax collection for the Bay Area Transit Authority, Traverse Bay Area Intermediate School District and Northwestern Michigan College. Please let me know if you need additional information or want to discuss this further. Thank you.

Sincerely,  
TRAVERSE CITY AREA PUBLIC SCHOOLS

  
Paul A. Soma  
Chief Financial Officer

Enc.

**TRAVERSE CITY AREA PUBLIC SCHOOLS  
And  
EAST BAY TOWNSHIP**

**AGREEMENT FOR COLLECTION OF SUMMER SCHOOL PROPERTY TAXES**

AGREEMENT made this 12th day of February, 2009, by and between **TRAVERSE CITY AREA PUBLIC SCHOOLS**, with offices located at 412 Webster Street, P.O. Box 32, Traverse City, MI 49685 (hereinafter "School District") and **EAST BAY TOWNSHIP**, with office mailing address of 1965 Three Mile Road, Traverse City, MI 49686 (hereinafter "Township"), pursuant to 1976 PA 451, as amended, for the providing for the collection by Township of a summer levy all (100%) of School District property taxes for three (3) years (2009, 2010, & 2011).

The parties agree as follows:

1. The Township agrees to collect all (100%) of the total school property taxes as certified by the School District for levy on July 1, of each year on property located within the Township.
2. The School District agrees to pay costs for preparation and collection of summer taxes for School District as follows:
  - a. The collection fee for 2009, 2010, & 2011 will be \$2.50 per parcel. This fee includes the cost of collection of Bay Area Transportation Authority, TBA Intermediate School District, and Northwestern Michigan College summer tax levy.
  - b. Township to submit billing for tax collection for total number of parcels with first remittance of tax collections and School District Business Office will remit to Township within 10 Business days upon receipt of billing.
3. No later than the second Wednesday in June the School District shall certify to the Township Clerk the school millage to be levied on property for summer tax collection.
4. The Township Treasurer shall account for and remit to the School District not later than 12 o'clock, noon, of the second Business Day following the dates as listed below. The Treasurer may retain a maximum of 10% of the taxes collected the last 15 days of February until the delinquent roll is reconciled by the county treasurer. Business Day is defined as a day, other than Saturday or Sunday, on which commercial banks in Traverse City are not required by law or executive order to remain closed.

July 15	October 1	January 1, 15	April 1
August 1, 15	November 1	February 1, 15	May 1
September 1, 15	December 1, 15	March 1	June 1

Remittance is the third business day, rather than the second, when the 1<sup>st</sup> or 15<sup>th</sup> is a Saturday or Sunday.

5. In consideration of the agreement, the Township shall retain the interest earned by the investment of the tax collections from the date of collection to the calendar day immediately preceding the due date of remittance of said taxes to the School District, in accordance with the schedule set forth in paragraph above.
6. General conditions of this agreement negotiated by the Township Treasurer and School District Chief Financial Officer on February 12, 2009.

TOWNSHIP OF EAST BAY :

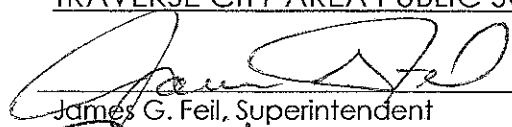
\_\_\_\_\_  
Tracey Bartlett, Treasurer

SIGNATURE AUTHORIZED BY EAST BAY  
TOWNSHIP TRUSTEES RESOLUTION OF  
\_\_\_\_\_, 2009.

\_\_\_\_\_  
Glen Lile, Supervisor

\_\_\_\_\_  
Sue Courtade, Clerk

TRAVERSE CITY AREA PUBLIC SCHOOLS:

  
\_\_\_\_\_  
James G. Feil, Superintendent

  
\_\_\_\_\_  
Paul A. Soma, Chief Financial Officer



3233 Cass Road  
Traverse City, MI 49684  
Phone (231) 941-2355  
Fax # (231) 941-9091

February 10, 2009

Dear Township Boards of Trustees and Traverse City Commission members:

Grand Traverse and Leelanau County voters have approved "up to" .35 mills to help fund BATA (Bay Area Transportation Authority). **In 2008 BATA levied .3272 mills, which converts to \$32.72 annually on a house with an SEV/Assessed Value of \$200,000 or \$100,000 in Taxable Value.** BATA did not have any local millage support until the late 1990's and was put on the winter tax bill.

As prices for fuel rise and the demand for more and better routes increases, BATA finds that it must borrow money in late summer, before tax dollars come in, to help with cash flow. This is something that was learned by experience over time since that first millage was approved. In order to counteract the expense of borrowing, BATA seeks to have the townships/city that have agreements with TCAPS to collect for TCAPS, TBA/ISD, and NMC in the summer, to also agree to collect the annual BATA millage (.3272 in 2008) at that time. This would allow BATA to receive part of their millage in the summer and the rest in the winter from townships not involved with the TCAPS collection. There would be no additional cost to the townships/city to collect for BATA and would require a few more checks per year for the summer disbursement.

Of course, it would be our hope that each of the townships/city would also consider the fact that BATA provides a much needed service to this community. BATA is getting people to work, kids to school and daycare, and is a lifeline for people with special physical needs. BATA will also be an integral part in the implementation of the Grand Vision for our community over the next generation. BATA is working very hard to find ways to become more cost effective and efficient than we have ever been. This summer tax is important to our future financial well being. For this reason, I would also ask that your Board **consider approval the TCAPS summer tax collection agreement as written that would allow BATA to assess its millage in the summer, beginning in 2009.**

Thank you for your consideration,  
Tina Allen  
Finance Committee Chair  
BATA Board of Directors

*Tina Allen*



INTERCITY TRAVEL AGENT  
Phone (231) 946-5180

