

East Bay Charter Township

# 8

TCAPS Tax Collection Reimbursement Agreement

Motion by: \_\_\_\_\_ second by: \_\_\_\_\_

To

Approve      Deny      Table

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

Roll Call Vote:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

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

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

The motion

Carried

Failed

May 7, 2008

To The Township Board

I am requesting direction from the board as to if and why we would want to reduce our reimbursement agreement with TCAPS.



March 21, 2008

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

**Michele Greenan**  
*Executive Assistant*

Ms. Tina Allen  
Long Lake Township Treasurer  
8870 North Long Lake Rd  
Traverse City, MI 49684

Dear Ms. Allen:

We would like to request a review of the per parcel property tax collection fee being charged to TCAPS by townships in our district. It is our understanding that the State of Michigan has determined \$2.50 to be an appropriate reimbursement level and we feel this would be a fair charge to our school system.

By way of background, during the 2006 and 2007 tax year, Traverse City Area Public Schools (TCAPS) paid \$3.72 per parcel for summer collection. By doing so, TCAPS paid \$1.22 more per parcel than what the State of Michigan is willing to pay. For the 2007 tax year, this equates to \$49,521.02.

It is our understanding that a number of local districts have recently renegotiated the rate they pay for collection and have settled on an amount substantially less than what TCAPS has been paying and more in line with the State reimbursement of \$2.50.

I believe that the \$2.50 per parcel fee is fair and reasonable for both parties. I'd like to schedule a time to discuss this proposal with all the Township Treasurers at your earliest convenience. Thanks for your consideration and time.

Sincerely,

TRAVERSE CITY AREA PUBLIC SCHOOLS

Paul A. Soma  
Chief Financial Officer

/meg

## Tracey Bartlett

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**From:** Tina Allen [treasurer@longlaketownship.com]  
**Sent:** Tuesday, April 22, 2008 3:15 PM  
**To:** bboltres@acmetownship.org; treasurer@blairtownship.org; ebtreas@chartermi.net; dhabedank@garfield-twp.com; treasurer@peninsulatownship.com; wwtreas@charterinternet.com; suzaineschroeter@hotmail.com; treasurer@elmwoodtownship.net  
**Subject:** TCAPS agreement

Hi All,

At 10am this morning Sue Schroeter from Green Lake and I met with Paul Soma and Sandy Lowe from TCAPS to discuss the tax collection fee that TCAPS would pay to the townships through a written agreement approved by each of our Boards. I'm sorry that no one else attended since Sue and I didn't feel comfortable negotiating for the rest of you since most of you had said you wanted to be involved or didn't want any change.

Here are a couple of things I learned that might be of interest to some of you as well:

\* The 18 mils for school operating that we collect for any school district doesn't stay with that school district. Once we distribute the money to them, they have to send it on to the state. It goes in the big pot along with State Ed and is handed out through the per pupil payments. TCAPS (along with several other districts) receives the lowest per pupil funding that the state gives.

\* If a school district does not get the 18mils voted in to their district, they receive a smaller per pupil payment. If they do get the 18 mils approved they do not get more. So, if our voters do not approve the 18 mils at any time then TCAPS is penalized in their state funding.

So, to me, the real point is this: If we do not collect TCAPS, NMC and TBA in the summer then we are all paid \$2.50 per parcel from the State. We are already collecting State Ed and County taxes. Is it really that much harder to collect the school taxes for any of us? Is it fair that our schools are having to pay us their per pupil money for us to do a job that we have to do anyway? There is no extra cost for bills or postage to do the schools. Sure, we have to write a few more checks between July and December and have to balance a few more columns, but is there really that much additional cost? I just feel like we're making our taxpayers pay twice for the same service. Anyway, Long Lake, Whitewater and Garfield are OK with the \$2.50 per parcel. (Thanks Denny and Ann for getting back with me ahead of time) We don't think that the schools need to create a revenue stream for the townships...we should just cover any additional costs, which are very few. Green Lake Board told Sue to stay with the \$3.72 but had their discussion without much information on school funding and will be asked to revisit it. Those are the only townships from which I have received definite answers.

Sue and I asked Paul Soma or Sandy Lowe from TCAPS to contact each of you and discuss the payment that your township will require. Please have your questions ready so they may help you understand the complexities of their funding. Let me know if there's anything I can do. Other than that...I'm done.

Thanks for your time,

Tina

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No virus found in this outgoing message.

Checked by AVG.

Version: 7.5.519 / Virus Database: 269.23.0/1382 - Release Date: 4/16/2008 5:34 PM



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

**Michele Greenan**  
*Executive Assistant*

Tracy Bartlett, Treasurer  
East Bay Township  
1965 Three Mile Road, N.  
Traverse City, MI 49684

Via e-mail

May 7, 2008

RE: Collection of Summer School Property Taxes

Dear Ms. Bartlett,

We are currently having conversations with the various township treasurers regarding a reduction in the rate being charged to TCAPS for the collection of summer property taxes. Several of them have already agreed to reducing the per parcel fee from \$3.72 to \$2.50. There are several reasons precipitating this change for you to consider:

- We are not the only entity for which you collect tax in the summer, yet we are the only entity from which you collect fees.
- Our agreement has expired and this is an opportune time to review the terms of the agreement.
- Reducing the rate charged to TCAPS to \$2.50 per parcel is in line with the amount charged to other districts in the area by other townships and is in line with the amount the State would pay you to collect our school taxes in the winter.
- For informational purposes, the State does not reimburse TCAPS any money for tax collection and, as such, all dollars directed to tax collection fees are dollars that would otherwise be used for instructional programming. Additionally, 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.

Thus, we are asking you to please consider this rate reduction. Please let me know if you need additional information. Thank you.

Sincerely,  
TRAVERSE CITY AREA PUBLIC SCHOOLS

*Paul A. Soma*

Paul A. Soma  
Chief Financial Officer

/meg

P.O. Box 32  
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49685-0032

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e: somapa@admin.tcaps.net

## Tracey Bartlett

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**From:** Tracey Bartlett  
**Sent:** Monday, May 05, 2008 12:08 PM  
**To:** (somapa@admin.tcaps.net)  
**Subject:** Tax Collection Questions  
**Attachments:** TCAP Questions.docx

Paul, I've attached some questions that I would appreciate your answer to in writing so that I can share with the board. If you could return your answers to me by Wed. morning so that we can address this at our May 12<sup>th</sup> meeting that would be helpful.

Thanks

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

Phone: 231 947-8647  
Fax: 231 922-2094  
Website: [eastbaytwp.org](http://eastbaytwp.org)

## TCAP Questions

1. Who contributes and how much to the \$3.72 per parcel fee paid for tax collection.
2. Explain the effect of proposal A on the 18 mils.
3. Explain the reason for collecting in the summer instead of the winter.
4. What is the reasoning for requesting the reduction at this time?