



Dear Community,

Want to know how much the SPACE and REPLACE Bond Proposal will cost you? It could cost you nothing with the **Michigan Homestead Property Tax Credit (MHPC)**. Check out this calculator!

<http://www.pfmtaxcalc.com/oakridge/>

You simply need to enter your (1) annual income, (2) taxable home value, (3) whether you are a senior citizen, disabled, or not, (4) own a homestead or not, and (5) township. It tells you your total increased taxes owed if the SPACE and REPLACE Bond Proposal is approved by voters on August 2, 2016. With the **MHPC** factored into it, some residents may owe ZERO increased taxes.

The formula is complicated to understand and difficult to explain. I advise just using the calculator above to figure out what a resident would pay or NOT. The MHPC gives a substantial tax credit (reduction or elimination) for homeowners that meet certain criteria related to the 5 pieces of information above.

The MHPC bottom line:

If you make \$41,000 annually or less, you would get 100% of the MHPC which is 60% of the tax increase. Yes, that is 100% of the 60% MHPC. There is a sliding scale up to \$50,001 (see chart below).

If you are a senior citizen making \$21,000 or less, you get a 100% credit of the tax increase. Not 100% of the 60% MHPC. You get 100% credit of the tax increase. That is zero dollar increase to your pocket book. There is a sliding scale up to \$30,001 annual income (see chart below).

Detailed Explanation:

Again, I advise using the calculator. But, for the analytically minded...feel free to continue reading.

A household that pays homestead property taxes greater than 3.5% of their annual income may be eligible for MHPC. Eligible households may deduct up to 60% (up to 100% for senior citizens) of the millage increase cost up to a \$1,200 Homestead Tax Credit limit. The eligibility of credit begins to decrease after household income exceeds \$41,001 and ends completely after the household income exceeds \$50,001. Please see below the general homeowner reduction table and senior reduction table below:

General Reduction Table

Credit Percent	
Income	% of credit
\$41,000	100.00%
\$41,001	90.00%
\$42,001	80.00%
\$43,001	70.00%
\$44,001	60.00%
\$45,001	50.00%
\$46,001	40.00%
\$47,001	30.00%
\$48,001	20.00%
\$49,001	10.00%
\$50,001	0.00%

Senior Citizen Reduction Table

Senior Credit Reduction	
Resources	% Credit
\$21,000	100%
\$21,001	96%
\$22,001	92%
\$23,001	88%
\$24,001	84%
\$25,001	80%
\$26,001	76%
\$27,001	72%
\$28,001	68%
\$29,001	64%
\$30,001	60%
\$30,002	

If a house has a taxable value over \$135,000 (home value \$270,000), the owner is not eligible.

Example of Homestead Tax Credit:

(Assumption - \$45,000 annual income, Cedar Creek Township, General, Homestead, taxable value of \$75,000) Assuming your house is worth \$150,000 its estimated taxable value is \$75,000. You will initially pay \$214.50 more in property taxes each year ($\$75,000 \times 2.86 \text{ mill increase}/1000 = \214.5). With the MHPC, the tax payer will receive a larger MHPC (\$77.22 in this example), which means the resident will have a net increase of \$137.28 in their property tax bill if the bond proposal is approved. The MHPC calculation is as follows:

Millage before approval of District to increase their millage rate by 2.86 mills:

Taxable Value multiplied by millage levied – ($\$75,000 \times 30.8079/1000 = \$2,310.59$)

Less: Household income multiplied by 3.50% - ($\$45,000 \times 3.5\% = \$1,575.00$)

Equals: \$735.59

Lesser of 60% of line above or \$1,200 = \$441.35

Less 60% reduction figure = \$264.81 ("MHPC")

Millage after approval of District to increase their millage rate by 2.86 mills:

Taxable Value multiplied by millage levied– ($\$75,000 \times 33.6679/1000 = \$2,525.09$)

Less: Household income multiplied by 3.50% - ($\$75,000 \times 3.5\% = \$1,575.00$)

Equals: \$950.09 (if less than \$0, there is no credit available)

Lesser of 60% of line above or \$1,200 = \$570.05

Less 60% reduction figure = \$342.03 ("MHPC")

Increase of MHPC: \$77.22 ($=\$342.03 - \264.81)

Net increase of property taxes: \$137.28 ($\$214.50 - \77.22)

However, as tax payer's income decreases the current MHPC benefit received is larger (i.e. without the additional 2.86 mills). Therefore, tax payers will maximize your MHPC benefit (maximum amount of \$1,200) more quickly, or you have already taken advantage of the full credit. Without an increase in the MHPC, the taxpayer will not have anything to offset the initial property tax increase and pay the full amount of \$214.50. Senior citizens will maximum the full \$1,200 credit quicker due to their MHPC is up to 100% of their property tax bill minus 3.5% of their annual income.

Please spread the word to use the tax impact calculator.

Sincerely,

Tom Livezey
Superintendent