



Livonia Public Schools

Finance Office

Date: December 5, 2023

To: Andrea Oquist, Superintendent

From: Alison Smith, Chief Financial Officer

Re: City of Livonia Tax Collection Fee Agreement

As you know, the City of Livonia collects school taxes on behalf of Livonia Public Schools. Over the past year, we have expressed a strong desire to City of Livonia administration and City Council to address the tax collection fee agreement held between Livonia Public Schools and the City of Livonia. The agreement was established 30 years ago and has not been updated since that time. The 1994 agreement set the initial fee for collecting taxes on behalf of schools for the school fiscal year ending June 30, 1994, at \$284,285. This fee was prorated to Livonia Public Schools (87%), Clarenceville Public Schools (8%), and Schoolcraft College (5%). The agreement calls for the fee to increase each year at the same rate as the contractual pay rates of the Local 192 city employees. For the 2023-24 school year, the fee has grown to roughly \$542,500, with \$472,000 of that being paid by Livonia Public Schools. This fee breaks down to just over \$12 per tax parcel.

Per Michigan Compiled Law 380.1611 and 380.1613, “reasonable expenses incurred by the city in assessing and collecting the school taxes, to the extent that those expenses are in addition to the expenses of assessing and collecting other taxes at the same time” may be charged to a school district. We believe \$472,000 goes well beyond the “in addition to” expenses incurred by the city on our district’s behalf. For context, the cost of the entire City Treasurer’s department for 2022 was \$526,496.

As we have shared with city leaders and members of city council during the finance and budget committee meeting on August 2, 2023, based on the information gathered from the other districts in Wayne County the overwhelming majority of municipalities (approximately 90%) do not charge a tax collection fee to their school district. For the very few that do, it is a much smaller fee and generally based on a per parcel amount. We reached out to the 20 largest municipalities in the State of Michigan regarding tax collection fees assessed to their local school districts and found they are consistent with those in Wayne

County. While some of these municipalities do charge the 1% administrative fee to residents as allowed by MCL 211.44 in lieu of assessing the district a fee, a number of them do not assess the 1% fee and still do not charge their school district a collection fee.

City Council called to order a Finance and Budget Committee meeting on December 12, 2023, specifically to discuss the subject matter of the City's agreement with the schools regarding tax collection. City Council expressed a willingness to renegotiate the tax collection agreement. District administration met with City administration on January 9, 2024, to discuss a new tax collection agreement. On January 17, 2024, City Council passed a resolution requesting administration to provide a report and recommendation as to the appropriate options and what the revised fee should be. Since that time, I know you, Ms. Oquist, have had the opportunity to discuss this matter with Mayor Brosnan and have been able to reach a tentative agreement that is now ready to be shared with both City Council and our Board of Education.

I would like to discuss with the Board of Education the proposed tax collection fee agreement with the City of Livonia. Please include this item on the agenda on the March 11, 2024, Finance Committee Meeting.

Thank you.

AS

c: Board of Education