



Tax Choices: An Overview

I. Traditional Income Tax

Taxes Residents of District-Individuals Only

1. Wages
2. Salaries
3. Tips
4. Interest Income
5. Dividends
6. Unemployment
7. Pensions and retirement income
8. IRA distributions
9. Capital Gains
10. Levied in .25% increments
11. Senior Credit = Yes - \$50
12. Deduction = Yes against Federal income taxes
13. Taxes start January 1st of the following year
14. Takes 2.5 years for the District to reach full collection
15. Term can be continuing or for a specific period
16. Ballot request limited to two tries per year
17. Subject to repeal every five years unless debt is outstanding
18. Maximum bond term - 23 years – Certificates of Participation - 30 years
19. Tax collections cannot be deferred
20. Tax rate does not adjust for income growth
21. Tax rate does not adjust for population growth
22. Taxes withheld from paycheck
23. 136 Districts



II. Earned Income Tax

Taxes Residents of District-Individuals Only

1. Wages
2. Salaries
3. Tips
4. Levied in .25% increments
5. Senior Credit = Yes - \$50
6. Deduction = Yes against Federal income taxes
7. Taxes start January 1st of the following year
8. Term can be continuing or for a specific period
9. Ballot request limited to two tries per year
10. Subject to repeal every five years unless debt is outstanding
11. Maximum bond term - 23 years – Certificates of Participation - 30 years
12. Tax collections cannot be deferred
13. Tax does not adjust for income growth
14. Tax does not adjust for population growth
15. Taxes withheld from paycheck
16. Takes 2.5 years to reach full collection
17. 55 districts statewide have Earned Income Taxes



III. Property Tax

Taxes Property Owners - Individuals and Businesses

1. Land
2. Dwellings
3. Buildings
4. Minerals
5. Railroad
6. Public Utilities
7. Farms
8. Personal Tangible (no longer taxed)
9. Levied in Mills, 1 mill = 0.01%
10. Homestead and rollback credits or discounts no longer apply
11. Homestead helps disabled and senior taxpayers
12. Deduction = Yes against Federal income taxes
13. Taxes **can** start January 1st of the following year
14. Term can be continuing or specific period
15. Maximum bond term - 40 years (Based on the life expectancy of the assets)
16. Tax will adjust for inflation (appreciation in property value)
17. Tax will adjust for growth
18. Taxes paid semi-annually or via mortgage company
19. Full collection of taxes start immediately



IV. Internal Funds

Indirectly Taxes Individuals and Businesses

1. Inside Millage 5.60 mills or \$ 1,025,000 per year
2. Permanent Improvement Funds
3. General Fund operating surpluses
4. Surplus Bond retirement funds
5. Savings from operating efficiencies
6. Casino revenue
7. Revenue available from expiring liabilities
8. PiLoTs (Payment in lieu of taxes)
9. Expiring Abatements

V. Joint Economic Development Districts (JEDD)

Taxes Individuals employed within a designated geographic area

1. Designed as an economic development tool
2. Creates an area in a Township that can be subject to municipal income tax
3. Taxes generated primarily support construction of infrastructure
4. Tax revenue may also be shared with the school district
5. Tax rate based on rate of the municipal partner
6. Taxes the W-2 earnings of employees working in the District
7. Tax revenues are not guaranteed, and must be estimated
8. District may borrow against the projected revenue
9. If District facilities are in the JEDD, its employees must pay the tax
10. JEDD revenues may not be sufficient to finance all the project cost
11. Employees of the District that are also residents will likely pay more taxes