

Bridgman Public Schools
October 2024
Tax Appeal Settlement Agreement Update

The District would like to update staff and community stakeholders on our ongoing efforts to address the recent developments regarding the tax appeal settlement with AEP.

1. Working closely with the Board of Education's legal counsel, Thrun Law Firm, P.C., the District submitted a Hold Harmless Agreement to AEP representatives on October 8, 2024. To move forward, an initial meeting has been scheduled for Tuesday, November 5, 2024, at 2:30 p.m., where Thrun Law Firm will meet with AEP representatives and their legal counsel to discuss the agreement in detail.
2. Superintendent Peters will be meeting with officials from the Michigan Department of Treasury in November to discuss potential funding opportunities within the State of Michigan's FY26 budget, which will go into effect in October 2025. This meeting aims to explore financial options that could support the District's goals and address upcoming budgetary needs.
3. Superintendent Peters recently met with Michigan Speaker of the House, Representative Joe Tate, on Tuesday, October 22, 2024. The purpose of the meeting was to inform the Speaker about the impact of the recent tax appeal settlement on Bridgman Public Schools (BPS) and its significant financial challenges for our community. Superintendent Peters also urged the Speaker to address the "dark store" tax loophole during the upcoming lame-duck session. This is the first step to advocating for dedicated funding support for BPS, either through supplemental state budget funding or a specific allocation, similar to the recent funding the City of Bridgman received for its City Hall roof project.
4. Efforts to raise Bridgman Public Schools' Non-Homestead levy from 8.376 to 18 mills have slowed, as this requires a Michigan Constitutional amendment and a challenging $\frac{3}{4}$ legislative vote—particularly tough during election season. However, on Tuesday, October 29, 2024, Representative Joey Andrews introduced two bills for Bridgman, which will be publicly available soon. To move forward, an additional draft was needed to amend Section 20 of the State School Aid Act, which currently restricts "certified mills" due to a 1993 cap. Initial analysis raised concerns that the bills might impact districts whose per-pupil funding falls below their foundation allowance. To address this, the House Fiscal Agency suggested allowing districts to apply for a waiver to levy up to 18 mills. This approach would allow districts like Bridgman, which have per-pupil revenue above their foundation allowance, to raise extra funds without affecting other districts. This remains a critical issue for ongoing advocacy and funding efforts.

5. Superintendent Peters will be addressing the financial effects of the recent tax appeal settlement and its impact on district funds in upcoming Board of Education meetings:
 - a. **November 25, 2024:** Superintendent Peters will review the settlement's impact on the District's Sinking Fund and present recommendations to address the revenue loss.
 - b. **December 16, 2024:** A discussion will focus on how the Recreation Fund has been affected, with Superintendent Peters providing suggestions for managing this reduction in resources.
 - c. **March 24, 2025:** Superintendent Peters will outline the implications for the District's General Fund and propose necessary adjustments, including potential administrator and teacher layoffs and program reductions.
 - d. **April 28, 2025:** Superintendent Peters will provide an update on staff and program reductions from March, including any additional adjustments necessary to address budgetary challenges. This update will cover anticipated changes impacting staffing and programs across the District.

6. "Dark Store" Tax Loophole Legislation - Superintendent Peters is collaborating with Michigan groups to address the "dark store" tax loophole, using his advocacy expertise to promote fair property tax assessments that benefit schools and communities. This loophole allows large retailers to reduce taxes by valuing properties based on vacant or restricted sites—draining Michigan communities of over \$2 billion in the past decade. A new bipartisan bill package (HB 5865-5868) aims to close this loophole by excluding restricted "dark stores" in assessments, requiring updated appraisals for appeals, and ensuring the Tax Tribunal uses standard appraisal practices. These changes would secure fairer tax assessments, significantly benefiting Bridgman Public Schools once the current agreement expires and helping stabilize revenue for Michigan schools and communities. If you would like more information on the Dark Store Tax Loophole Legislation, please contact Superintendent Peters directly.

For additional details or to discuss these initiatives further, please don't hesitate to reach out to Superintendent Shane M. Peters at 269-466-0220 or via email at speters@bridgmanschools.com. Superintendent Peters is available to provide more context, answer questions, and keep you informed on these important developments impacting our District and community.