



Summary of Report to  
Pentwater City  
Committee

# Prospects for Pentwater Township if Pentwater Village becomes a City

Eric Lupher

President

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# Citizens Research Council

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- Statewide
- Non-partisan
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- Promotes sound policy for state and local governments through factual research – accurate, independent and objective
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# Local Government Service Delivery Responsibilities

## *Cities, Villages, and Townships*

### 2 classes of services

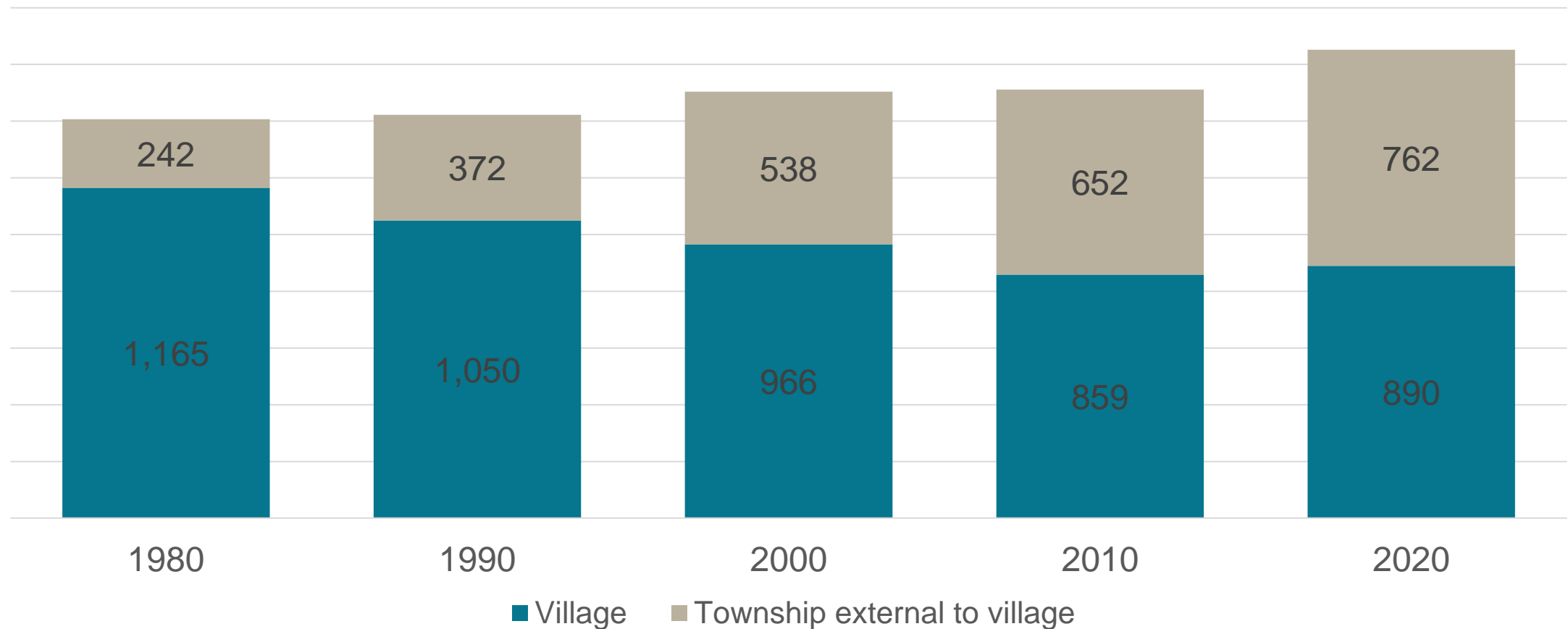
- Legally required services (cities and townships):
  1. Assessing property as a basis of state, county, and school taxes
  2. Collecting taxes for the state, counties, and schools
  3. Conducting county, state, and national elections
- Elected services (cities, villages, and townships):
  - Fire protection, police protection, water supply, sewage disposal, zoning, public health, etc.

# Village Government

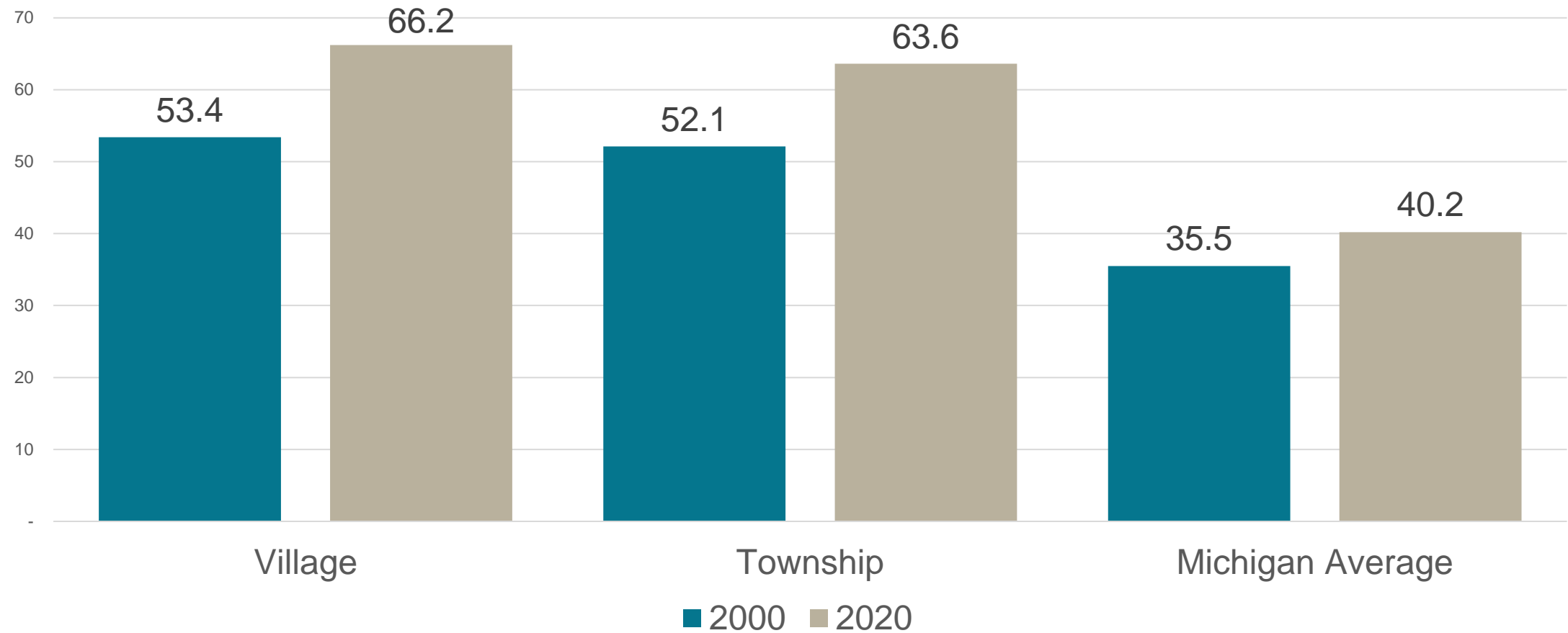
- Remain part of township – village residents are also township residents
- In original design of Michigan local government village government was a stepping-stone to becoming a city
  - Furnish local governments services to residents of a built-up area in the township
- With expanded statutory authority of townships, little reason to create new villages
  - Last village incorporated in 1980
  - Many townships have transitioned directly to cities

# Pentwater Township and Village

# Population of Pentwater Township, Inside and Outside of Pentwater Village, 1980 to 2020

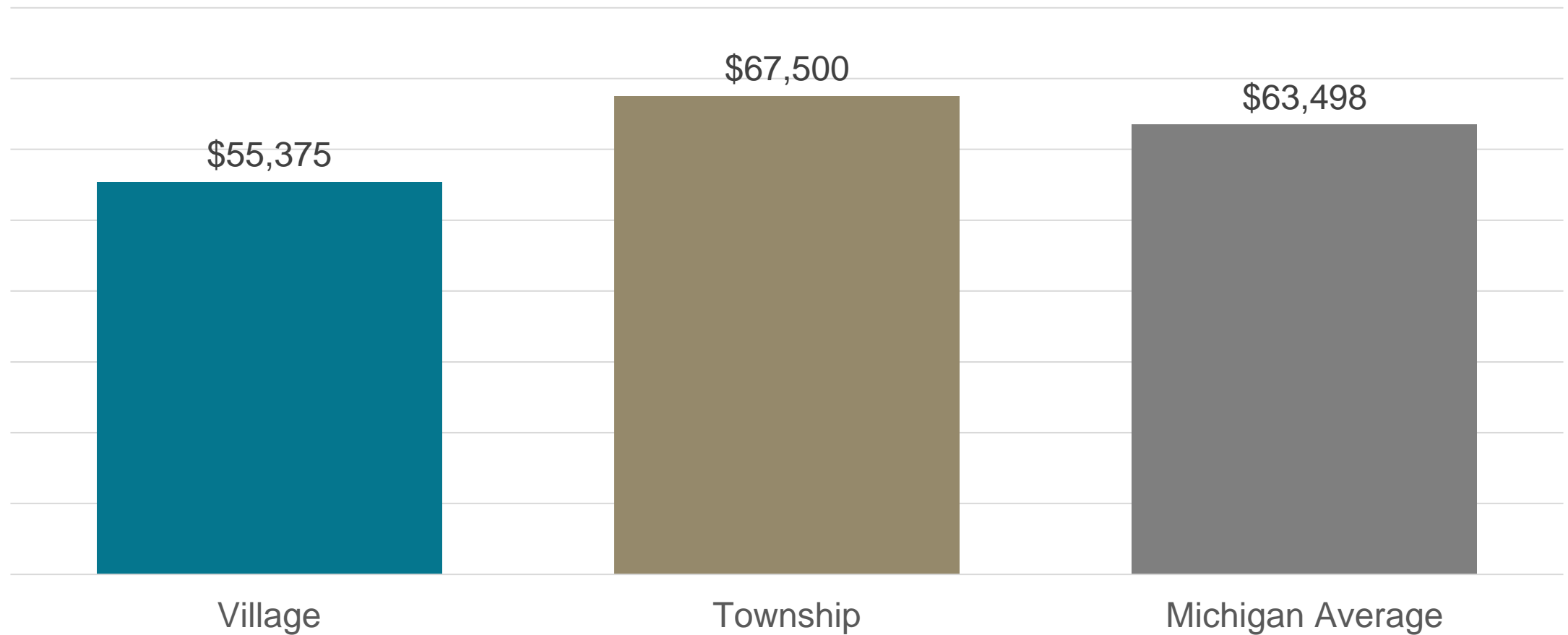


# Median Age of Residents in Pentwater Village and Township, 2020

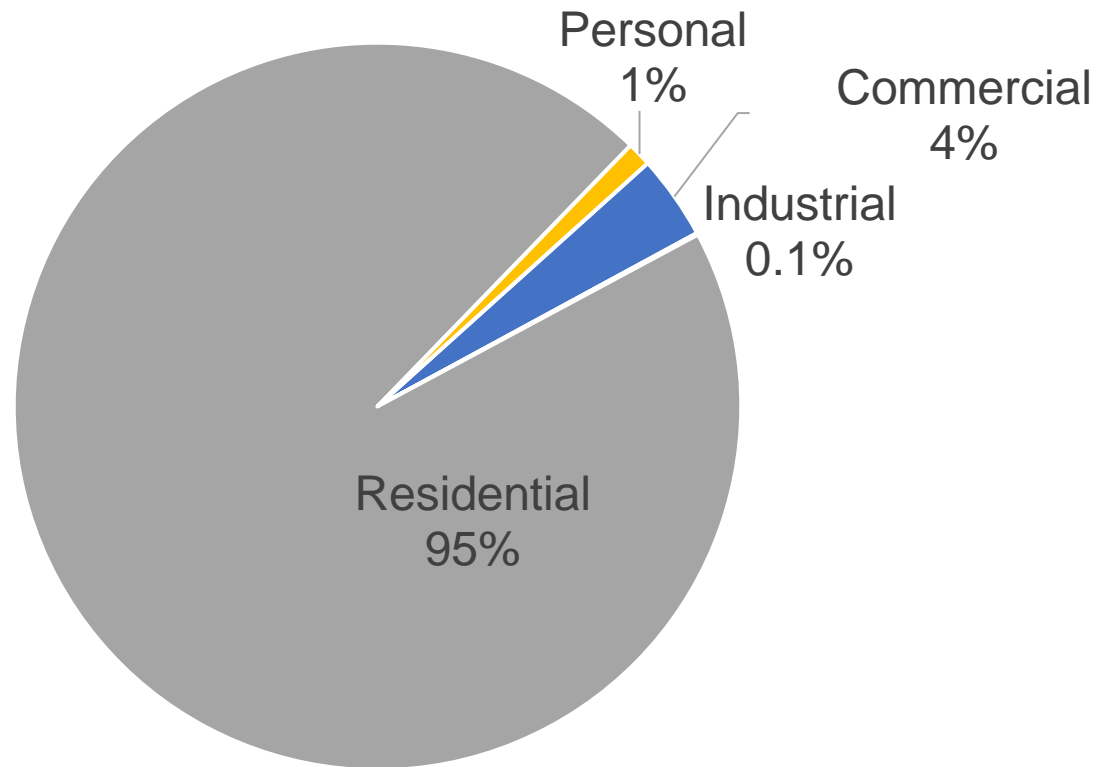




# Median Household Income of Residents in Pentwater Village and Township, 2020

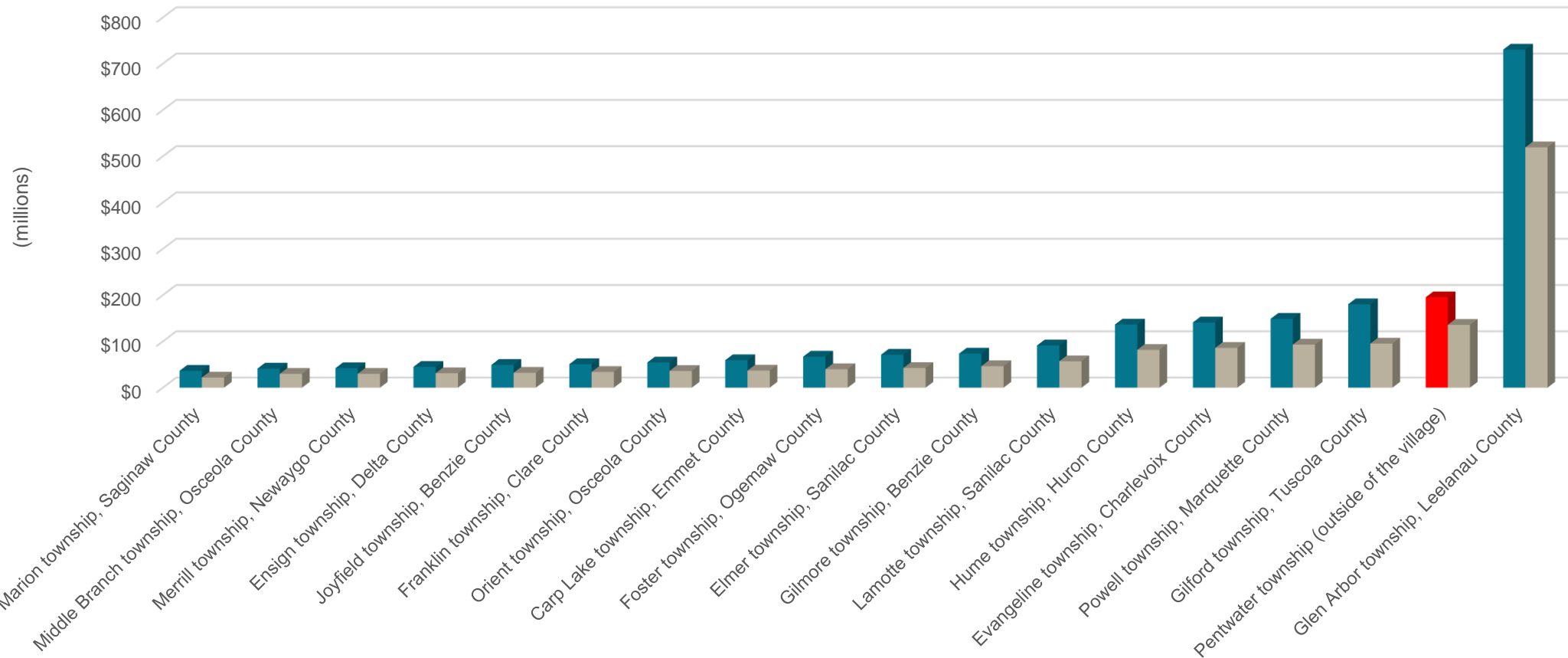


# Composition of Pentwater Township Property Tax Base, 2022

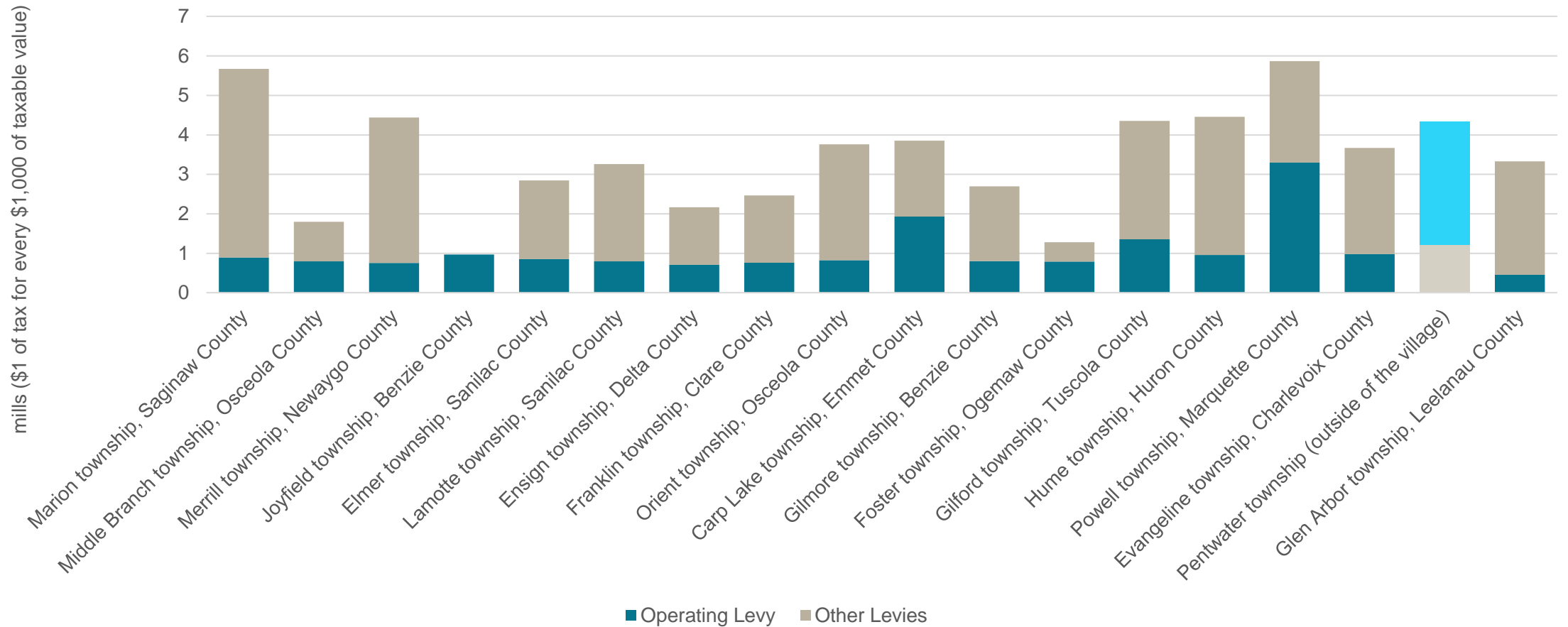


# Tax Base and Rate Comparisons

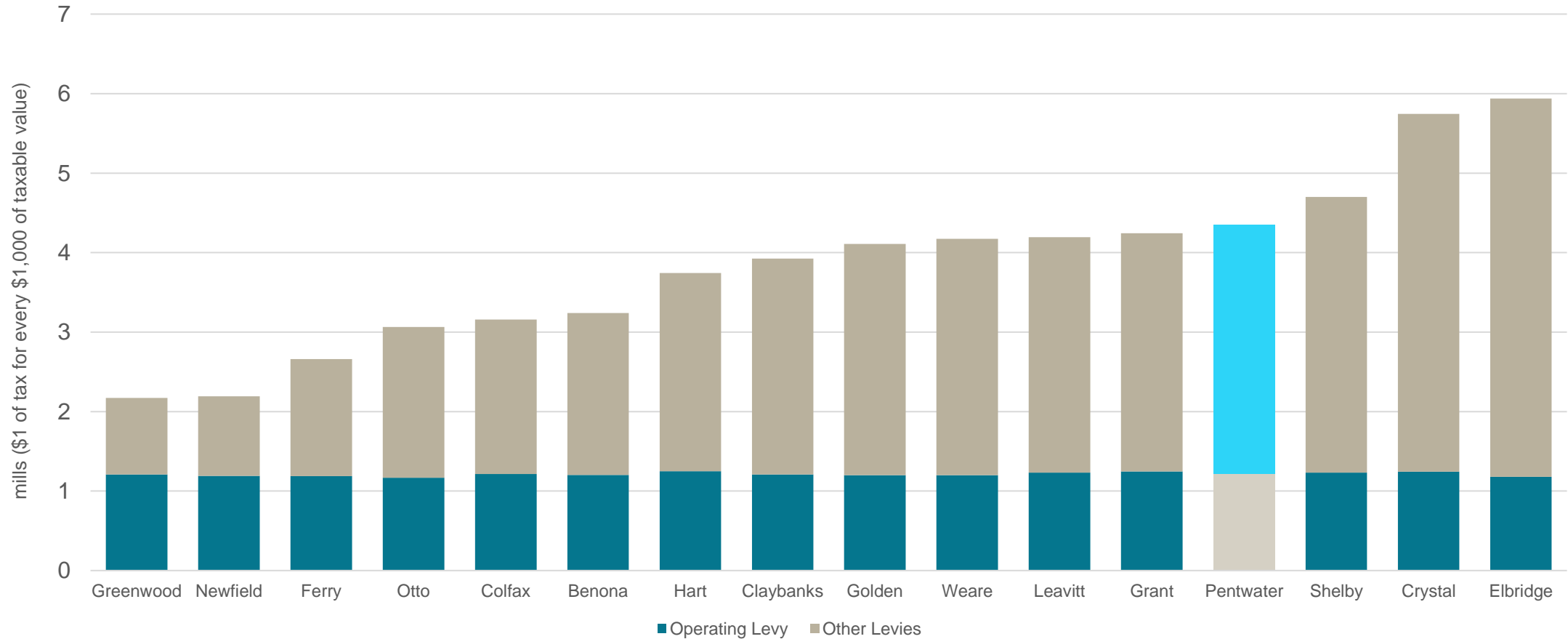
# State Equalized Value and Taxable Value of Peer Townships (exclusive of townships with villages), 2022



# Tax Rates Levied by Pentwater Township's Peer Townships



# Tax Rates Levied by Townships in Oceana County



# Budget Impact

# Pentwater Township Revenues, FY2022-23

- \$558,449 in General Fund Revenue
  - 57% from property taxes
  - 15% from administrative fees
  - 17% from state revenue sharing
  - 11% from minor taxes, charges, and other sources
- If the village incorporates as a city, Pentwater Township
  - Revenues would be expected to decrease by 35% as a result of the loss of the tax base and other assumed changes



# Pentwater Township 2022-23 Approved Budget vs Hypothetical Budget without Pentwater Village

	Hypothetical Budget Adjustment
Township Board	-34.80%
Supervisor	-34.80%
Clerk	-32.60%
Board of Review	0.00%
Treasurer	-35.60%
Assessor	-39.50%
Election	-11.40%
Township	-8.30%
Transfer Station	-40.20%
Sewer Utilities	-75.80%
Doc/Recreation/PLIB	-40.30%
Planning Commission	-10.20%
Zoning Administration	-39.80%
Zoning Board of Appeals	0.00%
Total Appropriations	-28.10%

# Potential Tax Rate Change

- On the high end
  - Without any reductions in spending
  - The township would have to increase its property tax rate by 1.4 mills to make up for the lost tax base in order to maintain current service levels
- Our hypothetical cuts were not enough to align with expected revenue reductions
  - The township would have to increase its property tax rate by 0.3 mills to maintain a balanced budget
  - Make deeper cuts
  - Or a combination of these actions
- All tax rate increase proposals would have to be submitted to the voters for approval

# Opportunities to Share Cost/ Service Delivery with Pentwater City

# Laws Authorizing Intergovernmental Collaboration for Key Pentwater Services

Service	Authorization for Collaborative Service Delivery	Notes
Fire	Emergency Services to Municipalities Act Public Act 57 of 1988	Taxing authority
Library	District Library Establishment Act Public Act 24 of 1989	Taxing authority
Cemetery	Urban Cooperation Act Public Act 7 of 1967, ES	No taxing authority, GF approps
Refuse Transfer	Natural Resources and Environmental Protection Act Public Act 451 of 1994	No taxing authority, GF approps
Recreation	Recreation and Playgrounds Act Public Act 156 of 1917	No taxing authority, GF approps

# Annexation Processes

## Village

- Petition county board of commissioners to approve boundary changes
- Commission hearing
- Yes/No Vote of 5 Oceana County Commissioners
  - District 1 represents Pentwater, Claybanks, Benona, and Golden Townships

## City

1. Vacant property may be purchased by city and adopting annexation resolution
- Petition State Boundary Commission
  - Commission hearing
  - Opportunity for referendum

# Summary

## Advantage

- Township has a relatively large property tax base to survive on its own
- Potential to use intergovernmental agreements to maintain fire, library, cemetery, refuse transfer, recreation

## Disadvantages

- Will require either
  - Significant service level reduction
  - Tax increase
  - Or combination of cuts and new taxes
- Intergovernmental agreements require two willing partners so not a certainty

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