

Frequently Asked Income Tax Questions

How do cities without income tax support road maintenance? Many cities are lacking funding for adequate repairs to their local streets. All cities receive funds from the Michigan Transportation Fund, under provisions of Act 51 of the Public Acts of 1951. This money is distributed to cities and villages based on the number of miles of streets they have. Some other methods for funding local street improvements include:

- Levying Property Tax Mills
- Special Assessments to Individual Property Owners
- DDA Funds for Downtown Streets
- Federal Aid & State Aid for Certain Qualifying Roads

Is the decision to get rid of the City Income Tax solely decided by the City Council? YES

According to the Michigan Attorney General, a city income tax ordinance adopted under the City Income Tax Act by the City Council of a home rule city, and subsequently approved by referendum vote of the electors, can later be repealed by the city's governing body but it cannot be the subject of a second petition and referendum vote of the electors.

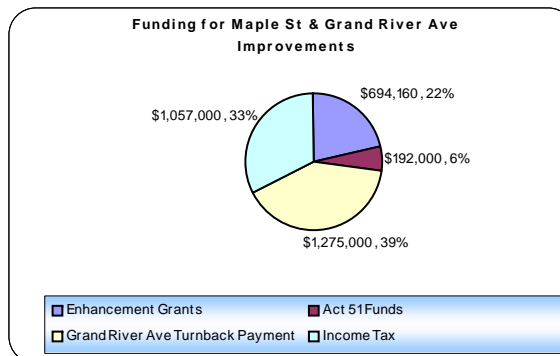
How much money does the Income Tax bring in for street improvements? The dollar amount varies year to year, depending on income. The net income available for street projects has averaged \$569,433 per year between 1996- 2009.

How has the City been spending the Income Tax?

The City used net income tax revenues for paving, curb and gutter, sidewalks, street lights, and related water and sewer infrastructure improvements for the following streets between 1996 and 2007:

Donna	North	Brush
Bethel	Washington	Barr
Canal	Academy	Catherine
Kent	Rebecca	Caroline
Bridge	Danby	East
Pleasant	Carl	Kearney

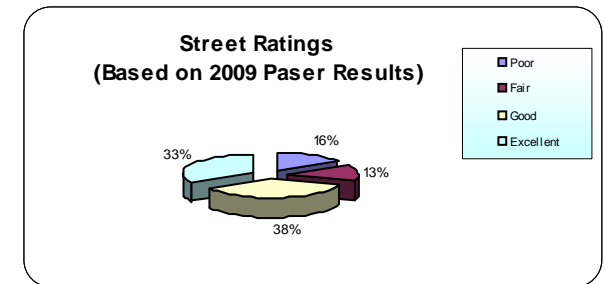
In 2008 and 2009, the City used income tax revenues, Act 51 funds, Enhancement Grants, and a payment from the Michigan Department of Transportation for the Grand River turnback to reconstruct Grand River Ave.



Have all of the City Streets been reconstructed with money from the Income Tax? No. The following streets have not been reconstructed with Income Tax Funds:

Albro	Divine	Market
B, H, & Clark	E. Academy	S. Grant
Bishop	E. Hill	S. Kearney
Church	E. James	Vessey
Cutler	Grape	S. Maple

In 2009, City street conditions were rated according to the Paser rating system. A chart summarizing the ratings is shown below:



Based on the streets' Paser rating and an assessment of the condition of the water and sewer infrastructure, the following City streets are most likely to be reconstructed with Income Tax funds in the future:

Grape	West Grand River	Maynard
Detroit	Center	Bishop
Cutler	Barley	Virginia
Divine	Knox	Vessey
Church	Empire	Looking Glass

A City Street Map and spreadsheet that shows the rating of each street is available on the City website at: www.portland-michigan.org

What % of the funding for City Hall was from Income Tax Revenues? 0% of the funding was from income tax revenues. At the time City Hall was constructed, some income tax funds were used to resurface Academy Street next to City Hall.

What % of the Boardwalk Project was funded with Income Tax Revenues? 0% . This project was funded by grants and money from the DDA. The City of Portland advanced \$70,000 from its General Fund, which was later returned because the project was under budget.

What % of the Riverside Façade Project was funded with Income Tax Revenues? 0% . The DDA paid for engineering and matched owner contributions for the Riverside Façade Project. The combined funds of the DDA and the owners were matched by a CDBG Grant from MSHDA.

What % of the River Trail was paid for with Income Tax funds? 0%. The River Trail has been paid for with Enhancement Grants, MDNR Trust Fund Grants, a Clean MI Initiative Grant, a Land and Water Conservation Fund Grant. Local match for these grants came from the DDA and the City's General Fund.

While none of these improvements were directly funded by the Income Tax, they were, in part, made possible because of it. Since the City did not have to save up for street projects, it was able to seek state and federal grants to bring more money into the community for other improvements that add to Portland's quality of life.

Facts about Income Tax in Portland:

- Originally, street projects done with Income Tax money were only going to include paving. After a newly redone street was torn up to repair water and sewer infrastructure, the Council decided that street projects should include necessary water and sewer infrastructure. These added items made the projects more costly but prevented the digging up of newly paved streets.
- The City Income Tax is the only means of collecting revenues from non-residents that use City streets.
- Residents do not pay City Income Tax on Unemployment, Social Security, and most pensions.
- In 2008, 16% of the total tax collection was from non-residents.
- Approximately 26% of Portland residents pay income tax to another Michigan city because of their employment.
 - These residents pay ½% to Portland and ½% to another City.
- Anyone who pays Michigan Income Tax is allowed partial credit for income tax paid to Michigan cities.
- Those individuals that itemize on their Federal Income Tax return can elect to deduct their local income tax.

Have more questions about the Income Tax? Check out our website at www.portland-michigan.org or contact us!!

City of Portland
259 Kent St.
Portland, MI 48875

Phone: 517-647-2941
Fax: 517-647-2938
E-mail: cityincometax@portland-michigan.org

CITY OF PORTLAND

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How many cities have an Income Tax? The City of Portland is one of 22 Michigan Cities that has an Income Tax. In Portland these funds are used for paving, curb and gutter, sidewalks, street lights, and related water and sewer infrastructure improvements. There are 4 Michigan Cities with a population of 5,189 or less that have an income tax:

- | | |
|----------|-------------|
| Portland | Springfield |
| Grayling | Hudson |

The average property tax rate for these cities is 13.775 mills. The City of Portland's property tax rate is 13.6574. While Portland's tax rate is lower than the average, we think that Portland is a much higher than average community when it comes to quality of life!