

City-Village Committee Submits Report

Three Phases of Change Are Studied by Group

The following reports are made public today by the committee appointed by the village commission to study the proposed change of Birmingham from the village to the city form of government. Committee members ask tax payers to study the reports and attend the meeting for the public in the village offices at 8 p. m. tomorrow for a discussion. Questions will be answered at that time.

An explanation of the report received by The Eccentric in a letter from Thomas Parker, chairman, follows:

Pursuant to a resolution of the Village-City Committee I am furnishing you herewith copies of the following reports to it by sub-committees: (1) Report of the sub-committee on taxation. (2) Report of the sub-committee on Woodward Avenue and the new highway over the present Grand Trunk right-of-way. (3) Report of the sub-committee on comparative cost of Village-City government. These reports have been adopted by the Village-City Committee and are to form the basis for the preparation of its final report. They are furnished by the Committee to the press at this time in order that they may be published and an opportunity afforded to the citizens of Birmingham to study them before the public meeting of the Committee, which will be held next Friday evening, February 10, at 8:00 o'clock in the village commission rooms. The Committee hopes that the results of its labors so far will be given careful consideration by the public and that there may be a large attendance at the meeting and full discussion before the final report of the Committee is adopted and filed.

TO THE CHAIRMAN OF THE VILLAGE-CITY COMMITTEE: Your committee appointed to study and consider the various phases of taxation as bearing upon and affecting the possible change of government from village to city begs to report as follows: In our study we have given consideration to the following questions: a. The New School Code b. Township Taxes c. State and County Taxes d. School Taxes e. Equalization of Valuations f. Board of Review g. Supervisors

School Code and Effect Upon School Taxes

In our consideration of the new school code and its effect upon a change from village to city we obtained a legal opinion which we submit herewith. From this opinion it appears that in the event of our becoming a city the school districts either the school district lines will be automatically fixed as to the limits of the city limits, or the several township boards, in their discretion, may detach from the Birmingham School District, when it becomes a district of the third class, property in the school district area lying in their townships and outside of the city.

This would result in Birmingham as a city, losing a large portion of the school taxes that now come from the school district outside of the village limits. The separation of Bloomfield Township alone from the rest of the school district would cause a loss of approximately \$7,000,000 in annual school taxes and result would cause a loss in annual school taxes of approximately \$100,000.00. These tax losses would have to be made up by increasing the school taxes within the city of Birmingham to make up the difference. In addition Birmingham as a city would have to assume practically all of the bonded indebtedness of the school district which now amounts to \$1,274,100.00.

Aside from the moral issue arising from the historical community, of interest between the village proper and the surrounding portions of the township there is sound legal ground for retaining the taxable property outside the limits of the village within the school district as now constituted. In view of the fact that this territory has been served for years by the schools within the village and the school property and facilities developed accordingly.

Tax Figures—Bloomfield

We find upon examination that the average valuations in the two areas, the Village of Birmingham and the Township of Bloomfield as a whole outside of Birmingham, are, for Birmingham, \$7075.00 per acre, and for the Township, \$825.00 per acre. We find in connection with the subdivision valuations that the subdivided areas are valued in Birmingham at an average of \$7576.00 per acre and in the township outside of Birmingham at an average value of \$2223.00 per acre. That the average valuation of area not subdivided in Birmingham is \$1800.00 per acre while in the township outside of Birmingham such average valuation is \$660.00 per acre. The average valuation of lots in Birmingham, the lots being approximately 2-10 of an acre is \$2000.00 while the average valuation of the township where the lots average 9-10 of an acre is \$2003.00.

We have taken into consideration the years 1925, 1926 and 1927 and we have found that from the year 1925 the average assessed valuation in the township outside of Birmingham was \$690.00 per acre, in 1926, \$891.00 per acre and in 1927, \$892.00 per acre.

higher than the average acreage value in the township outside of Birmingham. The increase in average valuation per acre in the township outside of Birmingham since 1925 has been \$202.00 per acre. The valuation in the school district in the township outside of Birmingham in 1927 was \$1341.00 per acre while the township outside of the school district in 1927 has an average valuation of \$833.00 per acre.

During the years 1925, 1926 and 1927 our State and County taxes in Birmingham have increased. The increase in 1927 over 1925 is as follows: From increased assessments \$27,408.00 From annexations 41,488.00 From increased apportionment 5,712.00 Total \$74,608.00 During the same years the township taxes for Birmingham increased as follows: Through increased assessments 8,765.40 Through annexations 12,810.00 Through increased apportionment 25,210.00 Total \$46,785.40

In 1925 the school district area in the township outside of Birmingham was 5151 acres with a valuation of \$4,129,200.00 or an average valuation of \$1400/00 per acre. In 1927 in the township outside of Birmingham the school district was 430,600.00 or an average valuation of \$15,750.00 per acre. The increase in valuation over the three year period in the township area is accounted for through three having been annexed to Birmingham—3600 acres at an average value of \$44,500.00 per acre showing that the tax increases in valuations are made upon territory in the school district adjacent to Birmingham which would, in the course of time, be annexed to the village. The increase in valuation over the three year period in the township area outside of the school district (an area of approximately 18,000 acres) amounts to \$67,500,000 or an average of \$375.00 per acre, while in the same period of time for the school district area in the township outside of Birmingham the increases in valuation amounted to \$4,492,000.00 on an area of approximately 5151 acres or an average of \$871.00 per acre. We append hereto an exhibit showing what the effect would have been upon Birmingham had the increases been made upon township territory instead of Birmingham territory, and also showing that the township valuations were increased from the present average valuation of \$825.00 per acre to \$700.00 per acre and Birmingham's valuations were reduced from an average of \$7575.00 to an average of \$4175.00 per acre that it might result in a fair and just equalization of taxes, keeping Birmingham up to what would be a fair valuation and placing a fair valuation on township property outside of Birmingham.

It is true that as a city, Birmingham would avoid a part of the township tax which it pays as a village and which now amounts to \$62,800.00. We find, however, that the saving of the township tax is more than offset by the increase in school taxes and liability for bonded debt of the school district which may be put upon Birmingham if it becomes a city.

Furthermore the present township tax paid by Birmingham should be necessarily reduced in tax payments. The Village of Bloomfield Hills is developing and should assume and pay for its improvements within its limits. That Village at this time takes in about 1600 acres and there are other annexation petitions out, as we understand it, which would take a large additional portion of the township. This would materially reduce the township tax that Birmingham now pays. Furthermore the City of Pontiac is gradually extending its southern line to take in additional portions of the township which in turn will serve to reduce the township tax of Birmingham. Further reductions in this tax could be made through equalization of assessments as between Birmingham and the rest of the township.

What has been said on the school tax situation applies with equal force to that portion of Birmingham lying within Township. Whatever township taxes that area pays to Troy Township and which might be saved as a city would be offset by the increase in school taxes which the City of Birmingham itself be compelled to pay.

In the event Birmingham became a city the city assessment roll would be used by the state authorities in fixing the apportionment for state and county taxes. At present they use the township roll which has a total valuation of approximately \$14,000,000.00. The village roll at present is approximately \$12,000,000.00. Assuming that we might reduce the village roll to \$18,000,000.00 as our first city assessment, and it is doubtful if it could be reduced to a less figure than this, we would then have an increase apportionment in our state and county taxes of about \$34,000.00.

It should further be borne in mind in this connection when we become a city every increase in assessed valuation which is made primarily to give its added revenue for city purposes would immediately increase Birmingham's proportion of the state and county tax.

- Respectfully submitted,
(sgd) JOHN J. PHILL, Chairman
(sgd) THOMAS S. PARKER
(sgd) CLARENCE VLIET
(sgd) CHARLES E. LEWIS
(sgd) L. HULLBERT
(sgd) H. T. LELERBY

Report of Committee Investigating Comparative Costs of the Same Administration Under the Two Types of Government—Village and City:

This committee wishes to be quite clear on the point that it is impossible to estimate the costs of government under any one of a number of governmental forms. Short of this, however, it is its present governmental form it is quite likely that the cost of

running the village business will increase since there is every evidence that the population is increasing. It is obvious that more help will have to be added as the town grows. It is not evident that changing to a city form will increase operating costs—nor is it proven that remaining village will decrease the overhead of public business. In support of this the following facts have been ascertained:
A city form of government would demand the establishment of a Police Court with a justice of peace elected by the city. This court should be more than self-supporting. The justice if in this case is to pay a salary to the justice and turn the fees derived from the operation of the court into the general funds of the city. These fees are more than ample in all municipalities studied to defray the operating cost of the Police Court. The return for one month in Ferndale were more than ample to pay the cost of the court for an entire year.
2. The state and county taxes now collected by the township would be collected by the city under the proposed change. This would mean added office work for our officials. The law permits a fee of one cent per cent to be collected by the township for this collection service and it is equally legal for the city to levy such a fee which places the collection at once upon a paying basis. The city of Ferndale has found it possible to collect these taxes without additional help and so does not levy the one per cent fee making a saving of one per cent of the state and county tax to each individual taxpayer.
The cost of administration of government is not dependent upon nor determined by the type of government, village or city, and it is determined by the condition of the community whether it be stationary or growing.
(Signed) HOPE HALGREN
(Signed) W. W. HENRY
W. W. HENRY

Report of Sub-Committee of Birmingham Village-City Committee

QUESTION: What will be the comparative costs of the construction and maintenance of Woodward Avenue and the new Grand Trunk highway to the taxpayers of Birmingham incorporated as a Village and as a City?
The general powers and authority of the state with reference to the construction and maintenance of Woodward Avenue and the proposed new Grand Trunk road are covered in general by the Covert Act, so-called, Act 59 of 1915; C. L. Mich. 1915, Secs. 4674-4722, and the State Reward Trunk Line Highways Act (Act No. 13 of 1916; M. C. L. Mich. Secs. 4852-4859), as amended and supplemented from time to time.
The State Reward Trunk Line Act as first adopted (C. L.

EFFECT ON BIRMINGHAM

The table given below shows what the effect would have been in Birmingham taxes through applying the increases in valuations during last three years against the township area instead of Birmingham.

Assessed Valuation, 1927	\$14,603,700.00
Less Increases 1927, 1926, 1925	\$2,680,100
Total	\$11,923,600.00
Assessed Valuation, 1925	\$11,923,600.00
Assessed Valuation, 1927	\$14,603,700.00
Assessed Valuation, 1926	\$12,243,500.00
Assessed Valuation, 1925	\$11,923,600.00
Total	\$24,490,600.00
Assessed valuations as revised	\$10,668,175.00

The table below shows result of assessment based upon what might be considered fair valuations between Birmingham and rest of township.

Township Birmingham			
Assessed valuation	\$22,196,625.00	\$10,668,175.00	Reduction
Average valuation	20,408	2,155	
per acre	1,087.74	4,950.00	
State and County Taxes	223,540.00	107,428.52	\$ 39,631.00
Township taxes	153,346.00	46,513.24	17,377.00
Total	376,886.00	153,941.76	57,008.00
Assessed valuation	7,063,234.00	10,668,175.00	
Taxes	198,061.46	74,968.00	
Value per acre	3,111.00	4,950.00	
Total reduction			\$131,976.00

Act No. 17 of P. A. 1925, it was provided that after January 1st, 1926, no new construction, improving and maintaining trunk line highways shall be made by the state, and the counties and townships shall thereafter be relieved of all expenses and legal liabilities in connection therewith. This act is somewhat in conflict with the provision in Section (1) of the State Highway Act of 1919, and is repealed in part by Act 254, P. A. 1927 (below).

By Act No. 254, P. A. 1927, (p. 489), a new section was added to the Covert Act, wherein the State Highway Commissioner, upon filing with him of the petition of a majority of trunk line owners, is authorized to improve any portion of a state trunk line road, to create or change an old trunk line road, to improve any portion of a trunk line road within or without a city or village by the creation of special assessment districts and the apportionment of the cost to the state, county, township, city and the lands benefited. There is no provision for apportioning a part of the cost against a village; in other words, the village participates with the township at large in the assessment against the township.

This is in amendment (Act No. 254 of P. A. 1927, referred to above), states:
(a) The percent of costs not apportioned to counties, cities, townships and lands shall be apportioned to the state and paid out of the state highway fund, and the provisions of this act in the State Highway Act, 1919, shall apply to any trunk line road or parts of Act No. 17 of the Public Acts of 1925, as in conflict with or contrary to the provisions hereof.
Act No. 150, P. A. 1927, (commonly called the Gasoline Tax Act) provides that all sums of money collected by the Secretary of State under the provisions of the act, except license fees, shall be deposited in the State Treasury to the credit of the state highway fund and shall be used for the following purposes:
(a) To meet deficiencies in appropriations owing counties and townships on state highways.
(b) For the payment of state highway bonds.
(c) A sum equal to the difference between Six Million Dollars and 50% of the net weight tax on gasoline and oil, as provided by Act No. 302, P. A. 1915, as amended, to be paid to the counties of the state, % of a sum equal to 1/2 of the total weight tax to be paid to the counties and 1/2 of the net weight tax to be paid to the state, or the several counties, as follows: 1/8 to the county treasurer of each county; and 2/8 to the State Treasurer. Two Thousand Dollars per mile of state trunk line highways contained within the limits of a city or village, the maintenance of which is an obligation of such city or village, shall be paid to each such city or village annually, on or before August 1st of each year. Provided, that such highway shall be maintained in a manner satisfactory to the State Highway Commissioner.
(d) The balance, if any, shall be used for the general construction, improvement, betterment and maintenance of the public highways in the state. All appropriations made under the Gasoline Tax Act are to be expended under the supervision of the State Administration Board.

Summarizing:
1. Woodward Avenue is expressly made a state trunk line road by Act No. 19 of the Public Acts of 1915, and the Board of Commissioners has been authorized, under Acts 61 and 340 of 1927, to lay out and establish a new trunk line road along the Grand Trunk Railroad.
2. The cost of Birmingham, if any, in connection with these two roads falls under two heads: First, construction costs, and, secondly, maintenance costs.
3. By virtue of Act No. 17 of 1925, and Acts 61 and 340 of 1927, the State Highway Department, if it chooses, may assume all costs of construction and maintenance of these two roads through Birmingham, whether or not a city. It is subject to the limitation of the provision in Section 1 of the State Reward Trunk Line Act to the effect that the state shall not participate in the construction, repairing, and maintaining any concrete pavement built prior to 1919 by any city or county, lying within the corporate limits of any city or more than five thousand. In other words, it is questionable whether the state will have authority to contribute anything to the cost of rebuilding or maintaining that portion of the pavement along Woodward Avenue which was built prior to 1919 if Birmingham becomes a city. There will be no such limitation if the state under Sec. 1 of the State Trunk Line Act if Birmingham remains a village.
4. Whether Birmingham remains a village or becomes a city, it would seem that the State Highway Commissioner, under Act 254 of 1927, may, if he chooses, apportion a percentage of the cost of construction and maintenance of Woodward Avenue to Birmingham. In case Birmingham became a city the cost would be apportioned against the city at large directly. If Birmingham remains a village, apportionment could be made only against Birmingham.

(Continued on Page 2, Part 3)