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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: April 5, 2022

RE: **RESOLUTION URGING A CHANGE IN STATE LAW TO EXCLUDE
THE DETROIT PUBLIC SCHOOLS AND THE DETROIT PUBLIC
LIBRARY FROM TAX ABATEMENTS AND TAX CAPTURES**

Council President Mary Sheffield requested that the Legislative Policy Division (LPD) draft a RESOLUTION URGING A CHANGE IN STATE LAW TO EXCLUDE THE DETROIT PUBLIC SCHOOLS AND THE DETROIT PUBLIC LIBRARY FROM TAX ABATEMENTS AND TAX CAPTURES.

Attached, please find our draft of the aforementioned resolution.

Attachment

BY PRESIDENT MARY SHEFFIELD

RESOLUTION URGING A CHANGE IN STATE LAW TO EXCLUDE THE DETROIT PUBLIC SCHOOLS AND THE DETROIT PUBLIC LIBRARY FROM TAX ABATEMENTS AND TAX CAPTURES

WHEREAS, The mission of the Detroit City Council is to promote the economic, cultural and physical welfare of Detroit’s citizens through Charter-mandated legislative functions; and

WHEREAS, The mission of the Detroit Public Schools Community District (DPSCD) is to: Create and enhance educational opportunities for Detroit Public Schools students. In addition, the vision of DPSCD is that: Every DPS student will receive the support needed to achieve his/her highest academic potential; and

WHEREAS, Correspondingly, within the tenets of its mission, the Detroit Public Library (DPL) enlightens and empowers people by providing diverse and dynamic pathways to literacy and learning. The DPL website also states, “No matter what changes, the library continues to adapt with the city to ensure that Detroiters' needs are met with diverse collections, engaging programs, and enriching classes;” and

WHEREAS, Despite their best efforts, DPSCD has struggled to fulfill its mission, since historically, the State of Michigan has used property tax collections in a local area to fund schools, which for a poorer district like Detroit, is an unfair and inequitable method of funding schools. DPL is impacted similarly, given its heavy reliance on local property tax revenue as well. Both institutions require an additional stable and reliable revenue source, to adequately fund their respective operations, so they may accomplish the missions for which they were both established; and

WHEREAS, The State of Michigan has previously excluded the Detroit Institute of Arts (DIA) and the Detroit Zoo, from tax incentives, which proved to be economically beneficial to both institutions. A similar State action on behalf of both DPSCD and DPL, may prove to be beneficial to these institutions as well; and

WHEREAS, On June 21, 2016, the Michigan Legislature enacted Public Act 192 of 2016, amending The Revised School Code, wherein effective July 1, 2016, the established School District of the city of Detroit, Detroit Public Schools (DPS) became a qualifying district, of which DPS retained the legacy debt of the school system and was to remain a separate, limited entity for the sole purpose of repaying that debt through the collection of local property taxes; and

WHEREAS, In addition, Public Act 192 created the Detroit Public Schools Community District (DPSCD), to provide public educational services for residents for the DPS geographic area and all functions, responsibilities and assets of DPS were transferred to DPSCD. Under this arrangement, the State was to directly provide the system’s annual allotment of funding, until the legacy debt is repaid, and to subsequently return to its prior method of funding the system through local taxes; and

WHEREAS, Thereby, with an exemption from tax incentives, the result of Public Act 192 would enable DPSCD/DPS to pay off its legacy debt sooner, and once the legacy debt is paid, receive an infusion of income. However, DPL would realize a more immediate impact from an exemption from tax incentives; **NOW, THEREFORE, BE IT**

RESOLVED, That the Detroit City Council, a staunch supporter of both Detroit Public Schools Community District and the Detroit Public Library, is now respectfully requesting that the State of Michigan support these venerable institutions of learning, by changing both the tax abatement and tax capture laws of the State by excluding both DPSCD/DPS and DPL from tax abatements and tax captures, in order to provide the institutions an immediate increase in funding, to address the legacy debt of DPS and an infusion of funds for DPL; **THEREFORE, BE IT FURTHER**

RESOLVED, That the Detroit City Clerk is directed to send this resolution to the Detroit delegations of both the State House and State Senate, in addition to Governor Gretchen Whitmer.