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by Sidney Davy Miller

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August 28, 2025

Victor Cardenas
City Manager
City of Novi
45175 W. Ten Mile Road
Novi, MI 48375-3024

Ms. Julie Farkas
Library Director
Novi Public Library
45255 W. Ten Mile Road
Novi, MI 48375-3024

Re: City of Novi Library Millage for Novi Public Library

Dear Victor and Julie:

This letter is intended to confirm our discussions regarding millage options for the Novi Public Library (the "Library"). We had previously discussed whether and how the City of Novi (the "City") could levy additional taxes to pay to support the operations and/or capital improvements at the Novi Public Library.

In 2025, the City levied 0.7285 mills for the Library, which is authorized pursuant to the City Charter Section 9.1(c) – "*For Novi Public Library – one tenth of one percent (1 mill).*" The 1 mill charter millage authorization for the Library has been rolled back to 0.7285 mills pursuant to the operation of the Headlee Amendment rollbacks. This millage is currently being levied at the maximum rate allowed and is authorized to be levied in perpetuity by the City Charter.

In addition, in 2025 the City levied 0.3471 mills for Library Debt millage to pay the debt service on the City's Unlimited Tax General Obligation Bonds approved by the voters at the November 6, 2007 election, which were refinanced in 2016 (the "Library Bonds"). This millage authorization will expire with the July 1, 2026 levy as the Library Bonds will be fully paid in October 2026. This millage authorization is limited to the amount necessary to pay debt service on the Library Bonds in the next fiscal year, and it cannot be extended beyond 2026 since the Library Bonds will mature in October 2026.

There is another source of authority for the City to levy taxes to support the Library. Act 164, Public Acts of Michigan, 1877, as amended ("Act 164"), authorizes cities to establish and maintain public libraries. Section 1(1) of Act 164 authorizes the city council to levy a tax of not to exceed 1 mill for library purposes. MCL 397.201. In addition, the City Council may increase the tax levied by not to exceed 1 additional mill if approved by a majority of the voters voting on the question at an election. Section 1(2) states that the tax levied under that section shall be "*in addition to any tax limitations imposed by a city charter.*" This means that regardless of what tax levy a City Charter authorizes for library purposes, if any, Act 164 authorizes up to 2 mills for library purposes which do not count against the City Charter limitation. The first mill does not require approval of the voters, but the second mill would require approval of the voters under Act 164.

The City Charter references the 1 mill library tax authorized by Act 164 in Section 16.1, where it states "*The Council shall have the power by ordinance to establish and maintain a public library and reading room for the use and benefit of the inhabitants of the City in accordance with and under the provisions of Act 164 of the Public Acts of 1877 for the State of Michigan [MCL 397.201 et seq., MSA 15.1661 et seq.], as amended, and may levy a tax of not to exceed one-tenth of one percent (1 mill) on the dollar annually on all taxable property in the City; such tax to be levied and, collected in like manner with other general taxes of said City and to be known as the "library fund"."*

The Act 164/Section 16.1 library tax authorization of 1 mill is different than, and in addition to, the City Charter 1 mill authorization found in Section 9.1. Section 1(2) of Act 164 states that the Act 164 millage is *"in addition to any tax limitation imposed by a city charter*." And the City Charter tax limitation section 9.1 states that the annual taxes authorized in Sections 9.1(a)-(f) are *"exclusive of any levies authorized by general statute to be made beyond Charter tax-rate limitations."* This exclusion of levies authorized to be made beyond Charter tax-rate limitations would include the Act 164 library millage, Act 359 Advertising millage, and the Library Debt millage.

Thus, in the future, the City has the ability to levy a tax rate of up to 1.7285 mills for library purposes without a vote of the electors, but subject to Headlee rollback. This represents the 0.7285 mill which is the Charter millage under Section 9.1(c) and 1.0 mill under Act 164 which has previously not been used. The tax revenues could be used for operations or capital projects. In addition, the City could request voter approval of an additional 1.0 mill that would not count against the Charter limit.

A question has been asked how the City could levy taxes for Library purposes at the same level as the 2025 millage rates, after the Library Debt millage expires in 2026, and use those funds for capital projects at the Library once the Bonds are paid off in 2026.

Since the City began levying the full Library Debt millage a few years after the Library Bonds were issued, the City has historically levied the Library Charter millage and Library Debt millage at rates ranging from a total of 1.15 mills down to its current level of 1.0756 mills. The City Council has the authority to levy a portion of the Act 164 millage next year, without a vote of the electors, so that the combined Library millage, Library Debt millage and new Act 164 millage is at that same level of 1.0756 mills. When the Library Debt millage drops off entirely in 2027, the Act 164 millage could be increased to approximately 0.3471 mills to maintain the same overall millage level for Library purposes.

Hopefully this letter addresses the issues we discussed. If you have any questions regarding this letter, please contact me.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By: ______________________________
Patrick F. McGow

cc: Sabrina Lilla
Tom Schultz

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