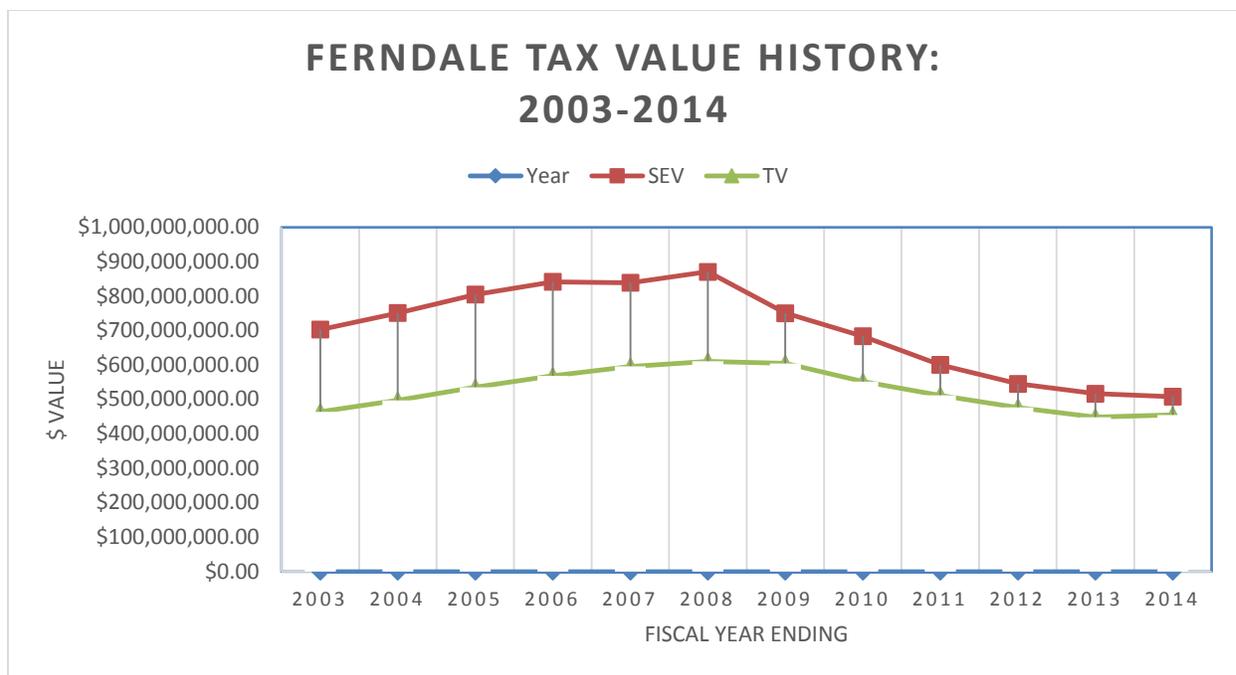




# Understanding a Headlee Renewal:

The Chart below shows a recent history of the City of Ferndale’s citywide tax base (red line) and citywide taxable value (green line) since 2003. Ferndale’s citywide tax base grew steadily through 2008. This didn’t positively or negatively affect the city because each year that this occurred, the city’s tax rate was reduced (Headlee reduction) in an amount to offset the value of growth greater than the rate of inflation (the up-down bars between SEV and TV lines). Absent any new construction or improvements, the city’s property tax revenues could only grow at the rate of inflation.



Since 2008, the city’s tax base has declined by nearly 25%. The City has a smaller tax base upon which to apply its tax rate. But the tax rate was not increased to offset the reduction in taxable value, as has occurred in the other direction during the previous growth years. State law dictates that an increase in the tax rate can only occur with a vote of the people. The May 5, 2015 election will ask to undo the tax rate reductions that occurred so that the city can levy its tax at the same rate (20.0000) as the voter’s authorized in the city charter.