

Frequently Asked Questions

How does the Data Center affect my taxes?

With the location of the proposed project, it will affect both the Howell and Fowlerville School districts. Each district has a school debt millage. Every year school districts calculate a debt millage rate by looking at the taxable value of the district and the debt obligation for that year.

The calculation is $\text{Millage Rate} = \text{Debt Owed} / \text{Taxable Value}$

The calculated millage rate is put on every property tax bill in the school district. This is important to note that it applies to more than just Howell Township properties. If you have either Howell or Fowlerville Schools on your tax bill, you will be affected.

Adding a large taxpayer to a school district redistributes the debt millage burden. The millage rate must decrease with a substantial increase in taxable value to collect the obligated debt. Notice the debt gets paid at the same scheduled amount.

The theory that adding a Data Center to the tax roll will wipe away the school debt is not true. The only way the debt gets eliminated is if the data center company enters an agreement with the schools to pay the school debt off early. If this were to happen, the debt millages would then be removed from the affected tax bills in the following year.

Is it true that the schools do not benefit from a large Data Center moving into their district?

School operating budgets are typically funded from two sources. These are local non-homesteaded property taxes and the State of Michigan per pupil funding. The typical maximum a school district receives is calculated by the number of students in the district multiplied by the per pupil funding amount set by the State of Michigan education budget. A simple example of this is to think of a cup and saucer. The cup is filled with both the local property tax revenue and the State per pupil funding. If there is no local tax revenue the State must fill the cup completely. If local tax revenue fills the cup halfway, the State fills the remainder of the cup. In the rare situation where the local tax revenue can fill the cup completely the State dollars are not needed. If the cup is overfilled onto the saucer by local tax revenue, the school district gets to keep all the extra local tax revenue. In this situation the school district would benefit from the large Data Center. To recap, if local tax revenue exceeds the level set by the state per pupil funding the school operating budget benefits by keeping the excess revenue.

How do tax breaks work for Data Centers?

The Sales and Use Exemption is available at the State level. This exemption of the 6% sales tax on eligible data center construction and equipment purchases is the main reason behind hyperscale data centers considering Michigan as a destination.

The Industrial Facilities Tax Abatement (IFT) would be available for this project at the local level. The IFT can cover the Real Property

(buildings) and the Personal Property (Servers inside the buildings). The tax break does not include Land. Each Abatement can be up to 12 years in length. The tax break cuts the millage rates in half aside from the State Education Tax. The burden is on the Taxpayer to follow through with annual reporting including employment numbers and corresponding salaries that would support living in the Township.

Will the Data Center affect the value of my home?

The honest answer is there is not enough information to draw a conclusion. There are no hyperscale data centers in Michigan. Assessors let the market tell the story. Assessed Values must be fair, equitable, and defensible. Assessments are never based on future predictions.

ESTIMATED TAX IMPACT OF AN INITIAL \$1 BILLION INVESTMENT			
-INVESTMENT LOCATED IN HOWELL PUBLIC SCHOOLS DISTRICT			
	HOWELL TWP	HOWELL	
TAX ENTITIES	2024 TAX YEAR	DATA CENTER	% INCREASE OF
	TOTALS	TAX BILL	2024 TOTALS
STATE EDUCATION TAX	\$3,021,104	\$3,000,000	99%
HOWELL SCHOOL OPERATING	3,600,757	4,500,000	125%
HOWELL SCHOOL DEBT	1,355,909	1,375,000	101%
FOWLerville SCHOOL OPERATING	24,805	N/A	0%
LIVINGSTON ISD	1,611,285	790,050	49%
COUNTY ALLOCATED	1,622,714	795,475	49%
COUNTY AMBULANCE	142,498	70,575	50%
HCMA - PARKS	104,080	51,550	50%
VETERANS RELIEF	46,326	22,950	50%
HOWELL TWP ALLOCATED***	429,347	211,326	49%
HOWELL TWP ROAD***	457,234	225,050	49%
HOWELL LIBRARY	504,486	255,800	51%
HOWELL FIRE AUTHORITY	1,007,745	496,000	49%
HOWELL PARKS & RECREATION	246,516	125,000	51%
FOWLerville SCHOOL DEBT	142,111	N/A	0%
FOWLerville LIBRARY	19,657	N/A	0%
TOTAL TAX REVENUE	\$14,336,574	\$11,918,775	83%
*TAXES REFLECT A PA 198 INDUSTRIAL FACILITIES TAX ABATEMENT			
**IF THE DATA CENTER INVESTMENT WAS INCLUDED IN THE 2024 TAX YEAR, THE ENTIRE TOWNSHIP COLLECTION WOULD HAVE ALMOST DOUBLED.			
***HOWELL TWP ALLOCATED (GENERAL FUND) & HOWELL TWP ROADS (ROAD FUND) COLLECTIONS STAY AT HOWELL TOWNSHIP. ALL OTHER REVENUE FLOWS TO THE ENTITY.			

ESTIMATED TAX IMPACT OF AN INITIAL \$1 BILLION INVESTMENT			
-INVESTMENT LOCATED IN FOWLerville COMMUNITY SCHOOLS DISTRICT			
	HOWELL TWP	FOWLerville	
TAXING ENTITIES	2024 TAX YEAR	DATA CENTER	% INCREASE OF
	TOTALS	TAX BILL	2024 TOTALS
STATE EDUCATION TAX	\$3,021,104	\$3,000,000	99%
HOWELL SCHOOL OPERATING	3,600,757	N/A	0%
HOWELL SCHOOL DEBT	1,355,909	N/A	0%
FOWLerville SCHOOL OPERATING	24,805	4,500,000	18142%
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HOWELL TWP ROAD***	457,234	225,050	49%
HOWELL LIBRARY	504,486	N/A	0%
HOWELL FIRE AUTHORITY	1,007,745	496,000	49%
HOWELL PARKS & RECREATION	246,516	N/A	0%
FOWLerville SCHOOL DEBT	142,111	2,387,500	1680%
FOWLerville LIBRARY	19,657	330,250	1680%
TOTAL TAX REVENUE	\$14,336,574	\$12,880,725	90%
*TAXES REFLECT A PA 198 INDUSTRIAL FACILITIES TAX ABATEMENT			
**IF THE DATA CENTER INVESTMENT WAS INCLUDED IN THE 2024 TAX YEAR, THE ENTIRE TOWNSHIP COLLECTION WOULD HAVE ALMOST DOUBLED.			
***HOWELL TWP ALLOCATED (GENERAL FUND) & HOWELL TWP ROADS (ROAD FUND) COLLECTIONS STAY AT HOWELL TOWNSHIP. ALL OTHER REVENUE FLOWS TO THE ENTITY.			