IRON RIVER—Tax changes passed by the Michigan Legislature could take a huge bite out of municipal revenues, according to City Manger Perry Franzoi. __PUBLIC__

"The impact of this law is that it would seriously restrict the amount of taxes that come into the city," Franzoi told City Council members Dec. 19. "This would have serious, serious impacts on our operations."

The personal property tax currently brings nearly $160,000 into city coffers, including $4,374.88 that goes to the Downtown Development Authority.

While legislators are proposing a state-wide referendum to partially reimburse municipalities for lost personal property tax revenue, the total revenue reduction would hurt the DDA and city funding across the board.

The DDA has borrowed slightly more than $732,000 for renovations to Central School. The 10-year loan with a two percent interest rate requires payments of $75,000 annually, the city manager said. "TIFA (Tax Increment Financing Authority) will still capture enough funds to pay the principal and interest on that loan," Franzoi said. "But they are not going to have money for other projects." Those other projects include community staples like the U.P. Championship Rodeo and new projects like the upcoming IronLine dog sled race. Also in jeopardy are grants that require matching funds from the city.

"This is going to restrict the DDA," Franzoi said. "They will be limited to just paying back their loan.

The lost revenues would affect jobs. Those revenue losses would equal 2 1/2 full-time jobs, the city manager pointed out.

Personal property taxes are paid by individuals and corporations on items including vehicles, furniture and other items purchased and used in the conduct of routine business.

"The impact of this will be city-wide," Franzoi said. "It will be county-wide. It will be state-wide."