



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** August 17, 2021

**TO:** Senator Jim Stamas, Chairperson Senate Appropriations Committee  
Representative Thomas Albert, Chairperson House Appropriations Committee  
Senator Jim Runestad, Chairperson Senate Finance Committee  
Representative Matt Hall, Chairperson House Tax Policy Committee  
Christopher Harkins, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency

**FROM:** David A. Buick, Executive Director  
Michigan State Tax Commission

**SUBJECT:** Neighborhood Enterprise Zone Homestead Exemption Report - 2020 Tax Year

Attached please find the Neighborhood Enterprise Zone Homestead Exemption Report for the 2020 tax year as required by Public Act 147 of 1992, the Neighborhood Enterprise Zone Act.

**Background:**

The Neighborhood Enterprise (NEZ) Zone Act, Public Act 147 of 1992, as amended, provides for the development and rehabilitation of residential housing located within eligible distressed communities. NEZ Homestead applications are filed, reviewed, and approved by the local unit of government. Once an application is approved, the homeowner is eligible for a property tax exemption of between one-eighth and one-half of the city and county operating taxes levied, for a period of at least 6 years but not longer than 15 years. In exchange for the property tax exemption, the homeowner is required to invest a minimum of \$500 in their home within the first 3 years they receive the exemption. Cities currently participating with the NEZ Homestead exemption program include the City of Detroit, the City of Kalamazoo, the City of River Rouge, and the City of Traverse City. The requirement to annually submit this report to the legislature was the result of Public Act 284 of 2009.

**Activity:**

For the 2020 tax year, there were a total of 4,781 homesteads receiving a NEZ Homestead Exemption (see Table 1). Of this total, 338 were in their first year of receiving the exemption. There were 150 exemptions that were transferred to new owners and 718 exemptions that were revoked. The total estimated tax savings realized by the homeowners was \$2,106,908 (see Table 2), which includes \$2,093,267 from the City of Detroit, \$12,453 from the City of Kalamazoo, \$866 from the City of River Rouge, \$322 from the City of Traverse City, \$462,037

from Wayne County, \$3,495 from Kalamazoo County, and \$100 from Grand Traverse County. The average estimated tax savings per homestead in 2020 amounted to \$444 for City of Detroit residents, \$226 for City of Kalamazoo residents, \$124 for City of River Rouge residents and \$29 for City of Traverse City residents (see Table 3).

Enc: NEZ Activity Report

Cc: Jeff Guilfoyle, Chief Deputy Treasurer  
Heather S. Frick, Acting Deputy Treasurer of State and Local Finance and  
Director of Bureau of Local Government School Services  
Paul Connors, Legislative Liaison

**Table 1**  
**NEZ Homestead Exemption<sup>1</sup>**

	<u>Exemptions</u>		<u>Transfers</u>		<u>Revocations</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
City of Detroit	5436	4717	0	149	0	709
City of Kalamazoo	50	55	1	0	3	0
City of River Rouge	11	7	0	0	0	5
City of Traverse City	3	2	1	1	3	4
<b>Total</b>	<b>5500</b>	<b>4781</b>	<b>2</b>	<b>150</b>	<b>6</b>	<b>718</b>

**Table 2**  
**Estimated Tax Savings from Taxing Units<sup>2</sup>**

	<u>2019</u>	<u>2020</u>
City of Detroit	1,396,270	1,631,421
Wayne County	395,276	461,846
City of Kalamazoo	5,784	8,958
Kalamazoo County	2,256	3,495
City of River Rouge	992	675
Wayne County	281	191
City of Traverse City	666	222
Grand Traverse County	<u>299</u>	100
<b>Total</b>	<b>\$1,801,824</b>	<b>\$2,106,908</b>

**Table 3**  
**Average Estimated Tax Savings per Homestead<sup>2</sup>**

	<u>2019</u>	<u>2020</u>
City of Detroit	330	444
City of Kalamazoo	161	226
City of River Rouge	116	124
City of Traverse City	334	29
<b>Average for all Communities</b>	<b>\$328</b>	<b>\$440</b>

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<sup>1</sup> As calculated based on data provided by the local unit assessor's office.

<sup>2</sup> As calculated by the State Tax Commission based on the data provided by the local unit assessor's office