



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

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STATE TREASURER

DATE:

TO: Senator Dave Hildenbrand, Chairperson Senate Appropriations Committee
Representative Laura Cox, Chairperson House Appropriations Committee
Senator Jack Brandenburg, Chairperson Senate Finance Committee
Representative Jim Tedder, Chairperson House Tax Policy Committee
Senator Dave Hildenbrand, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency

FROM: Heather S. Frick, Executive Director
Michigan State Tax Commission

SUBJECT: Neighborhood Enterprise Zone Homestead Exemption Report - 2017 Tax Year

Attached please find the Neighborhood Enterprise Zone Homestead Exemption Report for the 2017 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 Hillsdale, 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 2017 tax year, there were a total of 5,461 homesteads receiving an NEZ Homestead Exemption (see Table 1). Of this total, 155 were in their first year of receiving the exemption. There were 289 exemptions that were transferred to new owners and 2 exemptions that were revoked. The total estimated tax savings realized by the homeowners was \$1,412,114 (see Table 2), which includes \$1,395,632 from the City of Detroit, \$360 from the City of Hillsdale, \$10,700 from the City of Kalamazoo, \$900 from the City of River Rouge, \$4,522 from the City of Traverse City, \$395,351 from Wayne County, \$120 from Hillsdale County, \$2,603 from Kalamazoo County, and \$2,026 from Grand Traverse County. The average estimated tax

savings per homestead in 2017 amounted to \$333 for City of Detroit residents, \$480 for City of Hillsdale residents, \$225 for City of Kalamazoo residents, \$116 for City of River Rouge residents and \$334 for City of Traverse City residents (see Table 3).

Enc: NEZ Activity Report

Cc: Ann Good, Chief Deputy Treasurer
Anne Wohlfert, Acting Deputy Treasurer of State/Local Finance
Ken Osborne, Legislative Liaison
Ed Koryzno, Director, Bureau of Local Government and School Services

Table 1
NEZ Homestead Exemption¹

	<u>Exemptions</u>		<u>Transfers</u>		<u>Revocations</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
City of Detroit	4800	5,376	260	284	0	0
City of Hillsdale	1	1	0	0	0	0
City of Kalamazoo	59	59	3	3	0	0
City of River Rouge	90	10	0	0	31	2
City of Traverse City	12	15	1	2	2	0
Total	4962	5,461	264	289	33	2

Table 2
Estimated Tax Savings from Taxing Units²

	<u>2016</u>	<u>2017</u>
City of Detroit	\$1,337,774	1,395,632
Wayne County	\$378,717	395,096
City of Hillsdale	\$480	360
Hillsdale County	\$160	120
City of Kalamazoo	\$10,700	10,700
Kalamazoo County	\$2,603	2,603
City of River Rouge	\$5,481	900
Wayne County	\$1,553	255
City of Traverse City	\$2,194	4,522
Grand Traverse County	<u>\$984</u>	<u>2,026</u>
Total	\$1,740,646	\$1,812,214

Table 3
Average Estimated Tax Savings per Homestead²

	<u>2016</u>	<u>2017</u>
City of Detroit	\$358	333
City of Hillsdale	\$640	480
City of Kalamazoo	\$225	225
City of River Rouge	\$78	116
City of Traverse City	\$334	334
Average for all Communities	\$351	\$332

¹ As determined from data provided by the local unit assessor's office.

² As calculated based on data provided by the local unit assessor's office.