



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

**DATE:** August 18, 2020

**TO:** Senator Jim Stamas, Chairperson Senate Appropriations Committee  
Representative Shane Hernandez, Chairperson House Appropriations Committee  
Senator Jim Runestad, Chairperson Senate Finance Committee  
Representative Lynn Afendoulis, 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 - 2019 Tax Year

Attached please find the Neighborhood Enterprise Zone Homestead Exemption Report for the 2019 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 2019 tax year, there were a total of 5,500 homesteads receiving a NEZ Homestead Exemption (see Table 1). Of this total, 331 were in their first year of receiving the exemption. There were 2 exemptions that were transferred to new owners and 6 exemptions that were revoked. The total estimated tax savings realized by the homeowners was \$2,234,009 (see Table 2), which includes \$1,791,546 from the City of Detroit, \$8,040 from the City of Kalamazoo, \$1,273 from the City of River Rouge, \$965 from the City of Traverse City, \$1,792,819 from Wayne County, \$1,780 from Kalamazoo County, and \$965 from Grand Traverse County. The average estimated tax savings per homestead in 2019 amounted to \$330 for City of Detroit

residents, \$161 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: Jeff Guilfoyle, Chief Deputy Treasurer  
Joyce Parker, Deputy Treasurer of State/Local Finance  
Paul Connors, Legislative Liaison  
Heather S. Frick, Director, Bureau of Local Government Services

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

	<u>Exemptions</u>		<u>Transfers</u>		<u>Revocations</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
City of Detroit	4257	5436	576	0	6	0
City of Kalamazoo	7	50	3	1	0	3
City of River Rouge	6	11	0	0	0	0
City of Traverse City	5	3	1	1	0	3
Total	4275	5500	580	2	6	6

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

	<u>2018</u>	<u>2019</u>
City of Detroit	1,819,698	1,396,270
Wayne County	401,487	395,276
City of Kalamazoo	7,320	5,784
Kalamazoo County	1,780	2,256
City of River Rouge	671	992
Wayne County	190	281
City of Traverse City	1977	666
Grand Traverse County	<u>886</u>	<u>299</u>
Total	\$2,234,009	\$1,801,824

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

	<u>2018</u>	<u>2019</u>
City of Detroit	404	330
City of Kalamazoo	212	161
City of River Rouge	144	116
City of Traverse City	334	334
<b>Average for all Communities</b>	<b>\$490</b>	<b>\$328</b>

<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