

CITY OF DETROIT PROPERTY TAX INFORMATION

DETROIT MILLAGE RATES for 401-Residential Real Estate		
TAX YEAR	HOMESTEAD MILLS	NON-HOMESTEAD MILLS
2017	68.86750	86.86750
2018	67.62270	85.62270
2019	69.62150	87.62150
2020	69.62020	87.62020
2021	69.5837	86.4416

If the City of Detroit property tax bills are not available, the millage rates listed above can be used to calculate the homeowner's amount of property taxes levied for the tax year. The homeowner **must** provide proof of the Taxable Value for the year.

NOTES:

- **Property tax classification** – If the classification is other than Residential (401) or Neighborhood Enterprise Zone-NEZ (448), we cannot prepare the Homestead Property Tax Credit Claim.

See information on Neighborhood Enterprise Zones (NEZ) at the bottom of this page

- **Principal Residence Exemption**

The Principal Residence Exemption (PRE) percentage is shown on the property tax bill and also on the homeowner's annual Notice of Assessment. (See the next page for more information on the exemption and on how to claim a Principal Residence Exemption.)

Assuming a 401-Residential property tax classification:

- If the homeowner has a PRE of 100%, use the homestead rate.
 - If the PRE is 0% and the client owned and occupied the home the entire tax year, use the non-homestead rate (i.e., school operating taxes can be claimed.) Advise the client they should file for the Principal Residence Exemption.
 - If the PRE is any other percentage besides 100% or 0% (e.g., 50% for a two-flat home where the homeowner resides in one flat), the calculation for the amount of property taxes levied is more complicated. See the examples on the next page.
- **Administrative fees** – Remember to include up to 1% of any administrative fees in the calculation of the amount of property taxes levied. (See the examples on the next page.)
 - **Non-homestead rate** – This rate is used by veterans who are renters claiming the property tax credit on Form MI-1040CR-2, Michigan Homestead Property Tax Credit Claim for Veterans and Blind People. See the information sheet in the Site Manual for instructions.
 - **Neighborhood Enterprise Zone (NEZ)** – The property classification is 448-RESIDENTIAL NEZ HMSTD. Homeowners are taxed at the NEZ rate for the home and at the residential rate for the land underneath the home. Therefore, clients should have two property tax bills for each season (summer and winter), one with a property class of 448-RESIDENTIAL NEZ HMSTD and the other with a property class of 401-RESIDENTIAL. The taxable value for the land, the 401 classification, will be much lower than for the home.

The tax advantage for a NEZ Homestead is the reduction in mills for the home (not the land) from certain governmental units. The local governmental unit may grant from six to fifteen years of exemption. The percentage of reduction differs depending on the number of years of exemption and in which exemption year the tax year falls.

Therefore, property taxes levied cannot be determined by using the millage rates for property classified as NEZ. We must have all of the property tax bills for clients who have obtained the NEZ Homestead classification.

EXAMPLES for 401-Residential Real Estate (IF property tax bills are not available):

(1) 2021 Taxable Value is \$8,570. PRE is 100%. Calculation for the amount of 2021 property taxes levied is: $\$8,570 \times .0695837 \times 1.01 = \602

(2) If PRE is 0% **AND** the client owned and occupied the home for the entire year, use the non-homestead rate. $\$8,570 \times .0864416 \times 1.01 = \743
(Advise the homeowner to apply for the principal residence exemption; see info. below.)

(3) 2021 Taxable Value is \$13,177. PRE is 50% and the homeowner lives in one unit of the two-family home. Calculation for the amount of 2021 property taxes levied that can be claimed for the homestead property tax credit is:

$$\$13,177 \times .0695837 \times 1.01 \times 50\% = \$463$$

(4) If a client with a PRE other than 100% or 0% presents a full copy of both their summer and winter property tax bills, be sure to calculate correctly the amount of property taxes levied they can claim on the Michigan Homestead Property Tax Credit Claim.

From the total amount shown on the property tax bills:

- a) Add together the total amounts shown on the summer and winter property tax bills (assuming the winter bill does not have a balance due from the summer bill)
- b) Subtract the School Operating Tax (usually found on the Detroit summer tax bill), any fees or special assessments (e.g., solid waste fee, multi-unit fee, delinquent water bill, sidewalk assessment) and any penalty/interest charges.
- c) Multiply the result by the PRE percentage to determine the amount of property taxes levied that can be claimed for credit.

Principal Residence Exemption (PRE)

The State of Michigan provides an exemption from a portion of the property tax bill (the school operating tax) for a taxpayer's primary residence. You must own and occupy your home to be eligible for the Principal Residence Exemption (PRE).

To file for a PRE exemption, qualifying homeowners will need to complete a *Principal Residence Exemption (PRE) Affidavit, Form 2368*, found on the Michigan Department of Treasury's website at http://www.michigan.gov/documents/2368f_2605_7.pdf.

Detroit residents should mail the completed form to: Assessor's Office, Coleman A. Young Municipal Center, 2 Woodward Avenue, Suite 804, Detroit, 48226.

For more information, homeowners can contact their local assessor (Detroit: 313-224-3011) or the PRE Unit of the Michigan Department of Treasury at 517-373-1950, or visit <http://www.michigan.gov/PRE>.

Poverty "Hardship" Exemption

The City of Detroit may grant a poverty "hardship" exemption to qualifying citizens. For more information on this program, homeowners can contact the Assessors' Division at (313) 224-3011.

If a client has been granted a hardship exemption for the tax year, they **do not qualify** for the Michigan Homestead Property Tax Credit Claim as their Taxable Value is zero; therefore, property taxes levied would be zero.

Solid Waste Fee – City of Detroit

Effective July 1, 2009, the Solid Waste Fee is \$240. (Note: For tax years 2008 and prior, the solid waste fee was \$300.)

The fee appears as an assessment on the summer tax bill of City of Detroit residential property tax bills. The solid waste fee should **not** be included with either the total amount of property taxes levied for the tax year or the total amount paid for the tax year.

Qualifying seniors (at least age 65 with a household gross income below \$40,000) can apply for a discount of \$120. The application period is July 1 through September 15.