

THE LAND VALUE TAX PLAN

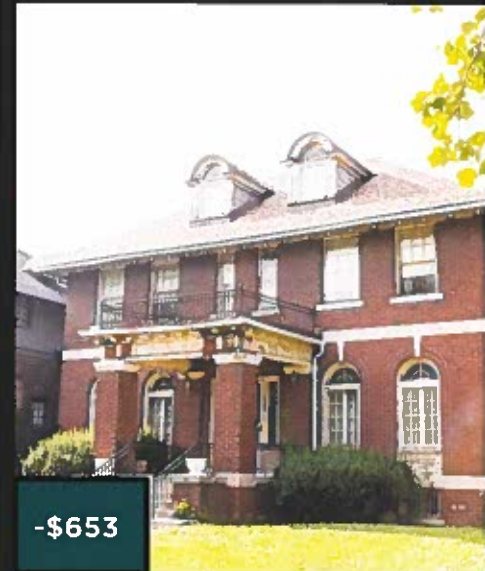
17% AVERAGE TAX CUT FOR DETROIT HOMEOWNERS



-\$178

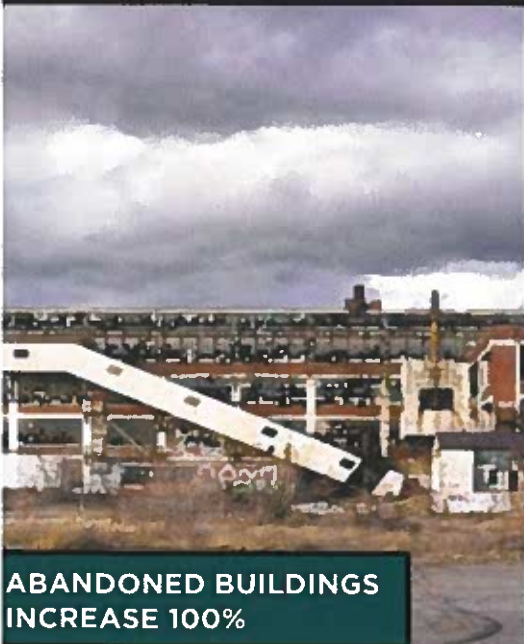


-\$293



-\$653

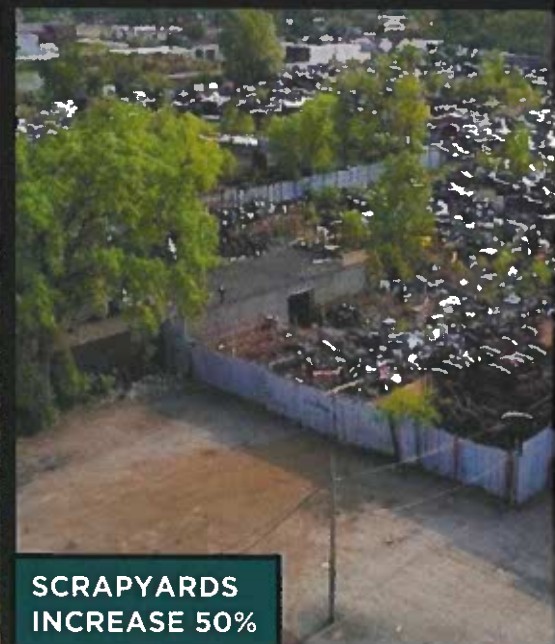
HOW DO WE PAY FOR IT? MAKE THESE OWNERS PAY THEIR FAIR SHARE



ABANDONED BUILDINGS
INCREASE 100%



PARKING LOTS
INCREASE 50%



SCRAPYARDS
INCREASE 50%

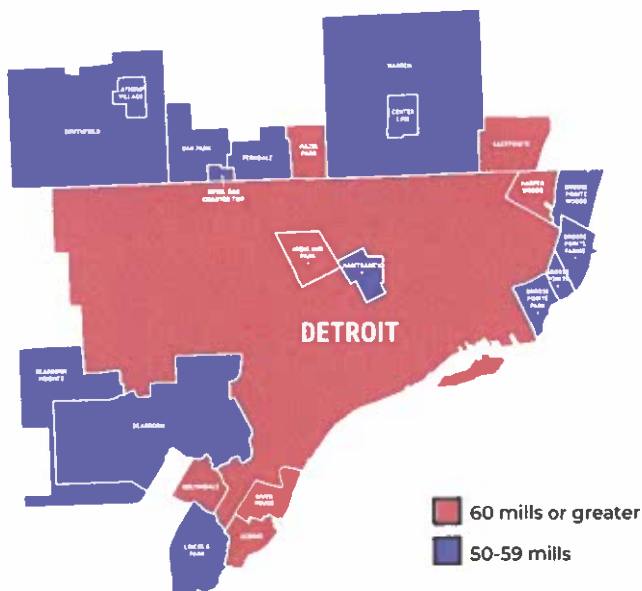
AT 67 MILLS TODAY, DETROIT HOMEOWNERS ARE PAYING HIGHER TAXES THAN MANY OF OUR NEIGHBORING SUBURBS.

IT'S TIME TO LOWER DETROIT'S PROPERTY TAXES.

Blue cities have taxes between 50-60 mills.

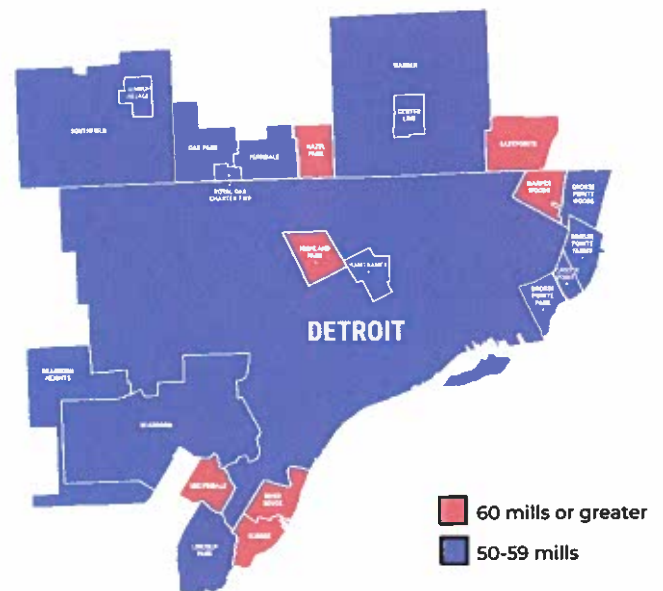
Red cities have taxes over 60 mills.

City Mills Before Proposed Land Value Tax



Source: Average city mills from Michigan Department of Treasury

City Mills After Proposed Land Value Tax



Source: Average city mills from Michigan Department of Treasury

Detroit's lower taxes would be competitive with Southfield, Ferndale, Warren, and Grosse Pointe.

97% of Detroit homeowners will get a property tax cut.

LEGISLATION GUARANTEES NO DETROIT HOMEOWNER WILL GET A TAX INCREASE UNDER THE LVT PLAN.

HOW ARE TAXES ON IMPROVEMENTS CUT?

Detroit's millage for operations would be cut by 14 mills, from 20 mills to 6 mills for all taxable property. Here's the comparison for homeowners (with personal residence exemption):

CURRENT HOMEOWNER TAX

Detroit Operating	20 mills
Detroit Debt	7 mills
School Operating	6 mills
School Debt	13 mills
County	17 mills
Libraries	<u>4 mills</u>
Total	67 mills

CHANGE UNDER LAND VALUE TAX

Detroit Operating	20 mills	6 mills
Detroit Debt	7 mills	
School Operating	6 mills	
School Debt	13 mills	
County	17 mills	
Libraries	<u>4 mills</u>	
Total	53 mills	

ON AVERAGE, THE LAND VALUE TAX PLAN WILL CUT YOUR TAX BILL BY 17%

	Current Tax	Land Value Tax	Change in Tax Bill
5000 BLK. BISHOP	\$3,818	\$3,240	-\$577
15800 BLK. EASTBURN	\$966	\$800	-\$166
4000 BLK. BAGLEY	\$1,463	\$1,238	-\$225
2400 BLK. SEYBURN	\$1,271	\$1,139	-\$132
200 BLK. HOLBROOK	\$2,165	\$1,771	-\$394

WHAT IF I HAVE AN NEZ? YOUR TAX BILL STAYS THE SAME UNTIL YOUR NEZ EXPIRES.

When your NEZ expires, you'll get the permanent tax cut. All Detroiters will finally enjoy the same tax cut, regardless of whether they live in an NEZ neighborhood.

WHAT IF I OWN SIDE LOTS? OVERALL PROPERTY TAXES WILL NOT GO UP.

If you have a house and up to 4 adjacent side lots, your overall property taxes will not go up.

- The average homeowner saves \$184.
- The average side lot will increase by about \$26 a year.

URBAN FARMS AND COMMUNITY GARDENS WILL NOT SEE A TAX INCREASE.

SO WHO PAYS? TAXES GO UP ON THOSE WHO HAVEN'T BEEN PAYING THEIR FAIR SHARE.

**TAXES ON THIS ABANDONED BUILDING
INCREASE FROM \$250 TO \$560.**



**TAXES ON THIS VACANT BUILDING
INCREASE FROM \$410 TO \$920.**



SCRAPYARD TAXES INCREASE BY 50%



PARKING LOT TAXES INCREASE BY 50%



LET DETROIT VOTERS DECIDE! DETROITERS COULD VOTE IN FEBRUARY 2024 AND GET THEIR TAX CUT IN 2025.

- **October 2023:** Michigan Legislature Gives Detroit the Ability to Choose a Land Value Tax.
- **November 2023:** City Council Authorizes the Land Value Tax Ballot Question.
- **February 2024:** Detroiters Vote on the Land Value Tax.
- **July 2025:** Homeowners Get Their Property Tax Cut.

LEARN MORE: bit.ly/lvtplan



Detroit's Land Value Tax Plan

Detroit's Land Value Tax Plan is a way for Detroit voters to decide whether to cut homeowners' taxes by an average of 17% and pay for it by increasing taxes on abandoned buildings, parking lots, scrapyards, and other similar properties.

If the Michigan Legislature authorizes, Detroit City Council would decide by November, 2023 whether to place the issue on the ballot. Detroit voters would decide whether to adopt the Land Value Tax at the February, 2024 Presidential primary election. Homeowners would see the full tax cut in 2025.

State Representative Stephanie Young from Detroit is the sponsor of the Lansing legislation.

THE PROBLEM:

Under Detroit's property tax system, blight is rewarded and building is punished.

Detroit homeowners pay among the highest property taxes in Michigan.

Owners of abandoned buildings, scrapyards, and parking lots pay very little.

THE LAND VALUE TAX PLAN HAS TWO PIECES:

1. Cut tax mills on buildings by 14 mills
2. More than double taxes on land.

What is the effect on Detroit homeowners (owner-occupied homes)?

The average Detroit homeowner will get a 17% permanent property tax cut in 2025.

97% of all Detroit homeowners will get a tax cut.

The legislation guarantees no Detroit homeowner gets a tax increase from the Land Value Tax plan.

How does the tax cut on improvements work?

Detroit's millage for operations would be cut by 14 mills, from 20 mills to 6 mills for improvements to all taxable property. That cut applies to apartments, retail stores, office buildings, homes, and land.

Detroit's Land Value Tax Plan

What would the effect be for homeowners (with principal residence exemption)?

The 14 mill cut reduces the homeowner's property taxes in this way:

Current Homeowner Tax		Change under Land Value Tax	
Detroit Operating	20 Mills	Detroit Operating	20 Mills 6 Mills
Detroit Debt	7 Mills	Detroit Debt	7 Mills
School Operating	6 Mills	School Operating	6 Mills
School Debt	13 Mills	School Debt	13 Mills
County	17 Mills	County	17 Mills
Libraries	4 Mills	Libraries	4 Mills
Total	67 Mills	Total	53 Mills

(County mills include county, parks, ISD, WCCCD, Zoo, DIA)

How will Detroit homeowners' property taxes compare to neighboring suburbs under the Land Value Tax?

Today, Detroit homeowners pay among the highest property taxes in Michigan. Under the Land Value Tax, Detroit's property tax rates will become competitive with neighboring cities like Southfield, Ferndale, Warren, and Grosse Pointe. The attached map illustrates that change.

How does the tax increase on land work?

Land values in Detroit are very low. Large millage increases on land don't result in large tax burdens. The land mills will be increased by approximately 104 mills.

The average vacant residential lot in Detroit currently pays \$30 a lot. The Land Value Tax will increase the taxes to an average of \$67 per lot.

What about urban farms, community gardens, and community spaces?

Urban farms, community gardens, and community spaces will not be affected by the Land Value Tax. They are deemed community space under the proposal.

Will my taxes go up if I bought side lots next to my home?

No homeowner will get an overall tax increase if they own 4 side lots or less. The average bill on a side lot will go up about \$30 a lot, from \$25 to approximately \$55. The average homeowner will get a tax cut on their house that is much larger than that. If you are the exception where the increase in your side lot tax is more than the tax cut on your home, you will receive a credit. You will have no overall tax increase as a result of the Land Value Tax.

What if I currently have an NEZ (Neighborhood Enterprise Zone) tax break? Can I keep my NEZ instead of taking the Land Value Tax cut?

Yes. You can choose whichever option is better for you. If you have an NEZ break, you can keep that break until your 15 year period runs out. When your NEZ period ends, you will automatically receive the permanent Land Value Tax break.

Will new NEZ's be granted to property owners if the Land Value Tax Plan is approved by the voters?

No. NEZ's have created tax inequity among Detroit neighborhoods. Existing NEZ holders will be grandfathered. But no new NEZ's will be granted afterward. As the existing NEZ's phase out, all Detroit neighborhoods will pay the same tax rate.

What happens to owners of abandoned houses and vacant parcels?

The tax on the vacant land will more than double. The millage rate on land will increase an estimated 104 mills, going from 85 mills today to approximately 189 mills.

What happens to owners of surface parking lots and scrapyards?

The land tax will more than double, but these owners will get a 14-mill tax cut on any improvements on the property. The effects will vary, but should average about a 50% increase in property taxes.