



City of Detroit
Detroit City Council - District 4

MEMORANDUM

DATE: March 27, 2025

TO: David Whitaker, Legislative Policy Division

FROM: Latisha Johnson
District 4 Councilmember 

SUBJECT: Resolution for LPD to Complete LOST Study

Greetings,

Detroit has the highest effective property tax rate in the United States. This high property tax burden exacerbates low home values, requires high per capita spending, creates a financial strain on residents and development, and hinders the region and state's competitiveness overall. The Equitable Development Task Force (EDTF) which is co-chaired by Councilmember Santiago-Romero and I are in support of a local option sales tax (LOST) study in an effort to understand the potential benefits and challenges of implementing a LOST in the Central Business District to diversify and increase revenue for the City of Detroit.

Please draft a resolution authorizing the Legislative Policy Division to contract with the Citizen's Research Council of Michigan (CRC) to complete a Local Option Sales Tax study. According to the research proposal from CRC, the study will examine the following:

- The constitutional and statutory framework for a local-option sales or excise tax to be levied by local governments in Michigan.

- The potential design of a local-option sales tax – whether the local-option tax will mirror the state sales tax or if there will be allowances for specific local exemptions, such as a local product or for a particular taxpayer.
- The administration and collection of a local-option sales tax – whether the tax will be administered and/or collected at the local, county or state level.
- The potential impact on a local unit levying the tax, as well its effect on neighboring local units – including evaluating the impact on revenue sharing and local property tax collections and other assessments, and changes to the relative tax burdens of residents, nonresidents, and small businesses.
- The revenue generation potential of a local-option sales tax for selected areas. Note: data availability is scarce in this area. An evaluation of the revenue impacts of a local-option sales tax may be limited to identifying those communities with the capacity to levy a such a tax and/or activities that would most likely benefit from a local-option sales tax.

If you have any questions, please contact Yolanda Jackson our Senior Policy Analyst, at yolanda.jackson@detroitmi.gov.