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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director
Legislative Policy Division Staff

DATE: November 13, 2026

RE: **REPORT ON THE FISCAL IMPACTS AND POLICY IMPLICATIONS OF THE ONE BIG BEAUTIFUL BILL**

The Legislative Policy Division (LPD) has completed a report analyzing the fiscal impacts of the One Big Beautiful Bill Act (OBBBA) in response to the Memorandum provided by the Office of Council Member Mary Waters. The Memorandum requested that LPD to work with the Office of the Chief Financial Officer (OCFO) and other relevant departments to perform an analysis of the likely fiscal impacts of the OBBBA on the City of Detroit (the 'City') for its current Fiscal Year and ensuing years. This report represents a collaborative effort by all requested participants. The Memorandum also asked for LPD to highlight any impacts on City residents that the City Council needs to be aware of. The requested report is attached.

Please do not hesitate to call upon us if we may be of further assistance.

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REPORT OVERVIEW

The One Big Beautiful Bill (OBBBA) is a federal law passed by the U.S. Congress on July 4, 2025, under President Donald J. Trump's second presidential term. The bill is a nearly 900-page document with broad policy implications that affect multiple fiscal policy areas, significantly tax reform. Due to the sheer volume of bill content, this report does not attempt to analyze every provision of the Act but rather summarizes and discusses the aspects of the OBBBA that are most likely to impact the City of Detroit and its residents. The foregoing report is comprised of a Summary Analysis that condenses LPD's findings into brief categorical summaries and a broader Detailed Analysis structured to provide a more comprehensive review.

Based on our analysis of the OBBBA's sections, LPD concludes that impact the bill will have on the City of Detroit and its residents cannot be absolutely determined, as new data, companion bills, and other policy-related changes related to the OBBBA are steadily implemented in real-time, resulting in effects that are largely unknown. At the time of this writing, the foregoing analysis has identified multiple fiscal policy implications with the potential to affect the City of Detroit as a municipality, and Detroit population as individual residents and households. An extensive review of quantitative and qualitative results indicates that these impacts may be positive or negative, direct or indirect.

Overall Conclusion of OBBBA Analysis

Through a review of several OBBBA analyses performed by credible organizations, such as the Congressional Budget Office (CBO), the Tax Policy Center[1] and the Budget Lab at Yale[2], conclusions regarding the distributional effects of the OBBBA have largely been similar. It is estimated that the Act will likely add a minimum of $4 trillion to the U.S. national debt over ten years. The CBO estimates that the federal spending cuts to programs such as SNAP, CHIP, and Medicaid total $1.02 Trillion, and is meant to offset some of the cost of the tax cuts which primarily benefit the wealthiest Americans. Based on a half century of data across multiple countries, tax cuts for the wealthy tend to increase inequality while having little-to-no positive effect on economic growth.[3] Therefore, it is likely that the OBBBA will impose significant burdens on Americans who rely on benefit programs without producing a tangible macroeconomic benefit.

[1] "Distributional Effects of the Tax Provisions in the 2025 Budget Reconciliation Act." *Tax Policy Center*, 3 July 2025, https://taxpolicycenter.org/tax-model-analysis/distributional-effects-tax-provisions-2025-budget-reconciliation-act

[2] "Combined Distributional Effects of the One Big Beautiful Bill Act and of Tariffs." *The Budget Lab at Yale*, 2025, https://budgetlab.yale.edu/research/combined-distributional-effects-one-big-beautiful-bill-act-and-tariffs-0

[3] Hope, David, and Julian Limberg. "The Economic Consequences of Major Tax Cuts for the Rich." *Socio-Economic Review*, vol. 20, no. 2, 7 Jan. 2022, academic.oup.com/ser/article/20/2/539/6500315, https://doi.org/10.1093/ser/mwab061.

SUMMARY ANALYSIS

LPD has identified the OBBBA provisions that will most likely impact the City and its residents and categorized them into the following OBBBA categories and subcategories:

PART I. IMPACTS ON DETROIT RESIDENTS

- Provisions in the OBBBA raise the age receiving SNAP benefits subject to work/community engagement requirements from 54 to 64.
- It also removes exemptions for other groups, including individuals experiencing homelessness and veterans.
- Estimates of 123,000 Michigan residents, a significant number from Detroit are at risk of losing SNAP benefits due to these changes.
- This will increase food insecurity in Detroit, causing additional hardships for many low-income families and individuals.
- The impact of the OBBBA changes will adversely affect low-income Detroiters by reducing healthcare coverage and services made possible with Medicare, Medicaid funding and through the Affordable Care Act.
- It is estimated that upwards 200,000 Michigan residents could lose their Medicaid coverage with a significant portion of this number being Detroit residents.
- Downward financial pressures on hospitals and health care providers as OBBBA cuts are implemented will increase Detroit's uninsured population from the percentages noted above.
- Nonprofits, like the Community Health and Social Services Center (CHASS) in Southwest Detroit, receives significant funding from Medicaid and will face severe operational challenges due to the OBBBA changes.
- This places the city's General Fund in a more precarious position as residents' health care needs are unmet through the normal process.
- Non-profits expect a greater request for services as government assistance negatively impacts their ability to fill the gap in services.
- The Michigan Primary Care Association (MPCA) estimates that 78,000 patients in Michigan (1 in 8), served by MI health centers will lose their health insurance coverage.

SNAP - Effect on Families

- Even with the exemption from work requirements, Detroiters will experience direct and indirect impacts of the various other changes to SNAP.
- It is likely that the SNAP benefit cuts under the OBBBA will be particularly detrimental to children over both in the short-term and long-term, and the costs will be borne by everyone.

- The loss of SNAP benefits is likely to have further cascading negative effects on families with children.
- SNAP benefits are often used to determine eligibility for other programs for low-income families, such as Head Start or free and reduced prices for school meals.
- In the 2023-2024 school year, 37% of all children and pregnant women used their SNAP recipient status as their primary eligibility and without SNAP they may lose access to these programs or have a more difficult time demonstrating eligibility.
- Detroit Public Schools Community School District (DPSD) currently meets the threshold to participate in the Community Eligibility Provision (CEP) for school lunches.
- A district qualifies for the CEP if 25% or more of their students qualify for free meals.
- Once the threshold is met, all students in the district qualify for free meals subsidized by the federal government.
- This is both efficient and removes the stigma of students having to individually apply for a program based on income.
- Because SNAP is often used to determine students' qualification for free meals, a significant reduction in SNAP benefits could implicate a district's ability to participate in CEP.
- While Governor Whitmer has been committed to providing universal free lunches to all Michigan students in recent years, a reduction in CEP eligible districts could impact the state budget by requiring the state to cover a larger portion of the funding.

Medicaid

- The CBO estimates that 11.8 million individuals will lose health insurance over the next 10 years as a result of the OBBBA.
- The OBBBA's Medicaid work requirement provisions under Section 71119 do the following:
    - Requires states to condition Medicaid eligibility for individuals ages 19-64 applying for coverage or enrolled through the ACA expansion group (or a waiver) on working or participating in qualifying activities for at least 80 hours per month or attending school at least half-time.
    - Mandates that states exempt certain adults, including parents with children ages 13 and under, those who are medically frail, and those who are participating in a substance use disorder treatment program, from the requirements.
    - Requires states to verify that individuals applying for coverage meet the requirements for 1 and up to a maximum of 3 consecutive months preceding the month of application and that individuals who are enrolled meet the requirements for 1 or more months between the most recent eligibility redeterminations (at least twice per year).
    - Requires states to use data matching "where possible" to verify whether an individual meets the requirement or qualifies for an exemption.

    - Specifies that if a person is denied or disenrolled due to work requirements, they are also ineligible for subsidized Marketplace coverage.
    - Prohibits these provisions from being waived, including under Section 1115 authority.
    - Allows the Secretary to exempt states from compliance with the new requirements until no later than December 31, 2028, if the state is demonstrating a good faith effort to comply and submits progress in compliance or other barriers to compliance.
    - Provides $200 million in funding to states for systems development for FY 2026 and an additional $200 million to HHS to support implementation (for FY 2026).
- These new work requirements will largely impact individuals who are enrolled in the Medicaid expansion under the Affordable Care Act (ACA).
    - Michigan has participated in the Medicaid expansion since it launched the Healthy Michigan Plan (HMP) in 2014, and it now covers over 700,000 Michiganders.

Immigrant Eligibility (SNAP & Medicaid)

- Starting October 1, 2026, the OBBBA significantly reduces the number of individuals who are covered by the definition of "qualified" immigrants for the purposes of eligibility for Medicaid and CHIP.
- The OBBBA restrictions can only cause the amount of uninsured to increase, as even lawfully present immigrants with a green card during their 5-year waiting period who would previously qualify will now be ineligible for Medicaid.
- This may result in an increase in the use of uncompensated emergency care, which hospitals must provide by law, leaving the hospital or the state to cover the cost.

Student Loans

- The OBBBA includes the most significant alteration of federal student aid in years by changing which individuals can borrow, the amount that they can borrow, and the terms associated with repayment.
- First, the OBBBA places maximum caps on the amount that various types of students can borrow starting July 1, 2026.
- The new lifetime maximum for all federal student loans is $257,500.
- For Graduate PLUS loans, students in graduate programs can borrow $20,500 per year and $100,000 in aggregate and students enrolled in professional degree programs can borrow $50,000 per year and $200,000 in aggregate.
- Parent PLUS loans, which allow parents to help their dependent students cover education expenses not covered by financial aid, are capped at $20,000 per year and have a lifetime limit of $65,000 per dependent student.

- The primary impact of the caps on borrowing are expected to be felt by students in high-cost master's degree programs and longer-term professional programs in law, STEM, and health disciplines.
- This is because a significant portion of individuals currently in those programs borrow above the cap that will be put in place, with about 26% of graduate students currently borrowing above the new annual caps and about 40% who exceed the cumulative limit.
- These professional programs include law and theology but primarily consist of professional medical degrees.
- Experts are concerned that these limits will make various graduate and professional programs inaccessible to students from lower-income families who are unable to cover the institutional and living costs that exceed the borrowing limits.
- Many students may also be forced to seek private loans to cover these costs, which raises further concerns.

Child Tax Credit

- The OBBBA raised the maximum amount of CTC benefits from $2,000 to $2,200 per child, which will provide a small increase for many families.
- However, it did not make any changes to improve the way the tax credit is structured for lower income families.
- As a result, it is estimated that more than 1 in 4 children under 17 will receive less than the full tax credit or no credit at all, including half of Black children, more than 4 in 10 Native American children, and more than 1 in 3 Latino children.
- The OBBBA also removes eligibility for children who do not have at least one parent with a Social Security Number.
- This could cause around 4.5 million children to lose CTC credits, the vast majority of whom are American citizens or legal permanent residents.
- Detroit families with sufficient income may see a marginal increase in CTC credits as a result of these changes.
- Because the OBBBA did not address the existing issues that prevent lower income families from receiving the full benefit, individuals who previously received no credit or less than the full credit will likely continue to receive lower benefits.
- For Detroit families where neither parent has a Social Security Number, they will no longer be eligible to receive the CTC regardless of whether they have legal immigration status.

Fiscal and Other Impacts:

- Several existing tax provisions are permanent.
- 2017 individual income tax rates are permanent.

- Standard Deductions on Individual Tax Returns (single: $15,750; head of household: $23,625; married filing jointly: $31,500) are permanently increased.
- New temporary deductions on Individual Tax Returns for tips (above the line), overtime pay (above the line), vehicle loan interest deduction, and senior- personal exemption were added.
- The Estate Tax Exemption on Estate Tax Returns permanently increased to $15.0 million.
- State and Local Tax deductions on Individual Tax Returns increases by 1% from 2026 to 2030.
- Modifications for contributions to Achieving a Better Life Experience (ABLE) Accounts are permanently expanded.
- New retirement savings account for children age 18 and younger are created and maintained at the federal level.

Direct/Indirect Impacts: More take home pay from paychecks and higher tax refunds for individuals and families to pay for household necessities and personal goods as a result of OBBBA tax breaks and incentives. Children aged 18 and younger will have guaranteed income at retirement. Fiduciary business may increase for Banks and other Financial Institutions as more accounts are opened to take advantage of the OBBBA tax breaks and incentives. Business revenue may increase as a result of increase of customer patronage. The City may receive lower tax revenue from City Residents receiving the OBBBA tax breaks and incentives on their tax returns.

New, Temporary Tax Relief Measures (2025–2028)

- Tips: Provides a temporary deduction up to $25,000 for cash tips received by an individual who works in an industry that customarily receives tips before December 31, 2024; deduction phases out for taxpayers with modified adjusted gross income over $150,000 ($300,000 for joint filers); effective for tax years 2025 through 2028.
- Overtime: Provides a temporary deduction up to $12,500 ($25,000 for joint filers) for qualified overtime compensation that exceeds the taxpayers regular rate of pay -- for example, the half portion of time-and-a-half compensation; deduction phases out for taxpayers with modified adjusted gross income over $150,000 ($300,000 for joint filers); effective for tax years 2025 through 2028.
- New Vehicle loans: Provides a temporary deduction of up to $10,000 for interest paid on a loan used to purchase a qualified vehicle purchased for personal use and that meets other eligibility criteria (U.S.-assembled); deduction phases out for taxpayers with modified adjusted gross income over $100,000 ($200,000 for joint filers); effective for tax years 2025 through 2028.
- Seniors: Provides a temporary additional $6,000 ($12,000 for joint filers where both filers qualify) deduction for individuals age 65 and older; deduction is in addition to the current additional standard deduction for seniors; this deduction phases out for taxpayers with modified adjusted gross income over $75,000 ($150,000 for joint filers); effective for tax years 2025 through 2028.
- Provides new charitable contribution rules for all taxpayers regardless of whether the taxpayer itemizes or takes the standard deduction.

- Non-itemizers (taxpayers using standard deduction) -- taxpayers may claim a charitable deduction up to $1,000 ($2,000 or joint filers) beginning in tax year 2026.
- Itemizers -- taxpayers will be subject to a new floor on charitable contributions equal to 0.5% of adjusted gross income, which means that only the portion of charitable contributions exceeding that amount is deductible.
- Detroit residents with children under the age of 18 (25.2%) are favorably impacted by the OBBBA increase in deductions for the childcare credit; and contribution to a new retirement savings account (for age 18 and younger).
- The US Census reports that 23.1% of Detroit residents were employed in service occupations from 2019 -- 2023 out of a total of 231,581 employed residents.
- This group would be most likely impacted by the elimination of tax on tips subject to Modified Adjusted Gross Income (AGI) limits.
- The OBBBA expanded deductions for seniors will impact this group that represents 55% of household income in Detroit over this period.

Title X – Immigration and law enforcement funding revisions

- Applying a conservative 50% naturalization share to local figures implies approximately 17,950 noncitizen foreign-born residents in the city of Detroit and about 224,900 noncitizen foreign-born residents across the Detroit urban area who could be directly exposed to new filing costs, waiver restrictions, or application surcharges.
- The legislation eliminates eligibility for Medicaid, the Children's Health Insurance Program (CHIP), Supplemental Nutrition Assistance Program (SNAP), and Affordable Care Act premium tax credits for certain categories of lawfully present immigrants, including refugees, asylees, survivors of violence under the Violence Against Women Act (VAWA), and holders of Temporary Protected Status (TPS).
- These changes are subject to a phased implementation, the alterations to SNAP are effective immediately, while the modifications to Medicaid and CHIP are scheduled to take effect on October 1, 2026.

Taxation Impact on Foreign Born

- The OBBBA enacts significant tax and fiscal changes directly affecting immigrant households.
- The legislation restricts or eliminates eligibility, preventing previously eligible foreign-born claimants and their dependents from claiming key tax benefits, including the Child Tax Credit in numerous cases, such as those where one parent's social security number is unavailable.
- The OBBBA also creates an environment where tax data sharing with immigration enforcement agencies may expose individuals to heightened scrutiny, potentially discouraging compliance or benefit claims, even among those who remain eligible.

- These measures are further exacerbated by substantial fee burdens and procedural constraints, as significant increases in application costs, including those for cancellation of removal, coupled with narrower eligibility for relief, create formidable barriers for noncitizens seeking lawful status.

Changes to Detention Practices

- Similarly, the OBBBA raises fees for employment-based petitions, notably those filed under the new Visa Integrity Fee for the H-1B and L-1 nonimmigrant Visa classifications, both of which are essential to Detroit's ability to recruit and retain international professionals.
- For families and employers in the Detroit region, where household incomes for many immigrant communities fall below the state median, these changes represent a significant increase in the financial burden associated with maintaining or securing lawful immigration status.

Immigration Fee Adjustment

- In addition to the across-the-board fee hikes, the OBBBA establishes entirely new fees for processes that were previously free or low-cost.
- These provisions represent a decisive shift toward a comprehensive cost-recovery model in which immigration services are expected to fund a substantial portion of federal enforcement and adjudication operations.
- For low-income immigrants and asylum seekers in the Detroit region, these new costs could create substantial barriers to accessing lawful status and protection, particularly for local humanitarian applicants who previously qualified for fee exemptions or reduced filing costs.
- With the city's median household income and poverty indicators well below the metro average, even modest application fee increases can cause households to forgo filings, with trickle down consequences for labor force participation, family stability, and local tax receipts.

Fee Waivers

- In communities such as Detroit, where a sizable share of foreign-born residents work in low-wage sectors including manufacturing, hospitality, and service industries, the practical outcome is that many otherwise eligible individuals may defer applying for critical immigration benefits due to cost barriers.
- immigrants fighting removal now face much higher costs to stay in the country legally, and they may be punished severely if they miss a court hearing and receive an order in absentia.
- The increase in enforcement funding forecasts a continued rise in local ICE activity around the nation, which not only poses a direct risk to immigrant residents but may also undermine trust in public institutions, potentially deterring individuals from accessing essential services or reporting crimes to law enforcement

Title VI – Energy and Environmental

- While DTE Energy is committed to meeting Michigan's strict new legal requirement of 100% clean energy by 2040, they are relying on specific federal tax incentives to make that transition financially

viable for their customers; but absent the federal investment tax credit, the cost of capital for such infrastructure increases, a differential that will ultimately be passed through to ratepayers

- Detroit residents and businesses, who are already facing high electricity rates from DTE, will face further, significant increases as the bill raises residential, commercial, and industrial energy rates
- For Detroit, a municipality where energy burden already constitutes a disproportionate share of household expenditures for a significant portion of the population, these cost increases are not merely economic abstractions but regressive fiscal transfers with tangible consequences for residential stability and disposable income.
- The OBBBA is projected to increase greenhouse gas emissions by 310 million metric tons by 2035.
- An increase in emissions, compounded with preexisting environmental injustices will result in a disproportionate impact on Detroit's communities, as people of color and those of low-income residents, often bear the brunt of pollution.
- The rapid phase-out of wind and solar tax credits and the shortening of NEPA review timelines will likely stall or stop renewable energy projects.
- The U.S. Environmental Protection Agency's cancellation of the $156 million Michigan "Solar for All" program, a competitive grant initiative designed to deploy distributed solar assets in disadvantaged communities, abruptly halted projects slated for Detroit neighborhoods.
- The City's Solar for All funding was slated to support solar deployment and associated energy efficiency improvements targeted toward households with high utility burdens.
- The City's use of Solar for All funding included a partnership with the Detroit Housing Commission to install approximately one megawatt of solar capacity across public housing sites, a deployment aimed at serving an estimated 500 to 1,000 units.
- The program also contemplated solar installations for roughly 300 owner-occupied homes in designated solar neighborhoods.

SUMMARY OF PART II. IMPACTS ON DETROIT BUSINESSES

- Ending Green New Deal Spending; termination of and restrictions on various clean energy credits
- Permanent renewal of Opportunity Zones (limitation on the number of designations).
- Permanent enhancement of the State Low Income Housing Tax Credit, 12% increase of 9% LIHTC allocations.
- Establishment of a Remittance Tax (1% paid by sender on financial transfers made with physical financial instruments (cash, money orders, cashier's checks, etc.))
- Greater portion of Medicaid, Medicare and Supplemental Nutrition Assistance Program (SNAP) costs will be born by the state and scaling back the ability of states to use Medicaid provider taxes as a financing tool.

- Limitation on Unemployment Payments to individuals with wages over $1 million.
- The estimated reduction to corporate income tax revenues is also driven by 5 business tax provisions of the OBBBA. See the first five bullet points in this section above.
    - However, one provision that became effective January 20, 2025, has the greatest impact on state and local revenues: the 100% full expensing for certain business property (bonus depreciation).
    - The city has taken proactive measures based on this anticipated shortfall in corporate income tax revenues by reserving $42 million in estimated FY 2025 General Fund surplus revenues.
- Lower state General Fund/General Purpose (GF/GP) revenues could lead to lower Statutory State Revenue Sharing payments, which is one of the five major revenues for Detroit.
- Funding for critical Detroit services---public safety, infrastructure, and other social services---will also compete for lower state revenues due to the new, federally mandated costs sharing enacted under the OBBBA.
- The OBBBA does not repeal the Foreign Tax Credit (FTC) but has significant changes that impacts multinational corporations which is of particular interest for those sited in Detroit.
    - OBBBA FTC provisions allow multinational corporations, like Detroit's automakers (Ford, GM, and Stellantis) to increase their investments and keep high-value assets, like research and development (R&D) inside the United States.
    - However, the elimination of Green Energy tax credits off sets this action as automakers have already made a substantial investment in EV technology.
    - OBBBA eliminated a requirement to offset a portion domestic R&D and interest expenses against their foreign income, thus lowering the global tax burden for R&D-heavy companies like Detroit automakers
    - OBBBA makes it easier for companies to use the foreign taxes they've already paid to offset their U.S. tax bills.

Tax Incentive Program revisions

- OBBBA eliminates the "Qualified Business Asset Investment" (QBAI) exemption.
- However, this is an area of concern for Detroit's business community which believes these changes puts Michigan in a significant competitive disadvantage against over states to grow its economy.
- Opportunity Zones did appear to spur increased development of multi-family housing.
- The OBBBA changes to Opportunity Zones may improve this somewhat to the extent that lowering the threshold for what is considered a "low-income community" and eliminating tracts that are contiguous with low-income communities will encourage more investment in communities that are in greater need.
- The OBBBA, permanently enhanced the LIHTC program.

- Low Income Housing Tax Credit (LIHTC) is the federal government's primary program for encouraging private investment in qualified low-income housing projects that develop, acquire, construct and rehabilitate residential rental properties for affordable housing targeted towards lower-income households.
- The program awards low-income housing tax credits that are used to offset project costs in exchange for agreeing to reserve a certain number of housing units for low-income housing units that are rent-restricted.
- Most notably, the Act authorized the federal government's New Markets Tax Credit (NMTC) program.
- The NMTC program encourages private investment in low-income communities by allowing private investors to receive federal income tax credits for making Qualified Equity Investments (QEIs), primarily in real-estate projects and non-residential businesses.
- As with other federal government programs offering tax incentives, the NMTC program is another tool that the City of Detroit can use to attract private investment to fund various public projects that would spur economic and community development in low-income communities throughout the City.
- The NMTC incentives may be coupled with other tax incentives like the Federal Historic Preservation Tax Credit, Low-Income Housing Tax Credit (LIHTC) and Opportunity Zone Tax Incentive to maximize private investor returns.

New Fees on Immigrants

- The cost of the Visa Integrity Fee is set not less than $250 and is a cost that can be absorbed by the City in the form of employee reimbursement.
- For the City of Detroit, this new fee functions like an added tax on the talent it is trying to attract.
- This can increase to the city's foreign born talent expenses.
- While $250 may not be a decisive factor for all candidates, it introduces a potential friction and increases the total cost of accepting a position with the City of Detroit.
- Engaging the immigrant population as a Welcoming City is a growth strategy that is receptive to immigrants of all skill levels.
- The increase in fees for humanitarian statuses (asylum, Temporary Protected Status, parole) and for family-based adjustments have the potential to stifle the growth of immigrant communities that contribute to neighborhood stability and start small businesses.
- A slower rate of immigrant arrival and integration due to these financial barriers could dampen local population growth and economic activity.
- By creating financial barriers to legal work authorization (through high Employment Authorization Document [EAD] fees) and legal status (through high court fees), these policies may increase the number of residents who are unable to legitimize their status.

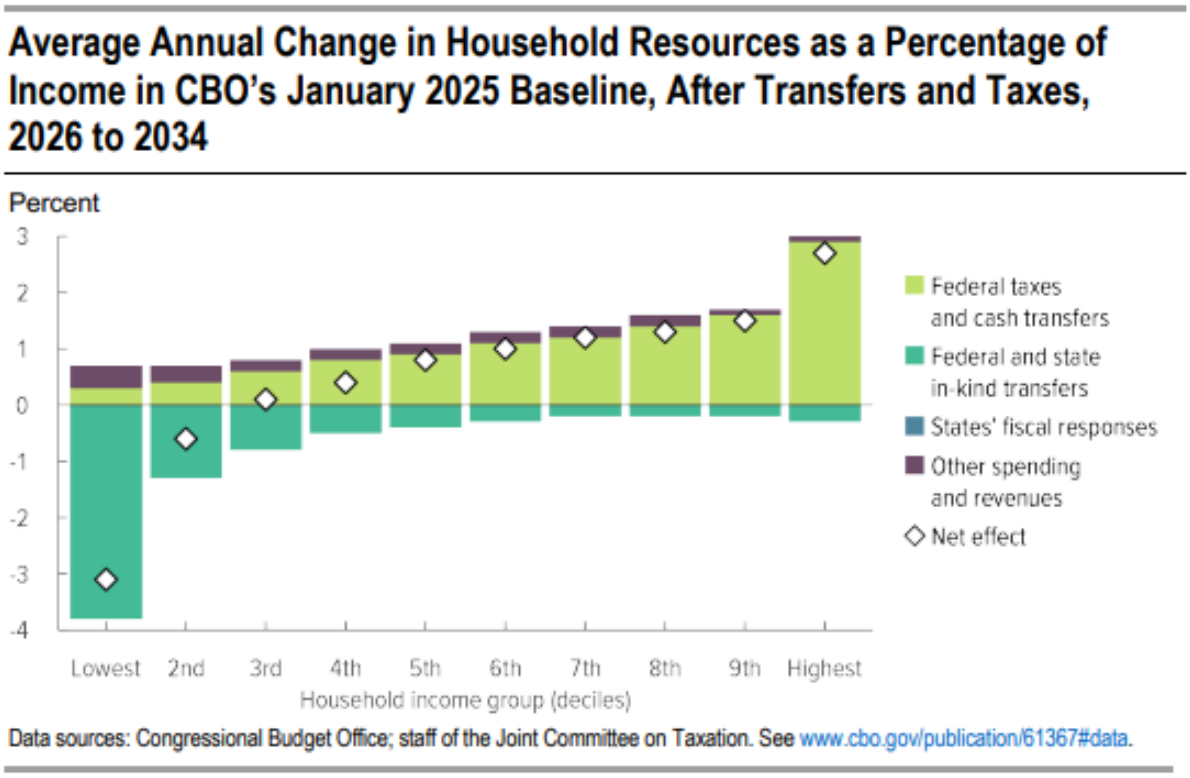
PART III. IMPACTS ON CITY OF DETROIT AS MUNICIPALITY

- The OBBBA will have a major impact on the state of Michigan's budgets for the near future in two ways.
- First, Detroit's FY 2027 revenue projections were decreased by $45.9 million primarily driven by the OBBBA, which is expected to decrease corporate income tax revenue by approximately $16 million in FY 2026 and 2027.
    - Most important for local municipalities this revenue loss will impact the state's discretionary General Fund/ General Purpose (GF/GP) fund.
- Second, the changes in health care provider taxes, Insurance Provider Assessment (IPA) will require the state to contribute an additional $450 million in GF/GP revenue to offset this loss and prevent major Medicaid spending reductions.
- The Act implements favorable tax treatment for business expenditures under the federal corporate income tax, which directly shrinks the state's CI tax base.
- This will lead to an immediate and significant drop in state revenue, estimated by the House Fiscal Agency at a $677 million reduction in Corporate Income Tax revenue for FY2026.
- The OBBBA pushes a greater share of Medicaid and Supplemental Nutrition Assistance Program (SNAP) costs onto states.
- Section 100054(5) makes Byrne JAG grant eligibility contingent upon compliance with 8 U.S.C. § 1373, a statute prohibiting state or local measures that limit communication or cooperation with federal immigration authorities.
- For Detroit, these provisions create a policy dilemma: participation in these federally funded programs could provide meaningful fiscal relief and enhance law enforcement capacity, yet such participation would likely require amending or suspending existing city orders that form the foundation of Detroit's Welcoming City framework
- The bill effectively uses financial coercion to enlist localities in a federal enforcement strategy that is at odds with Detroit's established norms and self-defined interests.

PART I — IMPACTS ON DETROIT RESIDENTS

OBBBA CHANGES TO BENEFIT PROGRAMS

The Congressional Budget Office (CBO) analyzed the distributional effects of the OBBBA on households across all income levels.[4] While the CBO found that, on average, U.S. households will see an increase in resources available to them between 2026-2034, the resources are heavily skewed because households toward the bottom of the income distribution will see a significant decrease in resources while resources for households toward the top of the income distribution will see a significant increase. This is illustrated by the chart below:



The reduction in household resources for the lowest 3 deciles, which are households with a market income of less than roughly $55,000 per year, are largely due to the reduction of federal and state in-kind transfers caused by the large reductions in programs such as Supplemental Nutrition Assistance Program (SNAP), the Children's Health Insurance Program (CHIP) and Medicaid.

Supplemental Nutrition Assistance Program (SNAP)

As an attempt to partially mitigate the effect of trillions of dollars in tax cuts on the federal budget, the OBBBA includes billions in cuts to SNAP. The CBO estimates that the SNAP provisions of the OBBBA would reduce spending on SNAP by $285.7 billion over the 2025-2034 period.[5] This is the largest cut to SNAP in the history of the program.[6]

SNAP is a crucial part of the U.S. social safety net, providing benefits to roughly 42 million Americans per month, and since 1996 it has become the only truly universal means-tested safety net program in the country. There are roughly 1.4 million Michiganders receiving SNAP benefits, and nearly 24% of the people living in Wayne County receive assistance, which is the largest percentage of any county

[4] "Distributional Effects of Public Law 119-21." *Congressional Budget Office*, 11 Aug. 2025, https://www.cbo.gov/publication/61367
[5] Swagel, Phillip. *CONGRESSIONAL BUDGET OFFICE*. 2025. https://www.cbo.gov/system/files/2025-05/Klobuchar-Craig-Letter-SNAP_5-22-25.pdf
[6] *Congressional Budget Office Supplemental Information*. 2025. https://www.cbo.gov/system/files/2025-08/61367-SNAP.pdf

in Michigan.[7] Notably, 59% of Michigan SNAP recipients are in families with children and out of the 232,000 people in Michigan that SNAP lifted above the poverty line from 2015 to 2019, 101,000 were children.[8]

a. Effect on Families

Even with the exemption from work requirements, Detroiters will experience direct and indirect impacts of the various other changes to SNAP. The USDA uses the Thrifty Food Plan (TFP) to determine SNAP benefit amounts. The OBBBA now requires plan updates to be cost-neutral, meaning that the USDA can no longer adjust the calculation for SNAP benefits outside of adjustments for inflation. As a result, the USDA will not be able to make substantive adjustments even if data shows that it is necessary to cover rising food costs.

The lack of flexibility for adjusting the TFP is relevant because SNAP benefits have been historically insufficient since long before the OBBBA. For example, the TFP was evaluated in 2021 for the first time since 1975, and it found that benefits were inadequate.[9] As a result, benefits were raised by 21% in 2021, which kept 2.9 million people out of poverty.[10] However, this increase still proved to be insufficient as food prices rose 23.6% from 2020 to 2024 according to the U.S. Department of Agriculture.[11] An analysis by the Urban Institute shows that in 2024 the maximum SNAP benefit did not cover the cost of a modestly priced meal in 99% of U.S. counties.[12] In Wayne County, the analysis showed that a modestly priced meal cost $3.38, 19% more than the maximum SNAP benefit. As a result, Detroiters receiving benefits are likely not adequate to cover their actual food costs, and the OBBBA prevents the USDA from making the necessary adjustments to address the discrepancy.

Individual SNAP recipients will also be affected in other ways. For example, the USDA can no longer allow families to include their internet bill for their standard utility allowance, which factors in families' utility bills to determine appropriate SNAP benefits. Despite the fact that internet has become largely essential for education and work for the vast majority of families, they can no longer factor their internet bill into their utility costs. This will inherently result in lower benefits for many families.

The federal government shutdown in late 2025 temporarily paused SNAP funding, and the City of Detroit issued $1.75 million in emergency funding to local food banks in order to help residents bridge the gap until SNAP resumed. The effect of the OBBBA will be more gradual and less severe, however benefits will continue to be inadequate as food prices continue to rise. As a result, the city may have to make additional investments in local programs to ensure that residents' nutritional needs are met.

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[7] Spangler, Todd. "Detroit? Northern Michigan? See Areas Most Affected If Shutdown Stops Food Assistance." *Detroit Free Press*, 30 Oct. 2025, https://www.freep.com/story/news/politics/2025/10/30/where-michigan-will-feel-snap-cuts-due-to-the-federal-shutdown/86962425007/

[8] "A Closer Look at Who Benefits from SNAP: State-By-State Fact Sheets." *Center on Budget and Policy Priorities*, 14 Jan. 2013, https://www.cbpp.org/research/food-assistance/a-closer-look-at-who-benefits-from-snap-state-by-state-fact-sheets#Michigan

[9] Ziliak, James. *The Hamilton Project • Brookings 1 Modernizing SNAP Benefits*. 2016. https://www.hamiltonproject.org/assets/files/ziliak_modernizing_snap_benefits.pdf

[10] Gupta, Poonam, et al. "SNAP Increase Kept 2.9 Million People out of Poverty after Thrifty Food Plan Update: A Summary of Research Findings." *Urban Institute*, 21 Apr. 2025, www.urban.org/research/publication/snap-increase-kept-29-million-people-out-poverty-after-thrifty-food-plan.

[11] Davidenko, Victoria, and Megan Sweitzer. "U.S. Food Prices Rose by 25 Percent from 2019 to 2023 | Economic Research Service." *Usda.gov*, 2019, www.ers.usda.gov/data-products/chart-gallery/chart-detail?chartId=58350.

[12] "Does SNAP Cover the Cost of a Meal in Your County?" *Urban Institute*, 20 May 2024, www.urban.org/data-tools/does-snap-cover-cost-meal-your-county.

b. Effect on the Usefulness of SNAP as an Economic Stabilizer

Not only does SNAP allow families, many with children, to maintain access to a nutritional diet during periods of financial hardship, but it has also acted as a major economic stabilizer for the economy during periods of recession or economic downturn since the SNAP funds are put directly and immediately into local economies. In a weak economy, every $1 in additional spending on SNAP benefits generates $1.54 in conomic activity when households shop at local grocery stores.[13] SNAP is an essential lifeline for individuals who are suddenly unemployed during an economic downturn, as only 29% of households with annual incomes below $25,000 (most likely to be eligible for SNAP) are able to cover an unexpected $400 expense.[14]

SNAP benefits played a significant role in bolstering both urban and rural economies in the aftermath of the Great Recession from 2009 to 2014.[15] By freeing up money that SNAP recipients would otherwise have to spend on food, they could continue to spend money on other necessary items. This simultaneously benefitted household incomes by preventing them from foregoing necessary expenses and preventing them from accumulating debt, while also bolstering the local economy and supporting increased employment. Due to factors outside the scope of this report, the U.S. economy has been on shaky footing since the COVID-19 pandemic, and the International Monetary Fund has been warning of a global economic downturn primarily due to the prolonged war with Iran.[16]

Shifting the costs of SNAP onto states undermines the program's role as a key economic stabilizer. Unlike the federal government, states must balance their budgets, and in the event of an economic downturn they will have less funds to allocate to SNAP when they will likely see a large influx of new SNAP applications. This would put states in a difficult position where they may have to try to limit access to SNAP due to budget pressures during a time when it is needed most. Additionally, states cannot reduce benefit levels below those in the federal statute, so they may need to resort to alternative methods to cut SNAP spending. Most likely, this would be accomplished by instituting red tape into the application process in an attempt to reduce the number of recipients which would unduly burden working people, the elderly, and individuals with disabilities.

c. Effect on Children

It is likely that the SNAP benefit cuts under the OBBBA will be particularly detrimental to children both in the short-term and long-term, and the costs will be borne by everyone. Studies have shown that cuts to SNAP will create worse educational outcomes, lower lifetime earnings, lower tax contributions, worse health outcomes, more reliance on other government programs, and more crime and interaction with the criminal justice system.[17] As a result, for every $1 saved by the federal government as a result of cutting SNAP benefits will generate between $14 and $20 in future costs to the U.S. and its taxpayers.[18]

The loss of SNAP benefits is likely to have further cascading negative effects on families with children. SNAP benefits are often used to determine eligibility for other programs for low-income families, such as Head Start or free and reduced prices for school meals. In the 2023-2024 school year, 37% of all

[13] "The Supplemental Nutrition Assistance Program (SNAP) and the Economy: New Estimates of the SNAP Multiplier | Economic Research Service." *Usda.gov*, 2019, www.ers.usda.gov/publications/pub-details?pubid=93528.
[14] "Beyond Hunger: The Role of SNAP in Alleviating Financial Strain for Low-Income Households." *Brookings*, www.brookings.edu/articles/beyond-hunger-the-role-of-snap-in-alleviating-financial-strain-for-low-income-households/.
[15] "Impact of USDA's Supplemental Nutrition Assistance Program (SNAP) on Rural and Urban Economies in the Aftermath of the Great Recession | Economic Research Service." *Usda.gov*, 2021, www.ers.usda.gov/publications/pub-details?pubid=102286.
[16] https://www.reuters.com/business/imf-cuts-growth-outlook-warns-potential-global-recession-if-iran-war-worsens-2026-04-14/
[17] Koutavas, Anastasia, et al. *POVERTY and SOCIAL POLICY BRIEF*, vol. 9, no. 6, 2025, povertycenter.columbia.edu/sites/povertycenter.columbia.edu/files/content/Publications/Economic-Costs-of-Cutting-SNAP-CPSP-2025.pdf.
[18] *Id.*

children and pregnant women used their SNAP recipient status as their primary eligibility and without SNAP they may lose access to these programs or have a more difficult time demonstrating eligibility.

d. Poverty and Participation in SNAP

Provisions in the OBBBA raise the age receiving SNAP benefits subject to work/community engagement requirements from 54 to 64. It also removes exemptions for other groups, including individuals experiencing homelessness and veterans. Estimates of 123,000 Michigan residents, a significant number from Detroit are at risk of losing SNAP benefits due to these changes. In 2019-2023, An estimated 28.8% of Detroit residents 18 to 64 years were below the poverty level. An estimated 44.2% of Detroit children under 18 were below the poverty level, compared with 20.9% residents 65 years and over. In 2019-2023, 38.0% of Detroit households received SNAP (the Supplemental Nutrition Assistance Program). An estimated 42.1% of households that received SNAP had children under 18, and 35.1% of households that received SNAP had one or more residents over 60 years old. An estimated 39.7% of all Detroit households receiving SNAP were families with a female head of household. These OBBBA changes are expected to exacerbate food insecurity in Detroit; placing further strain on low-income households.

Table 6: Participation in Government Programs [19]	Percent
People in poverty	31.5%
Children under 18 years below poverty	44.2%
People 65 years old and over below poverty	20.9%
People 18 to 64 years below poverty	28.8%

Medicaid, Health Insurance, and Health Care Access

MEDICAID

Medicaid is a massive program that provides health care to over 70 million people with low incomes in the U.S. It is a vital source of coverage for various populations, covering roughly 2 in 5 children, 1 in 6 non-elderly adults, almost 1 in 6 adults 65 or older, and 2 in 5 non-elderly adults with disabilities.[20] The Congressional Budget Office (CBO) estimates that 11.8 million individuals will lose health insurance over the next 10 years as a result of the OBBBA.[21]

Any person who meets the Medicaid eligibility rules can enroll, which is why states have guaranteed federal financial support for part of the cost of their Medicaid programs. To qualify for federal funding, states must cover "mandatory" populations, which are:

- Children through age 18 in families with income below 138 percent of the federal poverty level ($36,777 for a family of three in 2025);
- People who are pregnant and have income below 138 percent of the poverty level;
- Certain parents or caretakers with very low income; and

[19] U.S. Census Bureau, 2019, 2023 ACS 5-Year Narrative Profile Detroit city, Michigan; DP03 Selected Economic Characteristics.
[20] Center on Budget and Policy Priorities. "Policy Basics: Introduction to Medicaid." *Center on Budget and Policy Priorities*, 14 Apr. 2020, www.cbpp.org/research/health/introduction-to-medicaid.
[21] "Estimated Budgetary Effects of an Amendment in the Nature of a Substitute to H.R. 1, the One Big Beautiful Bill Act, Relative to the Budget Enforcement Baseline for Consideration in the Senate." *Congressional Budget Office*, 28 June 2025, www.cbo.gov/publication/61533.

- Most adults 65 or older and people with disabilities who receive cash assistance through the Supplemental Security Income (SSI) program.

States may also receive federal Medicaid funds to cover "optional" populations. These include:

- People in the groups listed above whose income exceeds the limits for "mandatory" coverage;
- Seniors and people with disabilities who are not receiving SSI with income below the poverty level;
- People considered "medically needy," whose high medical expenses reduce their disposable income below the state's regular Medicaid eligibility limit (e.g., people living in nursing homes and people with disabilities receiving care in their communities);
- People with higher income who need long-term services and supports; and
- Non-disabled adults under 65 with income below 138 percent of the poverty level ($21,597 for a single individual in 2025), including those without children (if their state participates in the Affordable Care Act (ACA) Medicaid expansion).

Medicaid is central to Michigan's health care system, providing comprehensive coverage to 2.6 million beneficiaries which is more than 1 in 4 Michiganders and includes over 1 million children.[22] According to Michigan Department of Health and Human Services (MDHHS) data, Wayne County has the highest number of Medicaid and Health Michigan Plan Enrollees in the state at around 500,000, meaning that the OBBBA's changes to the program will disproportionately impact Detroit and the surrounding region.[23] The program is jointly funded by the state and federal government, and the Michigan Fiscal Year 2025 Medicaid budget is approximately $27.8 billion, with $19 billion (70%) coming from the federal government.[24]

Medicaid patients account for 22% of hospital patient volume in Michigan, and the typically stable funding across the healthcare industry supports over 217,000 hospital employees.[25] Reductions or disruptions in Medicaid funding is likely to have broad and substantial economic impacts, as the Michigan health care industry is the largest source of private sector employment and generates close to $80 billion annually and $10.7 billion in tax revenue.[26]

The MDHHS received $30 billion in the FY26 Budget for Michigan's health and human services, including Medicaid, Healthy Michigan Plan, and MIChild. This is a 20% reduction from what the MDHHS received in the FY25 Budget, which was $37.6 billion. City allocations remain the same at $2 billion between the 2025 and 2026 fiscal years.

a. Work Requirements

The OBBBA's Medicaid work requirement provisions under Section 71119 do the following:

- Requires states to condition Medicaid eligibility for individuals ages 19-64 applying for coverage or enrolled through the ACA expansion group (or a waiver) on working or participating in qualifying activities for at least 80 hours per month or attending school at least half-time.

[22] https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Inside-MDHHS/Newsroom/ED-2025-3-FINAL.pdf
[23] https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Assistance-Programs/Medicaid-BPHASA/Monthly-MHP-Enrollment/JE02-(102025).pdf?rev=3beb2ef55be249879f0dfc2fe917ef13&hash=924FFD3B0DA2BC6AD4253646D6AA3F83
[24] *Id.*
[25] *Id.*
[26] "Economic Impact of Healthcare in Michigan." *MHA | Michigan Health & Hospital Association*, 2023, www.mha.org/newsroom/publications/economic-impact/.

- Mandates that states exempt certain adults, including parents with children ages 13 and under, those who are medically frail, and those who are participating in a substance use disorder treatment program, from the requirements.

- Requires states to verify that individuals applying for coverage meet the requirements for 1 and up to a maximum of 3 consecutive months preceding the month of application and that individuals who are enrolled meet the requirements for 1 or more months between the most recent eligibility redeterminations (at least twice per year).

- Requires states to use data matching "where possible" to verify whether an individual meets the requirement or qualifies for an exemption.

- Specifies that if a person is denied or disenrolled due to work requirements, they are also ineligible for subsidized Marketplace coverage.

- Prohibits these provisions from being waived, including under Section 1115 authority.

- Allows the Secretary to exempt states from compliance with the new requirements until no later than December 31, 2028, if the state is demonstrating a good faith effort to comply and submits progress in compliance or other barriers to compliance.

- Provides $200 million in funding to states for systems development for FY 2026 and an additional $200 million to HHS to support implementation (for FY 2026).

These new work requirements will largely impact individuals who are enrolled in the Medicaid expansion under the Affordable Care Act (ACA). Michigan has participated in the Medicaid expansion since it launched the Healthy Michigan Plan (HMP) in 2014, and it now covers over 700,000 Michiganders. According to the Michigan Department of Health and Human Services (MDHHS) the HMP "has been extremely successful in terms of reducing uninsurance rates and uncompensated care for providers, while also promoting primary care use and addressing access to services."[27] This increase in access to primary care and preventative services has enabled individuals to treat chronic conditions and see improved health outcomes, while the reduction in healthcare costs has provided individuals with more financial freedom and, in some cases, the ability to begin or continue working. Additionally, the HMP has created more than 30,000 jobs per year since its implementation.

When Georgia implemented work requirements for Medicaid in recent years, the Government Accountability Office (GAO) showed that the program cost federal and state taxpayers more than $86.9 million, of which administrative costs more than doubled spending on health care.[28] Even with the massive investment, the process was burdensome, confusing, and plagued with glitches.[29] In combination with a lack of caseworkers creating excessively long wait times, this resulted in only a small fraction of eligible recipients receiving coverage with less than 2,400 new enrollees in the first six months.

States also have a very limited time to develop implementation plans due to the OBBBA's requirement that the U.S. Department of Health and Human Services release a final rule for implementation

[27] https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Inside-MDHHS/Newsroom/ED-2025-3-FINAL.pdf
[28] GAO-25-108160 Medicaid Demonstrations - https://www.gao.gov/assets/gao-25-108160.pdf
[29] "He Became the Face of Georgia's Medicaid Work Requirement. Now He's Fed up with It." *ProPublica*, 14 May 2025, https://www.propublica.org/article/georgia-medicaid-pathways-brian-kemp-luke-seaborn-testimonial-video

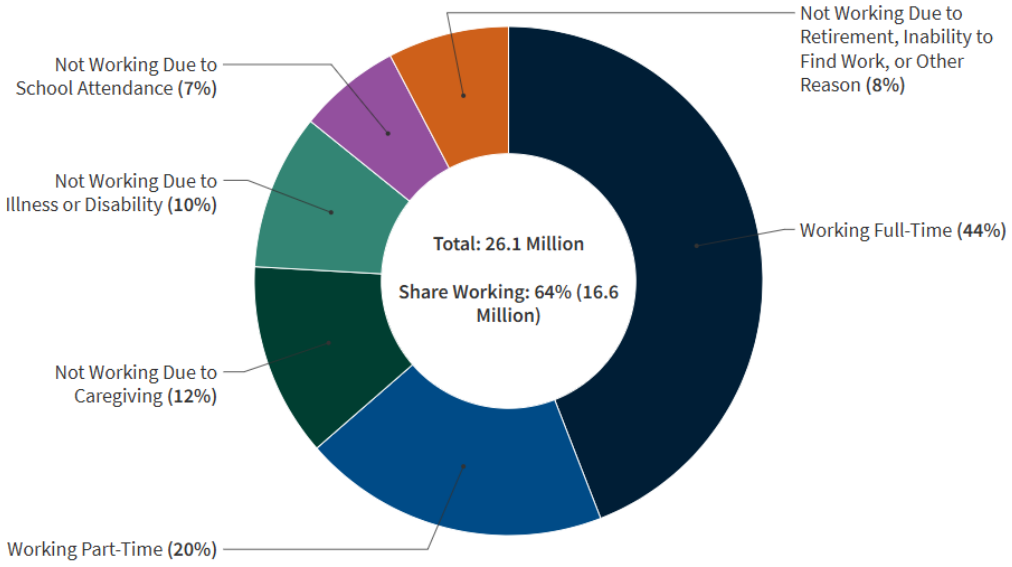
by June 2026, only 6 months before the implementation deadline in January of 2027. In June 2026, the Center for Medicaid and Medicare Services (CMS) issued its interim final rule implementing the work requirements.[30] However, in October of 2026, a U.S. District Court for the District of Massachusetts held that a portion of the interim final rule that altered the definition of "medically frail" to qualify for an exemption to the work requirement exceeded the agency's authority.[31] Despite this change, the January 1, 2027, implementation date for Medicaid work requirements remains unchanged, meaning states may have to revise their implementation plans or reissue notices in a very short time. According to an annual budget survey of Medicaid officials in all 50 states and the District of Columbia, states have been expressing serious concerns about the unrealistic timeline that could lead to errors and coverage losses, the investment in large system changes prior to receiving federal guidance due to the risk that they will not be in compliance, and uncertainty about the ability to hire and train sufficient staff among other concerns.[32] The newly elected Democrat majority in the U.S. House and Senate may choose to delay, modify, or repeal these work requirements, however the President may also veto any of these changes.

Statistically, the Medicaid work requirements will not have any significant positive effect on employment, as the vast majority of adult enrollees under 65 are already working full or part-time, or not working due to caregiving responsibilities, illness or disability, or school attendance.[33] This leaves only 8% who are not working due to retirement, inability to find work, or other reasons.

Figure 1

Work Status & Barriers to Work Among Medicaid Adults, 2023

Includes Medicaid covered adults (age 19-64) who do not receive benefits from Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) and are not also covered by Medicare.



Note: Total may not sum to 100% due to rounding. Working Full-Time is based on total number of hours worked per week (at least 35 hours). Full-time workers may be simultaneously working more than one job.

Source: KFF analysis of the March 2024 Current Population Survey ASEC Supplement • Get the data • Download PNG

KFF

There is evidence to support that much of the coverage loss resulting from work requirements will be imposed on individuals who either work or qualify for an exemption but will still lose coverage due to administrative barriers and difficulty navigating the process.[34] If coverage losses are on par those resulting

[30] https://www.medicaid.gov/resources-for-states/working-families-tax-cut-legislation/community-engagement

[31] *Massachusetts v. Oz*, No. CV 26-12962-RGS, 2026 WL 3257397, at *1 (D. Mass. Oct. 29, 2026).

[32] "Challenges with Implementing Work Requirements: Findings from a Survey of State Medicaid Programs | KFF." *KFF*, 31 Oct. 2025, www.kff.org/medicaid/challenges-with-implementing-work-requirements-findings-from-a-survey-of-state-medicaid-programs/.

[33] "5 Key Facts about Medicaid Work Requirements | KFF." *KFF*, 18 Feb. 2025, www.kff.org/medicaid/5-key-facts-about-medicaid-work-requirements/.

[34] Lukens, Gideon, and Elizabeth Zhang. "Medicaid Work Requirements Could Put 36 Million People at Risk of Losing Health Coverage | Center on Budget and Policy Priorities." *Center on Budget and Policy Priorities*, 16 Jan. 2025, www.cbpp.org/research/health/medicaid-work-requirements-could-put-36-million-people-at-risk-of-losing-health.

from the Arkansas work requirements, the CBPP states that at least two-thirds of enrollees that lose coverage will fulfill the work requirements or otherwise qualify for an exemption.[35]

Being in poor health is associated with an increased risk of job loss, whereas access to affordable healthcare has a positive effect on the ability of people to obtain and maintain employment.[36] A recent University of Michigan study found that Michigan's Medicaid expansion operating **without** work requirements has been associated with improved employment, health, and care access to Michigan recipients.[37] Work requirements do not historically tend to increase employment rates of recipients while poor health can significantly impact the ability of people to work and thereby negatively impact employment. As a result, if the new Medicaid work requirements result in 5.3 million people losing Medicaid coverage over the next 10 years as the CBO estimates, it is foreseeable that there will be an increase in the number of individuals who have difficulty working or are unable to work due to untreated medical conditions.[38]

States will be required to look back between 1 and 3 consecutive months, depending on what the state determines, to verify compliance with the work requirement. This must be done twice per year. This method does not account for many enrollees who work hourly, low wage jobs where they don't work a set number of hours each week. If, in one of the preceding months before redetermination, an individual was only scheduled for 75 hours, they could lose Medicaid coverage even if they worked 80 hours or more for every other month in the 6-month period or worked above an average of 80 hours per month during that period. Not only is the verification process burdensome for both the states and enrollees, but it is also likely to cause unnecessary losses in coverage for enrollees working full-time.

It bears repeating that the purpose of Medicaid, as recognized by the DC Court of Appeals, is to provide medical care to individuals who have low incomes and who are otherwise eligible in order to provide a social safety net. Employment is not relevant to this purpose. The notion that work requirements increase employment or improve economic outcomes, even for programs that were intended to have work requirements like Temporary Assistance for Needy Families (TANF), is dubious and not supported by data.[39] Rather, work requirements are apparently premised on assumptions that certain groups of the population are refusing to work without accounting for very real barriers to employment that people experience whether that be lack of access to education or training, lack of childcare assistance, lack of a social network that provides opportunities, lack of reliable transportation, or other personal or health challenges. A sincere legislative effort to increase employment would provide support to unemployed people to help them address barriers to employment.

As a practical matter, the OBBBA Medicaid work requirements will function to undermine the purpose of Medicaid, particularly the ACA Medicaid expansion, by causing millions of people with low incomes to lose coverage. The impact on Detroiters will likely be disproportionately high as the U.S. Census estimates the average median household income in Detroit is $36,453.[40] This means that a considerable portion of Detroiters fall below 138% of the federal poverty line and would qualify for Medicaid. Given the historical data and the likelihood that implementation of the work requirements will not be successful due to the short timeline, a significant number of Detroiters will lose Medicaid coverage even if they satisfy the

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Gideon Lukens, "Research Note: Most Medicaid Enrollees Work, Refuting Proposals to Condition Medicaid on Unnecessary Work Requirements," CBPP, November 12, 2024, https://www.cbpp.org/research/health/most-medicaid-enrollees-work-refuting-proposals-to-condition-medicaid-on.

[35] Lukens, Gideon, and Zhang, *supra*.

[36] "The Relationship between Work and Health: Findings from a Literature Review | KFF." *KFF*, 7 Aug. 2018, www.kff.org/medicaid/the-relationship-between-work-and-health-findings-from-a-literature-review/.

[37]

Patel MR, Clark SJ, Beathard E, et al. Employment and Health Burden Changes Among Medicaid Expansion Enrollees. *JAMA Health Forum.* 2025;6(10):e254639. doi:10.1001/jamahealthforum.2025.4639

[38] A follow up study on the Arkansas work requirements found that more than half of individuals ages 30-49 had difficulty paying medical debt, delayed care because of cost, and delayed taking medications because of cost. https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00538

[39] Pavetti, Ladonna. "Work Requirements Don't Cut Poverty, Evidence Shows." *Center on Budget and Policy Priorities*, 11 Oct. 2017, www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows.

[40] "Explore Census Data." *Data.census.gov*, 2020, data.census.gov/profile/Detroit_city. https://data.census.gov/profile/Detroit_city,_Michigan?g=160XX00US2622000

work requirements or are otherwise exempt. The City of Detroit could mitigate some of the impact by taking steps to increase public awareness and providing guidance on the Medicaid application process. If the public is aware that these changes are coming and know what information they will need to provide, it could minimize the number of people who would lose or be denied coverage despite meeting the requirements or exemptions.

b. Administrative Requirements and Changes

Starting in January of 2027, states will be required to conduct eligibility checks for people covered by the Medicaid expansion twice per year, where it previously required every 12 months. Even without considering additional changes and requirements made under the OBBBA, this will double the administrative burden for states and enrollees. The CBO estimates that this measure alone will increase the number of uninsured nationwide by 700,000 in 2034 to save $63 billion over the ten-year period. The OBBBA also imposes new requirements on states to leverage specific sources to do quarterly determinations to verify the addresses of enrollees and to check whether they are deceased.

The OBBBA imposes a moratorium on implementing two sets of regulations[41] that originated during the Biden administration and were intended to streamline eligibility and enrollment in Medicaid, the Children's Health Insurance Program (CHIP) and the Medicare Savings Program (MSP). These rules were meant to address issues that caused a significant number of people to lose coverage for a portion of each year.[42] Because many Medicaid recipients are living on fixed incomes, these lapses in coverage were likely due to administrative difficulties and not a change in eligibility. The rules attempted to create a level of uniformity in the enrollment and renewal process, as these processes varied widely between states. The OBBBA delays the implementation of these rules until 2034, which is expected to be the second highest source of savings. The CBO estimates that this will reduce Medicaid spending by $167 billion over 10 years and increase the uninsured population by 2.3 million during that time. In Michigan, the delaying of these rules is estimated to reduce annual Medicaid payments by approximately $1.1 billion gross by FY 2033-2034.[43]

Particularly, delaying implementation of these rules will impact "dual-eligible" individuals, which are individuals with low incomes and modest savings who qualify for Medicare and are eligible to have Medicaid cover their Medicare premiums and cost sharing through Medicare Savings Programs (MSPs). Because dual-eligible individuals typically have fixed incomes and little-to-no savings, many people will have difficulty covering out of pocket costs and may be forced to delay or forgo health care with likely consequences to their health. Dual-eligible individuals receiving Social Security Income (SSI) will have to pay 20% of their SSI toward Medicare premiums if they lose access to the MSP.[44] Dual-eligible individuals comprise nearly 60% of the 2.3 million Medicaid enrollees who are expected to lost coverage under the OBBBA.[45]

Currently, states are required to provide Medicaid coverage for qualified medical expenses that were incurred within 90 days before the date of the application. Starting in 2027, the OBBBA reduces the retroactive coverage to one month for Medicaid expansion enrollees and two months for traditional Medicaid enrollees. This is expected to reduce federal Medicaid spending by $6 billion in 2034 and increase the uninsured population by 100,000. The expected savings to the federal government will be largely due to out-of-pocket medical costs for which Medicaid recipients would have previously been reimbursed.

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[41] https://www.federalregister.gov/documents/2023/09/21/2023-20382/streamlining-medicaid-medicare-savings-program-eligibility-determination-and-enrollment; https://www.federalregister.gov/documents/2024/04/02/2024-06566/medicaid-program-streamlining-the-medicaid-childrens-health-insurance-program-and-basic-health

[42] KFF. "Percentage of Newly-Enrolled Medicare-Medicaid Enrollees Who Lost Medicaid Coverage within Their First Year." *KFF*, 30 Nov. 2022, www.kff.org/medicaid/potential-effects-of-the-proposed-medicaid-eligibility-rule-for-newly-enrolled-medicare-medicaid-enrollees/. Accessed 12 Mar. 2026.

[43] https://www.house.mi.gov/hfa/PDF/Alpha/Fiscal_Brief_OBBBA_of_2025_Jul2025.pdf

[44] KFF. "Medicaid Changes in House and Senate Reconciliation Bills Would Increase Costs for 1.3 Million Low-Income Medicare Beneficiaries | KFF." *KFF*, 17 June 2025, www.kff.org/medicaid/medicaid-changes-in-house-reconciliation-bill-would-increase-costs-for-1-3-million-low-income-medicare-beneficiaries/.

[45] *Id.*

Although it is not a result of the OBBBA, it is important to note that these changes are happening while the U.S. Congress failed to renew ACA enhanced premium subsidies, allowing them to expire at the end of 2025. As a result, individuals who purchase insurance through the ACA marketplace are expected to see their premiums drastically increase. The premium tax credits cap the amount of premiums based on the income of individuals, and the enhanced credits in 2021 resulted in an 88% increase in ACA coverage from 2020 to 2024.[46] On average, the KFF (formerly the Kaiser Family Foundation) estimates that the failure to renew the enhanced premium subsidies will more than double out-of-pocket premiums, raising the average from $888 in 2025 to $1,904 in 2026.[47]

Due to the cost increase, individuals who lose coverage due to the new OBBBA eligibility requirements will have a much more difficult time affording insurance through the ACA marketplace as an alternative.

Impact on Non-Profit Health Providers

The impact of the OBBBA changes will adversely affect low-income Detroiters by reducing healthcare coverage and services made possible with Medicare, Medicaid funding and through the Affordable Care Act. It is estimated that upwards 200,000 Michigan residents could lose their Medicaid coverage with a significant portion of this number being Detroit residents. Downward financial pressures on hospitals and health care providers as OBBBA cuts are implemented will increase Detroit's uninsured population. Nonprofits, like the Community Health and Social Services Center (CHASS) in Southwest Detroit, receives significant funding from Medicaid and will face severe operational challenges due to the OBBBA changes. This places the city's General Fund in a more precarious position as residents' health care needs are unmet through the normal process. Non-profits expect a greater request for services as lower government assistance negatively impacts their ability to fill the gap in services. The Michigan Primary Care Association (MPCA) estimates that 78,000 patients in Michigan (1 in 8), served by MI health centers will lose their health insurance coverage.[48] MPCA projects a 41% reduction in public health facilities equating to 187 health centers- sites that deliver services leading to a 31% reduction in patients served (approximately 207,000 statewide).

Impacts on Children and Families

Child Tax Credit

The Child Tax Credit (CTC) was enacted in 1997 and has been expanded several times in the years since its enactment. The intention of the CTC is to make the cost of raising children more affordable for families by offsetting a portion of their federal income tax or providing part or all of the credit in the form of a refund. Throughout the history of the CTC, recipients in the lowest income quintile often do not receive the full CTC benefit because the benefit is based on a percentage of income, and their income is not high enough to qualify for a full refund or credit. Individuals in the middle and high quintiles disproportionately receive higher benefits before benefits drop off for individuals making above $200,000 or married couples making $400,000.

The OBBBA raised the maximum amount of CTC benefits from $2,000 to $2,200 per child, which will provide a small increase for many families. However, it did not make any changes to improve the way the tax credit is structured for lower income families. As a result, it is estimated that more than 1 in 4

[46] KFF. "Inflation Reduction Act Health Insurance Subsidies: What Is Their Impact and What Would Happen If They Expire? | KFF." *KFF*, 26 July 2024, www.kff.org/affordable-care-act/inflation-reduction-act-health-insurance-subsidies-what-is-their-impact-and-what-would-happen-if-they-expire/.
[47] KFF. "ACA Marketplace Premium Payments Would More than Double on Average next Year If Enhanced Premium Tax Credits Expire | KFF." *KFF*, 30 Sept. 2025, www.kff.org/affordable-care-act/aca-marketplace-premium-payments-would-more-than-double-on-average-next-year-if-enhanced-premium-tax-credits-expire/.
[48] The One Big Beautiful Bill Act Will Profoundly Harm Patients and Health Centers; https //www.mpca.net/news/obbba-harm-patients-hcs/

children under 17 will receive less than the full tax credit or no credit at all, including half of Black children, more than 4 in 10 Native American children, and more than 1 in 3 Latino children.[49] The OBBBA also removes eligibility for children who do not have at least one parent with a Social Security Number. This could cause around 4.5 million children to lose CTC credits, the vast majority of whom are American citizens or legal permanent residents.[50]

Detroit families with sufficient income may see a marginal increase in CTC credits as a result of these changes. Because the OBBBA did not address the existing issues that prevent lower income families from receiving the full benefit, individuals who previously received no credit or less than the full credit will likely continue to receive lower benefits. For Detroit families where neither parent has a Social Security Number, they will no longer be eligible to receive the CTC regardless of whether they have legal immigration status.

Earned Income Tax Credit

To assist low-income householders, the City of Detroit, in conjunction with the United Way for Southeastern Michigan, Accounting Aid Society, and Wayne Metropolitan Community Action Agency provides taxpayer assistance in preparing returns for the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC). The city's spent approximately $205,000 in FY 2024 in support of this program. The city continues its support of this program in FY 2025 with a budget allocation of $213,716. Per the Kresge Foundation, Detroit residents claimed more than $6.5 million through this program in 2021-2022[51]. To qualify for the federal or state credit, individuals must meet certain federal edibility requirements and file a federal income tax return. Individuals without children can also claim the credit if they meet eligibility requirements. The Earned Income Tax Credit is a refundable credit, that is not limited to the amount of taxes you pay. An individual can claim the credit even if they are not required to file a federal tax return.

The Michigan Dept of Treasury reported the average EITC refund combined for both federal and state (5 times the federal deduction) was more than $3,800 for the 2024 tax year. We expect greater participation in this program with the changes enacted under OBBBA.

"Trump" Savings Accounts

The OBBBA created new child savings accounts called 530A accounts or "Trump" accounts. Starting in the 2025 tax year, individuals claiming a child as a dependent on their tax returns can apply to open a child savings account any time before December 31 of the year the child turns 17. Also, for children born between January 1, 2025, and December 31, 2028, who are U.S. citizens with a valid Social Security Number (SSN), individuals can apply for a pilot program contribution of $1,000 from the federal government.

The accounts have a $5,000 annual contribution limit, which will be adjusted for inflation after 2027. The cap includes employer contributions, which are limited to $2,500 per year. Contributions are excluded from taxable income. These accounts have strict limitations preventing funds from being removed from the accounts until the beneficiary turns 18. Once the beneficiary turns 18, the account functions similarly to a traditional IRA.

Other than the $1,000 pilot contribution, these new Trump accounts do not provide any benefits that were not already available through other saving options. There is the potential that the initial pilot

[49] "Policy Basics: The Child Tax Credit." *Center on Budget and Policy Priorities*, 18 Apr. 2018, www.cbpp.org/research/federal-tax/policy-basics-the-child-tax-credit.
[50] "New Estimates of the Number of United States Citizen and Legal Permanent Resident Children Who May Lose Eligibility for the Child Tax Credit | Center on Poverty and Social Policy." *Columbia.edu*, 2025, povertycenter.columbia.edu/publication/2025/children-who-may-lose-the-child-tax-credit.
[51] Filing for the future: How Detroit families gain from tax credits; https://kresge.org/news-views/filing-for-the-future-how-detroit-families-gain-from-tax-credits/

contribution will incentivize families to start exploring savings options earlier than they otherwise would have. That aside, the accounts have essentially the same benefits and drawbacks of a traditional Individual Retirement Account (IRA). Deposits are taxed as income when deposited but are tax deferred when removed after retirement age. Early withdrawal of funds is taxed along with an additional penalty unless used for specific purposes such as qualifying education expenses. For these reasons, the availability of Trump accounts is essentially a neutral measure that will not have a significant impact on most families.

Impacts on Students and Borrowers

Student Loans

The OBBBA includes the most significant alteration of federal student aid in years by changing which individuals can borrow, the amount that they can borrow, and the terms associated with repayment.

First, the OBBBA places maximum caps on the amount that various types of students can borrow starting July 1, 2026. The new lifetime maximum for all federal student loans is $257,500. Graduate PLUS loans were phased out as of July 1, 2026, and students in graduate programs will now use Direct Unsubsidized Loans with new borrowing limits of $20,500 per year and $100,000 in aggregate and students enrolled in professional degree programs can borrow $50,000 per year and $200,000 in aggregate. Parent PLUS loans, which allow parents to help their dependent students cover education expenses not covered by financial aid, are capped at $20,000 per year and have a lifetime limit of $65,000 per dependent student.

The primary impact of the caps on borrowing are expected to be felt by students in high-cost master's degree programs and longer-term professional programs in law, STEM, and health disciplines. This is because a significant portion of individuals currently in those programs borrow above the cap that will be put in place, with about 26% of graduate students currently borrowing above the new annual caps and about 40% who exceed the cumulative limit.[52] These professional programs include law and theology but primarily consist of professional medical degrees.

Experts are concerned that these limits will make various graduate and professional programs inaccessible to students from lower-income families who are unable to cover the institutional and living costs that exceed the borrowing limits.[53] Many students may also be forced to seek private loans to cover these costs, which raises further concerns.

Private student loan lenders have widely engaged in predatory practices that raise the cost of borrowing and deprive borrowers of the various protections provided by federal loans, as private student loans currently account for about 8% of the market yet they represent more than 40% of the student-loan-related complaints submitted to the Consumer Financial Protection Bureau (CFPB).[54] These predatory practices include lying about essential borrowing terms including the availability of cancellation, autopay discounts, unemployment protections, and the denial of loans to historically marginalized communities.[55] In this context, it is relevant that the OBBBA cut the funding of the CFPB by almost 50%. Private student loans often lead to higher costs for borrowers, and without the critical repayment and debt cancellation options such as Public Service Loan Forgiveness (PSLF) and income-driven repayment (IDR). As of early

[52] Looney, Adam, and Jordan Matsudaira. "How OBBBA Reshapes Student Lending." *Brookings*, 28 Jan. 2026, www.brookings.edu/articles/how-obbba-reshapes-student-lending/.
[53] "NASFAA | Experts Discuss How New Loan Limits Will Impact Students." *Nasfaa.org*, 2025, www.nasfaa.org/news-item/37467/Experts_Discuss_How_New_Loan_Limits_Will_Impact_Students.
[54] U.S. Senate, "Costly Consequences: How the Trump Administration Unleashed Private Student Loan Lenders," https://www.warren.senate.gov/imo/media/doc/final_-_private_student_loan_report_on_plan_to_profit_from_big_beautiful_bill.pdf *citing* Protect Borrowers, "Private Lenders Would Cash In on Congress's Student Loan Changes," Carolyn Fast and Ella Azoulay, May 20, 2025, https://protectborrowers.org/private-lenders-would-cash-in-on-congress-student-loanchanges/.
[55] Consumer Financial Protection Bureau, "CFPB and U.S. Department of Education Joint Report Finds a Cycle of Boom and Bust in Private Student Loan Market," July 19, 2012, https://www.consumerfinance.gov/about-us/ newsroom/consumer-financial-protection-bureau-and-u-s-department-of-education-joint-report-finds-a-cycle-ofboom-and-bust-in-private-student-loan-market/; Consumer Financial Protection Bureau, "Fair Lending Report of the Consumer Financial Protection Bureau," December 2012, p. 22, https://files.consumerfinance.gov/f/201212_cfpb_fair-lending-report.pdf.

2025, about 60% of borrowers were enrolled in one of the various IDR plans.[56] These IDR plans protected borrowers by limiting their payments to a certain percentage of their discretionary income.

The OBBBA also made various changes to the available repayment plans. After July 1, 2026, new borrowers will be limited to two plans: a "tiered standard" plan with repayment term lengths that vary by balance, and an IDR plan called the Repayment Assistance Plan (RAP). Under the current standard plan, borrowers repay over 10 years. Under the new plan, repayment will be spread over 10, 15, 20, or 25 years depending on the loan balance. Borrowers will have lower monthly payments over a longer period, which makes IDR plans less desirable for borrowers with high initial balances because they will be making payments and accumulating interest over a longer period.

The new RAP plan is distinct from prior income-driven repayment plans in various ways. The percentage of income used to calculate payments will not be based on adjusted gross income instead of discretionary income. As a result, high-income borrowers who earn above $80,000-$100,000 will generally have to make higher payments because their payment percentage is based on more of their income. Borrowers with very low incomes who would previously qualify for $0 payments will now have to make small, fixed payments. RAP includes subsidies to ensure that balances decline over time by waiving unpaid interest in months where required payments are less than interest accrued and by crediting the first $50 of scheduled payments are credited toward reducing the loan's principal even if the payment does not cover the accrued interest.

While these approaches to prevent interest accrual are innovative, their benefits to low-income borrowers are likely to be offset by the requirement to make minimum payments and the extension of the repayment period to 30 years. Requiring small payments, even the minimum payment of $10 per month is punitive and likely counterproductive in terms of increasing repayment.

These changes to student loan repayment will have a relatively modest impact on borrowers in comparison to the shock experienced by borrowers when payments resumed at the end of the COVID-19 repayment pause. According to the CFPB 2023-2024 Student Loan Borrower Survey, almost 2/3 of borrowers reported having difficulty making a payment, over 1/3 reported missing at least one payment, and around 1/5 reported that their loans had gone into default.[57] These measures were all disproportionately high among Black and Hispanic populations as well as those with household incomes below $50,000 per year.[58] On top of this, the new limits on federal student loans will disproportionately affect Black students seeking professional degrees, as 46% borrow above the new limits compared to 38% of overall professional students.[59] As a result, these changes may discourage Black students from seeking professional degrees or force them to take on private loans that have historically been highly predatory. Overall, these changes are likely to have a disproportionate negative effect on Detroit borrowers given the racial and income demographics of the City's population by producing additional cost barriers to access professional programs that could be an opportunity to build generational wealth.

Impact of Individual Income Tax Changes on Detroit Residents

The OBBBA: Individual Tax Changes

The OBBBA includes numerous individual income tax provisions, but state economists and analysts do not believe these changes will significantly impact Michigan's revenues. This is because most provisions

[56] https://studentaid.gov/data-center/student/portfolio
[57] Caldwell, Isabelle, et al. *Insights from the 2023−2024 Student Loan Borrower Survey CFPB Office of Research*. https://files.consumerfinance.gov/f/documents/cfpb_Insights-from-the-2023-2024-Student-Loan-Borrower-Survey_Report.pdf
[58] *Id.*
[59] Matsudaira, Jordan, et al. *How Will Graduate Student and Parent Borrowing Be Affected by New Federal Loan Limits?* 2025. https://www.american.edu/spa/peer/upload/loan-limits-from-npsas_rpt_final.pdf

with a major federal impact are located "below the line"—meaning they do not alter a taxpayer's Adjusted Gross Income (AGI), which is the figure that both Michigan and Detroit use as the base for calculating state and local income tax liability. LPD agrees with this conclusion.

Adjusted gross income ("AGI"); it is determined by subtracting certain "above-the-line" deductions from gross income. These deductions include trade or business expenses/or losses, losses from the sale or exchange of property, contributions to a qualified retirement plan by a self-employed individual, contributions to certain individual retirement accounts ("IRAs"), certain moving expenses for members of the Armed Forces, and certain expenses of elementary and secondary school teachers.[60]

A tax is an enforced financial charge assessed by a government for the support of its various functions. Detroit's income tax is determined by the Uniform City Income Tax[61] It is a direct tax on income (applies to city residents); a direct tax on earnings from work/or business activities performed in the city (applies to nonresidents); and a direct tax on federal taxable income (applies to corporations).[62] As noted above, certain tax changes that impact gross income- above line deductions will lower adjusted gross income and result in a lower basis to apply Detroit's resident/non-resident income tax rate.

New, Temporary Tax Relief Measures (2025–2028)

The highly publicized OBBBA changes in new individual income tax provisions are as follows:

1) **Tips:** Provides a temporary deduction up to $25,000 for cash tips received by an individual who works in an industry that customarily receives tips before December 31, 2024; deduction phases out for taxpayers with modified adjusted gross income over $150,000 ($300,000 for joint filers); effective for tax years 2025 through 2028.[63]
2) **Overtime:** Provides a temporary deduction up to $12,500 ($25,000 for joint filers) for qualified overtime compensation that exceeds the taxpayers regular rate of pay – for example, the half portion of time-and-a-half compensation; deduction phases out for taxpayers with modified adjusted gross income over $150,000 ($300,000 for joint filers); effective for tax years 2025 through 2028.[64]
3) **New Vehicle loans:** Provides a temporary deduction of up to $10,000 for interest paid on a loan used to purchase a qualified vehicle- purchased for personal use and that meets other eligibility criteria (U.S.-assembled); deduction phases out for taxpayers with modified adjusted gross income

[60] OVERVIEW OF THE FEDERAL TAX SYSTEM AS IN EFFECT FOR 2025, JCT, September 5, 2025, JCX-38-25

[61] M.C.L. 141.501 et seq., 1964 PA 284; Section 7, Article IX, state Constitution

[62] Id; Uniform City Income Tax: Measurement: (1) Compensation, net profits, investments and other income of city residents; (2) Income earned in the city by nonresidents; (3) Corporate income earned in the city (allocation based on property, sales, payroll). Personal exemption allowed by the Michigan Income Tax Act, except that by ordinance a city may adopt an exemption of not less than $600. A resident is allowed credit for income taxes paid to another city as a nonresident. A resident may deduct certain income earned, capital gains, and lottery winnings received while a resident of a renaissance zone and a business may deduct income attributable to business activity in a renaissance zone.

[63] Id,, IRS- employees and self-employed individuals may deduct qualified tips received in occupations that are listed by the IRS as customarily and regularly receiving tips on or before December 31, 2024, and that are reported on a Form W-2, Form 1099, or other specified statement furnished to the individual or reported directly by the individual on Form 4137. "Qualified tips" are voluntary cash or charged tips received from customers or through tip sharing. Maximum annual deduction is $25,000; for self-employed, deduction may not exceed individual's net income (without regard to this deduction) from the trade or business in which the tips were earned. Deduction phases out for taxpayers with modified adjusted gross income over $150,000 ($300,000 for joint filers). Taxpayer eligibility: Deduction is available for both itemizing and non-itemizing taxpayers Self-employed individuals in a Specified Service Trade or Business (SSTB) under section 199A are not eligible. Employees whose employer is in an SSTB also are not eligible. Taxpayers must: include their Social Security Number on the return and file jointly if married, to claim the deduction.

[64] Effective for 2025 through 2028, individuals who receive qualified overtime compensation may deduct the pay that exceeds their regular rate of pay – such as the "half" portion of "time-and-a-half" compensation -- that is required by the Fair Labor Standards Act (FLSA) and that is reported on a Form W-2, Form 1099, or other specified statement furnished to the individual. Maximum annual deduction is $12,500 ($25,000 for joint filers). Deduction phases out for taxpayers with modified adjusted gross income over $150,000 ($300,000 for joint filers). Deduction is available for both itemizing and non-itemizing taxpayers. Taxpayers must: file jointly if married, to claim the deduction. include their Social Security Number on the return

over $100,000 ($200,000 for joint filers); effective for tax years 2025 through 2028.[65] These benefits are limited by income caps and are not seen as a sufficient replacement for the much larger, more direct electric vehicle (EV) credits.

4) **Seniors:** Provides a temporary additional $6,000 ($12,000 for joint filers where both filers qualify) deduction for individuals age 65 and older; deduction is in addition to the current additional standard deduction for seniors; this deduction phases out for taxpayers with modified adjusted gross income over $75,000 ($150,000 for joint filers); effective for tax years 2025 through 2028.[66]
5) **Charitable:** Provides new charitable contribution rules for all taxpayers regardless of whether the taxpayer itemizes or takes the standard deduction.
   a. Non-itemizers (taxpayers using standard deduction) – taxpayers may claim a charitable deduction up to $1,000 ($2,000 or joint filers) beginning in tax year 2026.
   b. Itemizers – taxpayers will be subject to a new floor on charitable contributions equal to 0.5% of adjusted gross income, which means that only the portion of charitable contributions exceeding that amount is deductible.

Impact of the OBBBA on Detroit Residents

To discuss how the OBBA impacts Detroit residents, we need to look first at the demographics of Detroit. During the city's semi-annual revenue estimating conferences, it was recently reported that Detroit had a larger than average population of older residents than comparable cities. Table 3 below presents the breakdown of Detroit's population by age group.

Table 3: Population Shares by Age (Share of Total Population by age group)

	17 or younger	18 to 24	25 to 54	55 to 64	65 and older	Median age
US	**21.7%**	**9.1%**	**39.0%**	**12.5%**	**17.7%**	**39.2**
Michigan	**21.0%**	**9.2%**	**37.2%**	**13.3%**	**19.3%**	**40.5**
Detroit	**25.2%**	**9.0%**	**39.4%**	**10.8%**	**15.5%**	**35.2**

https://detroitsurvey.umich.edu/wp-content/uploads/2023/06/DMACS-Employment-Dynamics-6-27-23.pdf

Data from the U.S. Census reports Detroit's total population is 633,222. Detroit would be most likely impacted by the increased senior deduction subject to Modified Adjusted Gross Income (AGI) limits. Detroit residents with children under the age of 18 (25.2%) are favorably impacted by the OBBBA increase in deductions for the childcare credit; and contribution to a new retirement savings account (for age 18 and younger). Impact of OBBBA on Detroit residents, taxpayers in the working age group 18 - 55, and the older workers aged 55 - 64 include changes in the standard deduction, mortgage interest deductions, continuation of educator expenses under miscellaneous itemized deduction; state and local tax deductions, car loan interest deduction, taxes on and the elimination of certain employment income (tips and overtime; with restrictions).

[65] Effective for 2025 through 2028, individuals may deduct interest paid on a loan used to purchase a qualified vehicle, provided the vehicle is purchased for personal use and meets other eligibility criteria. (Lease payments do not qualify.) Maximum annual deduction is $10,000. Deduction phases out for taxpayers with modified adjusted gross Income over $100,000 ($200,000 for joint filers). Qualified interest: To qualify for the deduction, the interest must be paid on a loan that is: originated as of December 31, 2024, used to purchase a vehicle, the original use of which starts with the taxpayer (used vehicles do not qualify), for a personal use vehicle (not for business or commercial use) and secured by a lien on the vehicle. If a qualifying vehicle loan is later refinanced, interest paid on the refinanced amount is generally eligible for the deduction. A qualified vehicle is a car, minivan, van, SUV, pick-up truck or motorcycle, with a gross vehicle weight rating of less than 14,000 pounds, and that has undergone final assembly in the United States.

[66] Effective for 2025 through 2028, individuals who are age 65 and older may claim an additional deduction of $6,000. This new deduction is in addition to the current additional standard deduction for seniors under existing law. The $6,000 senior deduction is per eligible individual (i.e., $12,000 total for a married couple where both spouses qualify). Deduction phases out for taxpayers with modified adjusted gross income over $75,000 ($150,000 for joint filers). Qualifying taxpayers: To qualify for the additional deduction, a taxpayer must attain age 65 on or before the last day of the taxable year. Taxpayer eligibility: Deduction is available for both itemizing and non-itemizing taxpayers. Taxpayers must: include the Social Security Number of the qualifying individual(s) on the return, and file jointly if married, to claim the deduction.

Table 4: Occupations for the Civilian Employed Population 16 Years and over[67]	Number Employed	Percent
Management, business, sciences, and arts occupations	64,117	27.7%
Service occupations	53,549	23.1%
Sales and office occupations	44,908	19.4%
Natural resources, construction, and maintenance occupations	14,147	6.1%
Production, transportation, and material moving occupations	54,860	23.7%
Total	231,581	100%

The US Census reports that 23.1% of Detroit residents were employed in service occupations from 2019 – 2023 out of a total of 231,581 employed residents. Subject to the Modified Adjusted Gross Income (AGI) limits, this group stands to gain the most from the elimination of taxes on tips.

Proportion of Households with Various Income Sources in Detroit

An estimated 67.3% of Detroit households received income from earnings (salaries/wages). In regard to retirement income, an estimated 32.7% of Detroit households received Social Security payments and 22.5% of households received pensions or other sources of retirement income (other than Social Security). The average income from Social Security was $18,756. These income sources are not mutually exclusive; that is, some households received income from more than one source. The OBBBA expanded deductions for seniors will impact this group that represents 55% of household income in Detroit over this period.

Table 5: Sources of Household Income[68]	Percent
Earnings	67.3%
Social Security	32.7%
Retirement income	22.5%
Supplemental Security Income (SSI)	13.4%
Cash public assistance income	4.8%

Employment Status, Employer Type and Industry

Table 7- Employer Type[69]		
Type	**Number**	**Percent**
Private wage and salary workers	193,829	83.8%
Federal, state, or local government workers	26,328	11.4%
Self-employed workers in own not incorporated business	11,083	4.8%
Total	231,240	100%

[67] U.S. Census Bureau, 2019—2023 ACS 5-Year Narrative Profile Detroit city, Michigan; DP03 Selected Economic Characteristics
[68] Id.
[69] U.S. Census Bureau, 2019—2023 ACS 5-Year Narrative Profile Detroit city, Michigan

In 2019-2023, Detroit's civilian population (16 and older) were employed in the following industries: As previously noted, tips and overtime under new OBBBA provisions are eliminated from federal income (up to a certain amount) for tax years 2025 through 2028. Table 8 shows 10.8% of Detroit residents are employed in the arts/ entertainment/recreation service industries and are impacted by the Tips tax provision. Another 4.3% listed as other services may also benefit from this provision. Employees in the majority of these industries are subject to overtime pay dependent on employment terms and conditions.

Impacts on Immigrant Residents

ASSESSING THE IMPACT OF TITLE X – COMMITTEE ON THE JUDICIARY

The Detroit metropolitan area is home to a significant and diverse immigrant population, underscoring the importance of exploring the local impact of the OBBBA's sweeping immigration policy reforms. The foregoing analysis will discuss the critical text in Title X of the bill, analyzing the local implications to residents and city government across four key areas: (1) immigrant accessibility to healthcare and eligibility for nutritional assistance (SNAP), (2) changes in immigrant household taxation, (3) changes to ICE detention measures and VISA application fee structures. As municipalities differ in their baseline immigrant demographics and local policies (e.g. Welcoming City Programs versus Sanctuary City Policies), this section pays attention to how Detroit's immigrant population, and the City of Detroit, as a municipality, may be rendered more or less vulnerable to the changes imposed by legislative mandates in the OBBBA. The term immigrant is used interchangeably with term foreign-born throughout this section. It is important to note that the OBBBA's precise impact on foreign-born Detroit residents of undocumented status is inherently challenging, as relevant data is deliberately unrecorded in official sources.

According to the U.S. Census Bureau's American Community Survey, the foreign-born population in the city of Detroit was approximately 35,900 people in 2022, representing 5.6% of the population.[71] The approximation for the broader metropolitan area is roughly 449,800 people, or

Table 8- Industry Type[70]

INDUSTRY	Percent
Agriculture, forestry, fishing and hunting, and mining	0.2%
Construction	4.1%
Manufacturing	16.4%
Wholesale trade	2.0%
Retail trade	9.9%
Transportation and warehousing, and utilities	7.2%
Information	1.3%
Finance and insurance, and real estate and rental and leasing	5.5%
Professional, scientific, and management, and administrative and waste management services	11.0%
Educational services, and health care and social assistance	23.4%
Arts, entertainment, and recreation, and accommodation, and food services	10.8%
Other Services, except public administration	4.3%
Public administration	3.9%
Total	**100%**

[70] Id.
[71] Data USA, "Detroit, MI," Foreign-Born Population (2022: 35.9k people; 5.63%).

12.1% of the total population in the urban area.[72] Analysis from leading nonpartisan research organizations, such as the Pew Research Center, drawing on U.S. Census and other federal data sources, estimates that approximately 60,000 unauthorized immigrants resided in the Detroit–Warren–Dearborn Metropolitan Statistical Area as of 2016. Reliable metropolitan estimates for more recent years were unavailable.[73] This demographic context, which includes the nation's most substantial concentrated Middle Eastern population and the region's status as a border corridor with Canada, means that the recent changes to federal benefit eligibility, tax policy, ICE enforcement activity and VISA application fee changes will reverberate deeply through a large and established community, with effects that are significant even if not fully captured by official statistics.

Nationally and regionally, roughly one-half of foreign-born residents are naturalized citizens;[74] the remainder are noncitizens who are most likely to use immigration adjudication services such as adjustment of status, work authorization, asylum, and family-based petitions.[75] Applying a conservative 50% naturalization share to local figures implies approximately 17,950 noncitizen foreign-born residents in the city of Detroit and about 224,900 noncitizen foreign-born residents across the Detroit urban area who could be directly exposed to new filing costs, waiver restrictions, or application surcharges.

Healthcare and SNAP Eligibility for Lawfully Present Immigrants

The OBBBA introduces several key provisions with significant implications for Detroit's foreign-born population, through the restriction of benefits eligibility and the expansion of enforcement mechanisms.[76] The legislation eliminates eligibility for Medicaid, the Children's Health Insurance Program (CHIP), Supplemental Nutrition Assistance Program (SNAP), and Affordable Care Act premium tax credits for certain categories of lawfully present immigrants, including refugees, asylees, survivors of violence under the Violence Against Women Act (VAWA) [77], and holders of Temporary Protected Status (TPS).[78] These changes are subject to a phased implementation, the alterations to SNAP are effective immediately, while the modifications to Medicaid and CHIP took effect on October 1, 2026.[79] The statute also reduces federal reimbursements for Emergency Medicaid services, a fiscal shift that increases the financial burden on states and healthcare providers.[80]

Taxation Impact on Foreign-Born Residents

The OBBBA enacts significant tax and fiscal changes directly affecting immigrant households.[81] The legislation restricts or eliminates eligibility, preventing previously eligible foreign-born claimants and their dependents from claiming key tax benefits, including the Child Tax Credit in numerous cases, such as

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[72] Data USA, *Detroit, MI* (Profile), https://datausa.io/profile/geo/detroit-mi/ (last visited Oct. 28, 2025).
[73] Pew Research Ctr., *Unauthorized Immigrants by Metropolitan Area: 2016*, Pew Research Center (Dec. 6, 2018), https://www.pewresearch.org/race-and-ethnicity/feature/unauthorized-immigrants-by-metro-area-table/.
[74] U.S. Census Bureau, *American Community Survey: 2022 One-Year Estimates, Table S0501: Selected Characteristics of the Foreign-Born Population* (2023), https://data.census.gov (reporting that approximately 51.6% of the U.S. foreign-born population and 49.8% of the Detroit–Warren–Dearborn metropolitan area's foreign-born residents are naturalized U.S. citizens).
[75] Migration Policy Inst., *Profile of the Foreign-Born Population in the Detroit–Warren–Dearborn, MI Metro Area* 2–3 (2023), https://www.migrationpolicy.org/data/state-profiles (noting that noncitizen residents constitute nearly half of the foreign-born population and are the primary users of USCIS adjudication services such as adjustment of status, employment authorization, and family petitions).
[76] Heidi Altman et al., *One Big Beautiful Bill Act: Immigration Provisions* (3 months ago), Forum Together, https://forumtogether.org/article/one-big-beautiful-bill-act-immigration-provisions/
[77] *H.R. 1 – 119th Congress: One Big Beautiful Bill Act* (text) (Sec. 112101) (terminating premium tax credits for many lawfully present aliens)
[78] Heidi Altman, Tanya Broder & Ben D'Avanzo, *The Anti-Immigrant Policies in Trump's Final "Big Beautiful Bill," Explained* (Aug. 20, 2025), NILC, https://www.nilc.org/resources/the-anti-immigrant-policies-in-trumps-final-big-beautiful-bill-explained/ nilc.org
[79] Lisa M. Starczewski et al., *One Big, Beautiful Bill . . . Simplified* (July 3, 2025), Buchanan Ingersoll & Rooney, https://www.bipc.com/one-big%2C-beautiful-bill-.-.-.-simplified
[80] *The One Big, Beautiful Bill: Section by Section* (May 2025), Comm. on Ways & Means, U.S. House of Representatives, https://waysandmeans.house.gov/wp-content/uploads/2025/05/The-One-Big-Beautiful-Bill-Section-by-Section.pdf
[81] National Immigration Law Center, *The Anti-Immigrant Policies in Trump's Final "Big Beautiful Bill," Explained*, Aug. 20, 2025, available at https://www.nilc.org/resources/the-anti-immigrant-policies-in-trumps-final-big-beautiful-bill-explained/.

those where one parent's social security number is unavailable.[82] The OBBBA also creates an environment where tax data sharing with immigration enforcement agencies may expose individuals to heightened scrutiny, potentially discouraging compliance or benefit claims, even among those who remain eligible.[83] These measures are further exacerbated by substantial fee burdens and procedural constraints, as significant increases in application costs, including those for cancellation of removal, coupled with narrower eligibility for relief, create formidable barriers for noncitizens seeking lawful status.[84]

Changes to ICE Detention Practices and the Modified Immigration Fee Structure

The OBBBA substantially alters the fee structure governing the nation's immigration system, making it one of the most significant overhauls in decades.[85] One of the more consequential changes introduced by the legislation is a broad increase in existing filing fees across multiple categories of immigration benefits.[86] Applications that are central to family reunification and long-term residency, such as the Form I-485 (Application to Register Permanent Residence or Adjust Status), Form I-130 (Petition for Alien Relative), and Form N-400 (Application for Naturalization), are all subject to higher costs under the new framework.[87] Similarly, the OBBBA raises fees for employment-based petitions, notably those filed under the new Visa Integrity Fee for the H-1B and L-1 nonimmigrant Visa classifications, both of which are essential to Detroit's ability to recruit and retain international professionals.[88] For families and employers in the Detroit region, where household incomes for many immigrant communities fall below the state median, these changes represent a significant increase in the financial burden associated with maintaining or securing lawful immigration status.[89]

Impact of Immigration Fee Adjustment on Foreign-Born Residents

The cumulative effect of the OBBBA fee structure is substantial, in that it imposes fiscal burdens at the household level. In addition to the across-the-board fee hikes, the OBBBA establishes entirely new fees for processes that were previously free or low-cost.[90] These provisions represent a decisive shift toward a comprehensive cost-recovery model in which immigration services are expected to fund a substantial portion of federal enforcement and adjudication operations.[91] Among the most notable are a new asylum filing fee, a processing charge for individuals detained at the border, often described as a "bed fee," and additional charges for motions or appeals within the immigration court system.[92] Specifically, the annual asylum filing fee is $105, the initial Employment Authorization Document (EAD) is a $570 charge plus a $275 renewal surcharge, application for travel and parole documents are $1,050, the application for

[82] National Association of Counties, *Analysis of Tax Provisions in the One Big Beautiful Bill Act*, Aug. 27, 2025, available at https://www.naco.org/resource/analysis-tax-provisions-one-big-beautiful-bill-act; Elizabeth Grieco, *Reconciliation Provisions Impacting Immigrants and Their Families*, Brookings (2025), https://www.brookings.edu/articles/reconciliation-provisions-impacting-immigrants-and-their-families/#:~:text=If%20even%20one%20parent%20does,for%20the%20AOTC%20or%20LLC.

[83] Center on Budget & Policy Priorities, *IRS-ICE Agreement Weakening Privacy Protections Poses Risks for All Taxpayers*, Apr. 21, 2025, https://www.cbpp.org/blog/irs-ice-agreement-weakening-privacy-protections-poses-risks-for-all-taxpayers.

[84] National Immigration Law Center, *The Anti-Immigrant Policies in Trump's Final "Big Beautiful Bill," Explained*, Aug. 20, 2025, https://www.nilc.org/resources/the-anti-immigrant-policies-in-trumps-final-big-beautiful-bill-explained/; Immigrant Legal Resource Center, *HR1-EOIR-USCIS-Fees*, Sept. 30, 2025, https://www.ilrc.org/sites/default/files/2025-09/HR1-EOIR-USCIS-Fees.pdf.

[85] One Big Beautiful Bill Act (H.R. 1) § 70008(a)–(c), 119th Cong. (2025) (directing DHS and USCIS to implement "comprehensive fee adjustments" across all benefit categories).

[86] *Id.* § 70008(b)(1) (mandating new baseline fees to achieve "full cost recovery" for immigration benefit adjudication).

[87] *Id.* § 70008(c)(1)–(3) (listing adjustment of status, family petition, and naturalization applications among categories subject to increased filing fees).

[88] *Id.* § 70009(a)–(b) (raising nonimmigrant petition fees for H-1B and L-1 classifications); U.S. Citizenship & Immigr. Servs., *Fee Review Summary under H.R. 1 Implementation Guidance* 2 (2025).

[89] U.S. Census Bureau, *American Community Survey: 2022 Detroit–Warren–Dearborn Metro Area* (2023) (reporting that the median household income for immigrant-headed households in Detroit is below the state median).

[90] One Big Beautiful Bill Act (H.R. 1) § 70010(a)–(b), 119th Cong. (2025) (establishing new fees for asylum applications and related humanitarian filings).

[91] *Id.* § 70011(a) (mandating that the Secretary of Homeland Security and the Attorney General "set fee levels to achieve full cost recovery for adjudication and enforcement functions"); Migration Policy Inst., *Rising Costs and Declining Access: Fee Barriers in U.S. Immigration Policy* 3–4 (2025) (noting that H.R. 1 transitions the immigration system to a near-total cost-recovery framework).

[92] *Id.* § 70010(c)(1)–(3) (authorizing "processing fees for individuals detained at or between ports of entry" and "fees for the filing of motions or appeals before immigration courts or the Board of Immigration Appeals").

temporary protected status is $520, and the Visa Integrity Fee is $250. These figures represent significant expenses for low- and moderate-income immigrant families.[93]

For low-income immigrants and asylum seekers in the Detroit region, these new costs could create substantial barriers to accessing lawful status and protection, particularly for local humanitarian applicants who previously qualified for fee exemptions or reduced filing costs.[94] With the city's median household income and poverty indicators well below the metro average, even modest application fee increases can cause households to forgo filings, with trickle down consequences for labor force participation, family stability, and local tax receipts.[95]

Fee Waivers

Equally significant is the OBBBA's restriction on fee waivers, which limits the authority of U.S. Citizenship and Immigration Services (USCIS) to exempt applicants from paying fees based on financial hardship.[96] While some limited waivers remain available, the majority of new and adjusted fees under the OBBBA are explicitly non-waivable.[97] This effectively transforms the immigration system into one where access to benefits and legal protections depends largely on an individual's financial means.[98] In communities such as Detroit, where a sizable share of foreign-born residents work in low-wage sectors including manufacturing, hospitality, and service industries, the practical outcome is that many otherwise eligible individuals may defer applying for critical immigration benefits due to cost barriers.[99]

U.S. Immigration and Customs Enforcement

The OBBBA significantly expands enforcement capacity and funding, appropriating $45 billion through fiscal year 2029 to increase immigration detention capacity, which effectively quadruples U.S. Immigration and Customs Enforcement's (ICE) annual detention budget,[100] effectively rendering ICE the largest recipient of federal law enforcement funding.

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[93] One Big Beautiful Bill Act (H.R. 1) §§ 70010(a)(1)–(3), 70012(b)(2), 70015, 119th Cong. (2025) (establishing fees for asylum, employment authorization, and Visa issuance); Migration Policy Inst., *Fiscal Impacts of Immigration Fee Reforms under H.R. 1* 4–5 (2025); Nat'l Immigration Forum, *Summary of OBBB Fee Adjustments and Fiscal Effects* 2 (May 2025).

[94] Global Detroit, *Humanitarian Pathways and Access to Legal Status in Metro Detoit* 2 (2024) (reporting that asylum seekers and parole applicants in Detroit typically fall below 150% of the federal poverty line); Am. Immigration Council, *Access to Asylum and the Costs of Filing* (Apr. 2025).

[95] U.S. Census Bureau, *American Community Survey: 2022 Detroit City, Michigan* (2023), https://data.census.gov(reporting median household income of $39,054 and poverty rate exceeding 30%); Census Reporter, *Detroit City, MI Profile* (2024), https://censusreporter.org/profiles/16000US2622000-detroit-mi/ (showing Detroit's household income below metro and state averages).

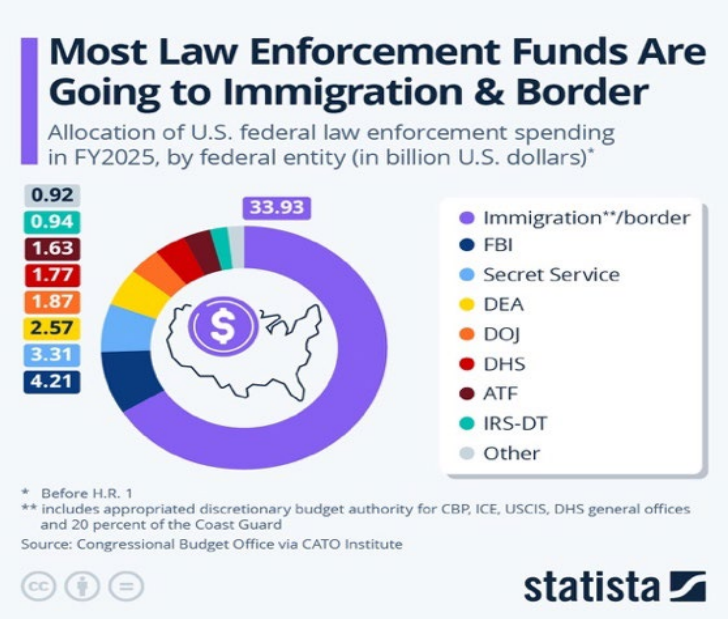
[96] One Big Beautiful Bill Act (H.R. 1) § 70012(a), 119th Cong. (2025) (restricting USCIS authority to grant fee waivers beyond narrowly defined hardship criteria).

[97] *Id.* §§ 70008–70012 (specifying non-waivable fees for adjustment of status, family-based petitions, employment authorization, asylum, and Visa integrity).

[98] Migration Policy Inst., *Rising Costs and Declining Access: Fee Barriers in U.S. Immigration Policy* 4–5 (2025) (noting that non-waivable fees shift financial burden to applicants and reduce access for low-income populations).

[99] U.S. Census Bureau, *American Community Survey: 2022 Detroit City, Michigan* (2023), https://data.census.gov(reporting that many immigrant households in Detroit earn below the state median).

[100] American Immigration Council, *What's in the "Big Beautiful Bill"? Immigration & Border Security* (July 14, 2025), https://www.americanimmigrationcouncil.org/fact-sheet/big-beautiful-bill-immigration-border-security/;**Heidi Altman, Tanya Broder & Ben D'Avanzo,** *The Anti-Immigrant Policies in Trump's Final "Big Beautiful Bill," Explained* (Aug. 20, 2025), Nat'l Immigrant L. Ctr., https://www.nilc.org/resources/the-anti-immigrant-policies-in-trumps-final-big-beautiful-bill-explained/;**American Immigration Council,** *Congress Approves Unprecedented Funding for Mass Detention and Deportation* (July 1, 2025), https://www.americanimmigrationcouncil.org/press-release/congress-approves-unprecedented-funding-mass-detention-deportation-2025/.



Further, the National Immigration Law Center argues, that under certain circumstances, the law allows prolonged or even indefinite family detention of children and families.[101] It also raises the application fee for cancellation-of-removal to $600 for Lawful Permanent Residents (LPR) and $1,500 for non-LPRs, that bring total filing costs much higher than before, and imposes steep penalties for orders issued in absentia.[102] In other words, immigrants fighting removal now face much higher costs to stay in the country legally, and they may be punished severely if they miss a court hearing and receive an order in absentia. The increase in enforcement funding forecasts a continued rise in local ICE activity around the nation, which not only poses a direct risk to immigrant residents but may also undermine trust in public institutions, potentially deterring individuals from accessing essential services or reporting crimes to law enforcement.

The changes to ICE detention practices alongside the modified immigration fee structure provisions signify a major policy shift toward a self-funded immigration system, moving away from taxpayer-supported appropriations and placing the cost burden directly on applicants.[103] Put simply, these changes shift more of the financial burden of the immigration system from the government to the individuals going through it, while also massively increasing taxpayer-funded enforcement spending. For Detroit's immigrant residents, who contribute to the city's economic revitalization and demographic stability, the combination of higher fees, restricted waivers, and newly imposed charges is likely to deter participation in legal processes and deepen inequities in access to lawful status.[104]

Psychosocial Impact on Immigrants Residents in Detroit/Michigan

Even prior to the OBBBA's enactment, a substantial number of Detroit's immigrant workforce were employed in lower-wage sectors with limited access to employer-provided health insurance or benefits, making many families reliant on the very safety-net programs now subject to new restrictions.[105] This precarious reality is compounded by a climate of apprehension, as evidenced by persistent local reporting

[101] **Heidi Altman, Tanya Broder & Ben D'Avanzo,** *The Anti-Immigrant Policies in Trump's Final "Big Beautiful Bill," Explained* (Aug. 20, 2025), Nat'l Immigrant L. Ctr., https://www.nilc.org/resources/the-anti-immigrant-policies-in-trumps-final-big-beautiful-bill-explained/;American Immigration Council, *What's in the "Big Beautiful Bill"? Immigration & Border Security* (July 14, 2025), https://www.americanimmigrationcouncil.org/fact-sheet/big-beautiful-bill-immigration-border-security/.
[102] *Id.*
[103] One Big Beautiful Bill Act (H.R. 1) §§ 70008–70012, 119th Cong. (2025) (codifying higher fees, new charges, and limitations on fee waivers for USCIS filings).
[104] Global Detroit, *Economic and Demographic Contributions of Immigrants in Metro Detroit* 4–6 (2023) (noting immigrants' contributions to population growth, entrepreneurship, and neighborhood stabilization).
[105] Detroit Future City, *Prosperidad Económica: Hispanic/Latino Economic Opportunity in Detroit*, July 2024, at 4, available at https://detroitfuturecity.com/wp-content/uploads/2024/07/SOEE_HispanicLatinoBrief_English_Web.pdf.

from Southwest Detroit describing heightened fear of ICE activity; these accounts detail community anxiety, the proliferation of "know your rights" trainings, and local law enforcement accountability regarding deliberate inquiries into immigration status.[106] A significant number of immigrant households in Detroit already operate at the margins of stability. The compounding effect of reduced benefit eligibility when coupled with intensified federal enforcement can exacerbate distress and undermine the progress the city has recently achieved.[107]

Energy, Environmental, and Utility Cost Impacts on Residents

While characterized by its proponents as an exercise in fiscal restraint, Title VI of the OBBBA contributes to the rollback of Biden-era climate policy by rescinding certain Inflation Reduction Act (IRA) funded programs; more broadly, the enacted law—especially Title VII's tax provisions—accelerates the termination or restriction of multiple IRA clean-energy incentives, reducing federal support for domestic clean-energy production and deployment. The bill effectuates an aggressive phaseout, and in several critical respects, an immediate termination of a system of tax expenditures that effectively motivated businesses to invest in advanced energy technologies.[108] Specifically, the OBBBA rescinds an Advanced Manufacturing Production Credit (Section 45X) for domestic clean energy, specifically targeting wind components, critical minerals, and battery, solar modules, and wind production.[109] The bill further repeals the residential clean energy credit, which had defrayed the capital costs of distributed generation assets such as rooftop ecosystems for homeowners, and extinguishes incentives for building envelope improvements and beneficial electrification measures like heat pump installations and weatherization retrofits.[110] In other words, the bill reduces or eliminates tax credits for wind, solar, and electric vehicles, which can hinder local sustainability goals. These changes effectively accelerate the expiration of incentives intended to promote residential energy efficiency, electrification, and rooftop solar adoption.

The industrial base of the city and its surrounding region are similarly challenged. Ford's BlueOval Battery Park Michigan in Marshall faced significant uncertainty in 2025 but is navigating an uncertain future due to shifting federal policy and weakened EV demand. Initially planned for 2,500 jobs, the $3.5 billion project was scaled back to roughly 1,700 workers following a 2023 pause. The facility aims to produce lithium iron phosphate batteries using Chinese technology.[111] Executive Chair Bill Ford has publicly characterized the policy reversal as fundamentally unfair, noting that capital allocation decisions were made in reliance upon the stability of the IRA's incentive structure.[112] This dynamic extends beyond the automotive assembly sector to the utility-scale generation assets serving Detroit's built environment. DTE Energy, while expressing its intent to continue compliance with Michigan's 2023 clean energy mandate (which requires 100% clean energy by 2040), has confirmed that the preservation of IRA tax credits through "safe harboring" provisions was critical to the affordability calculus for projects such as the

[106] Planet Detroit, *The Mental Health Toll of ICE Activity on Older Latinos*, May 9, 2025, available at https://planetdetroit.org/2025/05/ice-deportations-senior-isolation/; Outlier Media, *Southwest Detroit Businesses Struggle with Immigration Anxiety*, Feb. 3, 2025, available at https://outliermedia.org/southwest-detroit-business-impact-immigration-anxiety/; Planet Detroit, *Detroit ICE Raids a Worry as Immigrant Community Prepares*, Jan. 23, 2025, available at https://planetdetroit.org/2025/01/detroit-ice-fears/.

[107] Michigan League for Public Policy, *Protecting Immigrants is a Moral Imperative and Economic Necessity for Michigan*, July 30, 2025, available at https://mlpp.org/protecting-immigrants-is-a-moral-imperative-and-economic-necessity-for-michigan/; Michigan League for Public Policy, *League Strongly Opposes House Bills that Seek to Cause Further Harm to Immigrant Residents and Take Control Away from Local Governments in Michigan*, Apr. 24, 2025, available at https://mlpp.org/league-strongly-opposes-house-bills-that-seek-to-cause-further-harm-to-immigrant-residents-and-take-control-away-from-local-governments-in-michigan/.

[108] Lucas Smolcic Larson, *GOP Cuts to Clean Energy Tax Credits Would Deal a Blow to Michigan Businesses, Warn*, MLive (May 16, 2025), https://www.mlive.com/environment/2025/05/gop-cuts-to-clean-energy-tax-credits-would-deal-a-blow-to-michigan-businesses-warn.html.

[109] *How Trump's "Big, Beautiful Bill" Could Affect Michigan*, Detroit Free Press (May 22, 2025), https://www.freep.com/story/news/politics/2025/05/22/trump-big-beautiful-bill-michigan/83786927007/.

[110] Lucas Smolcic Larson, *GOP Cuts to Clean Energy Tax Credits Would Deal a Blow to Michigan Businesses, Warn*, MLive (May 16, 2025), https://www.mlive.com/environment/2025/05/gop-cuts-to-clean-energy-tax-credits-would-deal-a-blow-to-michigan-businesses-warn.html.

[111] Paula Gardner, *Ford Retreats from EVs After Michigan Spends Big on Subsidies for Battery Plants*, Bridge Mich. (Dec. 15, 2025), https://bridgemi.com/business-watch/ford-retreats-from-evs-after-michigan-spends-big-on-subsidies-for-battery-plants/; Rose White, *Ford Advances Plans for Mile-Long Battery Plant in Michigan*, GovTech (June 26, 2025), https://www.govtech.com/transportation/ford-advances-plans-for-mile-long-battery-plant-in-michigan;

[112] Brett Foote, *Bill Ford Says End of Tax Credits Could Kill EV Battery Plant*, Ford Authority (May 30, 2025), https://fordauthority.com/2025/05/bill-ford-says-end-of-tax-credits-could-kill-ev-battery-plant/

$460 million Trenton Channel Battery Energy Storage System (BESS).[113] Specifically, DTE has stated that federal tax incentives were important to the economics of projects such as the Trenton Channel BESS, whose cost the company said would be significantly offset by roughly $140 million in federal tax incentives. Thus, while DTE Energy is committed to meeting Michigan's strict new legal requirement of 100% clean energy by 2040, they are relying on specific federal tax incentives to make that transition financially viable for their customers; but absent the federal investment tax credit, the cost of capital for such infrastructure increases, a differential that will ultimately be passed through to ratepayers.[114] Independent analysis from Energy Innovation projects that the OBBBA's combined effects will cost the average Michigan household an additional $320 annually in electricity costs by 2035, with a concomitant loss of approximately 19,000 in-state jobs.[115] Detroit residents and businesses will face further, significant increases as the bill raises residential, commercial, and industrial energy rates.[116] National generation capacity could fall by 340 gigawatts, increasing consumer utility rates by 10 to 18 percent over the next 10 years, according to one analysis.[117] Hundreds of thousands of jobs in the clean energy sector are expected to be lost.[118] Forecasts suggest Michigan will lose roughly 4.4 gigawatts of planned generation capacity by 2035 due to canceled clean energy projects, further straining the grid as demand from AI data centers grows.[119] Broader analyses of federal energy policy shifts, such as the "Big Beautiful Bill," project that Michigan residents could see annual bill increases of $160 by 2030 and $320 by 2035.[120] For Detroit, a municipality where energy burden already constitutes a disproportionate share of household expenditures for a significant portion of the population, these cost increases are not merely economic abstractions but regressive fiscal transfers with tangible consequences for residential stability and disposable income.

The OBBBA is projected to increase greenhouse gas emissions by 310 million metric tons by 2035, threaten $522 billion in clean energy investments, and introduce 180-day to one-year deadlines for the National Environmental Policy Act (NEPA) reviews, which are the federal environmental assessments required to evaluate the impacts of major government actions before projects are approved.[121] An increase in emissions, compounded with preexisting environmental injustices will result in a disproportionate impact on Detroit's communities, as people of color and those of low-income residents, often bear the brunt of pollution. The rapid phase-out of wind and solar tax credits and the shortening of NEPA review timelines will likely stall or stop renewable energy projects.[122] By stifling clean energy, which is the fastest-growing and cheapest source of electricity, the legislation is projected to reduce additional power capacity and raise

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[113] *DTE Breaks Ground on Big Battery Storage Facility in Trenton*, Crain's Detroit Bus. (June 10, 2024), https://www.crainsdetroit.com/energy/dte-breaks-ground-big-battery-storage-facility-trenton.

[114] Brian Allnutt, *How the "Big Beautiful Bill" Will Increase Michigan Power Costs*, Planet Detroit (July 10, 2025), https://planetdetroit.org/2025/07/big-beautiful-bill-renewable-energy/

[115] Id.

[116] Id.

[117] Robbie Orvis, Megan Mahajan & Dan O'Brien, Energy Innovation, *Economic Impacts of U.S. Senate "One Big Beautiful Bill Act" Energy Provisions* (July 1, 2025), https://energyinnovation.org/wp-content/uploads/One-Big-Beautiful-Bill-Senate-Reconciliation-Analysis_July-2025.pdf

[118] Energy Innovation, *Economic Impacts of the U.S. "One Big Beautiful Bill Act" Energy Provisions on Michigan* (July 2025), https://energyinnovation.org/wp-content/uploads/OBBBAA-impacts-on-Michigan.pdf. Dana Drugmand, *Trump's One Big Beautiful Bill Act "Most Anti-Environment Bill in History"*, Sierra (July 3, 2025), https://www.sierraclub.org/sierra/trump-one-big-beautiful-bill-act-most-anti-environment-bill-history;

[119] Breana Noble, *State Regulators Approve Electricity Rate Hike for DTE Energy Customers After Reliability Improves*, Det. News (Feb. 19, 2026), https://www.detroitnews.com/story/business/2026/02/19/dte-energy-electricity-rate-hike-mpsc-reliability/88762507007/; MLQ Agent, *Michigan Regulator Approves $217 Million Rate Increase for DTE Energy*, MLQ.ai (Feb. 20, 2026), https://mlq.ai/news/michigan-regulator-approves-217-million-rate-increase-for-dte-energy/; *Release: Michigan Electric Customers Face $3 Billion Rate Increase, Additional Surcharges, Driven by Trump Administration Policies*, Ctr. for Am. Progress (Feb. 18, 2026), https://www.americanprogress.org/press/release-michigan-electric-customers-face-3-billion-rate-increase-additional-surcharges-driven-by-trump-administration-policies/; Energy Innovation, *Economic Impacts of the U.S. "One Big Beautiful Bill Act" Energy Provisions on Michigan* (July 2025), https://energyinnovation.org/wp-content/uploads/OBBBAA-impacts-on-Michigan.pdf.

[120] Id.

[121] Amy Turner, *The One Big Beautiful Bill Act: Considerations for Cities and Community Partners*, Climate L. Blog (July 7, 2025), https://blogs.law.columbia.edu/climatechange/2025/07/07/the-one-big-beautiful-bill-act-considerations-for-cities-and-community-partners/

[122] Marianne Lavelle, Jake Bolster, Dan Gearino, Amy Green, Georgina Gustin, Aidan Hughes, Arcelia Martin & Wyatt Myskow, *'Big Beautiful Bill' Set to Slash Through U.S. Climate and Justice Drive*, Inside Climate News (July 3, 2025), https://insideclimatenews.org/news/03072025/big-beautiful-bill-will-hurt-clean-energy-environmental-justice/; Kelly Sheehan, *What Does the Big "Ugly" Bill Act Mean for Energy Justice? Five Things to Know*, Initiative for Energy Just. (July 31, 2025), https://iejusa.org/what-does-the-big-ugly-bill-act-mean-for-energy-justice/; Kevin Clark, *'One Big Beautiful Bill' Signed into Law, Reflects De-Prioritization of Renewable Energy*, Power Eng'g (July 7, 2025), https://www.power-eng.com/business/policy-and-regulation/one-big-beautiful-bill-signed-into-law-reflects-de-prioritization-of-renewable-energy/; Energy Innovation, *Assessing Impacts of "One Big Beautiful Bill Act" on Michigan's Energy Costs, Jobs, Health, and Emissions* (June 2025), https://energyinnovation.org/wp-content/uploads/Impacts-Of-The-One-Big-Beautiful-Bill-On-Michigan-Energy-Costs-Jobs-Health-And-Emissions_FINAL.pdf.

electricity costs.[123] Further, specific negative impacts on Detroit which is heavily reliant on the manufacturing and automotive sectors that are directly targeted by the policy's rollback of clean energy are exacerbated.

Solar Project Cancellations

The OBBBA has materially affected the City's capacity to expand its clean energy and solar initiatives through the rescission and repeal of federal grant streams that were expected to supplement local funding sources for building retrofits and energy efficiency to reduce electricity burden. The U.S. Environmental Protection Agency's cancellation of the $156 million Michigan "Solar for All" program, a competitive grant initiative designed to deploy distributed solar assets in disadvantaged communities, abruptly halted projects slated for Detroit neighborhoods.[124] The withdrawal of these committed funds not only abrogates a contractual expectation but also delays the realization of energy justice and grid resilience objectives in communities historically characterized by disinvestment.[125]

The City's Solar for All funding was slated to support solar deployment and associated energy efficiency improvements targeted toward households with high utility burdens. The City's use of Solar for All funding included a partnership with the Detroit Housing Commission to install approximately one megawatt of solar capacity across public housing sites, a deployment aimed at serving an estimated 500 to 1,000 units. The program also contemplated solar installations for roughly 300 owner-occupied homes in designated solar neighborhoods. Section 48E(e)(4), added by the OBBBA, accelerates the termination of the clean electricity investment credit for wind and solar facilities with construction commencement dates starting after July 4, 2026.[126] For these facilities, qualified property must be placed in service by December 31, 2027, to qualify for the credit. This represents a dramatic shift from the IRA's original framework, which would have allowed construction to begin as late as 2033 before any phaseout commenced.[127]

Based on information provided by City's Office of Sustainability, the City's solar project exposure is not limited to the cancellation of Solar for All funding.[128] The solar developers priced their contracts in reliance on the Biden-era clean energy tax incentives, which provided a baseline 30% tax credit and additional adders that could increase the benefit to approximately 30% to 60% depending on project siting, including whether a project was located in a low-income community.[129] The project would not have been feasible without those credits. Although none of the funding for this project depended on Solar for All, the City had planned to layer residential solar onto home upgrades using Solar for All funding.[130] In addition, the solar project is highly reliant on Inflation Reduction Act tax credits that have been terminated by the federal administration.[131]

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[123] Reuters, *Renewable Energy Remains Cheapest Power Builds as New Gas Plants Get Pricier*, Reuters (June 16, 2025), https://www.reuters.com/sustainability/climate-energy/renewable-energy-remains-cheapest-power-builds-new-gas-plants-get-pricier-2025-06-16/.
[124] *As Trump Megabill Undermines Clean Energy Programs, Senate Highlights Harm for Michigan Households, Jobs and Economy*, Senator Sean McCann (Sept. 18, 2025), https://dev.senatedems.com/mccann/2025/09/18/clean-energy/.
[125] Id.
[126] Lynn Mucenski-Keck, *Navigating Safe-Harbor Rules for Solar and Wind Sec. 48E Facilities*, Tax Adviser (Feb. 10, 2026), https://www.thetaxadviser.com/issues/2026/feb/navigating-safe-harbor-rules-for-solar-and-wind-sec-48e-facilities/.
[127] Id.

[128] Email from Tepfirah Rushdan, Director, City of Detroit Office of Sustainability, to Legislative Policy Division, Detroit City Council (June 8, 2026) (on file with author).
[129] Id.

[130] Id.
[131] Id.

Greenhouse Gas Reduction

The statutory termination of the Greenhouse Gas Reduction Fund effectuated by the One Big Beautiful Bill Act has resulted in the immediate rescission of executed sub-award agreements between the Michigan Department of Environment, Great Lakes, and Energy (EGLE) and community-based development organizations in Detroit, creating both contractual disruption and demonstrable harm to anticipated household-level energy affordability.[132] Community development organizations, including HOPE Village Revitalization and the North End Woodward Community Coalition, have already executed sub-award agreements predicated on these federal dollars to implement energy resilience projects intended to reduce household electricity burdens by an estimated 20 to 30 percent for low- and moderate-income residents.[133] With the enabling statute repealed and unobligated balances rescinded, Detroit's residents face increased risk that anticipated affordability and deployment benefits are delayed, reduced, or require substitute funding sources; and Detroit's municipal government faces a more constrained "financing stack" for community-scale decarbonization efforts, increasing reliance on state programs, utilities, philanthropy, or municipal capital.[134]

In addition, other anticipated awards, including a Community Change Grant and a Department of Energy grant to support home electrification and residential energy efficiency upgrades were abruptly cancelled by the federal administration, although many are subject to ongoing litigation.[135] Collectively, these actions limit the City's ability to leverage federal dollars to scale pilot and demonstration programs, accelerate project delivery timelines, and expand the geographic and demographic reach of energy affordability interventions.

For Detroit residents, the practical consequence is the deferral of planned installations and upgrades and the corresponding delay in expected utility bill reductions, resilience benefits, and improvements to indoor comfort and health outcomes in the targeted housing stock. Public housing residents and households in the designated neighborhoods are most directly affected because these were the populations prioritized for early deployment. While the rescinded and delayed funds were not embedded in mandated baseline city services, they constituted incremental resources that would have enabled broader clean energy adoption and near-term cost relief. Existing municipal programs and the City's greenhouse gas inventory and reporting activities, including work conducted in partnership with SEMCOG, are expected to continue, but the City's ability to expand beyond current program levels and timelines is substantially constrained.

PART II — IMPACTS ON DETROIT BUSINESSES

IMPACTS ON DETROIT DEVELOPERS AND DEVELOPMENT FINANCE

OBBBA Changes to Various Tax Incentive Programs

Section 70421 – Permanent Renewal and Enhancement of Opportunity Zones

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[132] Kyle Davidson, *EGLE Reviewing Next Steps as the Trump Administration Cancels Federal Solar Energy Funding*, Mich. Advance (Aug. 12, 2025), https://michiganadvance.com/briefs/egle-reviewing-next-steps-as-the-trump-administration-cancels-federal-solar-energy-funding/; Associated Press, *Michigan Loses $540 Million in Climate-Related Grants, Along with Green Manufacturing Projects*, U.S. News & World Rep. (Dec. 29, 2025), https://www.usnews.com/news/best-states/michigan/articles/2025-12-29/michigan-loses-540-million-in-climate-related-grants-along-with-green-manufacturing-projects.

[133] Id.

[134] H.R. 1, 119th Cong. § 60002 (2025) (as enrolled) (repealing Clean Air Act § 134, 42 U.S.C. § 7434, and rescinding unobligated balances) (last visited Feb. 9, 2026); 42 U.S.C. § 7434 (2026) (repealed by Pub. L. No. 119–21, tit. VI, § 60002, 139 Stat. 154 (2025)) (last visited Feb. 9, 2026); Mich. Dep't of Env't, Great Lakes, & Energy, *MI Solar for All* (program description and expected benefits) (last visited Feb. 9, 2026); Mich. Dep't of Env't, Great Lakes, & Energy, *Local and State Leaders Unite to Celebrate $156 Million Investment to Increase Solar Energy in Michigan* (May 3, 2024) (last visited Feb. 9, 2026).

[135] Brian Allnutt, *Detroit Climate Justice Groups React as EPA Cancels "Energy Redlining" Grants*, Planet Detroit (May 6, 2025), https://planetdetroit.org/2025/05/epa-grants-energy-redlining-detroit/.

The Tax Cuts and Jobs Act (TCJA) of 2017 first established Opportunity Zones (OZs, also known as OZ1.0). The OBBBA permanently renewed and altered the TCJA provisions that created OZs. The federal Opportunity Zone program is designed to spur economic development and job creation in economically distressed communities by offering tax incentives to private investors. The U.S. Department of the Treasury and IRS are primarily responsible for administering the Opportunity Zone program and its associated federal income tax incentives.[136] Each State nominates communities for an Opportunity Zone designation, and the U.S. Dept of Treasury certifies the nomination.[137]

OZs are low-income communities that are also population census tracts that are designated as Qualified Opportunity Zones (QOZs). The OBBBA amended the Internal Revenue Code definition of a low-income community as one of the following:

- A population census tract that has a median family income that does not exceed 70% of the statewide median family income if the population census tract is not located within a metropolitan area, or
- A population census tract that has a median family income that does not exceed 70% of the metropolitan area median family income if the population census tract is located within a metropolitan area, or
- A population census tract that has a poverty rate of at least 20% and has a median family income that does not exceed 125% of the statewide median family income if the population census tract is not located within a metropolitan area, or
- A population census tract that has a poverty rate of at least 20% and has a median family income that does not exceed 125% of the metropolitan area family median income if the population census tract is located within a metropolitan area.

These changes establish two criteria for eligible census tracts that are narrower under the OBBBA. The first criterion where a census tract does not exceed 70% of the relevant median income is a reduction from the 80% threshold in the original law. The alternative is based on a poverty rate of at least 20%, but the new law disqualifies a census tract if its income levels exceed 125% of the area median income. The original law also allowed governors to designate certain census tracts as QOZs that would be otherwise ineligible if they neighbored an eligible low-income community (contiguous census tracts). Contiguous census tracts are no longer eligible for future QOZ designation.

Low-income communities that are also population census tracts are designated as QOZs through a designation period amended by the OBBBA. Prior QOZ designations were sunset at the end of 2026. State Governors had to submit their new nominations prior to September 29, 2026 for the new population census tracts for designation[138]. The duration of the QOZ designation period is from January 1st following the QOZ certification date to December 31st of the 10th year following January 1st. Subsequent designations will be made on July 1st of every ten years following July 1, 2026. The total number of designated QOZs may not exceed 25% of the total number of low-income communities in a state. A state may have a total of 25 designated QOZs if there are less than 100 low-income communities within the state.

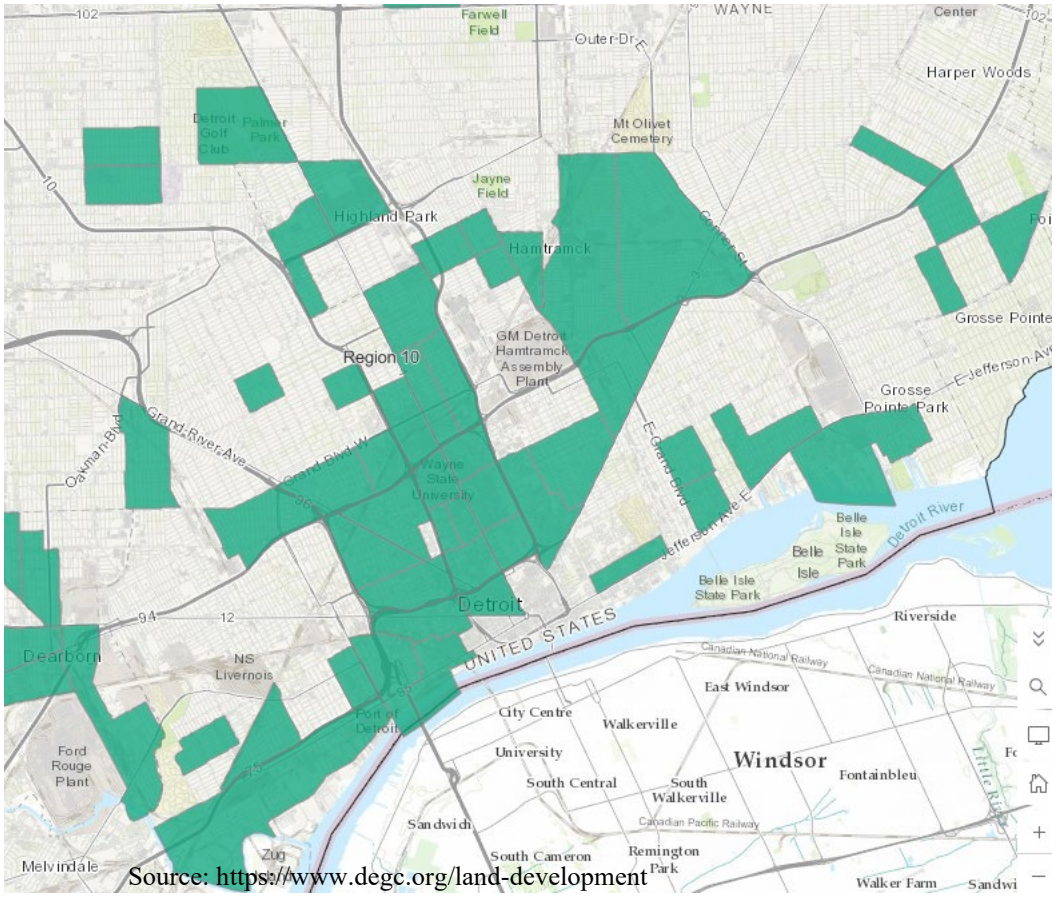
The TCJA established federal income tax incentives for investors investing in QOZs, primarily through using a Qualified Opportunity Fund (QOF). A QOF is any investment vehicle (e.g., fund) organized as a corporation or a partnership for the purpose of investing in Qualified Opportunity Zone Property (QOZP) (other than another QOF that holds at least 90% of its assets in QOZP. The federal income tax

[136] IRC Section 1400 Z-1 and 1400Z-2, as amended by Sec. 70421 Public Law 119.21, 139 Stat 72, July 4, 2025 (as known as OBBBA).
[137] On January 29, 2026, the U.S. Census Bureau released its 5 – Year American Community Survey (ACS) estimates for the 2020 – 2024 period. This data will determine the census tracts eligible for Opportunity Zone under OZ 2.0 (new OBBBA rules).
[138] Id.

incentives associated with OZs established under the TCJA were permanently renewed and altered through the OBBBA passage, as follows:

There are 70 designated Opportunity Zones located within the city of Detroit[139]. The Detroit Economic Growth Corporation (DEGC) plays a central role in administering Detroit's Opportunity Zone program. At onset, the DEGC helped the city of Detroit and state of Michigan create an equitable and targeted investment map (see below) for Detroit's 70 Opportunity Zones, including neighborhood commercial corridors with anticipated mixed-use and commercial development, and the downtown area.

Opportunity Zones 2.0 Map, taking effect January 1, 2027



Source: https://www.degc.org/land-development

As a result, Detroit's 70 Opportunity Zones are aligned with: (1) The City of Detroit's neighborhood planning areas, (2) Other areas with high growth potential, and (3) Industrial corridors.[140] The DEGC promotes Detroit's Opportunity Zone program, including the process for designating Opportunity Funds. As noted on DEGC's website, Opportunity Zones target areas with potential for immediate and tangible projects that catalyze residential, commercial, industrial and business development. The most common investments are in commercial and industrial real estate, residential real estate and housing, especially multi-family housing, and business. Opportunity Zones are market driven and provide a deferral or exclusion from capital gains tax for certain investments made through Opportunity Funds. Opportunity Zones are designed to provide the most long-term upside to private investors who hold their investments for 10 years plus, with an anticipated return on a project between 2% and 4%.

[139] https:// Opportunity Zones.com/cities/Detroit -Michigan. The State of MI has 856 Michigan Opportunity Zones to date (tracts eligible under OZ 2.0) and a nomination cap of 214 OZs (25%). https://opportunityzones.com/map/?city=Detroit%2C%20Michigan

[140] The Greater Downtown Detroit and adjacent districts including Midtown, New Center, Corktown, Eastern Market and the Riverfront all fall within designated Opportunity Zones (OZ) (2018 designations).

In its report, "Opportunity Zones – What Cities Should Know," the National League of Cities writes that "City leaders should take full advantage of this opportunity and consider a multi-pronged strategy to support young businesses and create thriving communities." The OBBBA's permanent renewal and enhancement of Opportunity Zones present a potential opportunity for the City of Detroit and its residents as they can be combined with other tax incentives, like the New Markets Tax Credits (NMTCs) and Low-Income Housing Tax Credits (LIHTCs) to support affordable housing development.

Analyses of the Opportunity Zone incentives prior to the OBBBA have found that the results in terms of increased investment and improved outcomes for residents have been marginal. Because individuals investing in Opportunity Zones are likely seeking the maximum return on investment, it is likely that most of the investment in Opportunity Zones would have occurred regardless of the policy given that a disproportionate amount of investment went to areas that were already economically trending upward with higher levels of median income as opposed to more distressed neighborhoods. It appears that there may have been no discernable evidence linking Opportunity Zones with increased commercial development.[141] Additionally, various studies have determined that Opportunity Zones have not had statistically significant effects on new business formation, small business lending, employment, earnings, or poverty rates.[142] However, Opportunity Zones did appear to spur increased development of multi-family housing.[143]

The OBBBA changes to Opportunity Zones may improve this somewhat to the extent that lowering the threshold for what is considered a "low-income community" and eliminating tracts that are contiguous with low-income communities will encourage more investment in communities that are in greater need. Nonetheless, while an Opportunity Zone may not be the ultimate factor driving investment in areas designated as Opportunity Zones, the increased incentive may still make development more attractive, particularly for residential housing which is sorely needed in Detroit.

Section 70422 – Permanent Enhancement of Low-Income Housing Tax Credit

LIHTC is the federal government's primary program for encouraging private investment in qualified low-income housing projects that develop, acquire, construct and rehabilitate residential rental properties for affordable housing targeted towards lower-income households. The program awards low-income housing tax credits that are used to offset project costs in exchange for agreeing to reserve a certain number of housing units for low-income housing units that are rent-restricted.

The OBBBA permanently expands the Low Income Housing Tax Credit (LIHTC) program, increasing overall credit capacity and modifying how the credit can be used to support affordable housing development. The legislation makes lasting changes to the 9% and 4% credits, tax exempt bond financing, and the underlying financial structure of LIHTC projects, and the financial structure of LIHTC projects. The LIHTC program was established in 1986 through the Tax Reform Act and continues to serve as the nation's primary mechanism for incentivizing private investment in affordable housing.

These reforms are widely viewed as highly beneficial to affordable housing development. Increased credit availability and a more predictable program structure give investors a steadier credit pipeline and the potential for stronger after-tax yields. Together, these changes are expected to support additional project activity across both the 9% competitive credit and the 4% bond paired credit programs.

[141] Corinth, Kevin, and Naomi E. Feldman. 2023. "The Impact of Opportunity Zones on Commercial Investment and Economic Activity." IZA Discussion Paper 15247.
[142] Theodos, Brett, and Brady Meixell. "Opportunity Zones Need to Be Retooled to Achieve Impact." *Urban Institute*, 12 May 2025, www.urban.org/urban-wire/opportunity-zones-need-be-retooled-achieve-impact.
[143] Wheeler, Harrison. 2022. Locally Optimal Place-Based Policies: Evidence from Opportunity Zones. Unpublished.

Under the OBBBA, more Detroit projects can qualify—particularly midsized rehabilitation developments that previously struggled to meet the 50% bond financing threshold. The lower requirement also allows developers to structure transactions with less tax-exempt debt, reducing interest costs and improving debt-service coverage.

Overall, the OBBBA's LIHTC changes position Detroit to rehabilitate more aging multifamily properties using 4% credits and to advance additional mixed-use and scattered site projects, as the reduced bond requirement is easier to meet across multiple parcels.

Michigan is expected to experience only modest gains from the OBBBA's permanent 12% increase in 9% LIHTC allocations, with some benefits potentially accruing to Detroit.

The OBBBA's broader reforms also reshape how LIHTC transactions are structured in Michigan, especially in Detroit, because they directly affect bond-cap availability, project feasibility, and state-level tax treatment. Developers must now account for Michigan's decision to decouple its tax code from several OBBBA business-tax provisions.

At the federal level, investors benefit from strengthened business deduction provisions under the OBBBA. For Detroit, the net effect is that equity pricing may rise due to these enhanced federal incentives.

The Michigan State Housing Development Authority (MSHDA), operating under tighter administrative budgets, will have fewer resources available to support LIHTC program administration. At the same time, Michigan's soft funding programs—such as gap financing, HOME, and CDBG allocations—are likely to become more competitive as demand increases relative to available resources.

For Detroit, where LIHTC projects typically rely on layered financing, these pressures may translate into longer development timelines or more selective awards.

HUD Exchange Grantee Awards[144]

Year	State	CoC Name	Org Name	Program Name	Program Type	Award Amount
2024	MI		Detroit, MI	CDBG (Community Development Block Grants)		$ 32,759,210
2024	MI		Detroit, MI	ESG (Emergency Shelter Grants)		$ 2,990,945
2024	MI		Detroit, MI	HOME (HOME Investment Partnerships Program)		$ 5,928,131
2024	MI		Detroit, MI	HOPWA (Housing Opportunities for Persons With AIDS Program)	Formula	$ 3,593,290

By making the program permanent, the OBBBA ensures that Detroit can reliably attract national capital to its commercial, industrial, and community facility developments, thus strengthening its long-term redevelopment efforts across the city.

The OBBBA establishes a unique framework that enables Opportunity Zone equity to be combined with New Market Tax Credit (NMTC) financing within a single development. This structure expands the feasibility of mixed-use projects and strengthens the ability to fund community benefit components that are typically under resourced. By allowing these tools to operate in tandem, the legislation enhances Detroit's capacity to advance projects that integrate housing, commercial activity, and essential community services.

Section 70423 – Permanent Extension of New Markets Tax Credit (NMTC)

[144] https://www.hudexchange.info/GRANTEES/ALLOCATIONS-AWARDS/?na=1160&start=59

The latest temporary 5-year extension of the NMTC program was set to expire on December 31, 2025; however, the program was permanently extended under the OBBBA. Aside from making the NMTC program permanent, the OBBBA did not substantively change the way it operates.

Utilizing the NMTC program to its fullest extent has the potential to boost Detroit's local economy by increasing the tax base through job and business growth in low-income communities and revitalizing neighborhoods by providing critical community assets that increase access to better healthcare, healthy food options, education, and social services to underserved Detroit residents.

Some projects built in Detroit with NMTC: Detroit People's Community Health Center (Midtown), Henry Ford Health – Brigitte Harris Cancer Pavilion, Detroit Rescue Mission Ministries Campus, Flex-N-Gate Manufacturing Plant (I-94 Industrial Corridor), Sakthi Automotive Campus (Southwest Detroit), Detroit Food Commons (North End), Eastern Market Shed Renovations, Detroit School of Arts (DSA) Renovation, and the Motown Museum Renovation (Phase I).

Impact on Development

On August 15, 2025, the IRS issued Notice 2025-4 which fundamentally alters the methodology by which developers may commence construction for purposes of the July 4, 2026, deadline.[145] For most wind and solar facilities, the familiar "Five Percent Safe Harbor"—under which construction was deemed to begin upon the taxpayer's payment or incurrence of five percent or more of total project costs—is eliminated.[146] Instead, developers must satisfy the "Physical Work Test," which requires that physical work of a significant nature actually commence on or before July 4, 2026 to avoid the punitive December 31, 2027, placed-in-service deadline. Shifting from a financial commitment standard to a physical progress standard has profound implications for multi-site initiatives. Under prior guidance, a developer could secure the favorable 2030 placed-in-service deadline for an entire portfolio of projects by incurring five percent of costs across all sites before the deadline, even if actual construction would not commence at many sites for years.

BUSINESS INCOME TAX PROVISIONS - OBBBA TITLE 7

The passage of Title 7- Finance of the One Big Beautiful Bill Act of 2025 (OBBBA) enacted substantial changes to federal tax policy and federal programs for both individuals and businesses/corporations. Some of the changes outlined in Title 7 will have direct impact on state and local finances. Title 7 makes permanent tax rates enacted in 2017 by the Tax Cuts and Jobs Act which impacts both individual and corporate taxpayers. It also eliminates tax advantages (credits) and sunsets several programs for individuals and businesses. It is not expected that most of the individual income tax changes will impact state revenues and thereby, Detroit revenues. Detroit is also estimated to experience revenues losses from the passage of this bill. Currently, Detroit is not pursuing any change in its City Income Tax legislation which will require both state authorization and approval from the electorate of Detroit.

This report does not discuss or summarize all of the changes contained in Title 7 of the OBBBA but will outline the significant changes in individual (previously discussed) and business tax provisions that will impact state and local finances. Some provisions included in the OBBBA are still pending review and the issuance of guidelines from the related federal agencies.

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[145] Sullivan & Cromwell LLP, *August 18 Tax Policy Update: Solar/Wind Beginning of Construction, Taxing China Exports, Guidance on Partnership Reporting, IRS Personnel* (Aug. 18, 2025), https://www.sullcrom.com/insights/memo/2025/August/Tax-Policy-Update-Week-August-18.

[146] Lynn Mucenski-Keck, *Navigating Safe-Harbor Rules for Solar and Wind Sec. 48E Facilities*, Tax Adviser (Feb. 10, 2026), https://www.thetaxadviser.com/issues/2026/feb/navigating-safe-harbor-rules-for-solar-and-wind-sec-48e-facilities/; Squire Patton Boggs, *Corporate Insights: New Internal Revenue Service (IRS) Guidance on One Big Beautiful Bill Act Tightens Long-standing Rules for Determining Beginning of Construction and Limits the Safe Harbor Rules* (Aug. 2025), https://www.squirepattonboggs.com/insights/publications/corporate-insights-new-internal-revenue-service-irs-guidance-on-one-big-beautiful-bill-act-tightens-long-standing-rules-for-determining-beginning-of-construction-and-limits-the-safe-harbor-rules/

The OBBBA introduces major changes to federal tax policy for both individuals and businesses. While most individual tax adjustments are not expected to significantly impact state revenue, the state is closely monitoring specific business tax provisions. Under current state law, these changes have the potential to significantly reduce state corporate tax revenue. Michigan, however, has chosen to "decouple" from the federal changes to limit this financial loss. The following highlights a few of the larger provisions in the OBBA with state revenue impacts.[147]

Major State Budgetary Impact: Corporate Tax and Safety Nets

The OBBBA will have a major impact on the state of Michigan's FY2026 budget. Most important for local municipalities this revenue loss will impact the state's discretionary General Fund/ General Purpose (GF/GP) fund.

Increased Medicaid and SNAP Costs

The OBBBA pushes a greater share of Medicaid and Supplemental Nutrition Assistance Program (SNAP) costs onto states. The most significant measure is the scaling back of the ability for states to use Medicaid provider taxes (Michigan's IPA) as a financing tool. This change will require the state to replace lost IPA revenue with General Fund/General Purpose (GF/GP) funds to avoid a catastrophic $1.5 billion hit to the Medicaid program (the $450 million loss plus the lost federal match).

Impact of OBBBA Corporate Income Taxes Changes on State of Michigan Revenues

House Fiscal Agency (HFA) estimates that the state revenue loss from the various provisions noted above will reduce revenues by the amounts shown in Table 1 and Table 2 below:

Table 1: Estimated Michigan Revenue Loss FY 2025-26 through FY 2027-28[148] (in millions)

OBBA Tax Change	FY 2025-26	FY 2025-26	FY 2027-28
Expensing Domestic Research and Experimental Expenditures	($449)	($226)	($119)
Qualified Production Property	(85)	(258)	(236)
Limitation on Business Interest	(72)	(51)	(41)
Section 179 Expensing(certain depreciable business assets)	(26)	(32)	(23)
Bonus Depreciation	(45)	(45)	(25)
TOTAL	**($677)**	**($613)**	**($444)**

Source: Michigan House Fiscal Agency

Table 2: Long- Term Trend- Total Michigan Revenue Loss [149] (in millions)

FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-32	FY 2033-34	Total
($366)	($261)	($157)	($79)	($52)	($46)	**($961)**

Source: Michigan House Fiscal Agency

[147] Michigan House Fiscal Agency, Fiscal Brief, The One big Beautiful Bill Act of 2025, July 21, 2025. https://www.house.mi.gov/hfa/pdf/Alpha/Fiscal_Brief_OBBA_of 2025_Jul2025.pdf.
[148] Id.
[149] Id.

The annual revenue loss is expected to decline throughout the Joint Committee on Taxation (JCT) forecast window. The forecast shown in Table 2 indicates the declining impact of OBBBA over future fiscal years. However, the cumulative impact of approximately $1 billion will increase pressure on Michigan's General Purpose/General Fund and could result in negative outcomes for municipal finances in the form of lower Statutory State Revenue Sharing payments and cuts in other pass-through and grant appropriations.[150]

On October 7, 2025, Governor Whitmer signed House Bill 4961, known as Public Act 24 of 2025, that implements the state's goal to "decouple" from several key OBBBA business tax provisions. This includes the new federal rules for the immediate deduction of R&D expenses (IRC § 174A), 100% bonus depreciation (IRC §168 (k)), and the more favorable business interest deduction (IRC § 163(j)) noted above. The bill also integrates other changes made in the OBBBA including income tax deductions for qualified tips and qualified overtime compensation (establish parallel deductions) and makes changes to Social Security income provisions for certain taxpayers. [151]

Detroit Automakers, Manufacturers, and Multinational Corporations

Foreign Tax Credit

The OBBBA does not repeal the Foreign Tax Credit (FTC) but has made significant changes that impacts multinational corporations which is of particular interest for those sited in Detroit. It is purported that the changes were designed to benefit Detroit's multinational automakers and auto suppliers however Michigan's de-coupling of certain business tax provisions of the OBBBA tempers its overall impact.

- OBBBA – Federal Trade Commission (FTC) provisions allow multinational corporations, like Detroit's automakers (Ford, GM, and Stellantis) to increase their investments and keep high-value assets, like research and development (R&D) inside the United States. However, the elimination of Green Energy Tax Credits offsets this action as automakers have already made a substantial investment in electric vehicle (EV) technology.
- OBBBA eliminated a requirement to offset a portion of domestic research and development (R&D) and interest expenses against foreign income, thus lowering the global tax burden for R&D-heavy companies like the Detroit automakers
- OBBBA makes it easier for companies to use the foreign taxes they've already paid to offset their U.S. tax bills.
- OBBBA eliminates the "Qualified Business Asset Investment" (QBAI) exemption.

Again, Detroit is not subject to Michigan's de-coupling of certain business expenses and continues under federal corporate tax regulations. However, this is an area of concern for Detroit's business community which believes these changes puts Michigan in a significant competitive disadvantage against other states to grow its economy.[152]

Impacts on Small Businesses, Employers, and Customer Demand

[150] The State of Michigan has held two Consensus Revenue Estimating Conference (CREC) since the enactment of the OBBBA on July 4, 2025. MI CREC were held on January 16, 2026, and May 15, 2026. The city of Detroit has also held 2 Revenue Estimating Conferences since the OBBBA enactment; conferences were held on September 22, 2025, and February 13, 2026. Both State and the City revised their estimates for the forecast period based on current economic conditions that indicated higher than expected revenues from Corporate Income Tax collections. However, uncertainty still remains concerning the full impact of OBBBA changes on the General Fund revenues for both the State and City as deadlines for changes approach.

[151] House bill 4961, Public Act 24 of 2025 is tied barred to House bill 4183, PA 20 of 2025 (increased Gas tax on 10/1/2025); House bill 4951 PA 23 of 2025 (imposes a 24% excise tax on the wholesale price of Marijuana allocated revenues to the Neighborhood Road Fund); and House bill 4968, Public Act 25 of 2025 (modify insurance provider assessments). See Senate Fiscal Analysis of H.B. 4961 Summary as Enacted dated 4-23-26.

[152] Detroit Regional Chamber of Commerce, Legislature Funds Budget on the Backs of Businesses, Undercuts Competitiveness, October 3, 2025; https://www.detroitchamber.com/legislature-funds-budget-on-backs-businesses-undercuts-competitiveness/.

Unemployment Limitation

The last provision under Title 7 is the termination of unemployment benefits for employee with compensation of over $1 million. This provision will have negligible impact on Detroit city finances.[153]

Health Care Providers and Nonprofit Service Providers as Businesses/Organizations

Provider Taxes

The OBBBA will impose a greater share of Medicaid costs to states by imposing significant new restrictions on states' ability to generate Medicaid provider tax revenue, including prohibiting states from increasing existing taxes and reducing existing taxes for states, like Michigan, that have adopted the Affordable Care Act (ACA) Medicaid expansion. The OBBBA requirements will reduce Michigan's current 6% provider taxes by 0.5% each year until it reaches 3.5% in FY 2032.

These taxes are meant to reimburse health care providers who service large Medicaid populations, as Medicaid typically reimburses providers at lower rates than commercial insurance and Medicare. States have used these provider taxes to enhance Medicaid funding for providers, generally based on the volume of Medicaid patients they serve. Approximately 20% of Michigan's non-federal Medicaid funding is generated through provider taxes and are leveraged to make up $3 billion in the state share of Medicaid costs.[154] Michigan currently uses four different Medicaid provider taxes covering hospitals, long-term care facilities, health insurers, and ambulance providers, although long-term care facilities are exempted from the OBBBA requirements and the ambulance tax will not be affected as it falls below the 3.5% revenue cap.

Clean Energy, Solar, and Environmental Business Impacts

Engaging the immigrant population as a Welcoming City is a growth strategy that is receptive to immigrants of all skill levels.[155] The increase in fees for humanitarian statuses (asylum, Temporary Protected Status, parole) and for family-based adjustments have the potential to stifle the growth of immigrant communities that contribute to neighborhood stability and start small businesses.[156] A slower rate of immigrant arrival and integration due to these financial barriers could dampen local population growth and economic activity.[157] By creating financial barriers to legal work authorization (through high Employment Authorization Document [EAD] fees) and legal status (through high court fees), these policies may increase the number of residents who are unable to legitimize their status.[158]

The Availability of Law Enforcement Funding

The Immigration and Law Enforcement Funding section appropriates new funding across the Department of Homeland Security (DHS), the Department of Justice (DOJ), and related agencies (such as Border Patrol), primarily for immigration enforcement, border security, and associated law enforcement

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[153] Detroit's Per Capital Income as of 2023 is $23,887 and the Median Household Income is $38,080; Per the US Census- ACS-2023-Census Reporter.org;
[154] https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Inside-MDHHS/Newsroom/ED-2025-3-FINAL.pdf
[155] City of Detroit, Office of Immigrant Affairs, *Detroit as a Welcoming City: Strategic Growth and Inclusion Plan* 1–3 (2024) ("The City's strategy for population stabilization depends on immigration as a primary growth driver.").
[156] One Big Beautiful Bill Act (H.R. 1) §§ 70008–70011, 119th Cong. (2025) (creating new filing fees for asylum and TPS applications and increasing fees for family-based adjustment of status); American Immigration Council, *Analysis of H.R. 1: Immigration & Border Security Provisions* 5–7 (July 2025) (explaining fee increases affecting humanitarian and family-based processes).
[157] Global Detroit, *The Economic Impact of Immigrants in Metro Detroit* 6–7 (2023) (finding that foreign-born residents account for over 20 percent of small business owners in the Detroit region and play a key role in neighborhood reinvestment); Pew Research Ctr., *Modern Immigration Wave Brings 59 Million to U.S., Driving Population Growth and Change Through 2065* (Sept. 28, 2015).
[158] H.R. 1 §§ 70008(a), 70009(b) (adding non-waivable employment authorization and motion-to-reopen fees); Migration Policy Inst., *Rising Costs and Declining Access: The Effects of Federal Fee Policy on Immigrant Integration* 4–5 (2025) (estimating that elevated EAD and court filing fees reduce rates of lawful work participation and case filings among low-income applicants).

activities.[159] The funding represents a massive federal investment in enforcement capacity, with specific mechanisms designed to direct resources to state and local governments that cooperate with federal immigration authorities.[160]

The BIDEN Reimbursement Fund (SEC. 100055) establishes a $3.5 billion fund offering grants to state and local governments for a wide range of immigration-related law enforcement activities.[161] Eligible uses of this funding include costs associated with apprehending individuals who are both unlawfully present and have committed local crimes, as well as investigating and prosecuting drug and human trafficking networks. The fund also allows for reimbursement of court operations and temporary detention expenses arising from such cases.[162]

In addition to the new reimbursement mechanism, the Act increases appropriations for the Edward Byrne Memorial Justice Assistance Grant (JAG) Program under Section 100054(5), a pre-existing federal funding stream for local law enforcement.[163] The Act also provides State and Local Participation Funding (SEC. 100051(7)).[164] This appropriation explicitly includes support for local participation in homeland security activities, particularly those related to immigration enforcement, gang suppression, and human trafficking prevention.[165]

The funding provided for local law enforcement by OBBBA conflicts with existing Detroit policies and norms.[166] This funding presents a direct tension to the City of Detroit's established policies and community values that emphasize inclusion and limited local involvement in federal immigration enforcement.[167] Detroit has a long-standing policy of being a "Welcoming City," and while it does not identify as a "sanctuary city" in the strict legal sense, the Detroit Police Department's General Orders prohibit officers from questioning individuals solely to determine their immigration status or from engaging in immigration enforcement actions.[168] The conflict arises because the Act explicitly conditions major grant and reimbursement programs on cooperation with federal immigration authorities.[169] Section 100054(7) of the Act denies incarceration reimbursement to any state or locality that restricts its officials from complying with federal immigration laws or from assisting federal enforcement activities.[170] Likewise, Section 100054(5) makes Byrne JAG grant eligibility contingent upon compliance with 8 U.S.C. § 1373, a statute prohibiting state or local measures that limit communication or cooperation with federal immigration authorities.[171] For Detroit, these provisions create a policy dilemma: participation in these federally funded

[159] One Big Beautiful Bill Act (H.R. 1) § 80002(a)–(d), 119th Cong. (2025) (appropriating $45 billion "for enforcement, adjudication, detention, and border-security infrastructure").
[160] *Id.* § 80005 (authorizing grants and cooperative-agreement funding to "State, local, and tribal governments that assist or cooperate with federal immigration authorities"); Am. Immigration Council, *Analysis of H.R. 1: Immigration & Border Security Provisions* 8 (July 2025) ("The Act directs a significant portion of new DHS funds to cooperative enforcement programs at the state and local levels.").
[161] One Big Beautiful Bill Act (H.R. 1) § 100055(a)–(c), 119th Cong. (2025) (establishing the "BIDEN Reimbursement Fund" and appropriating $3.5 billion "for grants to States and units of local government to support immigration-related law enforcement activities").

[162] *Id.* § 100055(d)(2) (permitting use of funds for "court operations, detention, and ancillary services reasonably related to the prosecution of offenses described in paragraph (1)").

[163] H.R. 1 § 100054(5) (amending 34 U.S.C. § 10152 to authorize increased Byrne JAG funding "for purposes relating to immigration enforcement and violent crime prosecution").
[164] One Big Beautiful Bill Act (H.R. 1) § 100051(7), 119th Cong. (2025) (appropriating "funds for State and local participation in homeland security operations, including immigration enforcement, gang activity suppression, and human trafficking investigations").
[165] *Id.* § 100051(7)(B) (authorizing DHS to "enter into reimbursable agreements with State and local law enforcement agencies for participation in joint enforcement operations").
[166]City of Detroit, *Office of Immigrant Affairs, Welcoming City Policy Framework* 2 (2024) ("Detroit's identity as a welcoming city guides all municipal engagement with immigrant communities.").
[167] *Id.* Global Detroit, *The Welcoming Economy: Immigrants and Economic Growth in Metro Detroit* 5 (2023) (highlighting local commitment to inclusive growth and non-discriminatory public service practices).
[168] Detroit Police Dep't, *General Order 201-5: Immigration Status Inquiries and Enforcement* (rev. 2022) (prohibiting officers from initiating contact or enforcement actions based solely on immigration status).
[169] One Big Beautiful Bill Act (H.R. 1) §§ 100054–100055, 119th Cong. (2025) (conditioning law enforcement funding on cooperation with federal immigration enforcement).
[170] *Id.* § 100054(7) ("No reimbursement may be made to any State or locality that restricts its officers or employees from cooperating with Federal immigration authorities.").
[171] *Id.* § 100054(5) (conditioning Byrne JAG funding on compliance with 8 U.S.C. § 1373); 8 U.S.C. § 1373(a) (2018) ("[A] Federal, State, or local government entity or official may not prohibit, or in any way restrict, any government entity or official from sending to, or receiving from, the Immigration and Naturalization Service information regarding the citizenship or immigration status… of any individual.").

programs could provide meaningful fiscal relief and enhance law enforcement capacity, yet such participation would likely require amending or suspending existing city orders that form the foundation of Detroit's Welcoming City framework.[172]

To access the significant funding in this bill, the City of Detroit would be forced to fundamentally alter its policing practices and rescind its protective orders, undermining community trust built over years. The Detroit Police Department (DPD) relies fundamentally on trust and cooperation from all residents, including immigrants, to effectively prevent and solve crimes.[173] While the OBBBA offers substantial financial grants and reimbursements that could alleviate budgetary pressures in public safety, accessing this funding requires the city to abandon its "Welcoming City" principles and risk severing the trust between its immigrant communities and the police. The choice is between short-term financial gain and the long-term health of community relations and its identity as an inclusive city. The bill effectively uses financial coercion to enlist localities in a federal enforcement strategy that is at odds with Detroit's established norms and self-defined interests.

[172] Migration Policy Inst., *Federal-State Tensions in Immigration Enforcement Funding under H.R. 1* 9 (2025) (analyzing compliance conflicts between local non-cooperation ordinances and new federal grant requirements).
[173] Detroit Police Dep't, *Community Policing Strategic Plan 2024–2026* 3 (2024) ("DPD's effectiveness depends on voluntary cooperation, communication, and information sharing from all members of Detroit's diverse communities.").

PART III — IMPACTS ON CITY OF DETROIT AS MUNICIPALITY

City Revenue and Fiscal Forecast Impacts

City of Detroit Revenues and the OBBBA

Per city economists, the largest risk to the City of Detroit's revenues is the unpredictability of federal policies. Two policies in particular have a significant impact on state and local revenues: new tariffs and the One Big Beautiful Bill Act (OBBBA). New tariffs introduced in April 2025 (and throughout 2025) on steel and aluminum are negatively affecting profits in the automotive industry, particularly for Stellantis, which has historically been one of the top two employers in Detroit.[174] In the first half of 2025, Stellantis net revenues were down 13% compared to 2024. The OBBBA changes how businesses calculate their federal taxable income, which the City Income Tax Act of 1964 relies on as a starting point to calculate corporate tax liability. Detroit's FY 2027 revenue projects were decreased by $45.9 million since its February 2025 Revenue Estimating Conference. This decrease is primarily driven by the OBBBA which was enacted on July 4, 2025. This act is projected to decrease corporate income tax by approximately $16 million in FY 2026 and FY 2027 from the forecasted total in February 2025.

Summary of Economic Drivers for Detroit Municipal Income Taxes[175]

Economic Drivers	**Percent Growth for FY 2026 to FY 2030**
Resident Employment Growth	Ranges from 0.2% to 0.6%
Payroll Employment Growth	Ranges from 0.4% to 0.9%
Resident Wage Growth	Ranges from 3.2% to 4.5%
Payroll Wage Growth	Ranges from 3.1% to 3.7%
Corporate Income Growth	Ranges from -41.5% to 16.1%
Partnership Income Growth	Ranges from 14.5% to 3.1%

The City of Detroit income tax is a fixed percentage on compensation after adjustments for personal and dependency exemptions ($600 per person fixed amount). The current tax rates are 2.4% for residents, 1.2% for nonresidents, and 2.0% for corporations, which are the maximum allowed by State law. Nonresident taxes only apply to work performed within the City's boundaries.

The Michigan Department of Treasury administers the income taxes returns for the City of Detroit. As noted, Michigan and Detroit's income tax is based on the taxpayer's federal adjusted gross income (AGI). Further additions and subtractions to AGI determine the final amount due to the city.[176]

Table 9: Detroit Income Tax Revenues Forecast for FY 2026- 2030 [177] **(in millions)**						
	FY 2025 (Pre-audit)	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**

[174] September 2025 City of Detroit Revenue Estimating Conference Report, September 22, 2025

[175] Id. Sources: University of Michigan RSQE Local Area Unemployment Statistics; University of Michigan RSQE and Quarterly Census of Employment and Wages.

[176] Form 5118- 2024 City of Detroit Resident Income Tax Return Instructions. The following income is subject to Detroit Income Tax: **Additions**: compensation; net profits of an unincorporated business, profession, enterprise, undertaking or other activity; Dividends, interest, capital gains less capital losses, income from estates and trusts and net profits from rental or real and tangible personal property. The following income is not subject to Detroit Income Tax: **Subtractions:** Gifts, inheritances and bequests, Pensions and annuities, including disability pensions (pre-retirement distributions are taxable); proceeds from insurance (except payments from a health, and accident policy paid for by your employer) are taxable to the same extent as provided by the IRC.; Unemployment compensation, supplemental unemployment (sub-pay), welfare relief payments**,** Worker's Compensation or similar payments for death, injury or illness arising out of and in the course of an employee's job, interest on obligations of Us, the states, or subordinate units of government of the states, military pay for members of the Armed Forces and the National Guard and Social Security income or benefits.

[177] City of Detroit September 2025 Revenue Estimating Conference Report, September 22, 2025.

Individual/ Withholdings	$397.5	$408.7	$426.1	$444.4	$463.3	$483.0
Corporate	38.1	22.3	22.4	24.9	28.9	33.1
Partnerships	5.8	5.8	6.0	6.2	6.4	6.6
Adjustments (tax compliance, refunds)	(19.1)	(27.4)	(31.9)	(35.6)	(39.5)	(43.5)
Total	**$422.3**	**$409.4**	**$422.6**	**$439.9**	**$459.1**	**$479.2**
Growth rate		**-3.2%**	**3.2%**	**4.1%**	**4.4%**	**4.6%**

These OBBBA provisions as well as the uncertainty of tariffs impact on the state and local economy have introduced uncertainty into forecast estimates.

The estimated reduction to corporate income tax revenues is also driven by 5 business tax provisions of the OBBBA[178]. However, one provision that became effective January 20, 2025, has the greatest impact on state and local revenues: the 100% full expensing for certain business property (bonus depreciation). Table B below has a breakdown of the anticipated impact to the city's FY 2026 revenues. These estimates are based on figures published by Congress' Joint Committee on Taxation (JCT-35-25), then translated down to the local level based on the proportional number of jobs in Detroit vs nationally. As noted previously, the city income tax base is defined by federal regulations, Internal Revenue Code (IRC) section 63. The expected reductions take immediate effect (as of date of enactment of the OBBA). For 2023, 7,481 Detroit corporate tax returns were processed by the state, and 7,591 corporate returns were processed in 2024; a 1.4% year-over-year increase. Detroit economists estimated a decline in Detroit's corporate income tax revenues of approximately $16 million in FY 2026 and 2027, falling to roughly $8 million by FY 2030. City economists caution that these estimates have a high degree of uncertainty and may be revised as more data becomes available. Since enactment of the OBBBA on July 4, 2025, the city of Detroit has held two Revenue Estimating Conferences that recorded lower projections remaining firm for Corporate Income Tax collections.

Table: Impact of Select Provisions Analyzed by Joint Committee on Taxation (JCT) and Corresponding Internal Revenue Code (IRC) Sections[179]

Provision (JCT Title)[180]	**IRC Section**	**Description**	**FY2026 (in thousands)**
Full expensing for certain business property	§168(k)	Extends 100% bonus depreciation for qualified property, allowing immediate expensing.	$ (7,084)
Special depreciation allowance for qualified production property	§168(n)	Special depreciation allowance targeted to qualified production property used in manufacturing/production.	$ (2,879)
Full expensing of domestic research and experimental expenditures	§174	Allows full and immediate deduction of R&D expenses, repealing/amending amortization rules.	$ (4,784)
Modification of limitation on business interest	§163(j)	Loosens limits on the deductibility of business interest expenses.	$ (861)

[178] Id.
[179] Id.
[180] JCT: Congressional Joint Committee on Taxation (JCT-35-25)

Increased dollar limitations for expensing certain depreciable business assets	§179	Raises the §179 expensing cap for small businesses.	$ (470)
Grand Total-Reduction to Detroit Corporate Income Taxes due to OBBA changes			**$ (16,078)**

The city has taken proactive measures based on this anticipated shortfall in corporate income tax revenues by reserving $42 million in estimated FY 2025 General Fund surplus revenues.[181]

Policy Considerations for Detroit:

- City revenues are estimated to decline by $16 million due to decrease in corporate income taxes due to business tax provisions in the OBBBA.
- The city has implemented a Corporate Income Tax Reserve Fund of $42 million in anticipation of lower corporate tax revenues over the forecasted four year period.
- Lower state General Fund/General Purpose (GF/GP) revenues could lead to lower Statutory State Revenue Sharing payments, which is one of the five major revenues for Detroit.
- Funding for critical Detroit services—public safety, infrastructure, and other social services—will also compete for lower state revenues due to the new, federally-mandated costs sharing enacted under the OBBBA.
- Increase monitoring of Detroit's revenues by city officials is needed as federal agencies provide guidelines on the OBBBA provision changes.
- Changes to Medicaid and Medicare have a ripple effect impacting both state and local economy and state and local finances (pass-through). Added pressures on health care service providers will add additional service requests on the Detroit Health Dept.

State Budget Pass-Through and Revenue Sharing Risks

Effect on State Budget

The OBBBA significantly shifts the costs of SNAP benefits and administration of the program onto states, which will impact Michigan's budget and potentially affect recipients. Since the inception of SNAP, the federal government has covered 100% of food assistance benefits, and state-level administrative costs were split 50-50 between the states and the federal government. The OBBBA cuts the federal portion of state administrative costs in half from 50% to 25%, leaving the states to pick up the additional cost starting in FY2027. Specifically, Michigan is likely to incur additional administrative costs of nearly $100 million annually.[182]

In addition to the administrative costs, the OBBBA will require states to partially fund an amount of SNAP benefits based on the SNAP payment error rate (PER) of each state starting in October of 2027. The PER is based on an analysis of a sample of SNAP cases for each state to determine the accuracy of eligibility and amount determinations. States that have a PER below 6% will not have to pay for SNAP

[181] City of Detroit OCFO letter to City Council dated 9-15-25. The Administration determined it to be prudent to assign $42,000,000 of the estimated $60,200,000 Fiscal Year 2024-2025 unassigned fund balance to establish the Corporate Income Tax Reserve Fund to provide security against current economic and trade conditions.

[182] *The One Big Beautiful Bill Act and Its Impact on Michigan's Budget*. https://crcmich.org/PUBLICAT/2020s/2025/SBN2025-01-OBBBA_and_its_Impact_on_Michigans_Budget.pdf

benefits, however all but one state has had an error rate of over 6% between 2003 and 2024.[183] Michigan's PER for FY2022, FY2023, and FY 2024 was 13%, 10.7%, and 9.5%; respectively.[184] The Citizens Research Council of Michigan provided the following table showing how Michigan will be subject to cost-sharing between $155 million and $310 million if current trends continue:

Summary of the OBBBA Benefit Cost-Sharing Provisions

Error rate	State SNAP Benefit Share	Cost to Michigan
Less than 6%	0%	$0
6% to 7.99%	5%	$155 million
8% to 9.99%	10%	$310 million
10% or more	15%	$465 million

The error rates tend to fluctuate from year to year, sometimes significantly, and this will likely make it difficult for states to plan their budgets accordingly. As a result, the CBO estimates that this will cause some states to modify benefits and others to abandon the program entirely.[185] While this requirement will not come into effect until October 2027, the PER used to calculate the state's share is from FY2025 or FY2026, whichever is lower. Unfortunately, it is more likely that states will have errors for these years as they try to quickly implement the new OBBBA SNAP requirements. In combination with the administrative costs, Michigan is likely looking roughly at an additional half of a billion dollars each year in new costs to maintain the SNAP program. In response, Michigan will have to either cut other spending, raise taxes, cut the number of eligible low-income households participating in SNAP, or opt out of the SNAP program entirely. For cities like Detroit, the additional strain on the state budget will potentially lead to cuts to various sources of state funding that the city currently relies on.

Municipal Service Demand and Public Health Department Impacts

City Workforce and Foreign-Born Talent

Hiring Foreign-born Employees

The comprehensive municipal impact of the OBBBA revisions to immigration policy remains difficult to evaluate, as the city's response to these provisions will be a primary determinant of its cumulative effect. However, the rise in the cost of employment Visas and new federal funding streams for local law enforcement are of particular note.

Prior to the OBBBA implementation, the costs for recruiting foreign born talent, through securing a Visa like the H-1B, were largely confined to filing fees paid by the employer to USCIS (e.g., I-129 filing fee, ACWIA fee, Fraud Prevention fee, etc.).[186] However, the introduction of a $250 "Visa Integrity Fee" paid by the employee at the time of Visa issuance is an additional cost that did not exist before, a fee that shifts a portion of the financial burden from the employer (the City of Detroit) directly onto the prospective employee.[187] For the City of Detroit, this new fee functions like an added tax on the talent it is trying to

[183] Bergh, Katie. "Senate Republican Leaders' Proposal Risks Deep Cuts to Food Assistance, Some States Ending SNAP Entirely." *Center on Budget and Policy Priorities*, 30 June 2025, www.cbpp.org/research/food-assistance/senate-republican-leaders-proposal-risks-deep-cuts-to-food-assistance-some.
[184] *The One Big Beautiful Bill Act and Its Impact on Michigan's Budget*, *supra*.
[185] *Congressional Budget Office Supplemental Information*. 2025, *supra.*
[186] 8 U.S.C. § 1184(a) (employer petition requirement); U.S. Citizenship & Immigration Services, *I-129, Petition for a Nonimmigrant Worker* fee schedule; Immigration and Nationality Act § 214(c)(1) (ACWIA fee provisions).
[187] One Big Beautiful Bill Act (H.R. 1) § 70008(a)(1)–(2), 119th Cong. (2025) (mandating "Visa integrity fee" of not less than $250 for nonimmigrant Visas); See H.R. 1 § 70008(a)(1) ("In addition to any other fee authorized by law, the Secretary of Homeland Security shall impose a fee … on each alien issued a nonimmigrant Visa upon issuance of such alien's nonimmigrant Visa").

attract. The cost of the Visa Integrity Fee is set not less than $250 and is a cost that can be absorbed by the City in the form of employee reimbursement. This can increase to the city's foreign born talent expenses.[188] While $250 may not be a decisive factor for all candidates, it introduces a potential friction and increases the total cost of accepting a position with the City of Detroit.[189]

The City's official efforts to attract and retain a global workforce are undermined by a federal policy that makes the immigration system more expensive and less accessible. While the direct impact of the new Visa Integrity Fee may be manageable, the additional cost to the recruitment process is fiscally undesirable. These changes intensify the financial burdens of these pathways, marking a significant departure from the prior system, in which many of these fees were lower or waivable. In this way, the OBBBA runs counter to Detroit's broader objective of fostering an environment of inclusive growth and community revitalization.

Engaging the immigrant population as a Welcoming City is a growth strategy that is receptive to immigrants of all skill levels.[190] The increase in fees for humanitarian statuses (asylum, Temporary Protected Status, parole) and for family-based adjustments have the potential to stifle the growth of immigrant communities that contribute to neighborhood stability and start small businesses.[191] A slower rate of immigrant arrival and integration due to these financial barriers could dampen local population growth and economic activity.[192] By creating financial barriers to legal work authorization (through high Employment Authorization Document [EAD] fees) and legal status (through high court fees), these policies may increase the number of residents who are unable to legitimize their status.[193]

Immigration Enforcement Funding and Welcoming City Policy

The Availability of Law Enforcement Funding

The Immigration and Law Enforcement Funding section appropriates new funding across the Department of Homeland Security (DHS), the Department of Justice (DOJ), and related agencies (such as Border Patrol), primarily for immigration enforcement, border security, and associated law enforcement activities.[194] The funding represents a massive federal investment in enforcement capacity, with specific mechanisms designed to direct resources to state and local governments that cooperate with federal immigration authorities.[195]

The BIDEN Reimbursement Fund (SEC. 100055) establishes a $3.5 billion fund offering grants to state and local governments for a wide range of immigration-related law enforcement activities.[196] Eligible

[188] Immigration Accountability Project, *H.R. 1: The One Big Beautiful Bill Act – Immigration Provision Summary* 1–2 (2025) (listing multiple new non-waivable fees that raise costs for immigrant communities, including Sec. 70008).

[189] Lauren A. Pierce, *Impact of H.R. 1 "One Big Beautiful Bill Act" on Immigrants and Children of Immigrants Who Are U.S. Citizens*, League of United Latin American Citizens (LULAC) 2 (2025) (noting the "Visa integrity fee" will raise cost of lawful travel and immigration); Id.; see H.R. 1 § 70008(a)(2) ("The amount specified … for fiscal year 2025 … shall in any event not be less than $250").

[190] City of Detroit, Office of Immigrant Affairs, *Detroit as a Welcoming City: Strategic Growth and Inclusion Plan* 1–3 (2024) ("The City's strategy for population stabilization depends on immigration as a primary growth driver.").

[191] One Big Beautiful Bill Act (H.R. 1) §§ 70008–70011, 119th Cong. (2025) (creating new filing fees for asylum and TPS applications and increasing fees for family-based adjustment of status); American Immigration Council, *Analysis of H.R. 1: Immigration & Border Security Provisions* 5–7 (July 2025) (explaining fee increases affecting humanitarian and family-based processes).

[192] Global Detroit, *The Economic Impact of Immigrants in Metro Detroit* 6–7 (2023) (finding that foreign-born residents account for over 20 percent of small business owners in the Detroit region and play a key role in neighborhood reinvestment); Pew Research Ctr., *Modern Immigration Wave Brings 59 Million to U.S., Driving Population Growth and Change Through 2065* (Sept. 28, 2015).

[193] .R. 1 §§ 70008(a), 70009(b) (adding non-waivable employment authorization and motion-to-reopen fees); Migration Policy Inst., *Rising Costs and Declining Access: The Effects of Federal Fee Policy on Immigrant Integration* 4–5 (2025) (estimating that elevated EAD and court filing fees reduce rates of lawful work participation and case filings among low-income applicants).

[194] One Big Beautiful Bill Act (H.R. 1) § 80002(a)–(d), 119th Cong. (2025) (appropriating $45 billion "for enforcement, adjudication, detention, and border-security infrastructure").

[195] *Id.* § 80005 (authorizing grants and cooperative-agreement funding to "State, local, and tribal governments that assist or cooperate with federal immigration authorities"); Am. Immigration Council, *Analysis of H.R. 1: Immigration & Border Security Provisions* 8 (July 2025) ("The Act directs a significant portion of new DHS funds to cooperative enforcement programs at the state and local levels.").

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The funding provided for local law enforcement by OBBBA conflicts with existing Detroit policies and norms.[201] This funding presents a direct tension to the City of Detroit's established policies and community values that emphasize inclusion and limited local involvement in federal immigration enforcement.[202] Detroit has a long-standing policy of being a "Welcoming City," and while it does not identify as a "sanctuary city" in the strict legal sense, the Detroit Police Department's General Orders prohibit officers from questioning individuals solely to determine their immigration status or from engaging in immigration enforcement actions.[203] The conflict arises because the Act explicitly conditions major grant and reimbursement programs on cooperation with federal immigration authorities.[204] Section 100054(7) of the Act denies incarceration reimbursement to any state or locality that restricts its officials from complying with federal immigration laws or from assisting federal enforcement activities.[205] Likewise, Section 100054(5) makes Byrne JAG grant eligibility contingent upon compliance with 8 U.S.C. § 1373, a statute prohibiting state or local measures that limit communication or cooperation with federal immigration authorities.[206] For Detroit, these provisions create a policy dilemma: participation in these federally funded programs could provide meaningful fiscal relief and enhance law enforcement capacity, yet such participation would likely require amending or suspending existing city orders that form the foundation of Detroit's Welcoming City framework.[207]

To access the significant funding in this bill, the City of Detroit would be forced to fundamentally alter its policing practices and rescind its protective orders, undermining community trust built over years. The Detroit Police Department (DPD) relies fundamentally on trust and cooperation from all residents,

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[199] One Big Beautiful Bill Act (H.R. 1) § 100051(7), 119th Cong. (2025) (appropriating "funds for State and local participation in homeland security operations, including immigration enforcement, gang activity suppression, and human trafficking investigations").

[200] *Id.* § 100051(7)(B) (authorizing DHS to "enter into reimbursable agreements with State and local law enforcement agencies for participation in joint enforcement operations").

[201] City of Detroit, *Office of Immigrant Affairs, Welcoming City Policy Framework* 2 (2024) ("Detroit's identity as a welcoming city guides all municipal engagement with immigrant communities.").

[202] *Id.* Global Detroit, *The Welcoming Economy: Immigrants and Economic Growth in Metro Detroit* 5 (2023) (highlighting local commitment to inclusive growth and non-discriminatory public service practices).

[203] Detroit Police Dep't, *General Order 201-5: Immigration Status Inquiries and Enforcement* (rev. 2022) (prohibiting officers from initiating contact or enforcement actions based solely on immigration status).

[204] One Big Beautiful Bill Act (H.R. 1) §§ 100054–100055, 119th Cong. (2025) (conditioning law enforcement funding on cooperation with federal immigration enforcement).

[205] *Id.* § 100054(7) ("No reimbursement may be made to any State or locality that restricts its officers or employees from cooperating with Federal immigration authorities.").

[206] *Id.* § 100054(5) (conditioning Byrne JAG funding on compliance with 8 U.S.C. § 1373); 8 U.S.C. § 1373(a) (2018) ("[A] Federal, State, or local government entity or official may not prohibit, or in any way restrict, any government entity or official from sending to, or receiving from, the Immigration and Naturalization Service information regarding the citizenship or immigration status… of any individual.").

[207] Migration Policy Inst., *Federal-State Tensions in Immigration Enforcement Funding under H.R. 1* 9 (2025) (analyzing compliance conflicts between local non-cooperation ordinances and new federal grant requirements).

including immigrants, to effectively prevent and solve crimes.[208] While the OBBBA offers substantial financial grants and reimbursements that could alleviate budgetary pressures in public safety, accessing this funding requires the city to abandon its "Welcoming City" principles and risk severing the trust between its immigrant communities and the police. The choice is between short-term financial gain and the long-term health of community relations and its identity as an inclusive city. The bill effectively uses financial coercion to enlist localities in a federal enforcement strategy that is at odds with Detroit's established norms and self-defined interests.

Municipal Sustainability, Solar, Fleet, and Infrastructure Impacts

EV Fleet & Charging Station Incentive Cutoff

The City of Detroit can no longer rely on federal tax incentives to support municipal fleet electrification and charging deployment. The commercial clean vehicle credit is unavailable to vehicles acquired after September 30, 2025. The City now faces a higher net acquisition cost per eligible vehicle, which could, in turn, reduce the number of vehicles replaced, delay fleet turnover, or require additional local appropriations to maintain the same pace of electrification as previously planned. [209] For charging deployment, the relevant incentive is the alternative fuel vehicle refueling property credit under I.R.C. § 30C, which OBBBA terminated for property placed in service after June 30, 2026.[210]

Transportation and Infrastructure Funding

The One Big Beautiful Bill Act (OBBBA) does not directly focus on transportation policy, but Michigan's decision to decouple from several OBBBA tax provisions as noted above, has significant ripple effects on Detroit taxpayers—especially because the state simultaneously enacted a roads-transportation funding package that changes how tax dollars flow into road and transit systems. In 2025- 2026, Michigan decoupled from the OBBBA business tax cut provisions and created the Comprehensive Road Funding Tax Act (CRFTA), which redirect certain state tax revenues to road maintenance and transportation.

- By decoupling, Michigan preserved state tax revenues that would have been lost if it adopted OBBBA fully. Michigan passed the Comprehensive Road Funding Tax Act, which diverts some of that preserved revenue into road and transportation funding.
- Transportation funding changes influence local mobility, roads, and transit.
- Higher taxes for Detroit businesses. Detroit's corporate income tax is based on Michigan corporate income, so businesses cannot use OBBBA's accelerated tax write offs at the state or city level. This can potentially raise the cost of fleet upgrades, vehicle purchases, or facility improvements.
- The CRFTA directs additional state revenue to transportation. For Detroit, this will result in More funding for road reconstruction, especially on state-managed corridors like I75, I94, and M10; improved freight mobility, which affects Detroit's logistics, warehousing, and manufacturing sectors; and potential support for regional transit initiatives
- The Detroit Department of Transportation (DDOT) is expected to reap the benefits from increased state funding for transit purposes (i.e., new buses, additional operating support).

Under the CRFTA, a new Neighborhood Roads Fund will provide $1.1 billion initially and subsequently, $1.4 billion annually to fund additional projects beyond road improvements, such as:

- $100 million for repairs to closed, restricted and critical local bridges.

[208] Detroit Police Dep't, *Community Policing Strategic Plan 2024–2026* 3 (2024) ("DPD's effectiveness depends on voluntary cooperation, communication, and information sharing from all members of Detroit's diverse communities.").
[209] Internal Revenue Serv., *Commercial Clean Vehicle Credit* (Nov. 13, 2025).
[210] Id.

- $40 million for grade-separation grants to help local governments move roads above or below congested railroad crossings.
- $35 million will go to local transit agencies and other public transportation purposes.
- $65 million will go to a new Infrastructure Projects Authority Fund. The Michigan Department of Transportation (MDOT) will issue grants to "infrastructure mobility projects" to fund projects like mass transit, including passenger rail — with priority given to projects that need money for federal matching dollars. The funding could spur movement in Metro Detroit, where business leaders say inadequate public transportation is holding the region back.

Conclusion

The OBBBA will affect Detroit residents, businesses, and City government in different but connected ways. Some tax provisions may provide limited benefits to certain individuals, families, and businesses, but those benefits are outweighed by the Act's broader risks to Detroit. The reductions to SNAP, Medicaid, and other safety-net programs may increase food insecurity, reduce health care coverage, and place greater pressure on families, nonprofits, health care providers, and City services. The Act's changes to immigration policy, student aid, clean-energy incentives, and state and local funding responsibilities may also increase costs, slow development, and create new fiscal uncertainty for the City. Because several provisions remain subject to implementation guidance, litigation, and future state and federal action, the City should continue monitoring the Act's fiscal, legal, and community impacts while preparing for increased service demand and potential revenue volatility.