

Resolution 22-2 : City of Standish Poverty Exemption Policy and Procedure

Pursuant to MCL 211.7.u local units are required to annually adopt a policy, including an asset test, used to approve or deny exemptions. The City of Standish Council has established the following procedures and criteria for the uniform application and determination of poverty exemptions to be administered by the City of Standish Board Of Review as required under MCL 211.7.u. State Statute provides for a property tax exemption, in whole or in part, for the principal residence of persons who, by reason of poverty, are unable to contribute to the public charges. A Principal Residence is defined in MCL 211.7dd as a principal residence or qualified agricultural property. Corporations or limited liability companies will not qualify for an exemption.

1. Any persons owning and occupying a home as a principal residence, as defined by state law may apply for a poverty exemption by submitting the required petition and application to the Board of Review. Legal ownership of a property in which an exemption is requested shall be vested solely in the applicant or their spouse. The completed application and required documents shall be submitted to the local assessing unit on or after January 1 but before the day prior to the last day of the December Board of Review during the year in which the exemption is requested. If requested by the City Assessor or Board of Review members the applicant will appear in person, otherwise the application and petition to the Board of Review (Form L-4035) will act as a letter of appeal and no appearance shall be required.

2. The burden of proving poverty rests with the applicant. The application form may be obtained from the local unit where the property is located during the year in which the exemption is being requested. The applicant must supply the necessary application and supporting documents as required by this policy and procedure statement. Those documents shall **include (please include this information for ALL household members 18 years old and over):**

- A. The completed application, Form 5737 Application for Poverty Exemption.
- B. The most recent (immediate preceding year) Michigan and Federal Income Tax Return with all attachments including the MI-1040 CR OR Form 4988 if they did NOT complete tax returns for the previous two (2) years.
- C. Form 5739 Affirmation of Ownership and Occupancy.
- D. Form L-4035 Petition to the Board of Review.
- E. Valid Driver's License or other form of identification if requested.
- F. Produce a deed, land contract or any other evidence of ownership if requested.

3. The determination of qualification for a poverty exemption shall be based on:

- G. The income level of the household after deductions (if any) of the immediate preceding year. Poverty income thresholds are annually published by the U.S. Department of Health and Human Services and published by the State Tax Commission.
- H. The size of the family unit.
- I. The assets and availability of income to the household.

4. The applicant's reported income shall be reviewed and adjusted, subject to:

A. Gross income shall be adjusted with a factor of .85. This allows for 15 percent of **employment income** to meet tax liability. There will be no factor applied to applicants who do not have an income from employment.

5. The determination of the size of the family unit shall be reflective of Michigan income tax procedures in general. The allowance for a family unit shall consider:

- A. Applicant shall be entitled to one "allowable exemption" for each verified household member.
- B. An additional "allowable exemption" may be granted for:
 - 1. Any household member that is 65 years old or older.
 - 2. Any household member that is paraplegic or quadriplegic.
- C. Exemption amount is equal to the amount of exemptions allowed on the MI Income Tax Return for the immediately preceding year.

6. The income level for each family unit that qualifies for a poverty exemption shall be based on the federal poverty guidelines updated annually by the U.S. Department of Health and Human Services and published by the State Tax Commission.

7. In the determining of the granting of any poverty exemption, all assets of the applicant (excluding the applicant's primary residence), as well as all available sources of income of funds shall be considered. The maximum assets allowed for a poverty exemption shall be \$10,000 and the applicant shall not own a secondary home (assets will include, but are not limited to, homes or property other than your primary residence, cars, boats, trailers/RV's, any motorized recreational equipment, stocks and bonds).

8. The granting of a poverty exemption may be 100 percent, 50 percent, 25 percent or 0 percent. The Board of Review will determine partial exemptions based on taxpayers ability to pay.

9. Income shall be considered to include all the following:

- A. Money, wages, and salaries before any deductions.
- B. Net receipts from non-farm self-employments. These are from a person's own business, professional enterprise, or partnership, after deduction for business expenses.
- C. Net receipts from farm self-employment. These are receipts from a farm, which one operates as an owner, renter, or sharecropper, after deductions for farm operating expenses.
- D. Regular payments from social security, railroad retirement, unemployment compensation, strike benefits from union funds, workers compensation, veteran's payments, and public assistance (including Aid to Families with Dependent Children, Supplemental Security Income, Emergency Assistance money payments, and non-federally funded general relief money payments).
- E. Alimony, child support and military family allotments or other support from an absent family member or someone not living in the household.
- F. Private pensions, government employee pensions (including military retirement pay) and regular insurance payments or annuity payments.
- G. College or university scholarships, grants, fellowships and assistantship.

- H. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.
- I. Money received from the sale of a property such as stocks, bonds, and a house.
- J. Monetary aid from friends or family with documentation of said aid.

10. Income does NOT include the following:

- A. Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms.
- B. Federal noncash benefit programs such as Medicare, Medicaid, food stamps and school lunches.
- C. Homestead Property Tax Credit.

11. In order to be considered for a poverty exemption, the following steps must be completed:

COMPLETE THIS APPLICATION IN FULL. The forms and required documents shall be submitted to the local assessing unit on or after January 1 but before the day prior to the last day of the December Board of Review during the year in which the exemption is requested.

- A. The most recent (immediate preceding year) Michigan Income Tax return with all attachments including the MI-1040 CR **AND** the most recent (immediate preceding year) Federal Income Tax Return with all attachments OR State Tax Commission form 4988.
- B. Provide a copy of your Driver's License or State issued identification.
- A. Form 5739, Affirmation of Ownership and Occupancy, completed and returned.
- B. Form L-4035 Petition to the Board of Review completed and returned.
- C. If your application is not fully completed and does not have the necessary copies and attachments, your application will be considered incomplete. Incomplete applications will be considered as a request by the applicant to withdraw from consideration the request for a poverty exemption. If an applicant has special needs that require assistance in presenting their circumstances to the Board of Review, he/she should contact the Township Office at least one week before the Board of Review.

12. **Board of Review Responsibilities:** The Board of Review shall approve or deny the request for the poverty exemption. The Board of Review is required to follow the policy and guidelines adopted by the local assessing unit in granting or denying a poverty exemption. The Board of Review is not permitted to deviate from the adopted policy and guidelines.

13. **Appeal Rights:** An appeal of a decision of the Board of Review is made by completing and submitting a petition to the Michigan Tax Tribunal no later than July 31 of the same year. A decision of the July or December Board of Review may be appealed by completing and submitting a petition to the Michigan Tax Tribunal within 35 days of the July or December Board of Review's decision. More information on how to file an appeal is available by contacting the Michigan Tax Tribunal. Information can also be viewed on the Michigan Tax Tribunal's website at <https://www.michigan.gov/taxtribunal>.
POVERTY EXEMPTION is defined by Michigan Compiled Laws, Section 211.7 u. The law reads: ***The real and personal property of persons who, in the judgment of the supervisor and the board of review by reason of poverty, are unable to contribute toward the public charges is exempt from taxation under this act. This section does not apply to the property of a corporation.***

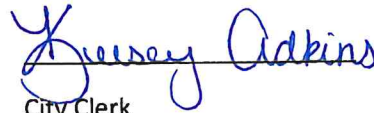
Please be aware that as an applicant for a poverty exemption, you must also comply with the following section of the Michigan Compiled laws relative to General Property Tax:

SECTION 211.118 PROVIDES, ***any person who, under any of the proceedings required or permitted by this act shall willfully swear falsely shall be guilty of perjury and subject to penalties.***

SECTION 211.119 PROVIDES, ... ***a person who willfully neglects or refuses to perform a duty imposed upon that person by this act, when no other provision is made in this act is guilty of a misdemeanor, punishable by imprisonment for not more than 6 months, or a fine of not more than \$300.00 and is liable to a person injured to the full extent of the injury sustained.***



City of Standish Mayor
Kevin King



City Clerk
Kelsey Adkins