

## AGENDA REPORT

TO: Mayor Pat Humphrey and the Clare City Commission  
FROM: Ken Hibl, City Manager  
DATE: December 30, 2015  
RE: Approval of the 2016 Poverty Exemption Application and Income Levels

For the Agenda of January 4, 2016

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**Background** Public Act 390 of 1994 requires each governing body to approve a Poverty Exemption Application to be administered by the municipalities appointed Board of Review. Furthermore, Public Act 390 requires the governing body to annually approve income levels for the Board of Review to follow in their review of property tax poverty exemption applications from owners of residential properties. Public Act 390 along with other applicable bulletins and regulations from the State Tax Commission provide the federal poverty income levels, the required asset tests and other procedural requirements for the poverty exemption application.

The City's Assessor, Mrs. Edie Hunter, has prepared the Poverty Exemption Application for 2016 including the federal poverty levels to be used by the Board of Review. Mrs. Hunter will assist the City of Clare's Board of Review in their consideration of applications under the provisions of Public Act 390 to insure compliance.

**Issues & Questions Specified** Should the Clare City Commission formally approve the Poverty Exemption Application and income levels?

**Alternatives**

1. Approve the Poverty Exemption Application and income levels.
2. Do not approve the Poverty Exemption Application and income levels.
3. Defer/delay decision to a subsequently scheduled City Commission meeting.

**Financial Impact** The financial impact of this requirement of State Law on the City of Clare and the other taxing authorities is not determinable until after any potential applications have been received from residential property owners who qualify for the exemption. However, based upon the very low income levels required to qualify for exemption along with the rather stringent asset tests that the Board of Review must consider the potential financial impact is negligible.

**Recommendations** I recommend that the City Commission formally approve the Poverty Exemption Application and Income Levels for the upcoming calendar year as required by state law by adoption of Resolution 2016-001 (*copy att'd*).

**Attachments**

1. Poverty Exemption Application for 2016.
2. Resolution 2016-001.

**CITY OF CLARE  
ASSESSING DEPARTMENT  
202 W FIFTH ST  
CLARE, MI 48617  
(989)386-7541**

## **POVERTY EXEMPTION APPLICATION FOR 2016**

(UNDER MCL 211.7u - NEW REQUIREMENTS)  
**INCOME STANDARDS FOR 2016**

*It is recommended that you read this application before you fill it out. In some instances you may not qualify.*

I, \_\_\_\_\_, being the owner and resident of the property listed below, desire to apply for tax relief under section 7u of the Michigan General Property Tax Act (which states, "The principal residence of persons who in the judgment of the assessor and board of review, by reason of Poverty, are unable to contribute towards the Public charges, are exempt for tax under this act.")

I also swear that this property is my, "Homestead Property or qualified agricultural property," as defined in MCL 211.dd.

### **NEW POVERTY EXEMPTION REQUIREMENTS EFFECTIVE 1994**

PA 390 of 1994 states that the poverty exemption shall not be granted to property owned by a corporation.

Starting 1995, PA 390 of 1994 states that the **governing body** of the local assessing unit shall determine the policies and guidelines that the local assessing unit will use when deciding whether to grant poverty exemptions.

PA 390 requires that the poverty exemption guidelines include the asset levels of the entire household. The determination of the amount of the asset levels is left to the discretion of the local governing body. Local governing bodies are required by the Act to set income and asset levels for their poverty exemption guidelines.

In order to qualify for the poverty exemption, the claimant must meet **all** of the tests set by the local governing body.

PA 390 requires that local assessing units make available to the public their policies and guidelines for the granting of poverty exemptions. The Board of Review shall follow the policies and guidelines of the local assessing unit when granting or denying a poverty exemption. The same standards shall apply to each claimant in the unit for the assessment year.

PA 390 requires that the poverty exemption guidelines set by the governing body of the local assessing unit include income and asset level. The Act further requires that the income levels NOT be set lower than the federal poverty income standards.

**PARTIAL POVERTY EXEMPTIONS:**

Beginning in 1995, PA 390 of 1994 authorizes partial poverty exemptions. A partial poverty exemption is an exemption of only a part of the taxable value of the property rather than the entire taxable value.

**FILING FOR THE POVERTY EXEMPTION:**

In order to be eligible for the poverty exemption, the claimant must do all of the following **on an annual basis:**

- 1) Own and occupy as a homestead the property for which the exemption is requested.
- 2) File a Claim with the supervisor/assessor or board of review after January 1, but before the day prior to the last day of the Board of Review on a form provided by the local assessing unit.
- 3) Provide Federal and State income tax returns for all persons residing in the homestead including any property tax credit returns.
- 4) Produce a valid driver's license or other form of identification if requested.
- 5) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is being requested, if requested.
- 6) Meet the federal poverty income standards adopted by the governing body of the local assessing unit.
- 7) Meet the asset levels set by the governing body of the local assessing unit.

A claimant may Request a Poverty Exemption and Appeal the Property's Assessment to the March Board of Review.

**FEDERAL POVERTY INCOME STANDARDS:**

The following are the federal poverty income standards that the United States Office of Management and Budget recommend that federal departments and agencies use. *City of Clare* has adopted these Income Levels for the basis of granting "Poverty Exemptions." These amounts are adjusted annually.

**To be eligible for a poverty exemption in City of Clare *FOR 2016 your income may NOT exceed these guidelines. If your income exceeds the levels listed below, you do not qualify for a Poverty Exemption:***

1 person.....	\$ 11,770
2 persons.....	\$ 15,930
3 persons.....	\$ 20,090
4 persons.....	\$ 24,250
5 persons.....	\$ 28,410
6 persons.....	\$ 32,570
7 persons.....	\$ 36,730
8 persons.....	\$ 40,890
For Each Additional Person add.....	\$ 4,160

**MAXIMUM ASSET STANDARDS TO BE ELIGIBLE FOR A POVERTY EXEMPTION**  
*(PA 390 of 1994 states that the poverty exemption guidelines established by the governing body of the local assessing unit shall include an asset level test)*

City of Clare has adopted the following MAXIMUM ASSET STANDARDS for a household to be eligible for a POVERTY EXEMPTION. The below asset levels DO NOT include the value of your homestead. (Per Tribunal ruling 08-13-97, Docket #236230, and the equity of the homestead should not be included within the asset test to be valid.

1 person .....	\$ 21,000
2 persons .....	\$ 26,000
3 persons.....	\$ 31,000
4 persons.....	\$ 36,000
5 persons.....	\$ 41,000
6 persons.....	\$ 46,000
7 persons.....	\$ 51,000
8 persons.....	\$ 56,000
9 persons or more.....	\$ 61,000

**If your household assets exceed this amount you are NOT eligible for a POVERTY EXEMPTION.**

Please fill out the following forms to be considered for a poverty exemption by the City of Clare Board of Review.

### Hardship Exemption Application

I, \_\_\_\_\_, being the owner and resident of the property listed below, apply for tax relief under MCL 211.7u of the General property Tax Act, (the real and personal property of persons who, in the judgment of the supervisor and board of review, by reason of poverty are unable to contribute toward the public charges, are exempt from taxation under this act).

Property Code Number \_\_\_\_\_

Property Description: \_\_\_\_\_

Property Address: \_\_\_\_\_ Phone ( ) \_\_\_\_\_

Marital Status: \_\_\_\_\_

Age of Applicant: \_\_\_\_\_ Age of Spouse: \_\_\_\_\_

Number of Dependents: \_\_\_\_\_ Age of Dependents: \_\_\_\_\_

Have you applied for Homestead Property Tax Credit this Year? \_\_\_\_\_

How much was your Property Tax Credit? \_\_\_\_\_

**ATTACH A COPY OF 1040 CR AND FEDERAL OR STATE INCOME TAX RETURN, IF FILED FOR THE CURRENT YEAR.**

REAL ESTATE: Is home paid for? \_\_\_\_\_ Unpaid balance: \_\_\_\_\_

Name of Mortgage Co. \_\_\_\_\_ Monthly Payment: \_\_\_\_\_

How long have you lived at this residence? \_\_\_\_\_

Do you own, or are you buying any other property? \_\_\_\_\_

If so, list below:

Property Address	Name of Owner	Assessed Value	Amount and Date of Last Taxed Paid

Income earned from above property \$ \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Address: \_\_\_\_\_

Phone No. ( ) \_\_\_\_\_

List all income from salaries, Social Security, rents, pensions, unemployment compensation, disability, government pensions, workers' compensation, dividends, claims and judgments from lawsuits, alimony, child support and any other source.

Source of Income	Monthly or Annual Income

**SAVINGS AND INVESTMENTS:** List all savings owned by you or your spouse, including savings accounts, postal savings, credit union shares, certificates of deposit, cash, stocks, bonds or similar investments.

<b>Name of Financial Institution or Investments</b>	<b>Amount on Deposit</b>	<b>Name on Account</b>	<b>Value of Investment</b>

**LIFE INSURANCE:** List all policies held by you and your spouse.

<b>Insured</b>	<b>Amount of Policy</b>	<b>Amt. Paid Monthly</b>	<b>Paid Up Policy</b>	<b>Name of Beneficiary</b>	<b>Relationship to Insured</b>

**MOTOR VEHICLES IN HOUSEHOLD:**

<b>Make</b>	<b>Year</b>	<b>Monthly Payment</b>	<b>Balance Owed</b>

**LIST ALL PERSONS LIVING IN HOUSEHOLD:**

<b>Last Name</b>	<b>First Name</b>	<b>Age</b>	<b>Relationship to Claimant</b>	<b>Place of Employment</b>	<b>Contribution to Family Income</b>

Reason for Requesting Exemption

NOTICE: Any willful misstatements or misrepresentations made on this form may constitute perjury, which, under the law, is a felony punishable by fine or imprisonment.

NOTICE: a copy of your latest federal income tax return, state income tax return (MI-1040) and your Homestead Property Tax Credit claim (MI-1040CR 1,2,3 or 4) must be attached as proof of income.

NOTE: Do not sign until witnessed by the supervisor, assessor or board of review.

STATE OF MICHIGAN

COUNTY OF \_\_\_\_\_

The undersigned, being duly sworn, deposes and says that the statements made in the foregoing application are true and that he/she has no money, income or property other than mentioned herein.

\_\_\_\_\_  
Petitioner  
Subscribed and sworn this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_

\_\_\_\_\_  
Assessor, Supervisor, Board of Review Member or Notary Public

\_\_\_\_\_  
This Application must be returned no later than the second Monday in March to the Board of Review of \_\_\_\_\_.

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FOR BOARD OF REVIEW USE

Disposition by Board of Review                      Date \_\_\_\_\_

Denied: \_\_\_ Approved: \_\_\_ Assessment reduced to \_\_\_\_\_

Supervisor \_\_\_\_\_ Chairperson \_\_\_\_\_ Second Member \_\_\_\_\_ Third Member \_\_\_\_\_

Decisions may be appealed to Michigan Tax Tribunal

**PERSONAL DEBTS:**

<b>Creditor</b>	<b>Purpose of Debt</b>	<b>Date of Debt</b>	<b>Original Balance</b>	<b>Monthly Payment</b>	<b>Balance Owed</b>

**MONTHLY EXPENSES:**

UTILITIES \_\_\_\_\_ FOOD \_\_\_\_\_ PHONE \_\_\_\_\_  
 CLOTHING \_\_\_\_\_ HEAT \_\_\_\_\_ CAR EXPENSES \_\_\_\_\_

OTHER (Specify) \_\_\_\_\_

**OTHER ASSETS:** List all other assets and their value that are owned or controlled by you. (For example, boats, coin collection, antiques, silver)

<b>Type of Asset</b>	<b>Value</b>	<b>Owner</b>

**RESOLUTION 2016-001**

**A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE POVERTY EXEMPTION APPLICATION FOR 2016.**

**WHEREAS**, Public Act 390 of 1994 requires each governing body to approve a Poverty Exemption Application that is to be administered by the City's appointed Board of Review in their consideration of granting or denying requests from residential property owners to be exempted from the payment of their property taxes; and

**WHEREAS**, Public Act 390 of 1994 along with other applicable bulletins and regulations issued and administered by the State Tax Commission also establish the requirement to annually establish income levels to be followed by the Board of Review in their consideration of property tax poverty exemption applications from owners of residential property; and

**WHEREAS**, Public Act 390 of 1994 also establishes the requirement to include within the poverty exemption guidelines/procedures to be followed by the Board of Review an asset test of the entire household where the poverty exemption is being requested; and

**WHEREAS**, the City Assessor has prepared the Poverty Exemption Application for 2015 which includes the federally approved poverty income guidelines and also the required household asset tests.

**NOW THEREFORE BE IT RESOLVED** that the Clare City Commission hereby approves the Poverty Exemption Application for 2016 which includes the appropriate federal poverty income guidelines.

**BE IT FURTHER RESOLVED** that the City Commission directs the City Assessor and Board of Review to administer the City of Clare's Property Tax Poverty Exemption Application process as is required by state law and statute.

**The Resolution was introduced by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_. The Resolution declared adopted by the following roll call vote:**

**YEAS:**

**NAYS:**

**ABSENT:**

Resolution approved for adoption on this 4<sup>th</sup> day of January 2016.

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Diane Lyon, Clare City Clerk