



AGENDA 7b
DATE 12-17-19
Internal Memo

December 11, 2019

TO: Mark C. Meyers, City Administrator

FROM: Michael D. Huston, CPA, Finance Director 

SUBJECT: Guidelines for the Poverty Exemptions

The State of Michigan, pursuant to PA 390 of 1994, requires the City to adopt the following guidelines listed in the attached resolution for the Board of Review's use. This must be done on a yearly basis to conform with the changes made to the federal poverty income guidelines.

The United States Department of Health and Human Services released 2020 guidelines for the annual allowable income which includes income for all persons residing in the principal residence.

These guidelines are described in the resolution and all supporting documentation.

If you have any questions or need anything else just let me know.

**POLICY AND GUIDELINES FOR POVERTY EXEMPTIONS FROM TAXATION
YEAR OF 2020
AS REQUIRED BY PA 390 OF 1994**

In order to comply with the General property Tax Act, P.A. 206 of 1893 as amended, Section 211.7u, which reads: "The homestead 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 is eligible for exemption in whole or in part from taxation under this act", the following policy for applicants requesting consideration for poverty exemptions will be followed:

1. All requests for Poverty Exemption must be made on the form(s) provided by the City of Norton Shores. Handicapped or infirmed applicants may call the assessor's office to make necessary arrangements for assistance.
2. Applications may be filed with the City of Norton Shores Assessing Department after January 1, but before the day prior to the last day of the March, July or December Board of Review.
3. Applications are to be reviewed by the Board of Review, and may be reviewed without the applicant being present. However, the Board of Review may request that any or all applicants be physically present to respond to any questions the Board of Review may have. This means an applicant may be called to appear on short notice.
4. The applicant(s) may have to answer questions regarding financial affairs, health, the status of people living in his/her home before the board, at a meeting which is open to the public at large.
5. The Board of Review will use as a basis for the granting of such exemption the following listed items and requirements.
 - a) Public Act 390 of 1994, also known as MCL 211.7u, as amended. (Copy attached.)
 - b) Bulletin No. 6, June 6, 2017, Michigan Department of Treasury, State Tax Commission to include the definitions and requirements.
(A copy of Bulletin 6 is on file at the City for review or purchase.)
 - c) Poverty thresholds as provided by the United States Office of Management and Budget. Income is defined in Bulletin No. 6. (Specific poverty thresholds list is attached.)
 - d) Asset thresholds for the entire household as determined by the City of Norton Shores. (Specific requirements thresholds list is attached)
 - e) Specific requirements by the City of Norton Shores that must be met before the application will be considered for approval. Be advised that some of the listed requirements are included as part of P.A. 390 of 1994. (Specific requirements list is attached.)
 - f) Data submitted to the board by the petitioner.
 - g) Testimony taken from petitioner and information gathered from any source the board may wish to use.

**SPECIFIC REQUIREMENTS FOR POVERTY EXEMPTION
(As adopted by the City Council)**

In addition to the requirements outlined in PA 390 of 1994, also known as MCL 211.7u, as amended, the following apply:

1. Applicant must provide current copy of deed or land contract showing ownership in principal residence.
2. Applicant must provide copies of 2019 Michigan Income Tax Return for all persons residing in the principal residence, including Homestead Property Tax Credit Claim [MI 1041 CR-1 (Senior) or CR-4 (General) if he/she is required to file a state income return.
3. Applicant must provide copies of 2019 Federal Income Tax Return (1040) for all persons residing in the principal residence, if he/she is required to file federal income return. If applicant is not required to file income tax returns, they must indicate this on the application.
4. Any applicant or person residing in the principal residence who is not required to file a 2019 Michigan or Federal Income Tax Return is required to file an affidavit (Treasury Form 4988).
5. Applicant must provide copies of W-2 forms or 1099 forms pertaining to tax forms presented.
6. Applicant must provide a copy of a current Michigan driver license or state identification card for identification.
7. The Board of Review will apply a three (3) part test to determine the eligibility and amount of the exemption.

I. THE INCOME TEST:

An eligible applicant must meet the published poverty income standards. Only in the case of extraordinary circumstances can the Board of Review consider greater than the published amounts.

In the case of extraordinary circumstances, the applicant must provide documentation verifying major or unusual out-of-pocket expenses.

II. THE ASSET TEST:

A poverty exemption shall not be granted to any applicant whose total liquid assets exceed \$1,500.

RESOLUTION

WHEREAS, the adoption of guidelines for poverty exemptions is required of the Norton Shores City Council; and

WHEREAS, the principal residence of persons, who the Supervisor/Assessor and Board of Review determines by reason of poverty to be unable to contribute to the public charge, is eligible for exemption in whole or in part from taxation under Public Act 390 of 1994 (MCL 211.7u); and

WHEREAS, pursuant to PA 390 of 1994, the City of Norton Shores, Muskegon County adopts the following guidelines for the Board of Review to implement. The guidelines shall include but not be limited to the specific income and asset levels of the claimant and all persons residing in the household, including any property tax credit returns, filed in the current or immediately preceding year;

To be eligible, a person shall do all the following on an annual basis:

1. Be an owner of and occupy as a principal residence the property for which an exemption is requested.
2. File a claim with the supervisor/assessor or Board of Review, accompanied by federal and state income tax returns for all persons residing in the principal residence, including any property tax credit returns filed in the immediately preceding year or in the current year or a signed State Tax Commission Form 4988, Poverty Exemption Affidavit.
3. File a claim reporting that the combined assets of all persons do not exceed the current guidelines. Assets include but are not limited to, real estate other than the principal residence, personal property, motor vehicles, recreational vehicles and equipment, certificates of deposit, savings accounts, checking accounts, stocks, bonds, life insurance, retirement funds, etc.
4. Produce a valid driver's license or other form of identification if requested.
5. Produce, if requested, a deed, land contract, or other evidence of ownership of the property for which an exemption is requested.
6. Meet the federal poverty income guidelines as defined and determined annually by the United States Department of Health and Human Services or alternative guidelines adopted by the governing body providing the alternative guidelines do not provide eligibility requirements less than the federal guidelines.
7. The application for an exemption shall be filed after January 1, but one day prior to the last day of the December Board of Review. The filing of this claim constitutes an appearance before the Board of Review for the purpose of preserving the right of appeal to the Michigan Tax Tribunal.

The following are the (2020) federal poverty income guidelines which are updated annually by the United States Department of Health and Human Services. The annual allowable income includes income for all persons residing in the principal residence.

Federal Poverty Guidelines Used in the Determination of Poverty Exemptions

Size of Family Unit	2020 Poverty Guidelines
1	\$12,490
2	\$16,910
3	\$21,330
4	\$25,750
5	\$30,170
6	\$34,590
7	\$39,010
8	\$43,430
Each additional person	\$4,420

NOW, THEREFORE, BE IT HEREBY RESOLVED that the supervisor/assessor and Board of Review shall follow the above stated policy and federal guidelines in granting or denying an exemption, unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and federal guidelines and these reasons are communicated in writing to the claimant.

At a regular meeting of the City Council of the City of Norton Shores, held at the Norton Shores Branch Library, 705 Seminole Road, on the 17th day of December 2019, the foregoing resolution was moved for adoption by Council Member . The motion was supported by Council Member .

Ayes:

Nays:

Resolution declared adopted/denied.

Shelly Stibitz, City Clerk