



# Madison Heights

## City Assessor's Office

**300 West 13 Mile Road Madison Heights, MI 48071**

**(248) 837-2644**

### **RESOLUTION ADOPTING POVERTY EXEMPTION GUIDELINES**

**WHEREAS**, Public Act 253 of 2020, which amended Section 7u of Act No. 206 of the Public Acts of 1893, as amended by Act No. 313 of the Public Acts of 1993, being sections 211.7u of the Michigan Compiled Laws, requires that the governing body of the local assessing unit determine and make available to the public the policy and guidelines used by the Board of Review in granting reductions in property assessments due to limited income and assets, referred to as "Poverty Exemptions."

**THEREFORE, BE IT RESOLVED** that in order to be eligible for poverty exemption in the City of Madison Heights, a person shall do all of the following on an annual basis:

1. Be an owner of and occupy as their principal residence the property for which the exemption is being claimed. The applicant cannot be the renter liable for the taxes. The property cannot be owned by a business entity.
2. The applicant must file a fully complete application (Form 5737) and provide all required and requested tax returns and documentation – listed in below item 6.
3. The applicant must meet the Income Guidelines which are the Federal Poverty Guidelines updated annually by the United States Department of Health and Human Services.
4. The applicant must meet the Asset Guidelines as approved by the Madison Heights City Council.
5. File a claim with the Board of Review on a form provided by the **City Assessor's Office**. The form must be filled out in its entirety and returned in person. Handicapped or infirmed applicants may call the **Assessor's Office** to make necessary arrangements for assistance.
6. Provide copies of documents for applicant, spouse, and/or all others that are residing in the homestead. **Must** submit last year's copies of the following or indicate "N/A" (not applicable) on application checklist:
  - a. Completed Form 5737, Application and Affirmation for MCL 211.7u Poverty Exemption;
  - b. Valid Michigan Driver's License or other legal form of photo identification for all persons in the household;
  - c. Completed IRS form 4506-T (Department of Treasury IRS Request for Copy of Tax Return) and any/all correspondence from the IRS;

- d. Federal Income Tax Return – Fully complete, signed copy of what was filed with the United States Internal Revenue Service (IRS);
- e. State Income Tax Return - Fully complete, signed copy of what was filed with the State of Michigan Department of Treasury;
- f. If any of the applicants are not required to file a Federal or State Income Tax return Form 4988, Poverty Exemption Affidavit, must be provided for ALL persons that are not required to file income tax;
- g. Michigan Homestead Property Tax Claim Form MI-1040CR. This completed form is required regardless of your requirement to file income tax returns;
- h. Bank and/or credit union monthly statements for the prior 12 months (as of the date of application) of ALL checking and savings accounts;
- i. Social Security Administration annual benefit statement (end of prior year total benefit);
- j. Cash benefit statement;
- k. Non-cash benefit statements such as Medicaid, WIC, food assistance and school lunches;
- l. W-2's from employer;
- m. Net receipts from self-employment;
- n. State or Federal checks;
- o. Unemployment benefits statement;
- p. Pension – 1099 statement;
- q. Certificate of deposit statement;
- r. Stocks or bonds statement;
- s. Child support payment statement;
- t. Alimony payment statement;
- u. Insurance or annuity payment statement;
- v. If home was purchased in the prior 2 years, a copy of the loan application and closing statement;
- w. Most recent mortgage verification showing balance of loan plus principal and interest payment amounts;
- x. Second mortgage or equity loan statement;
- y. List and current value of other property currently owned by applicant (includes but not limited to vacant land, second home, rental property, building/property other than the principal residence);
- z. List of equipment, jewelry, antiques, artwork and current value;
- aa. State of Michigan registration for all vehicles;
- bb. Notarized statement of regular contributions OR gifts OR loans from persons not living in the residence (in the last 2 months);
- cc. List of dividends, interest, and net income from rentals or estates or trusts (in the last 24 months);

dd. List of money received from the sale of property such as stocks, bonds, a house, or a car (in the last 2 months).

**BE IT FURTHER RESOLVED** that applications may be filed only once annually, and if denied, may appeal to the Michigan Tax Tribunal. To claim a poverty exemption, the application, required forms, and all supporting documentation as outlined in the Policy must be submitted between January 1<sup>st</sup> each year and November 30<sup>th</sup> (10 days prior to the December Board of Review).

**BE IT FURTHER RESOLVED** that the applicant's total household income cannot exceed the Federal Poverty Guidelines published in the prior calendar year in the Federal Register set forth by the U.S. Department of Health and Human Services as established by the State Tax Commission-to be updated annually.

**BE IT FURTHER RESOLVED** that meeting the income level guidelines does not guarantee 100% exemption, at their discretion in accordance with the General Property Tax Act 211.7u(5), the Board may grant a full or partial exemption equal to a 25%, 50% or 75% reduction in taxable value.

**BE IT FURTHER RESOLVED** as required by PA 390 of 1994, all guidelines for poverty exemptions as established by the governing body of the local assessing unit SHALL include an asset level test. The purpose of an asset test is to determine the resources available: Cash, fixed assets or other property that could be converted to cash and used to pay property taxes in the year the poverty exemption is filed. The value of the principal residence is not included in the asset test. The following asset test shall apply to all applications for poverty exemptions:

1. The applicant's household shall not have Liquid (cash) assets in excess of \$8,000, AND
2. The applicant's household shall not have total value of all assets (cash and other non-cash assets) in excess of \$25,000.

Assets greater than what is stated above will result in a denial of the poverty exemption, even if the applicant meets the Income Guideline. The Board of Review may deny any application if the assets are not properly identified.

**BE IT FURTHER RESOLVED** that the Board may review applications without the applicant being present. However, the Board may request that any or all applicants be physically present to respond to any questions the Board or Assessor may have. This means that an applicant could be called to appear on short notice.

1. At this meeting an applicant should be prepared to answer questions regarding their financial affairs, health, the status of people living in their home, etc.
2. All applicants appearing before the Board will be administered an oath, as follows:

"Do you, \_\_\_\_\_, swear and affirm that evidence and testimony you

will give on your own behalf before the Board of Review is the truth, the whole truth, and nothing but the truth, so help you God."

Applicant responds, "I do" or "I will."

**BE IT FURTHER RESOLVED** that the designated City Official and the Board of Review must agree as to the disposition of the poverty claim for the exemption to be granted and any successful applicant may be subject to personal investigation by the City. This would be done to verify information submitted or statements made to the Assessor or Board regarding their poverty tax exemption claim. The designated City Official will tape and keep minutes of all proceedings before the Board of Review and all meetings must be held in a municipal building.

**BE IT FURTHER RESOLVED** that the Board of Review shall follow the policy and guidelines set forth above when granting and denying poverty exemptions. The same standards shall apply to each taxpayer within the city claiming the poverty exemption for the assessment year. In reviewing the application and all supporting documentation, the Board of Review will consider an asset test and income test as required by Michigan statute, along with State of Michigan required application form.

**BE IT FURTHER RESOLVED** that in order to ease the burden on taxpayers, the assessor and the Board of Review and to ensure that all taxpayers have an equal opportunity to be heard by the Board of Review, the City of Madison Heights hereby resolves, according to provisions of MCL 211.30(8) of the General Property Tax Act, that the Board of Review shall receive letters of protest regarding assessments from resident taxpayers from the first Tuesday in March until it adjourns from the public hearings for which it meets to hear such protests. All notices of assessment change and all advertisements of Board of Review meetings are to include a statement that the resident taxpayers may protest by letter to the Board.

**BE IT FURTHER RESOLVED** that to conform with the provisions of PA 253 of 2020, this resolution is hereby given immediate effect and will stay in effect for subsequent years until amended or voided.