

CITY OF ESCANABA POLICY AND GUIDELINES FOR GRANTING OR DENYING HARDSHIP EXEMPTIONS FROM PROPERTY TAXES

MCL 211.7u, as amended, provides that:

- 1) The principal residence of a person who, in the judgment of the board of review, by reason of poverty, is unable to contribute toward the public charges is eligible for exemption in whole or in part from the collection of taxes under this act. This section does not apply to the property of a corporation.

Requirements

- 2) To be eligible for exemption under this section a person shall do all of the following **each year** that an exemption is requested:
 - a) Own and occupy, as a principal residence, the property for which an exemption is requested. The person shall affirm this ownership and occupancy status in writing by filing a form prescribed by the state tax commission with the local assessing unit.
 - b) File a claim with the board of review on a form prescribed by the state tax commission and provided by the local assessing unit, 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. Federal and state income tax returns are not required for a person residing in the principal residence if that person was not required to file a federal or state income tax return in the tax year in which the exemption under this section is claimed or in the immediately preceding tax year. The filing of a claim under this subsection constitutes an appearance before the board of review for the purpose of preserving the claimant's right to appeal the decision of the board of review regarding the claim.
 - c) Produce a valid driver's license or other form of identification if requested by the assessor or the board of review.
 - d) Produce a deed, land contract or other evidence of ownership of the property for which an exemption is requested if required by the assessor or board of review.
 - e) Meet the federal poverty guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services. See Appendix A below for what is included in income.
 - f) Meet the City of Escanaba asset level test required by PA 390 of 1994. See Appendix B below for Asset Test guidelines.
- 3) The application for an exemption under this section must be filed after January 1 but before the day prior to the last day of the board of review.
- 4) The City of Escanaba shall make this policy, asset test, and application available to the public, and it shall be available on the City website.
- 5) The board of review shall follow the policy and guidelines of the local assessing unit in granting or denying an exemption under this section. If a person claiming an exemption is qualified under the eligibility requirements in subsection (2) of the statute, the board of review shall grant the exemption in whole or in part, as follows: A full exemption equal to a 100% reduction in taxable value for the tax year in which the exemption is granted. A partial exemption equal to a 50% or 25% reduction in taxable value for the tax year in which the exemption is granted.
- 6) A person who files a hardship claim may also appeal the assessment on his/her homestead property before the

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March Board of Review.

- 7) Applicants shall be informed by letter of the decision of the Board of Review. If an application is denied at any Board of Review meeting, it may not be reconsidered for exemption in the current tax year. An applicant whose exemption request has been denied may appeal to the Michigan Tax Tribunal.

Appendix A:

According to the United States Census Bureau “income” includes, but is not limited to:

- Money, wages, salaries before deductions, regular contributions from persons not living in the residence
- Net receipts from non-farm or farm self-employment (receipts from a person’s own business, professional enterprise, or partnership, after business expense deductions)
- Regular payments from social security, railroad retirement, unemployment, worker’s compensation, veteran’s payments, public assistance, supplemental security income (SSI)
- Alimony, child support, military family allotments
- Private and governmental retirement and disability pensions, regular insurance, annuity payments
- College or university scholarships, grants, fellowships, assistantships
- Dividends, interest, and net income from rentals, royalties, estates, trusts, gambling or lottery winnings

The Michigan homestead property tax credit cannot be considered as income for purposes of the poverty exemption. (Ferrero v Walton Twp, Court of Appeals No. 302221).

Appendix B:

CITY OF ESCANABA RESIDENTIAL POVERTY EXEMPTION ASSET LEVEL TEST

This asset test clearly states the maximum value of all assets allowable to be eligible for the poverty exemption. 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 asset test cannot include the value of the principal residence (Robert Taylor v Sherman Twp, MTT Docket No. 236230).

The City of Escanaba, in accordance with MCL 211.7u, has developed the following asset level test:

- The household shall not have liquid assets (cash or cash equivalents) in excess of **\$2,000 plus one half the applicable federal income threshold used in the income guidelines**. For example, if the family unit was one, and the federal poverty guidelines for a unit of one was \$12,760, the calculation would yield maximum liquid assets of \$8,380.
- The household shall not have fixed assets greater than \$50,000. Fixed assets include a second home, land, vehicles, recreational vehicles (campers, motorhomes, boats, ATVs), and equipment.

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