



# City of Petoskey

## 2018 POVERTY EXEMPTION POLICY & GUIDELINES

The following **policy and guidelines**, adopted by the City Council, shall be followed by the City of Petoskey Board of Review when considering **poverty exemptions** according to P.A. 390 of 1994, section 211.7u of the Michigan Compiled Laws (MCL).

**Application Guidelines:** To be eligible for a Poverty Exemption in the City of Petoskey;

1. The primary applicant must own and occupy the property as their principle residence for a minimum of three full calendar years and shall satisfy all requirements of P.A. 390 of 1994 (Principle Residential Exemptions) and State Tax Commission bulletin No. 5 of 1995. Property placed in a trust does not qualify as owned for poverty exemption purposes. All owners and occupants are required to sign Waivers of Confidentiality, Authorizations to Inspect the Property and permission to interview the applicants and verify the application.
2. All owners must include signed Federal and State Income Tax Returns for the most recent filing period, including supporting schedules, if the applicant is required to file an income tax return. If the applicant did not file Federal or State Tax Return, Michigan Department of Treasury Form 4988 must be filed.
3. Income and asset information is required for all owners and occupants of the property. Potential income and asset sources are (non-inclusive):

|                                    |                              |
|------------------------------------|------------------------------|
| Income from all sources            | Interest and dividends       |
| Salaries & wages before deductions | Pensions                     |
| Net receipts from self-employment  | Supplemental Security Income |
| Veteran payments                   | Net rental income            |
| Royalties                          | Scholarships & grants        |
| Unemployment compensation          | Insurance                    |
| Workers compensation               | Retirement accounts          |
| Alimony                            | Child support                |
| General assistance                 | IRA/Keogh annuities          |
| Social Security                    | New or reverse mortgages     |
| Cash                               | Stocks & bonds               |
| Checking & savings accounts        | Investments                  |
| Money market accounts              | Gifts                        |
| Assets in trust accounts           | Deferred compensation        |

4. The property's state equalized value (SEV) cannot be more than the City's averaged state equalized value for residential properties adjusted annually. For 2018 the City's average residential SEV is \$144,800, which represents a market value of \$289,600.
5. Applicants must meet the Income Test and Asset Test to be eligible to apply to the Board of Review for a partial exemption of the property tax on their principle residence. Applications will be reviewed by the Board of Review in making a determination to grant or deny an exemption and if an exemption is granted, what percentage of the taxable value will be exempted.

### Income Test

Eligible applicants will not exceed the income levels listed below and as a minimum, will pay a property tax equal to three percent (3%) of their Total Annual Household Income.

1. Total Annual Household Income shall not exceed the following amount applicable to the number of persons living in the household:

| <u>Number of<br/>Persons</u>   | <u>2018<br/>Poverty Guidelines</u> |
|--------------------------------|------------------------------------|
| 1 (owner)                      | \$12,060                           |
| 2                              | \$16,240                           |
| 3                              | \$20,420                           |
| 4                              | \$24,600                           |
| 5                              | \$28,780                           |
| 6                              | \$32,960                           |
| 7                              | \$37,140                           |
| 8                              | \$41,320                           |
| Each additional<br>person, add | \$4,180                            |

2. Total Annual Household Income shall be based on Federal Poverty Income Guidelines and will be adjusted annually to agree to the federally established amount.

**Asset Test**

Eligible applicants will have total assets at or below the asset limit listed below for the claimant and household.

1. Total assets, excluding the principle residence and personal property located therein and a primary vehicle, may not have a total value that exceeds:

|           | <u>Asset Limit</u> |
|-----------|--------------------|
| Claimant  | \$2,500            |
| Household | \$5,000            |

**Evaluation Procedures**

1. The Board of Review shall follow the above policy and guidelines when making poverty exemption decisions. The same standards shall apply to each claimant for the assessment year “unless the Board of Review determines there are substantial & compelling reasons why there should be a deviation from the policy and guidelines and the substantial & compelling reasons are communicated in writing to the claimant.”
2. Medical and extraordinary hardship situations may be used to qualify applicants who do not otherwise meet the above income and asset tests.
3. The applicant should be prepared to answer questions regarding their financial affairs, health, status of people living in the household, and any other question relevant to the exemption request.
4. All information is subject to verification. The verification process can be used to determine future ineligibility.
5. The Assessor and Board of Review must agree as to the disposition of the poverty claim for the exemption to be granted.

## CITY OF PETOSKEY POVERTY EXEMPTION APPLICATION

I, \_\_\_\_\_, Petitioner, being the owner and residing at the property that is listed below as my principal residence, apply for property tax relief under MCL 211.7u of the General Property Tax Act, Public Act 206 of 1893. The principal residence of persons who, in the judgment of the township supervisor or city assessor 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 per MCL 211.7u(1).

**In order to be considered complete, this application must: 1) be completed in its entirety, 2) include information regarding all members residing within the household, and 3) include all required documentation as listed within the application. Please write legibly and attach additional pages as necessary.**

**PERSONAL INFORMATION: Petitioner must list all required personal information.**

|  |  |                |
|--|--|----------------|
| Property Address of Principal Residence:               | Daytime Phone Number:                    |                |
| Age of Petitioner:                                     | Marital Status:                          | Age of Spouse: |
| Number of Legal Dependents:                            | Age of Dependents:                       |                |
| Applied for Homestead Property Tax Credit (yes or no): | Amount of Homestead Property Tax Credit: |                |

**REAL ESTATE INFORMATION: List the real estate information related to your principal residence. Be prepared to provide a deed, land contract or other evidence of ownership of the property at the BOR meeting.**

|   |                           |                                   |
|---|---------------------------|-----------------------------------|
| Property Parcel Code Number:                | Name of Mortgage Company: |                                   |
| Unpaid Balance Owed on Principal Residence: | Monthly Payment:          | Length of Time at This Residence: |
| Property Description:                       |                           |                                   |

**ADDITIONAL PROPERTY INFORMATION: List information related to any other property you, or any household member owns.**

|  |                  |  |                                  |
|--|------------------|--|----------------------------------|
| Do you own, or are buying, other property (yes or no)? If yes, complete the information below. |                  | Amount of Income Earned from Other Property: |                                  |
| Property Address   | Name of Owner(s) | Assessed Value                               | Amount & Date of Last Taxes Paid |
|  |                  | \$   |                                  |
|  |                  | \$   |                                  |

**EMPLOYMENT INFORMATION:** List your current employment information.

|                      |                         |
|----------------------|-------------------------|
| Name of Employer:    | Name of Contact Person: |
| Address of Employer: | Employer Phone Number:  |

List all income sources, including but not limited to: salaries, Social Security, rents, pensions, IRA's (individual retirement accounts), unemployment compensation, disability, government pensions, worker's compensation, dividends, claims and judgments from lawsuits, alimony, child support, friend or family contribution, reverse mortgage, or any other source of income.

| Source of Income | Monthly or Annual Income (indicate which) |
|------------------|---|
|                  |   |
|                  |   |
|                  |   |

**CHECKING, SAVINGS AND INVESTMENT INFORMATION:** List any and all savings owned by all household members, including but not limited to: checking accounts, savings accounts, postal savings, credit union shares, certificates of deposit, cash, stocks, bonds, or similar investments.

| Name of Financial Institution or Investments | Amount on Deposit | Current Interest Rate | Name on Account | Value of Investment |
|--|-------------------|-----------------------|-----------------|---------------------|
|  |                   |                       |                 |                     |
|  |                   |                       |                 |                     |
|  |                   |                       |                 |                     |

**LIFE INSURANCE:** List all policies held by all household members.

| Name of Insured | Amount of Policy | Monthly Payment | Policy Paid in Full | Name of Beneficiary | Relationship to Insured |
|-----------------|------------------|-----------------|---------------------|---------------------|-------------------------|
|                 |                  |                 |                     |                     |                         |
|                 |                  |                 |                     |                     |                         |
|                 |                  |                 |                     |                     |                         |

**MOTOR VEHICLE INFORMATION:** All motor vehicles (including motorcycles, motor homes, camper trailers, etc.) held or owned by any person residing within the household must be listed.

| Make | Year | Monthly Payment | Balance Owed |
|------|------|-----------------|--------------|
|      |      |                 |              |
|      |      |                 |              |
|      |      |                 |              |

**LIST ALL PERSONS LIVING IN HOUSEHOLD:** All persons residing in the residence must be listed.

| First & Last Name | Age | Relationship to Applicant | Place of Employment | Amount of Monetary Contribution to Family Income |
|-------------------|-----|---------------------------|---------------------|--|
|                   |     |                           |                     |  |
|                   |     |                           |                     |  |
|                   |     |                           |                     |  |
|                   |     |                           |                     |  |
|                   |     |                           |                     |  |

**PERSONAL DEBT:** All personal debt for all household members must be listed.

| Creditor | Purpose of Debt | Date of Debt | Original Balance | Monthly Payment | Balance Owed |
|----------|-----------------|--------------|------------------|-----------------|--------------|
|          |                 |              |                  |                 |              |
|          |                 |              |                  |                 |              |
|          |                 |              |                  |                 |              |
|          |                 |              |                  |                 |              |
|          |                 |              |                  |                 |              |
|          |                 |              |                  |                 |              |
|          |                 |              |                  |                 |              |

**MONTHLY EXPENSE INFORMATION:** The amount of monthly expenses related to the principal residence for each category must be listed. Indicate N/A as necessary.

|                    |                                 |                    |
|--------------------|---------------------------------|--------------------|
| Heating:           | Electric:                       | Water:             |
| Phone:             | Cable:                          | Food:              |
| Clothing:          | Health Insurance:               | Garbage:           |
| Daycare:           | Car Expense (gas, repair, etc): | Other (list type): |
| Other (list type): | Other (list type):              | Other (list type): |
| Other (list type): | Other (list type):              | Other (list type): |
| Other (list type): | Other (list type):              | Other (list type): |



## Poverty Exemption Affidavit

This form is issued under authority of Public Act 206 of 1893; MCL 211.7u.

**INSTRUCTIONS:** When completed, this document must accompany a taxpayer's Application for Poverty Exemption filed with the supervisor or the board of review of the local unit where the property is located. MCL 211.7u provides for a whole or partial property tax exemption on the principal residence of an owner of the property by reason of poverty and the inability to contribute toward the public charges. MCL 211.7u(2)(b) requires proof of eligibility for the exemption be provided to the board of review by supplying copies of federal and state income tax returns for all persons residing in the principal residence, including property tax credit returns, or by filing an affidavit for all persons residing in the residence who were not required to file federal or state income tax returns for the current or preceding tax year.

I, \_\_\_\_\_, swear and affirm by my signature below that I reside in the principal residence that is the subject of this Application for Poverty Exemption and that for the current tax year and the preceding tax year, I was not required to file a federal or state income tax return.

Address of Principal Residence: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature of Person Making Affidavit

\_\_\_\_\_  
Date