

AGENDA REPORT

TO: Mayor Pat Humphrey & the Clare City Commission
FROM: Jeremy Howard, City Manager
DATE: December 14, 2023
RE: Approve 2024 Poverty Exemption Policy & Guidelines and Income Levels

For the Agenda of December 18, 2023

Background Public Act 390 of 1994 requires each governing body to approve a Poverty Exemption Policy & Guidelines to be administered by the municipality's 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 (*att'd*) 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 has provided the Policy and Guidelines for 2024 (*att'd*) with the federal poverty levels to be used by the Board of Review and the Poverty Exemption Affidavit to be filed by the requestor (*att'd*). The Assessor will assist the City of Clare's Board of Review in their consideration of applications under the provisions of Public Act 390 to ensure compliance.

The City Commission is asked to review and approve the recommended 2024 Poverty Exemption Policy & Guidelines and Income Levels.

Issues & Questions Specified Should the Clare City Commission formally approve the Poverty Exemption Policy & Guidelines and Income Levels?

Alternatives

1. Approve the Poverty Exemption Policy & Guidelines and Income Levels.
2. Do not approve the Poverty Exemption Policy & Guidelines 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 Policy & Guidelines and Income Levels for the upcoming calendar year as required by state law by adoption of Resolution 2023-102 (*att'd*).

Attachments

1. State of Michigan Department of Treasury Bulletin 18, November 14, 2023.
2. City Poverty Exemption Policy & Guidelines
3. Poverty Exemption Affidavit.
4. Resolution 2023-102.

CITY OF CLARE

POVERTY EXEMPTION POLICY & GUIDELINES

(Revised January 2024)

This policy was written in accordance with and governed by MCL 211.7u, as amended.

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 your principal residence, as defined in Section 7dd of the General Property Tax Act, the property for which the exemption is requested;
2. File a claim with the Board of Review after January 1st, but before the day prior to the last day of the Board of Review, on a form approved by the State Tax Commission (STC);
3. Provide federal and state income tax returns for all persons residing in the principal residence (also referred to as "household" or "homestead") These income tax returns are those filed in the current year or in the immediately preceding year. If you did not file a Tax Return, then you **MUST** get a statement of benefits paid from the Social Security Administration or Michigan Department of Social Services and/or file an affidavit to affirm you were not required to file a Federal or State Tax Return
4. Produce a valid driver's license or other form of identification.
5. Produce a deed, land contract, or other evidence of ownership of the property for which the exemption is being requested;
6. Meet the federal poverty income guidelines for the household, which are updated annually in the federal register by the United States Department of Health and Human Services; and
7. Meet the **claimant and total household asset** levels set by the City of Marshall.

INCOME & ASSET GUIDELINES FOR POVERTY EXEMPTIONS

If your income exceeds the amounts shown or your assets exceed the amounts shown, you are NOT eligible for a Poverty Exemption.

Income Eligibility Updated Annually by the State Tax Commission

(Income levels are updated annually)

Size of Family Unit	Poverty Guidelines for 2024 BOR
1	\$14,580
2	\$19,720
3	\$24,860
4	\$30,000
5	\$35,140
6	\$40,280
7	\$45,420
8	\$50,560
For Each Additional Person	\$5,140

For a 50% Exemption the income level may be increased to 105% of the Federal Guidelines.
For a 25% Exemption the income level may be increased to 110% of the Federal Guidelines.

Asset Eligibility

Applicants shall not have more than \$15,000 in assets to be eligible for consideration and no more cash than an amount equal to one month's gross household income. Assets do not include the primary residence. Income information is required from all owners and all occupants over the age of 18. Assets do not include 1 automobile per licensed driver residing in the primary residence.

GUIDELINES BY WHICH POVERTY EXEMPTIONS ARE DETERMINED

Completed application form and all required documents and attachments MUST be filed with the City Assessor's Office after January first and before the final meeting of the Board of Review in December.

March 1, for action by the March Board of Review; or

July 1, for action by the July Board of Review; or

December 1, for action by the December Board of Review.

Sign the form when you return it to the Assessor's Office.

NOTE: The filing of a claim constitutes an appearance before the Board of Review. Also, the dates for filing will be updated annually in accordance with the State of Michigan Property Tax Calendar.

1. The Board of Review determines if Income Standards have been met.
2. The Board of Review determines if Asset limits have been met.
3. The Board of Review will consider all revenue and non-revenue producing assets of the owner, co-owner and all members of the household. Any attempt to hide and/or shift assets to another person, business or corporation shall be grounds for denial.
4. Applications must be filed every year. If granted, the exemption is for one year only.
5. Applications will be reviewed by the Board of Review. The Board may ask applicants, or their authorized agents, to be physically present to answer questions. Teleconferencing for the purpose of asking questions of the applicant is allowable if the applicant is not able to attend.
6. Applicants, or their authorized agents, may have to answer questions regarding such subject as financial affairs, health and/or the status of people living in the principal residence at a meeting that is open to the public.
7. All applications will be evaluated based on data and statements given to the Board by the applicant. The Board may also use information gathered from any other source.
8. The Board of Review shall follow the policy and guidelines established herein when granting or denying an exemption.
9. Household income limits are adjusted annually to comply with the Federal Poverty Guidelines.
10. Applicants will be sent a written notice of the Board of Review's final decision. An applicant may appeal the Board of Review's decision to the Michigan Tax Tribunal. An assessor may also appeal the Board of Review's decision. Appeals must be filed with the Michigan Tax Tribunal by the following dates: March Board of Review: by July 31 of the current year. July or December Board of Review: within 35 days of decision.

Date Approved by: December 18 2024, Resolution 2023-102

CITY OF CLARE
POLICY AND GUIDELINES FOR APPLICANTS REQUESTING
CONSIDERATION FOR POVERTY EXEMPTIONS

1. Applicant must obtain the proper application forms from the Assessor's office in person on Tuesday mornings, by email at assessor@cityofclare.org, or by calling the office of the Assessor at (989) 424-4066. Handicapped or infirmed applicants may call the Assessor's office to make necessary arrangements for assistance.
2. Applicant must be an owner and occupy the property as his/her principal residence.
 - a. Must provide valid driver's license or other acceptable method of identification
 - b. Must produce a deed, land contract, or other evidence of ownership, as specified by the Assessor.
3. Applicant must fill out the Application for MCL 211.7u Poverty Exemption form 5737 and Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty form 5739 in their entirety and return them, in person, to the Assessor's office, except as noted in Item 1 above.
 - a. The applicant must not sign the application until it is returned.
 - b. The applicant's signature must be witnessed by the Assessor, Board of Review member or Notary Public.
4. All applicants and any person residing in the homestead shall submit last year's copies of the following:
 - a. Federal Income Tax Return – 1040 or 1040 A
 - b. State Income Tax Return – MI-1040
 - c. Homestead Property Tax Claim – MI-1040 CR
 - d. Statement of benefits paid from Michigan Department of Social Services and/or Social Security Administration
5. Applications must be filed with the Assessor's Office after January 1, but before the day prior to the last day of the December Board of Review. Poverty exemption applications can be heard at the March, July, or December Board of Review. However, there can only be **one** Board of Review decision for a specific calendar year; a subsequent Board of Review cannot reconsider a decision already made that year. The Board may review applications without applicant present. However, the Board may request that an applicant be physically present to respond to any questions the Board or Assessor may have.
6. An applicant may have to answer questions regarding his/her financial affairs, or status of the people living in his/her home at the meeting before the Board of Review, which is open to and may be attended by the public at large.
7. The Board of Review may vote to go into closed session pursuant to MCL 15.268(h) to review an applicant's state or federal tax return claim as exemption under state or federal law, if the applicant requests confidentiality. If the Board wishes to go into closed session, the Open Meeting Act requirement must be followed.
8. Applicants appearing before the Board will be administered an oath, as follows:

“Do you _____ swear (or affirm) that evidence and testimony you will give on your behalf before this Board of Review, is the truth, the whole truth, and nothing but the truth, so help you.”

9. Applicant will be evaluated based on the following:
 - a. Data submitted (social security number must be removed) to the Assessor or Board of Review.
 - b. Information taken from the applicant and information gathered from any source the Assessor or Board may wish to use. The Board will also consider all revenue and nonrevenue-producing assets owned by the applicant.
10. Exemptions are granted annually.
11. Applicant will not be eligible for consideration if he/she does not meet federal income guidelines determined annually by the United States Department of Health and Human Services.

Federal Poverty Income Guideline for Determination of 2024 Exemptions

Size of Family Unit	Poverty Guidelines
1	\$14,580
2	\$19,720
3	\$24,860
4	\$30,000
5	\$35,140
6	\$40,280
7	\$45,420
8	\$50,560
For Each Additional Person	\$5,140

12. Cash assets for the total household may not exceed an amount equal to one month's gross household income. Non cash assets for the total household may not exceed the annual household income established for the family size. The following assets are excluded from this limit:
 - Applicant's principal residence property
 - Applicant's household personal property
 - One vehicle for personal transportation and titled to a member of the household
 - Applicant's interest in Trust Lands
 - Assets not accessible by the applicant, co-owner or any member of the applicant's
13. An exemption shall not be granted if the applicant owns real property or holds a partial interest in any other real estate other than their principal residence. (A joint interest, life estate or remainder interest in property, which is the principal residence of another, will not be considered).
14. The filing of a claim with the Board of Review constitutes an appearance before the Board of Review for the purpose of preserving the right to appeal to the Michigan Tax Tribunal.
15. Any successful applicant may be subject to personal investigation by City of Clare to verify information submitted or statements made to the Assessor or Board of Review for this poverty exemption claim.
16. The Board of Review shall follow the Policy and Guidelines of the City of Clare in granting or denying an exemption. The Board of Review is not permitted to deviate from the city's adopted Policy and Guidelines. **(PA 253 amendment)**
17. Poverty exemptions may only be considered in open sessions.

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

RESOLUTION 2023-102

A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE POVERTY EXEMPTION POLICY & GUIDELINES AND INCOME LEVELS FOR 2024.

WHEREAS, Public Act 390 of 1994 requires each governing body to approve a Poverty Exemption Policy & Guidelines to be administered by the City's appointed Board of Review in their consideration of granting or denying requests from residential property owners for full or partial exemption of 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 require municipalities 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

NOW THEREFORE BE IT RESOLVED that the Clare City Commission hereby approves the Poverty Exemption Policy & Guidelines for 2024 which includes the appropriate federal poverty income levels.

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 utilizing the Poverty Exemption Policy & Guidelines and income levels for 2024 as required by state law and statute.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

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 18th day of December, 2023.

Diane Lyon, City Clerk