

POVERTY EXEMPTION GUIDELINES

The City of Rochester Hills has amended its poverty exemption criteria to conform to the new State of Michigan requirements. The poverty exemption guidelines were adopted at the Regular Rochester Hills City Council Meeting held on February 12, 2024.

1. In granting Poverty Exemptions, the City of Rochester Hills and the Board of Review realize that the exemption of property taxes due to poverty is a shift of tax burden to the other taxpayers of the City. Poverty Exemptions are intended to assist those who are in temporary financial hardship and are NOT intended as a permanent or continuous subsidy. Applicants are expected to find alternative solutions to their financial situations, so as not to increase the tax burden on the rest of the City's taxpayers.

The claimant MUST meet ALL of the following requirements, on an annual basis, in order to qualify for the Poverty Exemption under Section 211.7u of Act No. 206 of the Public Acts of 1893, as amended. A person shall do all of the following on an annual basis.

- (a) Be an owner of and occupy the property as a Principal Residence or qualified agricultural property as defined in MCL 211.7dd, for which the exemption is granted.
 - (b) File a claim with the Board of Review on a form prescribed by the State Tax Commission after January 1 and no later than three (3) weeks prior to the March, July or December Board of Review. The application shall be accompanied by federal and state income tax returns for ALL persons residing in the homestead, including any property tax credit returns, filed in the immediately preceding year and two (2) years prior.
 - (c) Produce a valid Michigan driver's license or other acceptable form of identification if requested by the Board of Review.
2. In addition to the eligibility requirements stated above, the City of Rochester Hills provides additional guidelines and criteria for granting or denying poverty exemption requests. The Board of Review takes the deliberation process seriously and, within its authority, reserves the right to make decisions based upon individual case considerations. The board strives to uniformly apply the standards to each applicant's circumstances, within the overall guidelines provided herein.
 - (a) Each applicant must submit a copy of the immediately preceding year and two (2) years prior Federal Income Tax Return (1040), Michigan Income Tax Returns (MI-1040) and Michigan Homestead Property Tax Credit Claim Return (MI-1040CR) for ALL persons residing in the homestead. The applicant must also file Form 4506-T Request for Transcript of Tax Return. If the applicant is not required to file federal and state income tax, the applicant must file a Form 4988 Poverty Exemption Affidavit.
 - (b) The Michigan Homestead Property Tax Credit Claim Return is reviewed to determine if the taxpayer qualifies for the full Property Tax Credit. The Rochester Hills Board of Review customarily denies reductions in taxable values that would ultimately reduce or eliminate an individual's Homestead Property Tax Credit, unless extenuating circumstances exist.

- (c) The income and expenses of each member of the applicant's household is examined to determine if, after paying expenses, the applicant has a budget deficit. If there is a budget deficit, the expenses are examined to determine if the expenses are unusual (i.e. excessive medical expenses) and beyond the control of the taxpayer. Expenses such as cable bills or large telephone bills are not considered unusual and are adjusted or eliminated. The Rochester Hills Board of Review customarily denies reductions in taxable values when the taxpayer's income is sufficient to afford the property taxes. If income cannot support normal living expenses, a clear and concise letter is required to explain how they will continue to cover living expenses. The Board of Review may deny any appeal, regardless of income, if the financial hardship appears to be self-created by the actions of the person or persons making the application. The Board of Review shall reject any application where the information appears fraudulent, misleading or incomplete. A current credit report is required for all persons residing in the household. A credit report can be acquired for free at www.AnnualCreditReport.com. Federal Law allows you to get a free credit report from these three credit reporting companies, Equifax, Experian and TransUnion.

If an occupant of your home is not employed but has income from another source, you must include the income in "annual Household Income" of your application. If an occupant of the home is over 18 years of age but is not contributing to household income, please explain why, understanding that the City cannot subsidize adult education.

- (d) The assets of each member of the applicant's household are reviewed to determine if the applicant has assets available that can be used to pay the property taxes. The maximum collective value of the assets of the members of the applicant's household allowable to be eligible for the poverty exemption shall not exceed the total dollar amount of \$17,250 for tax year 2021. This amount shall thereafter be annually adjusted by the Inflation Rate Multiplier published by the State Tax Commission. The annually adjusted amount can be found in the attached addendum. The applicant's homestead property will not be considered or applied toward the maximum value of assets allowable. For these purposes, Homestead property is defined as: principal residence, household goods and a reasonable vehicle. The following are examples of assets that are not considered to be homestead property: a second home, cottage, or timeshare; vacant and/or excess land (i.e. vacant land contiguous to the applicant's home); recreational vehicles; campers; motor-homes; watercraft; motor bikes; ATV's; bank accounts; stocks; bonds; jewelry; precious metals; antiques; stamps; coins; cryptocurrency; memorabilia; collectibles; artwork; gifts; loans; inheritances; trust proceeds; and life insurance. The Rochester Hills Board of Review shall deny reductions to taxable values based on poverty when the applicant has sufficient assets to pay the property taxes. It may be possible that a claimant meets the income standard for the Poverty Exemption, but does not meet the asset standard or other standards as set forth in these guidelines. In this instance, the claimant would NOT qualify for the exemption even though the income standard was met.
- (e) The City of Rochester Hills hereby adopts the Federal Poverty Income Standards as one of the guides in determining eligibility for the poverty exemption. The Federal Poverty Income Standards used by the Board of Review are not to be construed as being applicable in every instance. In making their decision, the Board of Review shall

consider every variable on the application, including the nature and duration of the income stream, any abnormally high expense level, the state equalized value of the subject property, the history of tax relief on the subject property, the quality of the information supplied and any other such evidence the Board feels appropriate in making their decision. It is important to review each application based on the merits of the case and not be overly restricted by artificial income guidelines. In general however, the federal poverty income standards shall assist the Board of Review in their decision.

(f) If a taxpayer:

- (i) Is responsible for an amount greater than the first 3.2% of their income and the amount received via Michigan Homestead Property Tax Credit (maximum \$1,500).
- (ii) Has a budget deficit situation caused by unusual expenses beyond the control of the taxpayer.
- (iii) Does not have assets that can be used to pay the property taxes.

3. The total poverty level of relief is based upon approved taxable value reduction percentages by the State Tax Commission. The exemption amount may be a 25%, 50%, 75% or 100% reduction in taxable value, if the applicant qualifies. The homestead of a person who, in the judgment of the 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 section 211.7u of Act No. 206 of the Public Acts of 1893, as amended.
4. A property owner may appeal the March Board of Review's decision on a poverty exemption to the Michigan Tax Tribunal. This appeal must be made by July 31 of the current year. An assessor may also appeal the March Board of Review's decision on a poverty exemption to the Michigan Tax Tribunal. If the appeal is made at the July or December board meeting, a further appeal to the Tribunal must be made within 30 days of that meeting.
5. The assessing staff will have the right to make a personal visit to the home of all applicants in each year that a poverty exemption is requested.
6. All dates herein shall apply to the calendar year for which the poverty exemption is requested.

PLEASE BE AWARE THAT AS AN APPLICANT FOR POVERTY EXEMPTION, YOU MUST ALSO COMPLY WITH THE FOLLOWING SECTION OF THE MICHIGAN COMPILED LAWS:

Section 211:118: Perjury: Any person who, under any of the proceedings required or permitted by this act shall willfully swear falsely, will be guilty of perjury and subject to its penalties.

Section 211.119: Willfully neglect: Penalty...a person who willfully neglects or refuses to perform a duty imposed upon that person by this act, when no other provision is made in this act, is guilty of a misdemeanor, punishable by imprisonment for not more than 6 months, or a fine of not more than \$300.00 and is liable to a person injured to the full extent of the injury sustained.

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POVERTY EXEMPTION
MAXIMUM COLLECTIVE VALUE OF ASSETS
ADDENDUM

<u>YEAR</u>	<u>INFLATION RATE</u>	<u>AMOUNT</u>
2021	-----	17,250
2022	3.3%	17,819
2023	7.9%	19,227
2024	5.1%	20,208