



City of Rochester

400 Sixth Street

Rochester, MI 48307

P: (248) 733-3700

PROCEDURE & PROCESS FOR GRANTING HARDSHIP EXEMPTIONS

General Overview

The Board of Review of the City of Rochester recognizes the need to have available a procedure by which residents in need of assistance under MCL 211.7u can make an application for property tax relief. The Board further recognizes that pursuant to statute and case law, they must adopt procedures and guidelines, approved by City Council, to be used as standards when considering appeals made based on financial hardship. The Board of Review understands that these guidelines must be adhered to when reviewing poverty appeals. The Board of Review may reject any form submitted that is inaccurate or not fully completed by the time of the Board's consideration. All information in the form is subject to verification by the Board of Review or City's Assessors. In granting Hardship Exemptions, the Board of Review realizes this represents a shift of a portion of the tax burden to the other taxpayers of the community.

It is not the intent of the Board to set a policy of an individual being "automatically" "entitled" to relief.

Application Procedure

- 1. Basic Filing Requirements** - In order to be considered for exemption under MCL 211.7u each applicant must annually:
 - A. Own and occupy the property as a principal residence and be a "natural person" (i.e. not a corporation, trust, or other business association or entity), as defined by law, for which the request is being made. This may include vacant, contiguous property as long as it is considered part of the principal residence.
 - B. Complete and submit an Application for Tax Exemption on a form designated and supplied by the City of Rochester.
 - C. Submit income verification as required for everyone in the household. This must include the immediately preceding year or current year Federal and State Income Tax Returns or a signed State Tax Commission Form 4988 Poverty Exemption Affidavit, State Homestead Property Tax Credit Forms, Form 5737 Application for Poverty Exemption, bank statements, or any additional information requested by the Board of Review.

D. Provide valid driver's license or other acceptable form of identification if requested by Board of Review or City's Assessors.

2. **Processing Applications** - Once an Application for Tax Exemption is completed and returned to the Clerk's Office, it will be reviewed, and submitted to the Board of Review to be considered for tax relief. The Board of Review, in making their decision, may contact the applicant for any additional information they deem necessary. The Board of Review shall also reject any application where the information contained in it appears fraudulent, misleading or incomplete.
3. **Asset Guidelines as required by P.A. 390 of 1994 and P.A. 253 of 2020**, all guidelines for poverty exemptions as established by the governing body of the local assessing unit will also include an asset level test.
4. **Income Guidelines** - The income guidelines used by the Board of Review have been established in accordance with P.A. 390 of 1994 and P.A. 253 of 2020. In determining qualifications for tax exemption, the Board of Review shall consider every variable on the application, including total household income, the nature and duration of the income stream, the State Equalized Value (SEV) of the subject property, the quality and accuracy of the information submitted and any other such evidence as it feels appropriate in making their decision. In general, these guidelines shall be used by the Board of Review in making its decisions. The income amounts relate directly to the Federal Poverty Guidelines and are adjusted accordingly each year.
5. **In conclusion**, the Board of Review has been given exclusive statutory jurisdiction over the granting of property tax relief due to poverty. The Board of Review for the City of Rochester takes this task seriously and attempts to provide relief to all deserving residents within the city. 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 City Council of Rochester reserves the right to modify these guidelines as necessary.

Application Process

1. **Meetings**- Meetings of the Board of Review and Assessor relative to hardship exemptions applications shall be held in compliance with the Michigan Open Meetings Act.
2. **Applicant's Presence** – The Board of Review may request an applicant to personally (or virtually) appear before the Board to respond to questions the Board or Assessor may have.
3. **Investigation** - Applicants for exemption may be investigated by the City to verify information submitted or statements made to the Board of Review or Assessor.

4. Criteria for Determining Exemption - The Board shall consider Income, Assets, and Contributions from other Sources when determining granting the hardship exemption:

A. Income Test- The total income of the applicant and each member of the applicant's household shall not exceed one and one-half (1 ½) times the prior calendar year Federal Poverty Income Standards, as reported by household size, as defined and determined annually by the U.S. Department of Health and Human Services.

Income shall include, but not be limited to, the following:

1. Money wages and salaries before any deductions;
2. Net receipts from self-employment;
3. Distributions or income from partnerships, limited liabilities companies, or corporations, whether or not taxable;
4. Tax exempt income received including, but not limited to, interest income, disability income, social security or SSI.;
5. Regular payments from Social Security, Railroad Retirement, unemployment compensation, strike benefits from union funds, workers compensation, veteran's payments or any type of public assistance;
6. Alimony, child support, and military family allotments or other regular support from an absent family member for someone not living in the household. For example, periodic gifts to assist the applicant or the applicant's household shall be included in income;
7. Private pensions, government employee pensions (including military retirement pay), regular insurance or annuity payments;
8. College or university scholarships, grants or fellowships;
9. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, net lottery winnings and net gambling winnings; and
10. Payments made to a third party to or for the benefit of the applicant or a member of the applicant's household.

Income shall not include any of the following:

1. Money received from the sale of property, such as stocks, bonds, house, car, unless the applicant or a member of the applicant's household is in the business of selling such property;
2. Withdrawals of bank deposits;
3. Borrowed monies;
4. Income tax refunds;
5. One-time payouts from insurance companies;

6. Losses including, but not limited to, capital losses or business losses.
7. Gifts and/or inheritances, unless the purpose of such gift and/or inheritance, as determined by the Board of Review, is to assist in the support of the applicant or the applicant's household.

B. Assets - The total value of the assets of the applicant and each member of the applicant's household shall not exceed \$100,000. The assets of each member of the applicant's household shall be examined to determine whether there are assets which can reasonably be invested, sold or used to pay the property taxes. If the assets are of a nature and value which reasonably indicates that a condition of hardship does not exist, then a hardship exemption shall be denied. An ownership interest in any real estate other than the applicant's principal residence automatically disqualifies the applicant from consideration for a hardship exemption.

1. Gifts, inheritances, one-time payouts from insurance companies, income tax refunds and money received from the sale of property, such as stocks, bonds, house, car, (unless the applicant or a member of the applicant's household is in the business of selling such property), shall be included as assets of the applicant and /or members of the applicant's household.

5. Granting Exemption – If the Board determines that an applicant:

- A. Does not have income in excess of the total income allowed under paragraph 4(A) and;
- B. Does not have assets in excess of the assets allowed under paragraph 4 (B) which can reasonably be invested, sold or used to pay the property taxes; and
- C. Does not receive or reasonably expect to receive contribution toward taxes from other sources under paragraph 4 (B),

Then, the Board of Review may grant a hardship exemption at a rate of 50% of their current taxable value.



OFFICE USE ONLY (Date Stamp)

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Filing Deadline for 2021:
March BOR – March 10th
July BOR – July 15th
December BOR – December 9th

City of Rochester

2021

Poverty/Hardship Exemption Application

OFFICE USE ONLY

NAME:

PARCEL NUMBER:

POVERTY APPLICATION CHECK LIST

Applications may be filed with this office beginning January 1, but in no event later than the day prior to the last day of the Board of Review.

With this application you will need to submit last year's copies of the following applicable documents for yourself, the co-owner, and every member of the household.

- Completed Signed Poverty Exemption Application.
- Most recent year copy of Federal Income Tax Return – 1040 or 1040A for all persons residing in the home. (Please include supporting documents i.e. W-2 Forms, 1099 Forms)
- Most recent year copy of State of Michigan Income Tax Returns for all persons residing in the home.
- Most recent year copy of City Income Tax Returns for all persons residing in the home.
- Copy of filed Michigan Homestead Property Tax Credit Claim MI-1040-CR.
- If applicant did not file Michigan State Income Tax Return, they MUST provide an annual statement of benefits paid from the Social Security Administration or Michigan Department of Social Services and MUST sign the State of Michigan Form 4988 Poverty Exemption Affidavit (attached).
- The applicant must supply a copy of current driver's license or other form of valid identification if requested.
- If requested, the applicant must provide a deed, land contract or other evidence of ownership of the property they are claiming the poverty for.

* All requested information must be included with Poverty Exemption Application. Without the above information the Board will not consider your application.



2021 FEDERAL POVERTY GUIDELINES

US Department of Health & Human Services

STC Bulletin 17 of 2020

| Size of Family Unit | 1.5x Federal Poverty Guidelines |
|----------------------------|---------------------------------|
| 1 | \$19,140 |
| 2 | \$25,860 |
| 3 | \$32,580 |
| 4 | \$39,300 |
| 5 | \$46,020 |
| 6 | \$52,740 |
| 7 | \$59,460 |
| 8 | \$66,180 |
| For each additional person | \$6,720 |

Asset Limit: the total value of the assets of the applicant and each member of the applicant's household shall not exceed \$100,000. Excluding the property for which the exemption is requested and one automobile BUT including all other property; including from all other persons residing in the household. Property shall include, but is not limited to: cash, savings, stocks, mutual funds, certificates of deposit, insurance commodities, coin collections, boats, jewelry, art, motor vehicles, recreation vehicles, second homes, cottages or any other saleable real property or other tangible items.

Application for MCL 211.7u Poverty Exemption

This form is issued under the authority of the General Property Tax Act, Public Act 206 of 1893, MCL 211.7u.

MCL 211.7u of the General Property Tax Act, Public Act 206 of 1893, provides a property tax exemption for the principal residence of persons who, by reason of poverty, are unable to contribute toward the public charges. This application is to be used to apply for the exemption and must be filed with the Board of Review where the property is located. This application may be submitted to the city or township the property is located in each year on or after January 1.

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.

PART 1: PERSONAL INFORMATION: Petitioner must list all required personal information.

| | | | |
|---|-----------------|--|-----------------------------|
| Petitioner's Name: | | Daytime Phone Number: | |
| Age of Petitioner: | Marital Status: | Age of Spouse: | Number of Legal Dependents: |
| Property Address of Principal Residence: | | City: | State: ZIP Code: |
| <input type="checkbox"/> Check if applied for Homestead Property Tax Credit | | Amount of Homestead Property Tax Credit: | |

PART 2: 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 Board of Review 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: | | | |

PART 3: ADDITIONAL PROPERTY INFORMATION: List information related to any other property owned by you or any member residing in the household.

| | | | |
|--|-------------------|--|--|
| <input type="checkbox"/> Check if you own, or are buying, other property. If checked, complete the information below | | Amount of Income Earned from Other Property: | |
| 1 | Property Address: | City: | State: ZIP Code: |
| | Name of Owner(s): | Assessed Value: | Date of Last Taxes Paid: Amount of Taxes Paid: |
| 2 | Property Address: | City: | State: ZIP code: |
| | Name of Owner(s): | Assessed Value: | Date of Last Taxes Paid: Amount of Taxes Paid: |



PART 4: EMPLOYMENT INFORMATION: List your current employment information.

| | | | |
|----------------------|----------------------------|--------|-----------|
| Name of Employer: | | | |
| Address of Employer: | City: | State: | ZIP Code: |
| Contact Person: | Employer Telephone Number: | | |

PART 5: INCOME SOURCES: List all income sources, including but not limited to: salaries, Social Security, rents, pensions, IRAs (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, for all persons residing at the property.

| Source of Income | Monthly or Annual Income (indicate which) |
|------------------|--|
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PART 6: 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, for all persons residing at the property.

| Name of Financial Institution or Investments | Amount of Deposit | Current Interest Rate | Name on Account | Value of Investment |
|--|-------------------|-----------------------|-----------------|---------------------|
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PART 7: LIFE INSURANCE: List all policies held by all household members.

| Name of Insured | Amount of Policy | Monthly Payments | Policy Paid in Full | Name of Beneficiary | Relationship to Insured |
|-----------------|------------------|------------------|---------------------|---------------------|-------------------------|
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PART 8: 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 |
|------|------|-----------------|--------------|
| | | | |
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PART 9: HOUSEHOLD OCCUPANTS: List all persons living in the household.

| First and Last Name | Age | Relationship to Applicant | Place of Employment | \$ Contribution to Family Income |
|---------------------|-----|---------------------------|---------------------|----------------------------------|
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PART 10: PERSONAL DEBT: List all personal debt for all household members.

| Creditor | Purpose of Debt | Date of Debt | Original Balance | Monthly Payment | Balance Owed |
|----------|-----------------|--------------|------------------|-----------------|--------------|
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PART 11: 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 Expenses (gas, repair, etc.) | |
| Other (type and amount) | Other (type and amount) | Other (type and amount) | |
| Other (type and amount) | Other (type and amount) | Other (type and amount) | |



NOTICE: Per MCL 211.7u(2)(b), 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 must be submitted with this application. 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.

PART 12: POLICY AND GUIDELINES ACKNOWLEDGMENT:

The governing body of the local assessing unit shall determine and make available to the public the policy and guidelines used for the granting of exemptions under MCL 211.7u. In order to be eligible for the exemption, the applicant must 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 under its authority to revise the poverty line under 42 USC 9902, or alternative guidelines adopted by the governing body of the local assessing unit so long as the alternative guidelines do not provide income eligibility requirements less than the federal guidelines. The policy and guidelines must include, but are not limited to, the specific income and asset levels of the claimant and total household income and assets. The combined assets of all persons must not exceed the limits set forth in the guidelines adopted by the local assessing unit.

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|---|
| <input type="checkbox"/> The applicant has reviewed the applicable policy and guidelines adopted by the city or township, including the specific income and asset levels of the claimant and total household income and assets. |
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PART 13: CERTIFICATION:

| | | |
|--|-----------|------|
| I hereby certify to the best of my knowledge that the information provided in this form is complete, accurate and I am eligible for the exemption from the property taxes pursuant to Michigan Compiled Law, Section 211.7u. | | |
| Printed Name | Signature | Date |
| | | |

This application shall be filed after January 1, but before the day prior to the last day of the local unit’s December Board of Review.

Decision of the March Board of Review may be appealed by petition to the Michigan Tax Tribunal by July 31 of the current year. A July or December Board of Review decision may be appealed to the Michigan Tax Tribunal by petition within 35 days of decision. A copy of the Board of Review decision must be included with the petition.

Michigan Tax Tribunal
PO Box 30232
Lansing MI 48909

Phone: 517-335-9760
E-mail: taxtrib@michigan.gov



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

