

**POLICY AND GUIDELINES FOR THE
GRANTING OF HARDSHIP EXEMPTIONS**

MCL 211.7u, as amended, provides that:

- (1) The principal residence of persons who, in the judgement of the supervisor and board of review, by reason of hardship, are unable to contribute toward the public charges is eligible for exemption in whole or in part from taxation under this (General Property Tax) act.

The following policy and guidelines have been adopted by the Birmingham City Commission to govern the granting of hardship exemptions:

APPLICATION PROCEDURE

1. **Eligibility and Application.** To be eligible for a hardship exemption the applicant must be both the taxpayer and a natural person (i.e., not a corporation, trust or other business association or entity) and must do all of the following on an annual basis:
 - A. Be an owner of and occupy as a homestead the property for which an exemption is requested. “Principal residence” means principal residence or qualified agricultural property as those terms are defined in MCL 211.7dd.
 - B. File with the City Assessor a completed Hardship Exemption Application on a form provided by the City Assessor’s office. **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 and in the current year.
 - C. Produce a valid driver’s license or other acceptable form of identification if requested by the Assessor or 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.
2. **Filing Period; Appearance.** Fully completed Hardship Exemption Applications with required supporting information will be accepted after January 1, through the day prior to the last meeting of the March Board of Review. The filing of a completed Hardship Exemption application with required supporting information shall constitute an appearance before the Board of Review for the purpose of preserving the applicant’s right to appeal the decision of the Board of Review to the Michigan Tax Tribunal.

EVALUATION PROCEDURE

1. Meetings. Meetings of the Board of Review and Assessor relative to hardship exemption 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 appear before the Board to respond to any questions the Board or Assessor may have.
3. Investigation. Applicants for hardship exemption may be investigated by the City in order to verify information submitted or statements made to the Assessor or Board of Review.
4. Oath. Applicants appearing before the Board shall be administered an oath, as follows:

Do you swear or affirm that information and testimony you will give before the Board of Review is the truth, the whole truth, and nothing but the truth.

5. Criteria for Determining Exemption. The Board shall consider the following three (3) criteria to determine whether a full or partial hardship exemption should be granted:
 - A. Income. The total income of the applicant and each member of the applicant's household shall not exceed the Federal Poverty Income Standards, as defined and determined annually by the U.S. Department of Health and Human Services under authority of Section 673 of subtitle V of title VI of the Omnibus Budget Reconciliation Act of 1981, Public law 97-35, 42 U.S.C. 9902, multiplied by 1.5.
 1. Income shall include, but not be limited to, the following:
 - a. Money wages and salaries before any deductions;
 - b. Net receipts from self-employment;
 - c. Distributions or income from partnerships, limited liabilities companies, or corporations, whether or not taxable;
 - d. Tax exempt income received including, but not limited to, interest income, disability income, social security or SSI.;
 - e. Regular payments from Social Security, Railroad Retirement, unemployment compensation, strike benefits from union funds, workers compensation, veterans payments or any type of public assistance;
 - f. 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;
 - g. Private pensions, government employee pensions (including military retirement pay), regular insurance or annuity payments;

- h. College or university scholarships, grants or fellowships;
 - i. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, net lottery winnings and net gambling winnings; and
 - j. Payments made to a third party to or for the benefit of the applicant or a member of the applicant's household.
2. Income shall not include any of the following:
- a. 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;
 - b. Withdrawals of bank deposits;
 - c. Borrowed monies;
 - d. Income tax refunds;
 - e. One time payouts from insurance companies;
 - f. Losses including, but not limited to, capital losses or business losses.
 - g. 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.
3. The Board of Review may waive the income test for household with income greater than allowed under Paragraph A., but who have expenses beyond the ordinary scope of expected costs which are severe and unavoidable, such as unusually high health care costs not covered by insurance.

B. Assets. The total value of the assets of the applicant and each member of the applicant's household shall not exceed \$150,000. 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.

- 1. The total value of the assets shall include the value of the equity in the principal residence to the extent the principal residence value exceeds the average Assessed Value for a home in the City as of December 31 of the year preceding the date of the application.
- 2. Notwithstanding subparagraph 1, if the applicant has resided in the principal residence, as his/her principal residence, for a period of at least 20 years prior to the date of application, the value of the equity in the principal residence shall not be counted as an asset under paragraph B.
- 3. 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.
- 4. If the applicant and/or members of the applicant's household shall transfer assets to another for less than full and adequate consideration in money or

money's worth within sixty (60) months from date of the application for exemption, such exemption shall be denied. Such transfer shall include, but not be limited to, giving up all or partial ownership in an asset, selling an asset, giving an asset away, refusing or disclaiming a gift or inheritance, or giving up the right to receive income. Such transfers shall not include transfers in the amount of \$100 or less.

C. Contribution From Other Sources. If the Board of Review determines the applicant does or reasonably should receive contribution toward taxes from other sources, such as from a trust, inheritance, co-owner, relative, dependent, friend or other source, the Board may consider the amount of such contribution as an addition to the applicant's income and if the resulting sum exceeds the Income Standard in paragraph A., above, then a hardship exemption shall be denied.

6. Granting of Exemption. If the Board of Review determines that an applicant:

- A. Does not have income in excess of the total income allowed under paragraph 5(A) or the Board waives the income test under paragraph 5(A)(3); and;
- B. Does not have assets which can reasonably be invested, sold or used to pay the property taxes under paragraph 5(B); and
- C. Does not receive or reasonably expect to receive contribution toward taxes from other sources under paragraph 5(C),

Then, the Board of Review may grant a full or partial hardship exemption such that the applicant's taxable value for subject property may be valued to equal a property tax liability of approximately (1) 6% of the total income as determined in paragraph 5(A); and (2) the amount of the Michigan Homestead Property Tax Credit as determined utilizing Form MI-1040CR.

7. Deviation From Policy and Guidelines. The Board of Review shall follow the policy and guidelines set forth herein for granting or denying a hardship unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines. The substantial reasons shall be communicated in writing to the applicant.

8. Concurrence of Assessor and Board of Review. The Assessor and the Board of Review must concur on the disposition of a Hardship Exemption Application for an exemption to be granted.



City of Birmingham

A Walkable Community

Treasurer/Assessor Department

Declaration of Hardship and Request for Tax Relief Application

As of December 31, 2018

Property ID Number: _____

Property Address: _____

APPLICANT INFORMATION

Name of Owner and Co-owners: _____

Street Address: _____

City, State, Zip: _____

Phone Number: (Daytime) _____ (Night) _____

Date of Birth: _____

	Marital Status	Number of Years
<input type="checkbox"/>	Married	_____
<input type="checkbox"/>	Divorced	_____
<input type="checkbox"/>	Widowed	_____
<input type="checkbox"/>	Separated	_____
<input type="checkbox"/>	Single	_____

EMPLOYMENT STATUS

<input type="checkbox"/>	Disabled – No. of Years _____
<input type="checkbox"/>	Do you qualify for disability benefits? Yes or No (Circle one)
<input type="checkbox"/>	Employed Full-time
<input type="checkbox"/>	Employed Part-time
<input type="checkbox"/>	Retired – No. of Years _____
<input type="checkbox"/>	Unemployed – No. of Years _____
<input type="checkbox"/>	Laid-off – No. of Years _____
<input type="checkbox"/>	Other

Occupation: _____
(If employed)

Employer: _____

Address: _____

Telephone: (____) _____

EMPLOYMENT STATUS - SPOUSE

<input type="checkbox"/>	Disabled – No. of Years _____
<input type="checkbox"/>	Do you qualify for disability benefits? Yes or No (Circle one)
<input type="checkbox"/>	Employed Full-time
<input type="checkbox"/>	Employed Part-time
<input type="checkbox"/>	Retired – No. of Years _____
<input type="checkbox"/>	Unemployed – No. of Years _____
<input type="checkbox"/>	Laid-off – No. of Years _____
<input type="checkbox"/>	Other

Occupation: _____
(If employed)

Employer: _____

Address: _____

Telephone: (____) _____

SUBSTANTIAL AND COMPELLING REASONS

In the space below list any substantial and compelling reasons you feel the Board should consider during the evaluation of this petition. (example: documented disability or health problems)

GENERAL INFORMATION

What year did you purchase this property? _____

Are you and/or your spouse the sole owners of the subject property? Yes No
 If no, list all owners and their percentage of ownership: _____

Purchase Price? \$ _____ Monthly Payment \$ _____

Total unpaid balance of mortgage/land contract as of 12/31/18 _____

\$ Number of years remaining on the mortgage/land contract _____

Are your property taxes paid? Yes No

Did you apply for poverty exemption last year? Yes No

List all persons living in the household other than yourself and spouse.

	<u>#1</u>	<u>#2</u>	<u>#3</u>
Name:			
Age:			
Relationship:			
Occupation:			
Annual Income:			
Claimed as Dependent?	Yes _____ No _____	Yes _____ No _____	Yes _____ No _____
Heir to Estate?	Yes _____ No _____	Yes _____ No _____	Yes _____ No _____

Have any improvements, changes or additions been made to the property in the last (2) years? Yes No If yes, please explain: _____

Do you anticipate selling the homestead property for which relief is sought in the next year? Yes No Explain: _____

Does anyone contribute to your support? Yes Amount \$ _____
 No Explain: _____

Is anyone able to contribute to your support? Yes No Explain: _____

INCOME AND ASSETS

Please list all sources of your personal income. Please indicate the amount from each source on an **annual** basis.

1. Salaries, wages, tips and other employee compensation (include strike, sick and sub pay)	\$
2. All dividends and interest (including US state and municipal bond interest)	
3. Net rent, royalty, business, gambling or lottery income	
4. Annuity and pension benefits; Name of Payer _____	
5. Net farm income	
6. All Capital gains less capital losses	
7. Alimony and other taxable income; Describe _____	
8. Social Security, supplemental income (SSI) or railroad retirement benefits	
9. Child Support	
10. Unemployment compensation and trade readjustment allowance (TRA) benefits	
11. Worker's compensation, veteran's disability compensation and pension benefits	
12. ADC, GA or emergency Assistance benefits	
13. All other public assistance payments (food stamps, fuel assistance, etc.) Describe _____	
14. Other non-taxable income Describe _____	
TOTAL INCOME:	\$

What was the total income from all sources of everyone living in your household for the past two (2) years?

Last Year: _____ Prior Year: _____

Do you anticipate any major changes in income for the coming year?

Yes No If yes, please explain: _____

Investments

On spaces below, list all stocks, bonds, mortgages, land contracts, annuities, U.S. Savings Bonds or any other investment you, the co-owner or any member of your household has.

Description of Investment	Present Value	Income Earned Last Year
	\$	\$

Real Estate

Do you have an ownership interest in any other real estate in Michigan or any where else? Yes No. If yes, please list all property owned in full or part by you, the co-owner or any member of your household. Do not list property this application is being applied for:

Address of Property	Purchase date & price	Market Value	S.E.V.	Income Received
		\$	\$	\$

Life Insurance Policies

In the spaces below, list all the insurance policies held by you, the co-owner, or any member of the household.

Insured	Amount of Policy	Amount Paid Monthly	Cash Value of Policy	Name of Beneficiary	Relationship to Insured
	\$	\$	\$		

Motor Vehicles

In the spaces below, list all automobiles, motorcycles, trucks, off-the-road vehicles, etc. owned by you, the co-owner or any member of the household.

Make & Model	Year	Current Value	Balanced Owed
			\$

Asset Summary

What are your current assets in addition to the real estate noted previously?

Cash	\$
Savings Accounts/Certificates & Money Markets	\$
Checking Accounts	\$
Stocks/Bonds/Treasury Bills	\$
Insurance	\$
Other	\$
Investments	\$
IRA, Keogh Annuities, Deferred Compensation	\$
Personal Property held as an investment (i.e., gems, jewelry, coin collection, antique cars, etc.)	\$

EXPENSES

AVERAGE MONTHLY EXPENSES:

Land Contract or Mortgage payment for homestead only (principal and interest)	\$
Life Insurance	\$
Health Insurance	\$
Home Insurance	\$
Auto Insurance	\$
Taxes (homestead)	\$
Taxes on other property	\$
Car Payment	\$
Special Assessment	\$
Utilities: Gas/Oil	\$
Electricity	\$
Telephone	\$
Water/Sewer	\$
Child Care	\$
Food/Clothing	\$
Other loans	\$
Medical (not covered by insurance)	\$
Lawn care/snow removal	\$
Cable	\$
Other (specify)	\$

VERIFICATION OF EXPENSES MAY BE REQUIRED

Do you have any major or unusual expenses? Yes No

If yes, please explain: _____

Following are the federal poverty guidelines X 1.5 for use in setting poverty exemption guidelines for 2019 assessments.

Size of Family Unit	Poverty Guidelines
1	\$18,210
2	\$24,690
3	\$31,170
4	\$37,650
5	\$44,130
6	\$50,610
7	\$57,090
8	\$ 63,570
For each additional person, add	\$ 6,480

ADDITIONAL INFORMATION

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.

- 1. Federal, State and City Income Tax Returns – 1040 or 1040A and any schedules
- 2. Michigan Homestead Property Tax Credit Claim MI-1040CR
- 3. Valid driver’s license or other acceptable form of identification if requested by the Assessor or Board or Review
- 4. 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.

PLEASE READ CAREFULLY

I (We) am/are unable to pay the full property taxes on the above described property and hereby make application for property tax relief due to poverty in accordance with Section 211.7u Michigan Compiled Laws.

I (We) have read this application and fully understand the contents thereof including the poverty exemption guidelines.

I (We), _____, being duly sworn, depose and state under the penalties for perjury, that the information contained in this petition and my (our) financial condition as above stated is true and correct and to the best of my (our) knowledge and belief.

I (We) further understand that if any information contained herein is found to be false or incomplete, any and all relief granted by this application will be forfeited and placed back on the assessment roll with penalties and interest occurring on the additional tax liability in accordance with Section 211.119 Michigan Compiled Laws.

Applicant’s Signature: _____

Co-Applicant’s Signature: _____

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