

## 2019

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

The following policy and guidelines have been adopted by the Scio Township Board of Trustees to govern the granting of hardship exemptions.

Authority for granting this hardship exemption is given pursuant to The General Property Tax Act Act 206 of 1893, MCL 211.7u.

“(1) The principal residence of persons who, in the judgment of the supervisor 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 under this act. This section does not apply to the property of a corporation.”

#### **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) except as provided in Evaluation Procedure 5(C)(1) and must annually satisfy *all* of the following requirements:
  - 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 Township Assessor a completed Hardship Exemption Application on a form provided by the 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.
  - D. Produce a deed, land contract or other evidence of ownership of the property for which an exemption is requested.
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 December Board of Review. The exemption will be considered at the March, July, or December Board of Review meetings, whichever occurs next after receipt of the application. 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; however, a personal appearance may be required as hereinafter specified.

## **EVALUATION PROCEDURE**

1. Oath. Applicants appearing before the Board may 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?”

2. 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.
3. 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.
4. Investigation. Applicants for hardship exemption may be investigated by the Township in order to verify information submitted or statements made to the Assessor or Board of Review.
5. Criteria for Determining Exemption. The Board shall consider the following criteria set forth in this section 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 for a one person household times a factor of 2.0 plus the Federal Poverty Standards for each additional person set forth in Schedule A.

1. Income shall include, but not 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 and periodic support that is collectively less than the maximum amount allowed as a tax free gift as defined in the Internal Revenue Code (IRC \_\_\_) from an absent family member or third party for someone living in the household. The amount in excess of the maximum tax free gift shall be included as income. For example, regular and periodic gifts to assist the applicant or the applicant's household received from one or more vendees that exceeds the maximum gift from a single vendee shall be included -as income except as permitted in this subsection;
- 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 by 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; and,

g. Gifts and/or inheritances except as defined in 5(A)(1)(f) above and provided in 5(A)(2) below.

3. The Board of Review may waive the income test for household with income greater than allowed under 5(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 plus total value of assets of each member of the applicant's household shall not exceed the Federal Poverty Income Standard as set forth in Schedule A times a factor of 14. 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 Township as of December 31 of the year preceding the date of the application.

2. Notwithstanding subparagraph 1 of this subsection, 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 this paragraph.

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 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 Source. 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 5(A), above, then a hardship exemption shall be denied.

1. If owned by a trust, the real property must be the principal residence of the grantor of the trust and the trust must be a grantor trust under Internal Revenue Code sections 671-679.

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

1. 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;
2. Does not have assets which can reasonably be invested, sold or used to pay the property taxes under paragraph 5(B); and,
3. 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. The granted exemption under any circumstances shall not serve to reduce the amount refundable from the State of Michigan through the Homestead Property Tax Credit as determined utilizing Form MI-1040CR.

F. 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.

## REFERENCE

Authority for granting this hardship exemption is given pursuant to The General Property Tax Act Act 206 of 1893, MCL 211.7u.

Sec. 7u.

- (1) The principal residence of persons who, in the judgment of the supervisor 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 under this act. This section does not apply to the property of a corporation.
- (2) To be eligible for exemption under this section, a person shall do all of the following on an annual basis:
  - (a) Be an owner of and occupy as a principal residence the property for which an exemption is requested.
  - (b) File a claim with the supervisor or board of review on a form provided by the local assessing unit, 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 or in the current year. 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. If a 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, an affidavit in a form prescribed by the state tax commission may be accepted in place of the federal or state income tax return. The filing of a claim under this subsection constitutes an appearance before the board of review for the purpose of preserving the claimant's right to appeal the decision of the board of review regarding the claim.
  - (c) Produce a valid driver's license or other form of identification if requested by the supervisor 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 supervisor or board of review.
  - (e) Meet the federal poverty guidelines updated annually in the federal register by the United States department of health and human services under authority of section 673 of subtitle B of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, 42 USC 9902, or alternative guidelines adopted by the governing body of the local assessing unit provided the alternative guidelines do not provide income eligibility requirements less than the federal guidelines.
- (3) The application for an exemption under this section shall be filed after January 1 but before the day prior to the last day of the board of review.

- (4) The governing body of the local assessing unit shall determine and make available to the public the policy and guidelines the local assessing unit uses for the granting of exemptions under this section. The guidelines shall include but not be limited to the specific income and asset levels of the claimant and total household income and assets.
- (5) The board of review shall follow the policy and guidelines of the local assessing unit in granting or denying an exemption under this section unless the board of review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines and the substantial and compelling reasons are communicated in writing to the claimant.
- (6) A person who files a claim under this section is not prohibited from also appealing the assessment on the property for which that claim is made before the board of review in the same year.
- (7) As used in this section, "principal residence" means principal residence or qualified agricultural property as those terms are defined in section 7dd.

#### 211.7dd Definitions.

##### Sec. 7dd.

- (c) "Principal residence" means the 1 place where an owner of the property has his or her true, fixed, and permanent home to which, whenever absent, he or she intends to return and that shall continue as a principal residence until another principal residence is established. Except as otherwise provided in this subdivision, principal residence includes only that portion of a dwelling or unit in a multiple-unit dwelling that is subject to ad valorem taxes and that is owned and occupied by an owner of the dwelling or unit. Principal residence also includes all of an owner's unoccupied property classified as residential that is adjoining or contiguous to the dwelling subject to ad valorem taxes and that is owned and occupied by the owner. Beginning December 31, 2007, principal residence also includes all of an owner's unoccupied property classified as timber-cutover real property under section 34c that is adjoining or contiguous to the dwelling subject to ad valorem taxes and that is owned and occupied by the owner. Contiguity is not broken by boundary between local tax collecting units, a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. Except as otherwise provided in this subdivision, principal residence also includes any portion of a dwelling or unit of an owner that is rented or leased to another person as a residence as long as that portion of the dwelling or unit that is rented or leased is less than 50% of the total square footage of living space in that dwelling or unit. Principal residence also includes a life care facility for purposes of former 1976 PA 440 that is registered under the continuing care community disclosure act, 2014 PA 448, MCL 554.901 to 554.993. Principal residence also includes property owned by a cooperative housing corporation and occupied by tenant stockholders. Property that qualified as a

principal residence shall continue to qualify as a principal residence for 3 years after all or any portion of the dwelling or unit included in or constituting the principal residence is rented or leased to another person as a residence if all of the following conditions are satisfied:

- (i) The owner of the dwelling or unit is absent while on active duty in the armed forces of the United States.
- (ii) The dwelling or unit would otherwise qualify as the owner's principal residence.
- (iii) Except as otherwise provided in this subparagraph, the owner files an affidavit with the assessor of the local tax collecting unit on or before May 1 attesting that it is his or her intent to occupy the dwelling or unit as a principal residence upon completion of active duty in the armed forces of the United States. A copy of an affidavit filed under this subparagraph shall be forwarded to the department of treasury pursuant to a schedule prescribed by the department of treasury.

# SCHEDULE A

<b>SIZE OF FAMILY UNIT</b>	<b>POVERTY GUIDELINES</b>
1	\$ 24,280.00
2	\$ 28,600.00
3	\$ 32,920.00
4	\$ 37,240.00
5	\$ 41,560.00
6	\$ 45,880.00
7	\$ 50,200.00
8	\$ 54,520.00
9	\$ 58,840.00

**SCIO TOWNSHIP  
CONFIDENTIAL APPLICATION FOR HARDSHIP EXEMPTION**

Parcel #		Tax Year		Petition #	
Name				Phone	
Address					
Birthdate		Email Address			
Marital Status		Married		Single	
				Widow	
				Divorced	
Number of people residing in household (including self)				Number of years living in Scio Township	
Did you receive a hardship exemption last year?			If yes, what was the reduced taxable value?		

**IMPORTANT INFORMATION TO BE SUPPLIED BY APPLICANT**

Please provide a copies of:

1. Federal Income Tax Return (prior year).
2. Michigan State Income Tax Return (prior year).
3. Michigan Homestead Property Tax Credit Claim (prior year).
4. A copy of your driver's license or Michigan identification card.
5. A copy of the deed to the home.

***By law these forms are mandatory, if these forms are not submitted, the Board of Review may return your application and an appearance before the Board of Review will not have been recorded nor perfected.***

**NOTE:**

If the applicant does not qualify for the Michigan homestead property tax credit, applicant **may not qualify** Scio Township Hardship Exemption.

**EMPLOYMENT STATUS**

Are you or your spouse currently employed?		Full Time	Part Time	Disabled	Retired	Last Employed
	Self					
	Spouse					
Do you or your spouse qualify for either disability expemption?		% Disability	Income			
	Veterans Disability					
	SSI Disability					

**ASSETS**

	Description	Est. Value
Real Estate (primary residence)		
Real Estate (income property)		
Bank Accounts		
Stocks		
Bonds		
Pension		
Vehicles		
Fine Art		
Mineral Rights		
Other		
<b>Total Assets</b>		

**SCIO TOWNSHIP  
CONFIDENTIAL APPLICATION FOR HARDSHIP EXEMPTION**

**LIABILITIES**

	Origination Date	Retirement Date	Original Loan Amount	Current Loan Balance	Monthly Payment	Annual Payment
Mortgage						
2nd Mortgage						
Line of Credit						
Loan from Retirement Account						
Loan from Family Members						
Student Loans						
Credit Card Debt						
Other Long & Short Term Debt						
<b>Total Liabilities</b>						

**Approximate Net Worth**

**INCOME DECLARATION**

Source	Description	Monthly	Annual
Wages from employment			
Self-employment Income			
Rental Income			
Interest from savings			
Interest from bonds			
Interest from Land Contracts			
Stock Dividends			
One-time unearned income			
Alimony			
Child Support			
Gifts (regular and periodic)			
Unemployment Benefits			
Social Security			
Railroad Retirement			
Union Strike Benefits			
Disability Insurance			
Military Family Allotments			
Pension/Retirement			
Public Assistance			
<b>Total Income</b>			

**DEPENDENT'S INCOME**

Name	Relationship	Age	Source of Income	Monthly	Annual
<b>Total Income</b>					

**Total Household Income**

**SCIO TOWNSHIP  
CONFIDENTIAL APPLICATION FOR HARDSHIP EXEMPTION**

**MAJOR HOUSEHOLD EXPENSES**

Source	Description	Monthly	Annual
Mortgage Payment			
Property Taxes			
Utilities - Electric			
Utilities - Gas			
Utilities - Water/Sewer			
Property Insurance Premium			
Medical Insurance Premium			
Food - Out of Pocket (exclude Bridge benefits)			
Prescription Expenses -Out of Pocket			
Medical Expenses - Out of Pocket			
Dental Expenses - Out of Pocket			
Automobile Insurance			
Automobile Expenses (gas, repairs, etc.)			
Other Major Expenses			
Total Expenses			

**Approximate Household Net Income**

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**DECLARATION OF LIABILITY**

Note: The Board of Review may ask you to appear before them for clarification on any subject matter.

I, the undersigned Applicant and Petitioner, hereby declare that the foregoing information is complete and true and that neither I, nor any household member residing within the principal residency, have assets, money, income, or property other than mentioned herein. I further declare that I own and occupy this property as my primary residency, and that I am unable to pay my full share of property taxes at this time for reasons of ability to pay.

	Signature	Date	Print Name
Petitioners			
Preparer			

This application shall be filed after January 1, but before the day prior to the last day for the March, July or December Board of Review to the address below.

Board of Review  
c/o Assessor  
Scio Township  
827 N. Zeeb Road  
Ann Arbor, Michigan 48103-1599  
Township Hall: 734.369-9400  
Fax: 734-665-0825