



COUNCIL - MANAGER GOVERNMENT

City of Allegan Hardship Exemption Guidelines

- 1) To be eligible for exemption under Section 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 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. 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.
- 2) In addition to the eligibility requirements stated above, the City of Allegan provides additional guidelines and criteria for granting or denying hardship exemption requests. The Board of Review take the deliberation process seriously and within its authority, reserves the right to make decisions based upon individual case consideration. The Board of Review strives to uniformly apply the standards to each applicant's circumstances, within the overall guidelines provided herein.

Petitions for a Hardship Exemption must be presented in person by the applicant or authorized agent before the Board of Review at one of their annual meetings held in March, July or December. Each petitioner must submit a copy of the current year or immediately preceding year Federal Income Tax Return (1040), Michigan Income Tax Returns (MI-1040) and Michigan Homestead Property Tax Credit Claim Return for all persons residing in the homestead or having an ownership interest in the property.

- a) The Michigan Homestead Property Tax Credit Claim Return is then reviewed by the Assessor to determine if the applicant qualifies for the full Property Tax Credit. The City of Allegan Board of Review customarily denies reductions in taxable value that would eliminate individuals Homestead Property Tax Credit.
- b) Income of all parties residing in the home or having an ownership interest in the property will then be considered. An explanation will be required for all household members over the age of 18 years who are not listed as contributing to the household income.

Applicants will not be eligible for the hardship exemption if they do not meet the following income eligibility guidelines as of March 1, of the current year.

A family of -1- may not earn more than 25,000

A family of -2- may not earn more than 30,000

A family of -3- may not earn more than 34,000

A family of -4- may not earn more than 36,000

A family of -5- may not earn more than 40,000

For each additional family member, add \$4,000 per year.

The Board of Review may waive the income limits for households with greater incomes 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. In such catastrophic scenarios, the state equalized value may be reduced to zero (0).

In cases where the Board of Review deviates from the income limits for substantial and compelling reasons, such as described above, these reasons will be noted on the petition and communicated in writing to the claimant such reasons will be properly documented.

The definition of income used will be that defined by the Federal Bureau of Census.

Money wages and salaries before any deductions. 2.) Net receipts from nonfarm self-employment. These are receipts from a person's own business, professional enterprise, or partnership, after deductions for business expense. 3.) Net receipts from farm self-employment. These are receipts from a farm one operates as an owner, renter, or sharecropper, after deductions for farm operating expenses. 4.) Regular payments from social security, railroad retirement, unemployment compensation, strike benefits from union funds, worker's compensation, veteran's payments, public assistance (including Aid to Families with Dependent Children, Supplemental Social Security Income, Emergency Assistance money payments, and non-Federally-funded General Assistance or General Relief money payments. 5.) Alimony, child support, and military family allotments of other regular support from an absent family member or someone not living in the household. 6.) Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments. 7.) College or university scholarships, grants, fellowships, and assistantships. 8.) Dividends, interest, net rental income, net royalties, and periodic receipts from estates or trusts, and net gambling or lottery winnings.

Income does not include the following: 1.) Money received from the sale of property such as stocks, bonds, a house, or car unless a person is in the business of selling such property. 2.) Withdrawals of bank deposits and borrowed money. 3.) Tax refunds, gifts, loans, lump-sum inheritances, one-time insurance payments. 4.) Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms. 5.) Federal non-cash benefit programs such as Medicare, Medicaid, food stamps and school lunches.

- c) The assets excluding home furnishings, of all parties residing in the home or having an ownership interest in the property will be reviewed to determine if the applicant or co-owner has assets that can be used to pay the property taxes. Assets of all parties shall not exceed 50,000. The Applicant or any occupant shall not have an ownership interest in any real estate other than the homestead in question.
- d) The assessed value of the homestead in question will be reviewed. Under no circumstances shall a hardship exemption be granted on a principal residence whose aggregate SEV exceeds the

citywide average, as calculated by the City Assessor, by more than 10%, unless it has been the sole primary residence of a senior citizen as defined by Michigan law for the past 10 (ten) consecutive years.

- e) All property taxes must be paid and current.
- f) Properties held in a trust are not eligible.

3) Let it also be known to all applicants that:

Due to the Freedom of Information Act, in the case of a hardship appeal, a copy of the petition and supporting documentation will be kept in a separate file in the City Assessor's office but will be provided on request to an interested member of the public.

A Hardship will not be granted without the petitioner or a representative for the petitioner appearing before the Board of Review. Applicants for a hardship may petition the Board of Review by appointment at any of their annual meetings held in March, July and December. A complete application including all necessary documentation will be required. City staff will make every effort to work with the applicant to gain the necessary documentation however ultimately it is the responsibility of the Applicant to provide a complete application and all supporting documentation.

Hardship Exemptions are determined on an annual basis. If a hardship exemption is granted the Applicant will only be eligible for a maximum of (3) years out of a (10) year period. *Senior Citizens who have lived in the home for at least the last 10 years may qualify every year. And Senior Citizens who have lived in the home for less than the (10) year requirement, may qualify if the current residence is a result of downsizing their former primary residence. ** Individuals permanently disabled may qualify every year.

An applicant may appeal the Board of Review decision on a hardship exemption to the Michigan Tax Tribunal. This appeal must be made by June 30th of the tax year in question. On behalf of the City the Assessor may also appeal the Board of Review decision on a hardship exemption to the Michigan Tax Tribunal.

The Board of Review realizes that each poverty exemption request has an individual set of circumstances that must be considered in its deliberations. These guidelines and criteria have been established to assist the Board of Review in developing a uniform and well established basis for granting or denying a hardship exemption request.

For applicants granted a hardship exemption; gross income will be multiplied by 3.5% to estimate a final out of pocket property tax amount tied to the applicant's income. This preliminary property tax amount will be reduced by the State of Michigan's, Income Tax Homestead Property Tax Credit; the remainder will be divided by the appropriate millage rate, to estimate a final adjusted property tax assessment. The difference between the original assessment and the final adjusted assessment will represent the amount of the hardship exemption.