

**POLICY:** Hardship (Poverty) Exemption

**DATED:** January 21, 1997

**REVISED:** February 16, 1998; March 1, 1999; February 6, 2006; May 7, 2007; December 15, 2008; December 11, 2012; November 18, 2013; March 5, 2018; February 18, 2019; January 21, 2020; January 19, 2021, February 22, 2022, February 6, 2023, February 5, 2024

**PURPOSE:** Public Act 390 of 1994 was passed by the Michigan legislature and signed by the Governor on December 29, 1994, and said Public Act makes significant changes to the poverty exemption policy found in 211.70 as amended, of the Michigan Compiled laws. Public Act 390 states that the governing body of the local assessing unit shall annually determine and make available to the public, the policy and guidelines the local assessing unit uses for granting hardship (poverty) exemptions. The City of Cadillac develops a hardship exemption policy of real and personal property of persons, who, in the opinion of the Board of Review, by reason of poverty, are unable to contribute towards the public charges. MCL 211.7u (1)

**POLICY:** In order to be eligible for a hardship (poverty) exemption, the claimant must establish or comply with all of the following:

1. Be the owner and occupant of property that is his/her principal residence for the year for which the exemption is requested. If requested by the Board of Review, a copy of the deed, land contract, or other evidence of ownership of the property. MCL 211.7u ( 2) (a)+(d)
2. Not own any other real estate and/or recreational vehicles in or out of the State of Michigan.
3. Fully complete the Declaration of Poverty Request for tax relief application, including the asset and income schedule.
4. Hardship exemption may be granted up to a maximum of 50 percent.
5. The exemption is also dependent upon the total household income of the applicant meeting the guidelines established by the City of Cadillac.
  - a. Total household income is defined as money, wages, and salaries before deductions; net receipts from non-farm self-employment, business, professional, enterprise, or partnership after deductions; payments from social security, retirement, unemployment compensation, veteran's payments, public assistance; alimony, child support, military family allotments or other regular support from an absent family member or someone not living in the household; private pensions, government pensions, annuity or insurance payments; scholarships, grants, fellowships, assistantships; dividends, interest, rental income, royalties, periodic receipts from estates or trusts, gambling or lottery winnings.
  - b. In compliance with *Ferrero v Walton Township*, 295 Mich App 475: 813 NW2d 368 (2012), when determining "total household income" of the applicant, the City shall not include or consider monies the applicant received from claiming homestead property tax credit.

6. Provide a current or preceding year federal and state income tax returns for all persons residing in the principal residence
7. Provide a valid driver's license or other form of identification if requested by the Board of Review. MCL 211.7u (2)(c)
8. Meet the City of Cadillac's income standards for "Poverty Threshold" for the calendar year in question. As its "Poverty Threshold", the City of Cadillac has adopted and incorporated 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)

**2023 HHS POVERTY GUIDELINES**

Persons in Family/Household	Poverty Guideline
1	\$14,580
2	\$19,720
3	\$24,860
4	\$30,000
5	\$35,140
6	\$40,280
7	\$45,420
8	\$50,560

\*Families with more than 8 persons, add \$5,140 for each person.

9. Even if the income guidelines are met, assets shall not exceed \$50,000 with the exception of the Primary home.
10. This policy applies only to individuals and is not for trusts or other types of ownerships such as corporations, limited liability companies, partnerships, associations, and co-owners (the only exception being the individual owner of a life estate).
11. Only the assessed value of the principal residence of an owner of a life estate shall apply, but the incomes of the owner of a life estate and income of all interested persons and household members shall be combined for determination of the poverty threshold. The owner of the life estate must reside and use the property as his or her principal residence.
12. Any tax exemption given to an individual under these guidelines shall be for the one (1) year's taxes. A new application will be required each year an exemption is requested.
13. During the deliberation process, the Board of Review must remain totally objective and ensure that their decisions is in no way arbitrary. The Board of Review must follow this hardship exemption policy and the guidelines set forth within.

14. The City Assessor and the Board of Review shall notify in writing all applicants whose application for exemption is being denied. The applicant may appeal the decision by applying to the Michigan Tax Tribunal and filing the appeal in writing prior to June 30<sup>th</sup> for a March Board of Review action. For July and December Board of Review actions the appeal must be filed with the Tax Tribunal within 30 days of receipt of your answer from the Board of Review. The address is Michigan Tax Tribunal, 611 West Ottawa, PO Box 30232, Lansing, Michigan 48909.
  
15. The assessor will act as an advisor for the Board of Review. The Board of Review will have the final determination for a hardship exemption. A person who files a claim 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.  
MCL211,7u (6).
  
16. The application filing for an exemption under this policy shall be filed after January 1, but before the day prior to the last day of the Board of Review.  
MCL 211.7U (3)