

CITY OF BAY CITY
HARDSHIP EXEMPTION POLICY
& GUIDELINES
(Revised December 2022)
with 2023 Income Limits

This policy was written in accordance with and governed by MCL 211.7u, as amended.

In order to be eligible for the poverty exemption, the claimant **MUST** do all of the following *on an annual basis*:

1. Own and occupy as your principal residence, as defined in Section 7dd of the General Property Tax Act, the property for which the exemption is requested;
2. File a claim with the Board of Review after January 1st, but before the day prior to the last day of the Board of Review, on a form provided by the City Assessor;
3. Provide **federal and state income tax returns** for all persons residing in the principal residence (also referred to as “household” or “homestead”) **including any property tax credit returns** (MI-1040 CR-4.) These income tax returns are those filed in the current year (FILED IN 2023 FOR 2022 TAX YEAR ONLY)
4. Produce a valid driver’s license or other form of identification;
5. Be able to produce a deed, land contract, or other evidence of ownership of the property for which the exemption is being requested, if not in Assessor’s records;
6. Meet the federal poverty income guidelines for the household, which are updated annually in the federal register by the United States Department of Health and Human Services; and
7. Meet the claimant and total household *asset* levels set by the Bay City Commission.

INCOME & ASSET GUIDELINES FOR POVERTY EXEMPTIONS

If your income exceeds the amounts shown or your assets exceed the amounts shown, unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from this policy and guidelines, you are NOT eligible for a Poverty Exemption.

Income Eligibility for 2023

(these income levels are updated annually, as stated on page one, item #6)

Following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2023 assessments:

Size of Family Unit	Poverty Guidelines
1	\$13,590
2	\$18,310
3	\$23,030
4	\$27,750
5	\$32,470
6	\$37,190
7	\$41,910
8	\$46,630
For each additional person	\$4,720

Asset Eligibility

Applicants can have **no more than \$10,000 in assets** to be eligible for consideration and no more cash than an amount equal to one month's gross household income. Assets do not include the homestead or primary automobile. Assets do include: stocks, bonds, mutual funds, insurance policies, coin collections, boats, ORVs, motorcycles, recreational vehicles, second homes or salable property, retirement accounts, jewelry, etc. or otherwise consistent with IRS guidelines.

**GUIDELINES BY WHICH
POVERTY EXEMPTIONS ARE DETERMINED**

1. Completed application form and all required documents and attachments MUST be filed with the City Assessor's Office no later than:

March 1, 2023 for action by the March Board of Review; or

July 1, 2023 for action by the July Board of Review; or

December 1, 2023 for action by the December Board of Review.

NOTE: The filing of a claim constitutes an appearance before the Board of Review. Also, the dates for filing will be updated annually in accordance with the State of Michigan Property Tax Calendar.

2. The Board of Review determines if Income Standards have been met.
3. The Board of Review determines if Asset limits have been met.
 - a. Cash assets to the total household may not exceed an amount equal to one month's gross household income. Cash assets are defined as cash, money held in checking or savings accounts, money markets and other financial institution accounts, and/or instruments or securities which can be readily converted to cash.
 - b. Non-cash assets to the total household may not exceed \$10,000. Non-cash assets are defined as those which are not considered to be cash assets, as defined above. The following assets are excluded from this limit:
 1. Applicant's homestead
 2. Applicant's household personal property
 3. Assets not accessible by the applicant, co-owner or any member of the applicant's household.
4. All applicants, if approved by the Board of Review, shall pay taxes equal to 25% of the current year property's taxable value.
5. The Board of Review will consider all revenue and non-revenue producing assets of the owner, co-owner and all members of the household. Any attempt to hide and/or shift assets to another person, business or corporation shall be grounds for denial.
6. The Board of Review will consider the effect of all Michigan Income Tax Credits the applicant receives or can receive. Credits include Homestead Property Tax credits, Senior Citizen Prescription Drug credits and Home Heating credits.

7. Applications must be filed every year. If granted, the exemption is for one year only.
8. The Board of Review will grant exceptions for persons over 65, paraplegic, quadriplegic, hemiplegic or totally and permanently disabled as defined under Social Security Guidelines 42 USC 416.
9. All applications will be reviewed by the Board of Review. The Board may ask applicants, or their authorized agents, to be physically present to answer questions. Teleconferencing for the purpose of asking questions of the applicant is allowable if the applicant is not able to attend.
10. Applicants, or their authorized agents, may have to answer questions regarding such subject as financial affairs, health and/or the status of people living in the principal residence at a meeting that is open to the public.
11. All applications will be evaluated based on data and statements given to the Board by the applicant. The Board can also use information gathered from any other source.
12. The Board of Review shall follow the policy and guidelines established herein when granting or denying an exemption.
13. The Board of Review may deviate from the guidelines if it determines there are substantial and compelling reasons which are to be communicated, in writing, to the applicant. Compelling reasons include, but are not limited to, excessive medical expenses or excessive expenses necessary for the care of elderly or handicapped persons.
14. Applicants may be subject to investigation of their entire financial and property records by the City. This would be done to verify information given or statements made to the Board of Review or assessor in regards to the poverty tax claim.
15. Household income limits are adjusted each year to comply with the Federal Poverty Guidelines.
16. Applicants will be sent a written notice of the Board of Review's final decision. An applicant may appeal the Board of Review's decision to the Michigan Tax Tribunal. An assessor may also appeal the Board of Review's decision. Appeals must be filed with the Michigan Tax Tribunal by the following dates:

July 31st for decision made by the March Board of Review

August 7th for decision made by the July Board of Review

January 1st for decision made by the December Board of Review

THE GENERAL PROPERTY TAX ACT (EXCERPT)

Act 206 of 1893

211.7u Principal residence of persons in poverty; exemption from taxation; applicability of section to property of corporation; eligibility for exemption; application; policy and guidelines to be used by local assessing unit; duties of board of review; appeal of property assessment; “principal residence” defined.

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. 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 U.S.C. 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 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 is 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 the section, “principal residence” means principal residence or qualified agricultural property as those terms are defined in section 7dd.

History: Add. 1980, Act 142, Imd. Eff. June 2, 1980; -- Am. 1993, Act 313, Eff. Mar. 15, 1994; -- Am. 1994, Act 390, Imd. Eff. Dec. 29, 1994; -- Am. 2002, Act 620, Imd. Eff. Dec. 23, 2002; -- Am. 2003, Act 140, Eff. Jan 1, 2004.

Popular name: Act 206