

**City of Bad Axe Policy
for Applicants Requesting
Consideration under Sec. 211.7u of the
General Property Tax Act of 1893
The Michigan Homestead Poverty Exemption**

Application Procedure

1. All applicants must obtain the proper application from the Assessor's Office or Treasurer's Office. Disabled or infirmed applicants may call Bad Axe City Hall at (989) 269-7681 to make necessary arrangements for assistance. Applications will be accepted after January 1, through the day prior to the last day of the Board of Review.
2. Applicants will not be eligible for consideration if the income as reported on their income tax forms is greater than the federal poverty income standards as defined and determined annually by the United States Office of Health and Human Services.
3. All applicants must be the property owners, reside therein as a homestead and provide the following documentation:
 - a. Must produce a driver's license or other acceptable method of identification;
 - b. Must produce a deed, land contract, or other evidence of ownership if Assessor or Board of Review requests such documents
4. All applicants must fill out the application form in its entirety and return it to the Assessor's office except as noted in item No. 1 above.
 - a. Application shall be notarized or signed in the presence of a City Official or the Assessor for the City of Bad Axe.
5. All applicants and other persons residing in the homestead shall submit last years copies of the following
 - a. Federal Income Tax Return – 1040, 1040A or 1040EZ
 - b. Michigan Income Tax Return – MI 1040, MI 1040A or MI 1040EZ
 - c. Senior Citizens Homestead Property Tax Form MI – 1040CR – 4
 - d. General Homestead Property Tax Claim MO-1040CR-4
 - e. Statement from Social Security Administration and/or Michigan Social Services as to monies paid to you during previous year.
6. Applications shall be filed beginning January 1st each year but, in any event, no later than the day prior to the last day of the Board of Review.

EVALUATION PROCEDURE

1. The Board of Review shall comply with the requirements of the Open Meetings Act when reviewing any application for exemption due to poverty. Records submitted with any application will be retained with the Board of Review minutes and confidential information will be redacted if they are to be inspected by anyone other than city officials.
2. Applications may be reviewed by the Board without applicant being present. However, the Board may request that any or all applicants be physically present to respond to any questions the Board may have. This means that an applicant could be called to appear on short notice.
3. At this meeting an applicant shall be prepared to answer questions regarding their financial affairs, health, the status of people living in their home, etc.
4. All applicants appearing before the Board will be administered an oath as follows:
“Do you _____(name)_____swear and affirm that evidence and testimony you will give in your own behalf before the Board of Review is the truth, the whole truth, and nothing but the truth, so help you God.”

Applicant responds, “I do” or “I will”.

5. The Board will apply a three (3) part test to determine the eligibility and amount of the exemption.

A. THE INCOME TEST:

An eligible applicant will pay a tax equal to three (3) percent of their total income after considering the property tax credit feature of the State of Michigan Income Tax.

B. THE ASSET TEST:

1. A poverty exemption should not be granted to any applicant whose proposed current State Equalized Value exceeds \$ 65,000.00.
2. A poverty exemption shall not be granted to any applicant whose assets* exceed \$10,000.00 with no more than \$5,000.00 in savings, checking and/or cash. An applicant’s home and automobile shall be excluded from consideration as an asset.
3. A poverty exemption shall not be granted to any applicant who owns salable property other than their own homestead no matter where located.

4. Assets under \$10,000 in value shall be treated as cash and if the investment value of the applicant's assets will produce, at the going interest rate, an income stream that when added to the applicant's reported income, a sum that is less than the income guidelines, then a poverty exemption may be granted. Conversely, if the amount of interest, when added to the applicant's reported income, produces a sum that is greater than the income guidelines, then a poverty exemption shall be denied.

* Cash, stocks, funds, bonds, insurance, coin collections, etc.

C. THE INCOME FROM OTHER SOURCES TEST

If the Board of Review determines that the applicant has or should have income from other sources, such as relatives, dependents, friends, they may add this income to the applicant's reported income and if the resulting sum of these incomes is greater than the Section 8 Guidelines, then a poverty exemption may be denied. If the amount of this income is added to the applicant's reported income and the resulting sum is less than the Section 8 Guidelines, then a poverty exemption may be granted.

6. The Board of Review must agree as to the disposition of the poverty claim for the exemption to be granted.
7. The Board may grant property tax relief based on poverty annually.
8. Any successful applicant may be subject to personal investigation by the City. This would be done to verify information submitted or statements made to the Assessor or Board in regard to their poverty tax abatement claim.
9. The Secretary to the Board of Review will keep minutes of all proceedings before the Board of Review.
10. A person filing a poverty exemption claim is not prohibited from also appealing the assessment on the property for which that claim is made before the March Board of Review in the same year.
11. The Board of Review shall follow the policy and guidelines of the Bad Axe City Council 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. The substantial reasons shall be communicated in writing to the claimant and to the Bad Axe City Council.