

**CITY OF SALINE**  
**2017 HARDSHIP EXEMPTION POLICY AND GUIDELINES**

**General Information:**

1. The hardship exemption for property taxes under MCL 211.7u is granted on an annual basis. An applicant must submit a new application each year in order to retain eligibility.
2. The hardship exemption is only available for a property used as a principal place of residence (homestead).
3. The hardship exemption is calculated based on the number of “household members” in the applicant’s residence, which includes any person listed on the deed, residing in the residence on a full time basis, or any person who could be claimed as a dependent of the applicant on the current year’s federal tax return.
4. The Board of Review has discretion to review the totality of an applicant’s circumstances and grant or deny an exemption based on substantial and compelling reasons not accounted for in these guidelines.

**Application Process:**

1. **Applications for hardship exemptions will be processed at the March, July, and December meetings of the Board of Review. To be considered, applications must be received by the Assessor’s office at least 7 days before the start of the meeting at which the application is to be considered.**
2. Applications must be submitted using the standard form available in the Assessor’s office. A complete application includes:
  - a. All information requested on the application form.
  - b. A completed Income & Status Sheet (available in the Assessor’s office) for each household member over 18 years of age.
  - c. A copy of the deed showing the applicant’s ownership of the property (if requested).
  - d. A copy of the MI-1040CR form showing the Homestead Property Tax Credit.
  - e. Copies of the prior years’ federal and state income tax returns for each household member over 18 years of age. If any such household member is not required to file a federal or state income tax return, an affidavit on Michigan Treasury Form 4988 must be submitted instead.
  - f. Supporting documentation for all income sources reported on the application form (*e.g.* recent pay stubs, receipts, investment account year-end reports, etc.).
  - g. If applicable, supporting documentation for any unusually high expense (*e.g.* medical expenses).
3. When completing the required forms, it is the applicant’s responsibility to provide sufficient information and documentation regarding each item. The Board of Review may ask for additional information and documentation if it deems such information is needed to fully assess financial circumstances.
4. Except as otherwise provided in this paragraph, the applicant must appear in person before the Board of Review. Upon receiving an application, the Assessor shall contact the applicant to schedule the in-

person appearance. The Assessor may, in the Assessor's discretion, authorize an appearance by telephone or by personal representative if an in-person appearance would create an undue burden. During the required appearance, the Board of Review may ask questions regarding the applicant's finances in order to verify the information in the application.

### **Asset Guidelines:**

1. "Household assets" include, but are not limited to, the cash value of savings accounts and shares, certificates of deposit, investments such as stocks, bonds, mutual funds, retirement savings (including, without limitation, accrued pension benefits, IRAs, annuities, and 401(k)s), cashable insurance policies, equity in real estate other than the homestead for which the exemption is claimed, equity in recreational motor vehicles, jewelry, coins and other collectables, precious metals, and any non-essential items used in the household (including recreational electronics) purchased within the last 2 years for more than \$500. Any one-time gifts, one-time insurance payments, or lump-sum inheritances received during the previous tax year should be reflected as household assets. Household assets are counted as of the date of application.
2. In general, each household member that is at least 18 years old and no longer a student may own one motor vehicle without having the value of such vehicle count towards household assets. Any additional vehicles owned by household members shall generally be considered recreational motor vehicles (unless the applicant demonstrates that the vehicle is a transportation necessity), and the equity in such vehicles shall be counted toward household assets. Further, if the Board of Review determines that the value of any vehicle owned by a household member is significantly higher than is needed to satisfy essential transportation needs, it may count a portion of the equity in such vehicle toward household assets. For purposes of this paragraph, a vehicle titled in the name of a business owned by an applicant or household member shall be treated the same as a vehicle titled in the name of such individual.

### **Income Guidelines**

1. "Household income" includes all of the following items, as received in the previous tax year (2016):
  - a. Wages and salaries before any deductions.
  - b. Payments or in-kind provision of normal expenses (e.g. meals, insurance, clothing, electronic equipment used at least in part for personal use) by a household member's business or employer.
  - c. Net receipts from non-farm self-employment. These receipts are from a person's own business, professional enterprise, or partnership, after deductions for business expenses.
  - d. Net receipts from farm self-employment. These are receipts from a farm that one operates as an owner, renter, or share cropper, after deductions for farm operating expenses.
  - e. Regular payments from Social Security, retirement plans, unemployment compensation, benefits from union funds, workers compensation, veteran payments, and public assistance.
  - f. Alimony, child support, and military family allotments or other regular support from an absent family member or someone not living in the household.
  - g. Private pension receipts, government employee pension receipts (including military retirement pay), and regular insurance or annuity payments, and disbursements from other retirement plans.

- h. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trust, net gambling or lottery winnings.
2. Household income does *not* include the following:
    - a. Food produced for personal consumption.
    - b. Payments or receipts from federal benefit programs such as Medicare, Medicaid, food stamps, and school lunches.
    - c. Income tax refunds.
    - d. Refunds received from the Michigan Homestead Property Tax Credit.
    - e. One-time gifts, one-time insurance payments, or lump-sum inheritances.
  3. Income for the current tax year shall generally be projected based on income as properly reported on federal and state tax returns in the prior year. However, if the Board of Review determines that receipts in the current tax year (2017) are likely to be substantially less or more than in the prior tax year, the Board of Review may, in its discretion, reasonably adjust the applicant’s projected household income for purposes of calculating the hardship exemption.

**Exemption Eligibility and Calculation:**

1. The Board of Review shall determine eligibility and calculate the amount of hardship exemptions based on the policy and guidelines provided herein, unless it determines that there is a substantial and compelling reason for deviation. The Board of Review may deviate by granting an exemption based on substantial and compelling reasons such as extraordinary medical expenses. It may also deviate by denying an exemption for substantial and compelling reasons such as in situations where: (i) the applicant is prioritizing non-essential expenses over property taxes; (ii) without valid explanation, the applicant’s reported income is repeatedly lower than apparent expenses; or (iii) the applicant has received repeated exemptions for a home with higher value than the applicant’s income supports. The reasons for any deviation shall be communicated to the applicant in writing.
2. Hardship exemptions shall be calculated based on the “available funds” for the applicant’s household, which is defined to include the projected household income for the current tax year plus any household assets in excess of \$3,000. The following eligibility table is used in the calculation:

<b>Federal Poverty Standards</b>		<b>Saline Hardship Standards</b>	
<b>Size of household</b>	<b>Available Funds</b>	<b>Size of household</b>	<b>Available Funds</b>
1	\$11,880	1	\$21,978
2	\$16,020	2	\$29,637
3	\$20,160	3	\$37,296
4	\$24,300	4	\$44,955
5	\$28,440	5	\$52,614
6	\$32,580	6	\$60,273
7	\$36,730	7	\$67,951
8	\$40,890	8	\$75,647
Each additional	+ \$5,200	Each additional	+ \$7,696

3. If the available funds for the applicant's household fall below the federal poverty standards, the amount of property taxes owed by the applicant shall be calculated by multiplying the household's available funds by 3.5%.
4. If the available funds for the applicant's household fall above the federal poverty standards but below the Saline hardship standards, the amount of property taxes owed by the applicant shall be calculated by multiplying the household's available funds by 3.5%, and then adding the amount received by the applicant pursuant to the Homestead Property Tax Credit.
5. The denial of a hardship exemption application may be appealed to the Michigan Tax Tribunal.

Guidelines adopted by Saline City Council on January 9, 2017.