



500 West Big Beaver  
Troy, MI 48084  
troymi.gov

## CITY COUNCIL AGENDA ITEMS

January 11, 2021



TO: Mark Miller, City Manager

FROM: Robert J. Bruner, Assistant City Manager  
Robert C. Maleszyk, Chief Financial Officer  
Nino Licari, City Assessor

SUBJECT: Agenda Item – 2021 Poverty Exemption Guidelines (changes from previous year)

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### **History:**

MCL 211.7u states: *“The real property of persons who in the opinion of the Supervisor (read Assessor for Cities) and Board of Review by reason of poverty are unable to contribute toward the public charges is exempt from taxation under this act.”*

In order to grant a Poverty Exemption, the Michigan Tax Tribunal (MTT) has ordered that each community develop a set of guidelines to determine whether the applicant qualifies for a one (1) year exemption from property taxes. (The exemption may be re-applied for each year)

The State Tax Commission (STC) has ruled that the Income Guidelines that are used as a portion of the guidelines may not be less than the Federal Poverty Guidelines established each year. Those guidelines have increased approximately 2% on average per set.

As the guidelines include an Assessed Value limit, a Total Asset limit, and changes to the Federal Poverty Income Guidelines, Council is presented with updated guidelines each year for their approval.

The total asset limit is \$155,730 based on the 1.4% Consumer Price Index for this year.

### **Financial Considerations:**

- There were 13 exemptions applied for in 2019 at the March Board of Review. Twelve were granted, totaling \$1,532,180 in Taxable Value (T/V). This amounts to \$15,320.42 in exempted City taxes.

Since 2002, residents have been allowed to apply for Poverty Exemptions at the July and December Boards of Review.



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This year, there were 5 exemptions granted (of 6 applied) at the July Board (\$444,560 T/V), which equaled \$4,445.20 in exempted taxes.

There were 2 exemptions granted (of 3 applied) at the December Board of Review (\$444,560 T/V). These additional exemptions accounted for exempted City taxes of \$2,110.70.

The total loss of City taxes for Poverty Exemptions in 2020 was \$21,876.32 (compared to \$11,036.97 in 2019).

### **Legal Considerations:**

- The guidelines are required by the MTT and STC. The attached guidelines meet the requirements of these rulings.

### **Policy Considerations:**

- The guidelines are a State mandated requirement. They do not conform to current Council goals.

### **Options:**

- Council must adopt Poverty Guidelines. Council may adopt the guidelines as presented, or modify them

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Size of Family Unit	Poverty Guidelines
1	\$12,760
2	\$17,240
3	\$21,720
4	\$26,200
5	\$30,680
6	\$35,160
7	\$39,640
8	\$44,120
For each additional person	\$4,480

**Note:** PA 390 of 1994 states that the poverty exemption guidelines established by the governing body of the local assessing unit shall also include an asset level test. An asset test means the amount of cash, fixed assets or other property that could be used, or converted to cash for use in the payment of property taxes. The asset test should calculate a maximum amount permitted and all other assets above that amount should be considered as available. Please see STC Bulletin 6 of 2017 for more information on poverty exemptions.

**Note:** PA 135 of 2012 changed the requirements for filing documentation in support of a poverty exemption to allow an affidavit (Treasury Form 4988) to be filed for all persons residing in the residence who were not required to file federal or state income tax returns in the current year or in the immediately preceding year. This does include the owner of the property who is filing for the exemption.

### C. Sales Studies

Equalization study dates are as follows for 2021 equalization:

Two Year Study: April 1, two years prior through March 31, current year

Single Year Study: October 1, preceding year through September 30, current year

For 2020 studies for 2021 equalization the dates are as follows:

Two Year Study: April 1, 2018 through March 31, 2020

Single Year Study: October 1, 2019 through September 30, 2020

Note that the time period revisions apply to all equalization studies, that is: sales ratio studies, land value studies and economic condition factor studies for appraisals. Also note that the revised time period for two-year studies applies to all real property classifications.

Please be advised that the above sale study dates **are not** the same as the valuation date used in appeals before the Michigan Tax Tribunal. Evidence presented in a Tax Tribunal appeal should reflect the value of the property as of tax day (December 31). This means that sales occurring *after* March 31, 2020 and September 30, 2020 should still be considered and included when submitting evidence in a Tax Tribunal appeal involving the 2021 tax year.

**City of Troy – Assessing Department  
POVERTY EXEMPTION GUIDELINES  
INCOME STANDARDS 2021**

The following are the Poverty thresholds as of 12/31/20 for use in setting Poverty Exemption Guidelines for **2021** assessments:

Number of Persons	Poverty
<u>Residing in Homestead</u>	<u>Threshold</u>
1 Person	\$12,760
2 Persons	17,240
3 Persons	21,720
4 Persons	26,200
5 Persons	30,680
6 Persons	35,160
7 Persons	39,640
8 Persons	\$44,120
9 Persons (or more) add \$4,480 for each additional person	

**CITY OF TROY**  
**POVERTY EXEMPTION GUIDELINES – 2021**

**MCL 211.7u** *The real property 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 exempt from taxation under this Act.*

The City of Troy's standard for approving an exemption under the statute is based on an individual determination of hardship.

This is an exemption from taxes. If you claim poverty under the statute, you must file your claim with a Poverty Exemption Affidavit. This exemption is good for one year.

**STANDARD #1** Applicants must file a Poverty Exemption Affidavit in order to be considered for any exemption. Documentation such as, Federal/State Income Tax Forms, Homestead Property Tax Credit, W-2 Forms, Deeds or Land Contracts and personal identification is **mandatory**, and must be attached to the Affidavit.

**STANDARD #2** A Poverty Exemption will not be granted if the household income is greater than the Income Standards Guideline.

**STANDARD #3** Applicants total assets cannot exceed \$155,730.

\*The Board of Review may require a home audit and inspection, done by the Assessing Department, as part of the exemption process.

\* **The income of every person residing at the home must be reported.**

**POVERTY EXEMPTION AFFIDAVIT (for 2021 A/V Year)**

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Parcel ID #)

**1. Household Income:** List all prior year income from:

- a) Wages/Tips \_\_\_\_\_
- b) Social Security \_\_\_\_\_
- c) Soc. Sec. for resident minors' \_\_\_\_\_
- d) Pensions \_\_\_\_\_
- e) Interest/Dividends \_\_\_\_\_
- f) Unemployment Compensation \_\_\_\_\_
- g) Sub-Pay \_\_\_\_\_
- h) Workman's Compensation \_\_\_\_\_
- i) Aid to Dependent Children \_\_\_\_\_
- j) Medical Disability Benefits \_\_\_\_\_
- k) Lottery/Contest/Raffle \_\_\_\_\_
- l) Annuities \_\_\_\_\_
- m) Governmental Assistance \_\_\_\_\_
- n) Insurance/Lawsuit Payouts \_\_\_\_\_
- o) Alimony/Child Support \_\_\_\_\_
- p) Rental Income \_\_\_\_\_

**2. Supplemental Assistance:** List monthly amount of:

- a) Food Stamps \_\_\_\_\_
- b) Surplus Food \_\_\_\_\_
- c) Transportation \_\_\_\_\_

**3. Residence Information:**

Is your home paid for? Yes\_\_\_\_ No\_\_\_\_

If No:

What is your mortgage/land contract balance? \_\_\_\_\_

What is your monthly payment? \_\_\_\_\_

Who holds your mortgage/land contract? \_\_\_\_\_

Do you own any other property? Yes\_\_\_\_ No\_\_\_\_

If Yes: Attach a copy of your last tax bill.

**4. Employment information:**

Are you or your spouse currently employed?

Self: Yes\_\_\_\_ No\_\_\_\_ Spouse: Yes\_\_\_\_ No\_\_\_\_

Are you or your spouse unable to work (disability, etc.) ?

Self: Yes\_\_\_\_ No\_\_\_\_ Spouse: Yes\_\_\_\_ No\_\_\_\_

If Yes: Is this condition permanent?

Self: Yes\_\_\_\_ No\_\_\_\_ Spouse: Yes\_\_\_\_ No\_\_\_\_

Provide medical documentation of the disability.

**5. Children/Relatives/Boarders:**

How many children, relatives, or non-related boarders share your home? \_\_\_\_\_

Do any of the above, or anyone outside of your home, contribute Financially to your living expenses? Yes \_\_\_ No\_\_\_

If Yes: How much: per month \_\_\_\_\_ year\_\_\_\_\_

**6. Transportation:**

Do you own any automobiles? Yes\_\_\_ No\_\_\_

If Yes: Please provide the following information:

Year & Make	Price to you	Balance	Monthly payment
_____	_____	_____	_____
_____	_____	_____	_____

**7. Additional Assets:**

Please provide information about any additional assets listed.

Checking Account: Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

Savings Account: Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

I.R.A. Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

Keogh Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

Deferred Comp Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

Annuities Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

Stocks/Bonds/Funds Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

Money Market Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

Treasury Bills Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

Savings Bonds Yes\_\_\_ No\_\_\_ Current Balance\_\_\_\_\_

**8. Attach copies of the following:**

- a) Federal Income Form
- b) State Income Tax Form
- c) **Homestead Property Tax Credit form**
- d) Property Tax Credit Form
- e) W-2 Forms
- f) Copy of Deed or Land Contract
- g) Identification: Driver's License
- h) A listing of your household living expenses for the prior year. (examples: heat, electric, insurance, etc.)

**You must provide proof of income and other records of all residents of the dwelling to be considered for an exemption.**

I (We), \_\_\_\_\_ [print name(s)]  
the undersigned, do hereby affirm that the above information is,  
to the best of my (our) knowledge, true.

\_\_\_\_\_  
(Signed) Phone Number

\_\_\_\_\_  
(Signed) Phone Number

Subscribed and sworn to me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.  
My commission expires \_\_\_\_\_  
Notary Public \_\_\_\_\_

APPROVED:	NOT APPROVED:
Assessor: _____	Assessor: _____
Board Chairperson _____	Board Chairperson _____
Board Member _____	Board Member _____
Board Member _____	Board Member _____

Year \_\_\_\_\_ Assessment \_\_\_\_\_ Board of Review A/V \_\_\_\_\_

**For a March Board of Review Appeal, please submit by March 9**  
**For a July Board of Review Appeal, please submit by July 16**  
**For a December Board of Review Appeal, please submit by**  
**December 13**

\*Please print the completed form and have your signature notarized. If you do not have access to a Notary Public, staff in the Assessing Department can provide this service for you. Bring or mail the completed application along with all supporting documentation to:

City of Troy  
Assessing Department  
500 W. Big Beaver  
Troy, MI. 48084-5254