

**RESOLUTION # 2021 - 07**

**RESOLUTION TO SET 2021  
HARDSHIP EXEMPTION GUIDELINES**

**City of Dexter**  
County of Washtenaw  
State of Michigan

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At a regular meeting of the City Council of the City of Dexter, County of Washtenaw, State of Michigan, held on the 8th day of February, 2021, at 6:00 p.m. Eastern Time,

PRESENT: Cousins, Fisher, Griffin, Hubbard, Knight, Michels, and Keough

ABSENT: None

The following preamble and resolution were offered by Council Member Fisher and supported by Council Member Michels:

**WHEREAS**, the Michigan Property Tax Act (Section 211.7u, as amended) provides that “the principal residence of persons who, in the judgment of the supervisor and board of review, by reason of hardship, are unable to contribute toward the public charges is eligible for an exemption in whole or in part from taxation under this act”, and

**WHEREAS**, the City Council is charged with the duty of establishing policy and guidelines for the Board of Review to use when deciding hardship petitions;

**NOW, THEREFORE, BE IT RESOLVED** that the following policies and guidelines be adopted for the application for and granting of Hardship Exemptions in the City of Dexter in 2021.

## SECTION I: APPLICATION PROCEDURE

**Eligibility and Application:** To be eligible for a hardship exemption the applicant must be both the taxpayer and a natural person (i.e., not a corporation, trust or other business association or entity), except as provided in paragraph 6, and must do all of the following on an annual basis:

1. Be an owner of and occupy as a homestead the property for which an exemption is requested. "Principal residence" means principal residence or qualified agricultural property as those terms are defined in MCL 211.7dd.
  - a. If owned by a trust, the real property must be the principal residence of the grantor of the trust and the trust must be a grantor trust under Internal Revenue Code sections 671-679.
2. File with the City Assessor a completed Hardship Exemption Application, on a form provided by the City of Dexter.
  - a. This application *must* be accompanied by any and all federal and state income tax returns for all persons residing in the principal residence, including any returns for property tax credit, that were filed in the immediately preceding year and in the current year.
3. Produce a valid driver's license or other acceptable form of identification, if required by the Assessor or the Board of Review.
4. Produce a deed, land contract or other evidence of ownership of the property for which an exemption is requested, if required by the Assessor or the Board of Review.

**Filing Period and Personal Appearance:** Fully completed Hardship Exemption Applications, with the required supporting information, will be accepted after January 1st through the day prior to the December Board of Review. Exemptions will be considered at the March, the July, or the December Board of Review meeting, whichever occurs next after receipt of the Application. The filing of a completed Hardship Exemption application shall constitute an appearance before the Board of Review for the purpose of preserving the applicant's right to appeal the decision of the Board of Review to the Michigan Tax Tribunal; however, a personal appearance may be required as hereinafter specified.

## SECTION II: EVALUATION PROCEDURE

**Administration of an Oath:** Applicants appearing before the Board of Review may be administered the following oath: "Do you swear or affirm that information and testimony you will give before the Board of Review is the truth, the whole truth, and nothing but the truth."

**Open Meetings Act:** Board of Review meetings relative to hardship exemption applications shall be held in compliance with the Open Meetings Act.

**Applicant's Presence:** The Board of Review may request an applicant to personally appear before the Board to respond to any questions that the Board of Review or the Assessor may have.

**Investigation:** Applicants for hardship exemption may be investigated by the City in order to verify information submitted or statements made to the Assessor or to the Board of Review.

### **SECTION III: DETERMINING EXEMPTIONS**

**Criteria for Determining Exemption:** The Board shall consider the following three (3) criteria in order to determine whether a full or partial hardship exemption should be granted:

1. Income:

- a. The total income of the applicant and each member of the applicant's household shall not exceed the Federal Poverty Income Standards, as defined and determined annually by the U.S. Department of Health and Human Services (HHS) for a one-person household plus the modifier specified by HHS for to be added for each additional person over eight, each times a factor of 2.2. Income shall include the following:
  - i. Money wages and salaries before any deductions;
  - ii. Net receipts from self-employment;
  - iii. Distributions or income from partnerships, limited liabilities companies, or corporations, whether or not taxable;
  - iv. Tax exempt income received including, but not limited to, interest income, disability income, social security or SSI;
  - v. Regular payments from Social Security, Railroad Retirement, unemployment compensation, strike benefits from union funds, workers compensation, veteran's payments or any type of public assistance;
  - vi. Alimony, child support, and military family allotments or other regular support from an absent family member for someone not living in the household. For example, periodic gifts to assist the applicant or the applicant's household shall be included in income;
  - vii. Private pensions, government employee pensions (including military retirement pay), regular insurance or annuity payments;
  - viii. College or university scholarships, grants or fellowships;

- ix. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, net lottery winnings and net gambling winnings; and
- x. Payments made by a third party to or for the benefit of the applicant or a member of the applicant's household.

b. Income shall not include any of the following:

- i. Money received from the sale of property (such as stocks, bonds, house, car), unless the applicant or a member of the applicant's household is in the business of selling such property;
- ii. Withdrawals of bank deposits;
- iii. Borrowed monies;
- iv. Income tax refunds;
- v. One-time payouts from insurance companies;
- vi. Losses including, but not limited to, capital losses or business losses;
- vii. Gifts and/or inheritances, unless the purpose of such gift and/or inheritance, as determined by the Board of Review, is to assist in the support of the applicant or the applicant's household.

2. Assets:

a. The total value of the assets of the applicant and each member of the applicant's household shall not exceed the Federal Poverty Income Standard as set forth in Section III(1)(a) times a factor of 4.0. The assets of each member of the applicant's household shall be examined to determine whether there are assets which can reasonably be invested, sold or used to pay the property taxes. If the assets are of a nature and value which reasonably indicates that a condition of hardship does not exist, then a hardship exemption shall be denied.

i. The total value of the assets shall include the value of the equity in the principal residence to the extent the principal residence's value exceeds the average assessed value for a home in the City as of December 31<sup>st</sup> of the year preceding the date of the application.

1) Notwithstanding Section III(2)(a)(i), if the applicant has resided in the principal residence, as his/her principal residence, for a period of at least twenty (20) years prior to the date of application, the value of the equity in the principal residence shall not be counted as an asset.

ii. Gifts, inheritances, one-time payouts from insurance companies, income tax refunds and money received from the sale of property, such as stocks, bonds, house, car, (unless the applicant or a member of the applicant's household is in the business of selling such property),

shall be included as assets of the applicant and/or members of the applicant's household.

- b. If the applicant and/or any members of the applicant's household transfers assets to another for less than full and adequate consideration in money or money's worth within twelve (12) months from date of the application for exemption, such exemption shall be denied. Such transfer shall include, but not be limited to, giving up all or partial ownership in an asset, selling an asset, giving an asset away, refusing or disclaiming a gift or inheritance, or giving up the right to receive income. Such transfers shall not include transfers in the amount of \$100 or less or donations to charity.

3. Contributions from Other Sources:

- a. If the Board of Review determines that the applicant does or reasonably should receive contribution toward taxes from other sources, such as from a trust, inheritance, co-owner, relative, dependent, friend or other source, the Board may consider the amount of such contribution as an addition to the applicant's income. If the resulting sum exceeds Standards set in Section III(1), then a hardship exemption shall be denied.

## **SECTION IV: GRANTING EXEMPTIONS**

**Granting of Exemption:** If the Board of Review determines that an applicant:

1. Does not have income in excess of the total income allowed under Section III(1) or the Board waives the income test under Section III(1); and;
2. Does not have assets which can reasonably be invested, sold or used to pay the property taxes under Section III(2); and
3. Does not receive or reasonably expect to receive contribution toward taxes from other sources under Section III(3),

Then, the Board of Review may grant a full (100%) or partial (50% or 25%) hardship exemption as set forth in PA 253 of 2020. The granted exemption under any circumstances shall not serve to reduce the amount refundable from the State of Michigan through the Homestead Property Tax Credit as determined utilizing Form MI-1040CR.

**Deviation from Policy and Guidelines:** Pursuant to PA 253 of 2020, the Board of Review may not deviate from the adopted policy and guidelines.

AYES: Fisher, Hubbard, Cousins, Knight, Michels, Griffin and Keough

NAYS: None

ABSENT: None

RESOLUTION DECLARED ADOPTED THIS 8TH DAY OF FEBRUARY, 2021.



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Mayor - Shawn W. Keough

CERTIFICATION

I hereby certify that the attached is a true and complete copy of a resolution adopted by the City Council of the City of Dexter, County of Washtenaw, State of Michigan, at a regular meeting held on the 8th day of February, 2021.



\_\_\_\_\_  
City Clerk - Justin Breyer

## Application for MCL 211.7u Poverty Exemption

This form is issued under the authority of the General Property Tax Act, Public Act 206 of 1893, MCL 211.7u.

MCL 211.7u of the General Property Tax Act, Public Act 206 of 1893, provides a property tax exemption for the principal residence of persons who, by reason of poverty, are unable to contribute toward the public charges. This application is to be used to apply for the exemption and must be filed with the Board of Review where the property is located. This application may be submitted to the city or township the property is located in each year on or after January 1.

To be considered complete, this application must: 1) be completed in its entirety, 2) include information regarding all members residing within the household, and 3) include all required documentation as listed within the application. Please write legibly and attach additional pages as necessary.

<b>PART 1: PERSONAL INFORMATION — Petitioner must list all required personal information.</b>				
Petitioner's Name			Daytime Phone Number	
Age of Petitioner	Marital Status	Age of Spouse	Number of Legal Dependents	
Property Address of Principal Residence		City	State	ZIP Code
<input type="checkbox"/> Check if applied for Homestead Property Tax Credit		Amount of Homestead Property Tax Credit		
<b>PART 2: REAL ESTATE INFORMATION</b>				
List the real estate information related to your principal residence. Be prepared to provide a deed, land contract or other evidence of ownership of the property at the Board of Review meeting.				
Property Parcel Code Number		Name of Mortgage Company		
Unpaid Balance Owed on Principal Residence	Monthly Payment	Length of Time at this Residence		
Property Description				
<b>PART 3: ADDITIONAL PROPERTY INFORMATION</b>				
List information related to any other property owned by you or any member residing in the household.				
<input type="checkbox"/> Check if you own, or are buying, other property. If checked, complete the information below.			Amount of Income Earned from other Property	
1	Property Address	City	State	ZIP Code
	Name of Owner(s)	Assessed Value	Date of Last Taxes Paid	Amount of Taxes Paid
2	Property Address	City	State	ZIP Code
	Name of Owner(s)	Assessed Value	Date of Last Taxes Paid	Amount of Taxes Paid

<b>PART 4: EMPLOYMENT INFORMATION — List your current employment information.</b>					
Name of Employer					
Address of Employer		City	State	ZIP Code	
Contact Person		Employer Telephone Number			
<b>PART 5: INCOME SOURCES</b>					
List all income sources, including but not limited to: salaries, Social Security, rents, pensions, IRAs (individual retirement accounts), unemployment compensation, disability, government pensions, worker's compensation, dividends, claims and judgments from lawsuits, alimony, child support, friend or family contribution, reverse mortgage, or any other source of income, for all persons residing at the property.					
Source of Income			Monthly or Annual Income (Indicate which)		
<b>PART 6: CHECKING, SAVINGS AND INVESTMENT INFORMATION</b>					
List any and all savings owned by all household members, including but not limited to: checking accounts, savings accounts, postal savings, credit union shares, certificates of deposit, cash, stocks, bonds, or similar investments, for all persons residing at the property.					
Name of Financial Institution or Investments	Amount on Deposit	Current Interest Rate	Name on Account	Value of Investment	
<b>PART 7: LIFE INSURANCE — List all policies held by all household members.</b>					
Name of Insured	Amount of Policy	Monthly Payments	Policy Paid in Full	Name of Beneficiary	Relationship to Insured
<b>PART 8: MOTOR VEHICLE INFORMATION</b>					
All motor vehicles (including motorcycles, motor homes, camper trailers, etc.) held or owned by any person residing within the household must be listed.					
Make	Year	Monthly Payment	Balance Owed		



**PART 9: HOUSEHOLD OCCUPANTS** — List all persons living in the household.

First and Last Name	Age	Relationship to Applicant	Place of Employment	\$ Contribution to Family Income

**PART 10: PERSONAL DEBT** — List all personal debt for all household members.

Creditor	Purpose of Debt	Date of Debt	Original Balance	Monthly Payment	Balance Owed

**PART 11: MONTHLY EXPENSE INFORMATION**

The amount of monthly expenses related to the principal residence for each category must be listed. Indicate N/A as necessary.

Heating	Electric	Water	Phone
Cable	Food	Clothing	Health Insurance
Garbage	Daycare	Car Expense (gas, repair, etc.)	
Other (type and amount)	Other (type and amount)	Other (type and amount)	
Other (type and amount)	Other (type and amount)	Other (type and amount)	

**NOTICE:** Per MCL 211.7u(2)(b), 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 must be submitted with this application. Federal and state income tax returns are not required for a person residing in the principal residence if that person was not required to file a federal or state income tax return in the tax year in which the exemption under this section is claimed or in the immediately preceding tax year.

**PART 11: POLICY AND GUIDELINES ACKNOWLEDGMENT**

The governing body of the local assessing unit shall determine and make available to the public the policy and guidelines used for the granting of exemptions under MCL 211.7u. In order to be eligible for the exemption, the applicant must meet the federal poverty guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services under its authority to revise the poverty line under 42 USC 9902, or alternative guidelines adopted by the governing body of the local assessing unit so long as the alternative guidelines do not provide income eligibility requirements less than the federal guidelines. The policy and guidelines must include, but are not limited to, the specific income and asset levels of the claimant and total household income and assets. The combined assets of all persons must not exceed the limits set forth in the guidelines adopted by the local assessing unit.

The applicant has reviewed the applicable policy and guidelines adopted by the city or township, including the specific income and asset levels of the claimant and total household income and assets.

**PART 12: CERTIFICATION**

I hereby certify to the best of my knowledge that the information provided in this form is complete, accurate and I am eligible for the exemption from property taxes pursuant to Michigan Compiled Law, Section 211.7u.

Printed Name	Signature	Date
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This application shall be filed after January 1, but before the day prior to the last day of the local unit's December Board of Review.

Decision of the March Board of Review may be appealed by petition to the Michigan Tax Tribunal by July 31 of the current year. A July or December Board of Review decision may be appealed to the Michigan Tax Tribunal by petition within 35 days of decision. A copy of the Board of Review decision must be included with the petition.

Michigan Tax Tribunal  
 PO Box 30232  
 Lansing MI 48909  
  
 Phone: 517-335-9760  
 E-mail: [taxtrib@michigan.gov](mailto:taxtrib@michigan.gov)

**FOR OFFICE USE ONLY - DO NOT WRITE IN THE SECTION BELOW**

Line Item	Inputs	
Line #1	Current Year Taxable Value	
Line #2	Current Year Assessed Value	
Line #3	# of Dependents	
Line #4	Household Income	
Line #5	Total Assets	
Line #6	PRE Real Property TCV	
Line #7	Primary Vehicle TCV	
Line #8	Net Household Assets *	
Line #9	Maximum Allowable Assets	\$ 51,040

\* Excludes value of primary residence and primary vehicle.

**Table #1**

Size of Family Unit	2020 Federal Poverty Guideline	2021 City of Dexter Poverty Guideline
1 Person +	\$ 12,760	\$ 28,072
2 Person	\$ 17,240	\$ 37,928
3 Person	\$ 21,720	\$ 47,784
4 Person	\$ 26,200	\$ 57,640
5 Person	\$ 30,680	\$ 67,496
6 Person	\$ 35,160	\$ 77,352
7 Person	\$ 39,460	\$ 86,812
8 Person	\$ 44,120	\$ 97,064
Each Additional Person ++	\$ 4,480	\$ 9,856

City of Dexter poverty income level is determined each year by multiplying the federal poverty income level by a factor of 2.2. PA 253 of 2020 requires use of prior year guidelines.

**Table #2**

Description	#1	#2	#3
	Household Income Line #6	% of Household Income	Non-Refundable Taxes
% of Household Income		3.5%	

*(Household Income x % of Household Income) = Non-Refundable Taxes*

**Table #3**

Description	#1	#2	#3	#4	#5
	Non-Refundable Taxes Table #2	Maximum State Homestead Refund	Total Non-Refundable Taxes + State Homestead Refund	Prior Tax Year PRE Millage Rate	Minimum Taxable Value
Poverty Exemption Minimum Taxable Value					

*(Non-Refundable Taxes + State Homestead Refund) / PRE Millage Rate = Minimum Taxable Value*