

VILLAGE OF GROSSE POINTE SHORES,  
A MICHIGAN CITY

POLICY AND GUIDELINES FOR THE  
GRANTING OF HARDSHIP EXEMPTIONS  
FROM REAL PROPERTY TAXATION

GOVERNING LAW

Section 7(u) of Michigan's General Property Tax Act, MCL §211.7u, provides:

(1) The principal residence of persons who, in the judgement of the supervisor and board of review, by reason of hardship, are unable to contribute toward the public charges is eligible for exemption in whole or in part from taxation under this (General Property Tax) act.

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(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 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.

The following policy and guidelines have been adopted by the Grosse Pointe Shores Council to govern the granting of hardship exemptions:

APPLICATION PROCEDURE

1. Eligibility and Application. To be eligible for a hardship exemption the applicant must be both the taxpayer and natural person (i.e., not a corporation, trust or other business association or entity) and must do all of the following on an annual basis:
  - A. 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.
  - B. File with the City Assessor a completed Hardship Exemption Application on a form provided by the City Assessor's office, **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 current (if available) and immediately preceding year.

- C. Produce a valid driver's license or other acceptable form of identification if requested by the Assessor 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 Assessor or Board of Review.
2. Filing Period; Appearance. Fully completed Hardship Exemption Applications with required supporting information will be accepted after January 1, through June 30. The filing of a completed Hardship Exemption application with required supporting information 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.

### EVALUATION PROCEDURE

- 1. Meetings. Meetings of the Board of Review and Assessor relative to hardship exemption applications shall be held in compliance with the Michigan Open Meetings Act.
- 2. Applicant's Presence. The Board of Review may request an applicant to personally appear before the Board to respond to any questions the Board or Assessor may have.
- 3. Investigation. Applications for hardship exemption may be investigated by the City in order to verify information submitted or statements made to the Assessor or Board of Review.

- 4. Oath. Applicants appearing before the Board shall be administered an oath, as follows:

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?

- 5. Criteria for Determining Exemption. The Board shall consider the following criteria to determine whether a full or partial hardship exemption should be granted:

- A. Income. 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 under authority of Section 673 of subtitle V of title VI of the Omnibus Budget Reconciliation Act of 1981, Public law 97-35, 42 U.S.C. 9902, multiplied by 1.5.

- 1. Income shall include, but not be limited to, the following:

- a. Money wages and salaries before any deductions;
- b. Net receipts from self-employment;
- c. Distributions or income from partnerships, limited liabilities companies, or corporations, whether or not taxable;

- d. Tax exempt income received including, but not limited to, interest income, disability income, social security or SSI;
  - e. Regular payments from Social Security, Railroad Retirement, unemployment compensation, strike benefits from union funds, workers compensation, veterans payments or any type of public assistance;
  - f. 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;
  - g. Private pensions, government employee pensions (including military retirement pay), regular insurance or annuity payments;
  - h. College or university scholarships, grants or fellowships;
  - i. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, net lottery winnings and net gambling winnings; and
  - j. Payments made to a third party to or for the benefit of the applicant or a member of the applicant's household.
2. Income shall not include any of the following:
- a. 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;
  - b. Withdrawals of bank deposits;
  - c. Borrowed monies;
  - d. Income tax refunds;
  - e. One time payouts from insurance companies;
  - f. Losses including, but not limited to, capital losses or business losses;
  - g. 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.
3. The Board of Review may waive the income test for households with income greater than allowed under Paragraph A, but who have expenses beyond the ordinary scope of expected costs which are severe and unavoidable, such as unusually high health care costs not covered by insurance.
4. Contributions for other sources. If the Board of Review determines 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 and if the resulting sum exceeds the income standard in this paragraph, then a hardship exemption shall be denied.

- B. Assets. The total value of the assets of the applicant and each member of the applicant's household shall not exceed \$150,000. 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.
1. The total value of the assets shall include the value of the equity in the principal residence to the extent the principal residence value exceeds the average Assessed Value for a home in the City as of December 31 of the year preceding the date of the application.
  2. 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.
  3. If the applicant and/or members of the applicant's household shall transfer assets to another for less than full and adequate consideration in money or money's worth within sixty (60) 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.
6. Granting of Exemption. If the Board of Review determines that an applicant:
- A. Does not have income in excess of the total income allowed under Paragraph 5(A) or the Board waives the income test under Paragraph 5(A)(3); **and**
  - B. Does not have assets in excess of the total assets allowed under Paragraph (5)(B) which can reasonably be invested, sold or used to pay the property taxes,
- Then, the Board of Review may grant a full or partial hardship exemption such that the taxable value for the subject property may be valued so as to result in a property tax liability which, in the opinion of the Board of Review and the Assessor, is reasonable and fair to the applicant and the community.
7. Deviation From Policy and Guidelines. The Board of Review shall follow the policy and guidelines set forth herein for granting or denying a hardship 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 applicant.

8. Concurrence of Assessor and Board of Review. The Assessor and the Board of Review must concur on the disposition of a Hardship Exemption Application for an exemption to be granted.