

City Commission Newsletter

January 5, 2018

City Activities Newsletter

By Matt Schooley

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WELCOME TO NEW PUBLIC SERVICES DIRECTOR

Our newly appointed Public Services Director Alan Leute officially began his duties on January 2nd. Alan has spent his first week diving right in getting to know staff and working on gaining an understanding of all phases of the Public Services Department. I have received nothing but positive feedback from personnel all week. We all are look forward to working alongside Alan here at the city. We hope we didn't overwhelm him in his first week!

VICIOUS DOG ORDINANCE UPDATE

Public Safety Director Williams will be presenting information on the vicious dog ordinance at the January 23rd meeting. The media has made some inquiries as to the status of the ordinance and I wanted to make you aware that we do have plans to bring you information at that time. I have had contact with Adison Amlotte who was one of the students that presented at the commission meeting in November and advised her of the reporting on the 23rd.

GOAL SETTING SESSION

Just a reminder that the goal setting session is scheduled for January 22nd at 5:30 pm at the Alma Public Library. Please contact me if you have any questions on the packet that was sent out last week.

POVERTY EXEMPTION RESOLUTIONS

As discussed at the work session prior to the December 21st meeting, the commission will be presented with two resolutions at the January 9th meeting in reference to Poverty Exemptions. I have [attached copies](#) of the 2 resolutions and the memo from Assessor Kathy Roslund dated 12-15-18 that explains the local governing body's responsibility in determining the amount allowed utilizing the poverty asset test:

In order to determine a taxpayer's eligibility for poverty exemption guidelines, 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 for the year the property exemption claim was filed. The asset test should calculate a maximum amount permitted and all other assets above that amount should be considered as available. **The determination of the amount of the asset level test is left to the discretion of the local assessing unit.**

The first resolution is to set the Maximum Asset Standards to be Eligible for a Poverty Exemption. The attached resolution is just an example. The commission needs to determine the amount. It is the recommendation of staff that we utilize the combined assets of the total household in our standard.

The second resolution is the actual Resolution for Poverty Exemption. The determined amount of the Maximum Asset Standards to be Eligible for a Poverty Exemption shall be inserted into section 3.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Ali Barnes, Yeo and Yeo, will be presenting the FY2017 Comprehensive Annual Financial Report (CAFR) during the work session. Cynthia Michels and her staff did an outstanding job in preparing all of the documents for the audit.

Sincerely,

Matt Schooley

Memorandum

To: Matt Schooley, Interim City Manager
From: Katherine Roslund, City Assessor
Date: December 15, 2017
Cc: Sheila Letourneau
Re: Poverty Exemption Asset Test

The State Tax Commission is concerned regarding the apparent trend towards the abuse of the poverty exemption. The rules and guidelines that PA 390 of 1994 will enable local units to more fairly and consistently exempt qualifying property owners, and will provide better audit tools to local units and the State Tax Commission to prevent abuse of the exemption. Assessors, Boards of Review and Supervisors should all be aware that the 1963 Michigan Constitution still provides a narrow construction of what is, and what is not exempt. Only those poverty exemptions where the claimant meets the requirements of the Act should be granted.¹

MCL 211.7u of the General Property Tax Act, MCL 211.1, et. Seq. allows a property tax exemption for the principle residence of persons who, in the judgment of the supervisor and board of review, by reason of poverty, are unable to contribute to the public charges.

In order to determine a taxpayer's eligibility for poverty exemption guidelines, 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 for the year the property exemption claim was filed. The asset test should calculate a maximum amount permitted and all other assets above that amount should be considered as available. **The determination of the amount of the asset level test is left to the discretion of the local assessing unit.**

The local governing body must adopt poverty exemption income guidelines and an asset level test. The asset test may include a variety of assets that the board believes should be considered in determining the applicant's eligibility. The asset test, however; does not include the principal residence.

Please refer to the attached Bulletin NO. 5 of 2012, Bulletin NO. 24 of 2017, and Public Act No. 390 of 1994.

¹ Bulletin No. 5 of 2012 Poverty Exemptions, May 29, 2012

City of Alma

Resolution to Set the Maximum Asset Standards to be Eligible for a Poverty Exemption

At a regular meeting of the City of Alma, Gratiot County, Michigan, held in the Commission Chambers of said City on the 9th day of January, 2018, the following preamble and resolution was offered by Commissioner _____ as supported by Commissioner _____ :

WHEREAS, the adoption of the Maximum Asset Standards is required of the City Commission; and

WHEREAS, pursuant to PA 390 of 1994 the City of Alma, Gratiot County states that the poverty exemption guidelines established by the governing body of the local assessing unit shall include an asset level test; and

WHEREAS, the City of Alma adopts the following Maximum Asset Standards for a household to be eligible for a **POVERTY EXEMPTION**. The below asset levels **DO NOT** include the value of your homestead. (Per Tribunal ruling 08-13-97, Docket #236230, and the equity of the homestead should not be included within the asset test to be valid).

1 person	\$ 21,000
2 persons	\$ 26,000
3 persons.....	\$ 31,000
4 persons.....	\$ 36,000
5 persons.....	\$ 41,000
6 persons.....	\$ 46,000
7 persons.....	\$ 51,000
8 persons.....	\$ 56,000
9 persons or more.....	\$ 61,000

OR

Combined assets to the total household may not exceed?????

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Assessor and Board of Review shall follow the above stated Maximum Asset Standards in granting or denying an exemption and that if your household assets exceed the above stated Maximum Asset Standards you are NOT eligible for a POVERTY EXEMPTION.

Yes:

No:

Resolution Declared Adopted.

RESOLUTION FOR POVERTY EXEMPTION

WHEREAS, the adoption of guidelines for poverty exemptions is required of the City Commission; and

WHEREAS, the principal residence of persons, who the Assessor and Board of Review determines by reason of poverty to be unable to contribute to the public charge, is eligible for exemption in whole or in part from taxation under Public Act 390 of 1994 (MCL 211.7u); and

WHEREAS, pursuant to PA 390 of 1994, the City of Alma, Gratiot County adopts the following guidelines for the Board of Review to implement. The guidelines shall include but not be limited to the specific income and asset levels of the claimant and all persons residing in the household, including any property tax credit returns, filed in the current or immediately preceding year;

To be eligible, a person shall do all the following on an annual basis:

- 1) Be an owner of and occupy as a principal residence the property for which an exemption is requested.
- 2) File a claim with the assessor or Board of Review, 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 immediately preceding year or in the current year or a signed State Tax Commission form 4988, *Poverty Exemption Affidavit*.
- 3) File a claim reporting that the combined assets of all persons do not exceed the current guidelines. Assets include but are not limited to, real estate other than the principal residence, personal property, motor vehicles, recreational vehicles and equipment, certificates of deposit, savings accounts, checking accounts, stocks, bonds, life insurance, retirement funds, etc. *Combined assets to the total household may not exceed?????*
- 4) Produce a valid driver's license or other form of identification if requested.
- 5) Produce, if requested, a deed, land contract, or other evidence of ownership of the property for which an exemption is requested.
- 6) Meet the federal poverty income guidelines as defined and determined annually by the United States Department of Health and Human Services or alternative guidelines adopted by the governing body providing the alternative guidelines do not provide eligibility requirements less than the federal guidelines.
- 7) The application for an exemption shall be filed after January 1, but one day prior to the last day of the December Board of Review. The filing of this claim constitutes an appearance before the Board of Review for the purpose of preserving the right of appeal to the Michigan Tax Tribunal.

The following are the 2018 federal poverty income guidelines which are updated annually by the United States Department of Health and Human Services. The annual allowable income includes income for all persons residing in the principal residence.

Federal Poverty Guidelines Used in the Determination of Poverty Exemptions

Size of Family Unit	2018 Poverty Guidelines
1	\$12,060
2	\$16,240
3	\$20,420
4	\$24,600
5	\$28,780
6	\$32,960
7	\$37,140
8	\$41,320
For each additional person	\$4,180

NOW, THEREFORE, BE IT HEREBY RESOLVED that the assessor and Board of Review shall follow the above stated policy and federal guidelines in granting or denying an exemption, unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and federal guidelines and these reasons are communicated in writing to the claimant.

The foregoing resolution offered by City Commission Member _____ and supported by City Commission Member _____

Upon roll call vote, the following voted:

“Aye”: _____

“Nay”: _____

The City Clerk declared the resolution _____.

Sheila Letourneau, Clerk

Date