CITY OF SOUTH HAVEN

PROPERTY TAX POVERTY EXEMPTION GUIDELINES
(Pursuant to State Tax Commission Bulletin No. 5, 1995
And Public Act 390 of 1994)

Adopted by the South Haven City Council on February 19, 1996
Amended for Tax Year 2014 on January 20, 2014

FILING REQUIREMENTS

In order to file and qualify for the property tax poverty exemption the claimant must do *all* of the following, and meet *each* of the following requirements, annually:

1. Own and occupy the *homestead* property for which the exemption is requested.

2. File a claim with the assessor or board of review after January 1 but before the day prior to the last day of the board of review on a form provided by the assessor. (Note: The filing of the form constitutes an appearance before the board of review for the purpose of preserving the right to appeal to the Michigan Tax Tribunal.)

3. Report divestment of assets on the required application form.

4. Sign a sworn, notarized statement on the application form swearing that the information provided in the application is true and accurate.

5. Provide federal and state income tax returns, and property tax credit returns, for all persons residing in the homestead. These returns may be those filed in the current or immediately preceding year.

6. Provide a valid driver license or other form of identification if requested by the assessor or board of review.

7. Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is being requested if required by the assessor or board of review.

8. Meet the poverty income standards as set in the attached schedule and schedule below.

9. Meet the asset standards set by the City Council of the City of South Haven.

10. Meet any other standards which may be set by the City Council of the City of South Haven

ASSET STANDARDS

Asset Eligibility Limitation

In order to meet the requirement for assets, the total current fair market cash value of the claimant's household assets cannot exceed $5,000.

Divestment of Assets

Divestment means a transfer of a resource. Transfer of a resource means giving up all or partial ownership in (or rights to) a resource. Examples include, but are not limited to, selling an asset, giving an asset away, refusing an inheritance, giving up the right to receive income, and other similar divestment actions.

If an applicant for property tax poverty exemption has divested any assets during the period of 36 months preceding the date of the application, then such divestment shall be considered in the determination of eligibility.

Definition of Assets (Non-Inclusive)

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, deferred compensation accounts, equity in real estate other than the homestead for which the exemption is claimed, motor vehicles (primary vehicle will not be included in the asset calculation), jewelry, coins and other collectables, precious metals, and other similar possessions which are not essential to the subsistence or health and wellbeing of the claimant. Gifts, lump-sum inheritances, dividends, interest, rental proceeds, royalties, and other receipts received in the form of a gift, or as a result of asset divestment, shall be considered an asset if received on a one-time lump-sum basis and shall be included in the determination of asset eligibility.

INCOME STANDARDS

The following are current poverty threshold income standards as set by the City Council.

In order to meet the requirements of the income standards, the claimant's annual gross household income cannot exceed the amounts stated below. Qualification under these income standards, provided the claimant is qualified in all other respects, indicates the claimant should reasonably be expected to pay annual property taxes, exclusive of Michigan Homestead Property Tax Credit refunds, amounting to 5 percent of total annual gross household income.

Tax Year 2014
Poverty Threshold – Maximum Household Income

Size of Family Unit	Poverty Guidelines
1	$15,000
2	$20,000
3	$25,000
4	$30,000
5	$35,000
6	$40,000
7	$45,000
8	$50,000
For each additional person, add	$ 5,000

Ordinary income includes the following:

1. Money wages and salaries before any deductions.

2. 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.

3. Net receipts from farm self employment. These are receipts from a farm which one operates as an owner, renter, or share cropper, after deductions for farm operating expenses.

4. Regular payments from Social Security, Railroad Retirement, unemployment compensation, strike benefits from union funds, workers compensation, veteran payments, and public assistance.

5. Alimony, child support, and military family allotments or other regular support from an absent family member or someone not living in the household.

6. Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments.

7. College or university scholarships, grants, fellowships, and assistantships.

8. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trust, and net gambling or lottery winnings.

Ordinary income does *not* include the following, except as provided in No. 6 below:

1. Money received from the sale of property, such as stocks, bonds, a house, or a car, unless the claimant is in the business of selling such property.

2. Withdrawals of bank deposits and borrowed money.

3. Income tax refunds and one-time insurance payments.

4. Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms.

5. Federal non-cash benefit programs such as Medicare, Medicaid, food stamps, and school lunches.

6. Gift and lump-sum inheritances are not considered as *ordinary income;* however, dividends, interest, rental proceeds, royalties, inheritances, and other similar receipts received on a period basis, which may be in the form of a gift or other form, including receipts resulting from divestment of assets, and which may have the appearance of income, shall be considered as *unearned income* and shall be included in the determination of income eligibility.

PRIOR PROPERTY TAXES AND UTILITY BILLS

All prior property tax bills and City utility bills for the homestead property for which the exemption is claimed shall be current and fully paid as an additional condition of eligibility for property tax exemption.

MICHIGAN HOMESTEAD PROPERTY TAX CREDIT

In calculating the applicant's property tax liability and possible reduction thereof, any refunds received or due to be received from a Michigan Homestead Property Tax Credit Claim (MI-1040CR) shall be reported by the applicant and taken into account in regard to the granting of any property tax exemption.

DEFINITION OF HOMESTEAD

"Homestead" means that portion of a dwelling or unit in a multiple-unit dwelling which is subject to ad-valorem taxes and is owned and occupied as a principal residence by an owner of the dwelling or unit. Homestead also includes all of an owner's unoccupied property classified as residential which is adjoining or contiguous to the dwelling subject to ad-valorem taxes and which is owned and occupied as a principal residence by the owner. Contiguity is not broken by a road right-of-way. Homestead also includes any portion of a principal residence of an owner which is rented to another as a residence as long as that portion of the principal residence which is rented or leased is less than 50 percent of the total square footage of living space in that principal residence. Homestead also includes a life care facility registered under the living care disclosure ace, Act 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders.

PARTIAL POVERTY EXEMPTION

Act No. 390 of Public Acts of 1994 authorizes partial poverty exemptions. A partial poverty exemption is an exemption of only part of the taxable value of the property for which an exemption is claimed, rather than the entire taxable value.

APPEAL

A property owner may appeal the March Board of review's decision on a poverty exemption to the Michigan Tribunal by July 31. An appeal of a July or December Board of Review poverty exemption decision may be made to the Michigan Tax Tribunal within 30 days of the decision. Appeals are to be made in writing to the Michigan Tax Tribunal, P.O. Box 30232, Lansing MI 48909.