

January 10, 2006

To: John Szerlag, City Manager

From: John Lamerato, Assistant City Manager – Finance/Administration  
Nino Licari, City Assessor

Re: Agenda Item – Regular Business – Approval of Poverty Exemption Guidelines

**Recommendation:** Staff recommends that you present the attached 2006 Poverty Exemption Guidelines to City Council, along with the attached resolution, for approval.

**Detail:** MCL 211.7u states: *“The real property of persons who in the opinion 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 Assessing Department has updated the guidelines that assist in determining if a person qualifies for an exemption from real property taxation for a one year period.

The Michigan Tax Tribunal has ruled that income guidelines may not be set below the Federal Poverty guidelines. As is the case since 2001, our guidelines still average approximately \$3,700 higher, per category, than the 2006 Federal guidelines.

Staff, again, recommends no change to our established income guidelines, until the Federal income guidelines catch up to ours.

Staff again proposes increasing the maximum assessed value limit of the homestead by the average increase in residential values in the City (3.3%). This will set the 2006 Assessed Value limit at \$115,640 (from \$111,950).

Staff proposes to set the total asset limit of \$270,650 (including the home, excluding an automobile).

There were 20 Poverty Exemptions applied for in 2005, and 17 of them were approved (exemptions may also be applied for at the July and December Boards of Review). This number is relatively constant over the last 10 years. Approximately \$984,710 in Taxable Value was exempted, at an estimated cost of \$9,306 to the City of Troy.

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**POVERTY EXEMPTION GUIDELINES  
INCOME STANDARDS 2006**

The following are the Poverty thresholds as of 12-31-05 for use in setting poverty exemption guidelines for 2006 assessments:

Number of Persons Residing in Homestead	Poverty Threshold
1 person	13,959
2 persons	16,531
3 persons	18,470
4 persons	22,761
5 persons	26,419
6 persons	29,636
7 persons	33,347
8 persons	36,704
9 persons (or more) add 3,180 for each additional person	

**CITY OF TROY**  
**POVERTY EXEMPTION GUIDELINES – 2006**

**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, Income Tax Forms, 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** A Poverty Exemption will not be granted if the Assessed Value of the home exceeds \$115,640.
- STANDARD #4** Applicants total assets cannot exceed \$270,650. This includes the value of your home.

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

**POVERTY EXEMPTION AFFIDAVIT (for 2006 A/V Year)**

\_\_\_\_\_  
(Address) (Sidwell #)

**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) Property Tax Credit Form
- d) W-2 Forms
- e) Copy of Deed or Land Contract
- f) Identification: Driver's License
- g) 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 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)

\_\_\_\_\_  
(Signed)

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 \_\_\_\_\_