

CITY OF LUDINGTON POVERTY EXEMPTION POLICY

Pursuant to MCL 211.7u, the City of Ludington adopts the following policy for the granting of poverty exemptions in the City of Ludington.

1. To be eligible for poverty exemption, a person 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.
 - b. Obtain and file an application with the Assessor accompanied by Federal and State Income Tax Returns for all persons residing in the homestead, including any Property Tax Credit Returns, filed in the immediate preceding year.
 - c. Produce a valid driver's license or other form of identification to the Assessor.
 - d. Produce a deed, land contract or other evidence of ownership of the property for which an exemption is requested.
 - e. Meet the income and asset standards set forth in this policy.
2. All applicants must fill out an application form supplied by the Assessor, in its entirety, and return it, in person, to the Assessor. The applicant must sign the application at the Assessor's office when the application is returned.
3. All applicants and other persons residing in the homestead must submit the following documents for the tax year immediately preceding the year for which the poverty exemption is requested:
 - a. Federal Income Tax Return;
 - b. Michigan Income Tax Return;
 - c. Michigan Homestead Property Tax Form;
 - d. Statement from Social Security Administration and/or Michigan Social Services as to monies paid to the applicant or other persons residing in the homestead.
 - e. Signed authorization(s) to allow the City to obtain copies of tax returns from the IRS and State of Michigan.
4. Income Test. All applicants must meet federal poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9909(2).

5. Asset Test. All applicants must also meet all of the following asset requirements:
- a. The property for which the poverty exemption is requested shall have a Taxable Value that is no more than the average Taxable Value of the entire Residential class for the year in which the application is made. The average Taxable Value shall be determined by the Assessor and will be based on the current Ad Valorem Assessment Roll as certified by the most recent meeting of the March Board of Review.

The Board of Review shall examine the SEV of the property for which a Poverty Exemption is requested to make sure that the property is not under-assessed. In the event that the Board of Review shall determine that the property is under-assessed, the Board of Review shall base its determination of the Poverty Exemption upon the one-half of the fair market value of the property for which an exemption is requested.

- b. The assets of the applicant, other than the homestead, shall not exceed \$5,000 in value. For purposes of this paragraph, the Board of Review shall consider the value of the assets and shall not reduce such value by any indebtedness owed on such assets, or indebtedness otherwise owed by the applicant.
 - c. In making its determination of the exemption amount, the Board of Review shall consider the Taxable Value of the applicant and grant an exemption, if qualified, according to the following schedule:
 - A 50% exemption for any homestead with a Taxable Value less than 25% of the average Taxable Value of the Residential class, as determined above.
 - A 25% exemption for any homestead with a Taxable Value less than 50% of the average Taxable Value of the Residential class, as determined above.
6. If the applicant, could receive, or has received, a refund of more than 50% of the real estate taxes through a Homestead Credit, on the most recent year submitted, the application shall be denied.
7. A maximum of two Poverty Exemptions for one year each, in whole or in part, may be granted to an owner(s) of a qualifying homestead property. An owner(s) of a qualifying homestead property who receives the maximum of two Poverty Exemptions for one year each, in whole or in part, shall not be eligible for any additional Poverty Exemptions for such homestead, or for a homestead property at a different location within the City.

ADOPTED 12/9/96
Revised 05/8/2006
Revised 12/6/2010
Revised 1/21/2013

HYPOTHETICAL ECONOMIC IMPACT OF A REVISED POVERTY EXEMPTION POLICY

2006 TAXABLE VALUE (residential class) divided by TOTAL # PARCELS
 (\$141,786,335/ 3,334) Average Tax Value>>> \$ 42,527

THREE EXEMPTION LEVELS

EXEMPTION AMOUNT	AVERAGE = \$	42,527	NUMBER OF RES. HMSTEADS	Total Taxable Value	Levy Lost from COL
100%	25% OF AVERAGE	\$ 10,632	37	169,101	\$ 2,595
75%	50% OF AVERAGE	\$ 21,264	283	4,488,381	\$ 51,651
50%	75% OF AVERAGE	\$ 31,896	841	19,394,064	148,789
			1161		\$ 203,035

Proposed at January meeting

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LIMITED TO TWO EXEMPTION LEVELS

EXEMPTION AMOUNT	AVERAGE = \$	42,527	NUMBER OF RES. HMSTEADS	Total Taxable Value	Levy Lost from COL
50%	25% OF AVERAGE	\$ 10,632	37	169,101	\$ 1,297
25%	50% OF AVERAGE	\$ 21,264	283	4,488,381	\$ 17,217
			320		\$ 18,514

OPTION # 2

NOTE: The poverty guideline figures below are NOT the figures the Census Bureau uses to calculate the number of poor persons.

The figures that the Census Bureau uses are the poverty thresholds.

2012 Poverty Guidelines for the 48 Contiguous States and the District of Columbia

Persons in family/household	Poverty guideline
1	\$11,170
2	15,130
3	19,090
4	23,050
5	27,010
6	30,970
7	34,930
8	38,890
For families/households with more than 8 persons, add \$3,960 for each additional person.	

ORDINANCE NO. 971

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF LUDINGTON BY
ADDING SECTION 1.117 TO CHAPTER 4 OF TITLE I.

THE CITY OF LUDINGTON ORDAINS:

Section 1. Section 1.117 shall be added to the City Code and shall read as follows:

Section 1.115. **Fraudulent Requests for Poverty Exemption.** It shall be unlawful for any person to submit a false or fraudulent application for a Homestead Poverty Exemption, or to supply false, misleading or fraudulent information in connection with such application. A violation of this Section shall be a misdemeanor punishable in accordance with Section 1. 13 of Chapter 1, Title 1, Subparagraph (d).

Section 2: Severability. It is the legislative intent of the City Council that all provisions of this Ordinance be liberally construed to protect and preserve the peace, health, safety, and welfare of the inhabitants of the City. Should any provision of this Ordinance or part thereof be held unconstitutional or invalid, such holding shall not be construed as affecting the validity of any of the remaining provisions, and the remainder of this Ordinance shall stand, notwithstanding the invalidity of any such provision thereof.

Section 3. Effective Date. This ordinance shall take effect twenty (20) days after its adoption and the publication of this ordinance or the summary thereof.

Date: 12/23/1996

6. Liabilities: (include loans, mortgages, debts, etc.)

<u>Mortgage/Loan held by</u>	<u>Balance due</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

7. He or she did/did not file a State of Michigan Homestead Property Tax Credit claim for the last tax year.

If filed, amount of credit: \$ _____

8. Other pertinent statements:

I declare that the information in this declaration and attachments is true, correct and complete.

Signed _____

Subscribed and sworn to before me this _____ day of _____, 20____.

Notary Public, Mason County, Michigan
My commission expires _____, 20____.