

## **CHARTER TOWNSHIP OF COMMERCE**

AN ORDINANCE TO AMEND THE CODE OF ORDINANCES, CHARTER TOWNSHIP OF COMMERCE, OAKLAND COUNTY, MICHIGAN TO BE KNOWN AS CODE AMENDMENT ORDINANCE NO. 1.052.

The Charter Township of Commerce ordains:

### **SECTION 1 – PURPOSE**

The purpose of this Ordinance is to amend Chapter 2, Article V, Division 5, of the Code of Ordinances, Charter Township of Commerce, Oakland County, Michigan, to make said sections consistent with recent changes to Michigan's General Property Tax Act.

### **SECTION 2 – AMENDMENT**

Chapter 2, Article V, Division 5, of the Code of Ordinances, Charter Township of Commerce, Oakland County, Michigan, is hereby amended in its entirety to read as follows:

#### **DIVISION 5. - HARDSHIP TAX EXEMPTION**

##### **Sec. 2-307. - Statutory authority.**

This division is adopted by authority of the provisions of MCL 211.7u, MCL 42.1 et seq. (the Charter Township Act) and MCL 42.20. This division does not apply to the property of a corporation.

(Ord. No. 73-95-0, § 1, 2-14-1995)

##### **Sec. 2-308. - Tax exemption eligibility requirements.**

(a) *Annual requirements.* A person owning property within the township who, in the judgment of the supervisor and board of review, by reason of poverty, is unable to contribute toward the public charges shall be eligible for an exemption in whole or in part from taxation on their principal residence under section 7u of Public Act No. 206 of 1893, as amended, provided such persons shall meet and do all of the following on an annual basis:

(1) Own and occupy as a principal residence the property for which an exemption is requested. The person shall affirm this ownership and occupancy status in writing by filing with the township the form(s) prescribed by the state tax commission and any other forms requested by the township.

(2) File a claim with the board of review on a form prescribed by the state tax commission and provided by the township, 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 year, or if those returns are not yet available, then returns of the immediately preceding year. Federal and state income tax returns are not required for a person residing in the principal residence if that person was not required to file a federal or state income tax return in the tax year in which the exemption under this section is claimed or in the immediately preceding tax year. If a person was not required to file a federal or state income tax return in the tax year in which the exemption under this section is claimed or in the immediately preceding tax year, an affidavit in a form prescribed by the state tax commission may be accepted in place of the federal or state income tax return. The filing of a claim under this subsection constitutes an appearance before the board of review for the purpose of preserving the claimant's right to appeal the decision of the board of review regarding the claim.

(3) Produce a valid driver license or other form of identification if requested by the supervisor or board of review.

(4) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if required by the supervisor or board of review.

(5) Meet the federal poverty guidelines published in the prior calendar year in the federal register by the U.S. Department of Health and Human Services under its authority to revise the poverty line under 42 USC 9902, or alternative guidelines adopted by the township board provided the alternative guidelines do not provide income eligibility requirements less than the federal guidelines.

(b) *Definitions.* The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

*Principal residence* means the one place where an owner of the property has his or her true, fixed, and permanent home to which, whenever absent, he or she intends to return and that shall continue as a principal residence until another principal residence is established. The term "principal residence" includes only that portion of a dwelling or unit in a multiple-unit dwelling that is subject to ad valorem taxes and that is owned and occupied by an owner of the dwelling or unit. The term "principal residence" also includes all of an owner's unoccupied property classified as residential that is adjoining or contiguous to the dwelling subject to ad valorem taxes and that is owned and occupied by the owner. Contiguity is not broken by a road, a right-of-way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the two parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. Principal residence also includes any portion of a dwelling or unit of an owner that is rented or leased to another person as a residence as long as that portion of the dwelling or unit that is rented or leased is less than 50 percent of the total square footage of living space in that dwelling or unit. Principal residence also includes a life care facility registered

under the living care disclosure act, Public Act No. 440 of 1976 (MCL 554.801—554.844). Principal residence also includes property owned by a cooperative housing corporation and occupied by tenant stockholders.

(c) *Guidelines for income level test.* In considering whether a principal residence of a person is eligible for an exemption, the board of review shall consider a person's specific income level as well as the total household income.

(1) Income shall include, but not necessarily be limited to:

- a. Money wages and salary before any deductions.
- b. Net receipts from any non-farm self-employment, these are receipts from a person's own business, professional enterprise or partnership after deductions for business expenses.
- c. Net receipts from farm self-employment. These are receipts from a farm from which one operates as an owner, renter or share cropper, after deductions for farm operating expenses.
- d. Regular payments from social security, railroad retirements, unemployment compensation, strike benefits from union funds, workers compensation, veterans payments, public assistance (including aid to families with dependent children, supplemental security income, emergency assistance money payments and non-federally funded general assistance or general relief money payments).
- e. Alimony, child support and military family allotments or other regular support from an absent family member or other family member not living in the household.
- f. Private pensions, government employment pensions (including military retirement pay) and regular insurance or annuity payments.
- g. College or university scholarships or grants, fellowships or assistantships.
- h. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, net gambling or lottery winnings.

(2) Income shall not include:

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

- b. Withdrawals of bank deposits and borrowed money.
  - c. Tax refunds, gifts, loans, lump-sum inheritances and one time insurance payments.
  - d. Food or housing received in lieu of wages and the value of food and fuel produced on farms.
  - e. Federal non-cash benefit programs such as Medicare, Medicaid, food stamps and school lunches.
- (d) *Guidelines for asset level test.*
- (1) In considering whether a principal residence of a person is eligible for an exemption, the board of review shall consider a person's specific asset level as well as total household assets. Assets shall include:
    - a. Real estate and real property, including the principal residence;
    - b. Savings owned by a person and his or her spouse including savings accounts, postal savings, credit union shares, certificates of deposit, cash, stocks, bonds or similar investments;
    - c. Life insurance held by a person or his or her spouse;
    - d. Vehicles, including but not limited to, cars, trucks, RVs, motorcycles, off-road vehicles, snowmobiles, and boats; and
    - e. Other assets, including but not limited to, coin collections, antiques, silver, jewelry, and other collectible items.
  - (2) If a person's or the household's total assets exceed \$300,000.00, then the principal residence is not eligible for an exemption under this section.
  - (3) If a person's or the household's total assets are \$300,000.00 or less, then the board of review may decide that the principal residence is entitled to a total or partial exemption under this section provided the person and principal residence are otherwise eligible under the other terms and conditions of this section.
  - (4) The board of review may utilize two times the taxable value of the principal residence to determine its value if the owner has owned and occupied the principal residence for more than 20 contiguous years.

**Sec. 2-309. - Income reduction guideline.**

The board of review, in addition to considering the federal poverty income standards, may award an exemption if an applicant's household income is reduced below federal poverty income standards, by reason of:

- (1) Any expenses relating to illness of the applicant, or other persons residing in the homestead who are claimed as exemptions on the applicant's federal income tax return.
- (2) Any medical expenses incurred and paid by the applicant within the last year without government assistance and which were not covered by insurance.
- (3) Other circumstances which produce unusually high expenses and which were incurred for reasons beyond the applicant's control.

(Ord. No. 73-95-0, § 3, 2-14-1995)

**Sec. 2-310. - Application deadline.**

An application for an exemption pursuant to this division must be filed after January 1, but before the day prior to the last day of the board of review.

(Ord. No. 73-95-0, § 4, 2-14-1995)

**Sec. 2-311. - Federal poverty income standards.**

The assessing department shall make available to all applicants the most recent federal poverty guidelines as defined and determined by the U.S. Department of Health and Human Services.

(Ord. No. 73-95-0, § 5, 2-14-1995; Ord. No. 73-08-2, § 1(5), 3-11-2008)

**Sec. 2-312. - Exemptions.**

The Township shall make available to the public and publish on its website its policy and guidelines used for granting exemption under this division. The board of review shall follow the policy and guidelines of this division in granting or denying an exemption.

If a person claiming an exemption under this section is qualified under the eligibility requirements, the board of review shall grant the exemption in whole or in part, as follows:

- (a) A full exemption equal to a 100% reduction in taxable value for the tax year in which the exemption is granted.

- (b) A partial exemption equal to 1 of the following:
- (1) A 50% or 25% reduction in taxable value for the tax year in which the exemption is granted.
  - (2) As approved by the state tax commission, any other percentage reduction in taxable value for the tax year in which the exemption is granted, applied in a form and manner prescribed by the state tax commission.

A person who files a claim under this section is not prohibited from also appealing the assessment on the property for which that claim is made before the board of review in the same year.

(Ord. No. 73-08-2, § 1(6), 3-11-2008)

### **SECTION 3 – SEVERABILITY**

Should any provision or part of this ordinance be declared by any court of competent jurisdiction to be invalid or unenforceable, the same shall not affect the validity or enforceability of the balance of this ordinance, which shall remain in full force and effect.

### **SECTION 4 – REPEALER**

All other provisions of the Code of Ordinances, or ordinances or parts of ordinances, in conflict with this ordinance are hereby repealed only to the extent necessary to give this ordinance full force and effect.

### **SECTION 5 - SAVINGS CLAUSE**

Nothing in this ordinance shall be construed to affect any suit or proceeding pending in any court or any rights acquired or any liability incurred, or any cause or causes of action acquired or existing, under the Code of Ordinances, or any act or ordinance hereby repealed as cited in Section 4 of this ordinance; nor shall any just or legal right or remedy of any character be lost, impaired, or affected by this ordinance.

### **SECTION 6 - EFFECTIVE DATE**

This ordinance shall take effect following publication in the manner prescribed by law. This ordinance shall be published in the manner provided by law.

**SECTION 7 – ADOPTION**

This ordinance is hereby declared to have been adopted by the Township Board of the Charter Township of Commerce at a meeting duly called and held on the 9<sup>th</sup> day of March, 2021, and ordered to be given publication in the manner prescribed by law.

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Melissa Creech, Clerk

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Larry E. Gray, Supervisor

Introduction:	February 9, 2021
Introduction Publication:	February 17, 2021
Adopted:	March 9, 2021
Adoption Publication:	March 17, 2021
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