

## **Bruce Township**

### **Audit Procedures for Granting Real Property Exemptions Policy**

The Bruce Township Office of the Assessor, headed by the Township Assessor, is charged with locating, identifying, and valuating all taxable real property and personal property within Bruce Township to provide a fair and equitable basis for taxation.

The office of the assessor maintains descriptions of real property, maintains maps showing the ownership and tax districts for the Township, and processes property tax exemptions.

Property tax exemptions are granted based on three elements:

- 1) Property ownership,
- 2) Property use, and
- 3) Statutory definition

Taxpayers receiving an exemption may be required to apply through the assessing office or other designated office. Michigan State Law includes a range of mandatory exemptions and optional exemptions available for residential, commercial, and industrial property.

The office of the assessor conducts annual reviews and maintains information for those properties that are exempt from taxation to determine whether such properties continue to qualify for an exemption. The annual review of exemptions ensures that properties are correctly assessed and validates the ownership and usage of the properties; some mandatory exemptions are not reviewed since the assessing office has no option but to grant the exemption.

Active monitoring of changes to recorded title, public information review, and periodic field inspections is included as part of the annual review of exempt property. The primary elements of an exemption determination are based on the ownership and use of the property depending on the type of exemption.

Assessing staff reviews property ownership as part of the first consideration for an exemption determination. Secondly, assessing staff confirms that the property is in use for nonprofit exempt purposes. In the case of small business taxpayer exemption, poverty exemptions, disabled veterans and residential exemptions, there are specific requirements related to occupancy and other criteria related to each exemption.

Assessing staff annually reviews exemption determinations employing four elements depending on the type of exemption as follows:

1. All property ownership records are monitored to confirm continuance of ownership to the exempt entity or person through review of ownership records held at the Chippewa County Register of Deeds.

2. Staff annually inspects over 5% of properties throughout Bruce Township and notes any changes to exempt properties for review.
3. The office of the assessor monitors public information concerning exempt properties and owners.

The office of the assessor also strives to maintain exemption files with sufficient documentation to support the decision to grant the exemption. For example, religious exemption files need to include copies of articles of incorporation, Internal Revenue Service determination of nonprofit status, usage statement, contracts for use of the property by other than the applicant organization, and financial disclosures.

Exemption records are maintained in two ways. The primary system is the BS&A computerized data system that retains information regarding ownership, location, physical description, inspection dates staff comments, and exemption status. This system is generally adequate and contains sufficient data to administer the exemptions.

The second data system is a paper file system that includes the original application and the documents and correspondence that supports the exempt status. The primary source for documenting an exemption is the paper application that is submitted along with supporting documentation.

Approved by the Bruce Township Board at a Regular Meeting on 10/12/2023