

GUIDELINES FOR APPLICANTS REQUESTING POVERTY EXEMPTIONS

STATUTORY AUTHORITY UNDER THE GENERAL PROPERTY TAX ACT

(Act 206 of 1893, as amended)

211.7u Principal residence of persons in poverty; exemption from taxation; applicability of section to property of corporation; eligibility for exemption; application; policy and guidelines to be used by local assessing unit; duties of board of review; appeal of property assessment; “principal residence” defined.

Sec. 7u. (1) The principal residence 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 eligible for exemption in whole or in part from taxation under this act. This section does not apply to the property of a corporation.

(2) **To be eligible for exemption under this section, a person shall do all of the following on an annual basis:**

(a) Be an owner of and occupy as a principal residence the property for which an exemption is requested.

(b) **File a claim with the supervisor or board of review on a form provided by the local assessing unit, 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 immediately preceding year or in the current year** (emphasis added). 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.

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

(d) 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.

(e) Meet the federal poverty guidelines updated annually in the federal register by the United States department of health and human services under authority of section 673 of subtitle B of title VI of the omnibus budget reconciliation act of 1981, Public Law 97-35, 42 U.S.C. 9902, or alternative guidelines adopted by the governing body of the local assessing unit provided the alternative guidelines do not provide income eligibility requirements less than the federal guidelines (Table to follow).

(3) **The application for an exemption under this section shall be filed after January 1 but before the day prior to the last day of the board of review** (emphasis added).

(4) The governing body of the local assessing unit shall determine and make available to the public the policy and guidelines the local assessing unit uses for the granting of exemptions under this section. The guidelines shall include but not be limited to the specific income and asset levels of the claimant and total household income and assets.

(5) The board of review shall follow the policy and guidelines of the local assessing unit in granting or denying an exemption under this section unless the board of review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines and the substantial and compelling reasons are communicated in writing to the claimant.

(6) 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.

(7) As used in this section, “principal residence” means principal residence or qualified agricultural property as those terms are defined in section 7dd.

History: Add. 1980, Act 142, Imd. Eff. June 2, 1980;—Am. 1993, Act 313, Eff. Mar. 15, 1994;—Am. 1994, Act 390, Imd. Eff. Dec.

29, 1994;—Am. 2002, Act 620, Imd. Eff. Dec. 23, 2002;—Am. 2003, Act 140, Eff. Jan. 1, 2004.

Popular name: Act 206

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Federal Poverty Guidelines Used in the Determination of Poverty Exemptions for 2010

MCL 211.7u, which deals with poverty exemptions, was significantly altered by PA 390 of 1994 and was further amended by PA 620 of 2002.

Local governing bodies are required to adopt guidelines that set income levels for their poverty exemption guidelines and those income levels **shall not be set lower** by a city or township than the federal poverty guidelines updated annually by the U.S. Department of Health and Human Services. This means, for example, that the income level for a household of 3 persons **shall not** be set lower than \$18,300 which is the amount shown on the following chart for a family of 3 persons. The income level for a family of 3 persons may be set higher than \$18,300.

Following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2010 assessments.

Size of Family Unit	Poverty Guidelines
1	\$ 10,800
2	\$ 14,600
3	\$ 18,300
4	\$ 22,100
5	\$ 25,800
6	\$ 29,500
7	\$ 33,300
8	\$ 37,000
For each additional person	\$3,700

Note: PA 390 of 1994 states that the poverty exemption guidelines established by the governing body of the local assessing unit shall also include an asset level test. An asset test means the amount of cash, fixed assets or other property that could be used, or converted to cash for use in the payment of property taxes. The asset test should calculate a maximum amount permitted and all other assets above that amount should be considered as available. From STC Bulletin No. 9 of 2009 - Changes For 2010

Township Board Resolution to Adopt Poverty Exemption Income Guidelines and Asset Test

WHEREAS, the homestead of persons who, in the judgment of the supervisor and board of review, by reason of poverty, are unable to contribute to the public charges is eligible for exemption in whole or part from taxation under the General Property Tax Act; and

WHEREAS, the township board is required by Section 7u of the General Property Tax Act, Public Act 206 of 1893 (MCL 211.7u), to adopt guidelines for poverty exemptions; and

NOW, THEREFORE, BE IT HEREBY RESOLVED, pursuant to MCL 211.7u, that **Liberty Township, Jackson County**, adopts the following guidelines for the supervisor and board of review to implement.

To be eligible, a person shall do all the following on an annual basis:

1. Be an owner of and occupy as a homestead the property for which an exemption is requested. The percentage of Homeowner's Principal Residence or Qualified Agricultural Exemption granted for the current year will determine the percentage of the property that can be considered for exemption.
2. Complete and file an Application for Exemption from Property Taxes by Reason of Poverty with the supervisor or board of review, accompanied by:
 - a. A list of all persons residing in the homestead and their relationship to applicant.
 - b. Most recent federal and state income tax returns for all persons residing in the homestead, including any property tax credit returns filed in the immediately preceding year or in the current year.
 - c. Other proof of current income for all members of the household.
 - d. An accounting of all cash assets, including copies of all bank statements for the previous 12 consecutive months (including checking, savings, money markets, certificates of deposit, etc.), and any other documentation of cash assets.
 - e. A detailed list of all non-cash assets, including purchase date and price, secured balance owed, current value and current equity. This list is to include all real estate owned by members of the household, including the homestead property and additional land, vehicles, recreational vehicles, jewelry, antiques, artwork, equipment, stocks, bonds, and any other real or personal property having value and accessible to the applicant, co-owner or any member of the applicant's household.
 - f. A detailed explanation of any substantial and compelling reasons why they are not able to meet their tax burden that they wish the Board of Review to consider in granting their request for exemption.
3. Produce a valid drivers' license or other form of identification if requested.
4. Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is sought if requested.
5. Meet the federal poverty income guidelines as defined and determined annually by the United States Department of Health and Human Services. The Bureau of the Census defines income to include the following:
 - a. Money wages and salaries before any deductions.
 - b. Net receipts from nonfarm 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 which one operates as an owner, renter, or sharecropper, after deductions for farm operating expenses.
 - d. Regular payments from social security, railroad retirement, 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 someone not living in the household.
 - f. Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments.
 - g. College or university scholarships, grants, fellowships, and assistantships
 - h. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.
6. Meet additional eligibility requirements as determined by the township board, including:
- a. Cash assets for the total household may not exceed an amount equal to 1/12 of the maximum annual income. Cash assets include cash on hand, checking accounts, savings accounts, money market accounts, gold, silver, and other liquid investments.
 - b. Non-cash assets for the total household may not exceed an amount equal to the maximum annual income. The value of assets shall be determined by subtracting any secured balance owing from the current value of said assets. Further, the first \$100,000 in equity on the applicant's homestead property and the first \$10,000 in equity on one vehicle shall not be considered toward the asset test.

All applicants, if approved by the Board of Review, will pay taxes equal to at least 3.5% of their total household gross income. This will be accomplished by multiplying the household income by 3.5%, and dividing this amount by the most recent homestead property tax rate to find the adjusted taxable value.

BE IT ALSO RESOLVED that the board of review shall follow the above stated policy and federal guidelines in granting or denying an exemption, unless the board of review determines there are substantial and compelling reasons why there should be a deviation from the policy and federal guidelines and these are communicated in writing to the claimant.

The foregoing resolution offered by Board Member Warblow and supported by Board Member Hubbard

Upon roll call vote, the following voted "Aye": Warblow, Michaels, Spink, Hubbard, Lenback

"Nay": NO NAYS

The Supervisor declared the resolution adopted.

Sharon Warblow
Clerk

I, Sharon Warblow the duly elected and acting Clerk of Liberty Township, hereby certify that the foregoing resolution was adopted by the township board of said township at the regular meeting of said board held on January 12, 2010, at which meeting a quorum was present by a roll call vote of said members as hereinbefore set forth; that said resolution was ordered to take immediate effect.

Sharon Warblow
Clerk