

**UNION TOWNSHIP
GRAND TRAVERSE COUNTY
STATE OF MICHIGAN**

**POLICY REGARDING POVERTY EXEMPTIONS BY BOARD OF REVIEW
(Revised June 14, 2023)**

Whereas, pursuant to PA 390 of 1994 Union Township, Grand Traverse County adopts the following guidelines for the Supervisor and Board of Review to implement. The guidelines shall include but not be limited to the specific income and asset levels of the claimant and all persons residing in the household, including any property tax credit returns, filed in the current or immediately preceding year;

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

MCL 211.7u

(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. 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.

(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 USC 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.

(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.

(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) 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.

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

Now, therefore, be it hereby resolved that the Board of Review shall follow the above stated policy and federal guidelines in granting or denying an exemption.

The foregoing resolution offered by Board Member STONE and supported by Board Member FUELLING.

Upon roll call vote, the following voted "Aye:" "Nay:"

STONE, FUELLING, WIELAND, MANSFIELD, TILLITSON. All Yes
The Supervisor declared the resolution adopted.

Clerk Sheryl Tillitson

I, SHERYL TILLITSON, the duly elected and acting Clerk of Union Township, hereby certify that the foregoing resolution was adopted by the township board of said township at the regular meeting said board held on June 14, 2023, 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.

Clerk Sheryl Tillitson

Union Township Offices

5020 Fife Lake Road, Fife Lake MI 49633
www.UnionTownshipGT.com

GUIDELINES FOR POVERTY EXEMPTION REVIEW

I. General Overview

The Board of Review of the Union Township recognizes the need to have available a procedure by which residents in need of assistance under MCL 211. 7u can make an application for property tax relief. The Board further recognizes that, pursuant to statute, as well as case law, they must adopt procedures and guidelines, approved by Township, to be used as standards when considering appeals made based on financial hardship. The Board of Review understands that these guidelines must be adhered to when reviewing hardship appeals, and reserves the right to make individual considerations within their authority, as they feel necessary. Any form submitted that is inaccurate or not fully completed will result in a denial of the appeal. All information in the form is subject to verification from the Board or Assessor's Office.

II. Basic Filing Requirements

In order to be considered for exemption under MCL 211. 7u each applicant must:

- A.** Own and occupy the property as a homestead, defined by law, for which the request is being made. This may include vacant, contiguous property as long as it is considered part of the principal homestead.
- B.** Complete and submit an Application for Tax Exemption on a form designated and supplied by the Union Township Assessor's Office.
- C.** Submit income verification as required. This must include current Federal and State Income Tax Returns, State Homestead Property Tax Credit Forms, or any additional information requested by the Board of Review.

III. Processing Applications

Once an Application for Tax Exemption is completed and returned to the Assessor's Office, it will be reviewed by the assessing staff.

The Board of Review, in making their decision, may contact the applicant for any additional information they deem necessary. The Board of Review shall also reject any application where the information contained in it appears fraudulent, misleading or incomplete.

IV. Income Guidelines

The income guidelines used by the Board of Review have been established in accordance with P.A. 390 of 1994 and shall be adhered to unless accompanied by special circumstances. In determining qualifications for tax exemption, the Board of Review shall consider every variable on the application, including total household income, the nature and duration of the income stream, the state equalized value of the subject property, the quality and accuracy of the information submitted and any other such evidence as they feel appropriate in making their decision. In general however these guidelines shall assist the Board of Review in their decisions.

V. Asset Guidelines

As required by P.A. 390 of 1994, all guidelines for poverty exemptions as established by the governing body of the local assessing unit SHALL also include an asset level test. The following assets shall not be considered when applying an asset test to determine qualification for tax exemption. The value of the applicant's primary residence subject to the exemption request along with any contiguous residential land, **except as follows:**

Under no circumstances shall a poverty exemption be granted on a principal residence purchased within two (2) years from appeal date. An exemption shall also not be granted to a property whose aggregate state equalized value exceeds the township average, as calculated by the Township Assessor, unless it has been the sole primary residence of a senior citizen as defined by the Michigan Income Tax Act for the past 10 (ten) consecutive years.

Township Average for 2023 = \$ 107,101.

Notwithstanding the value of property listed above, in order to be considered for tax exemption under MCL 211.7u, the value of all additional assets **shall not exceed five (5) times the annual household income of the applicant.**

All asset information, as requested in the Application for Property Tax Exemption must be completed in total. The Board of Review may request additional information and verification of assets if they determine it to be necessary and may reject any application if assets are not properly identified.

VI. Summary

In conclusion, the Board of Review has been given exclusive jurisdiction over the granting of property tax relief due to financial hardship. The Board of Review for the Union Township takes this task seriously and attempts to provide relief to all deserving residents within the township. The Board of Review may deny any appeal, regardless of income, if the financial hardship appears to be self-created by the actions of the person or persons making the application. The Board of Review reserves the right to modify these guidelines as necessary.

Union Township Offices

5020 Fife Lake Road, Fife Lake MI 49633

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Federal Poverty Guidelines 2024

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 \$24,860 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 \$24,860. Following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2024 assessments:

<i>Size of Family Unit</i>	<i>Poverty Guidelines</i>
1 _____	\$14,580
2 _____	\$19,720
3 _____	\$24,860
4 _____	\$30,000
5 _____	\$35,140
6 _____	\$40,280
7 _____	\$45,420
8 _____	\$50,560

For each additional person: \$5,140

Note: MCL 211.7u 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.

Note: PA 135 of 2012 changed the requirements for filing documentation in support of a poverty exemption to allow an affidavit (Treasury Form 4988) to be filed for all persons residing in the residence who were not required to file federal or state income tax returns in the current year or in the immediately preceding year. This includes the owner of the property who is filing for the exemption



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

Bulletin 22 of 2023
December 19, 2023
MCL 211.7u Poverty Exemption

TO: Assessors and Equalization Directors
FROM: Michigan State Tax Commission
SUBJECT: MCL 211.7u Poverty Exemption

Bulletin 3 of 2021 is rescinded.

MCL 211.7u provides for a property tax exemption, in whole or part, for the principal residence of persons who, by reason of poverty, are unable to contribute to the public charges. For purposes of the poverty exemption "principal residence" means how principal residence exemption and qualified agricultural property are defined in MCL 211.7dd. The exemption does not apply to property of a corporation. This Bulletin includes updates made to MCL 211.7u by Public Act 253 of 2020.

Local Unit Responsibilities

MCL 211.7u requires local units to adopt guidelines that must include the specific income and asset levels of the applicant and the total household income and assets. If the local unit maintains a website, the local unit is required under the statute to make the policy, guidelines, and the poverty application (Form 5737) available to the public on the local unit's website. Additional items that the local unit should make available include the statutorily required Form 5739 (which must be filed by the applicant with Form 5737) and Form 4988, *Poverty Exemption Affidavit* (used by applicants who are not required to file federal and state income tax returns).

Income Test

Local units must adopt guidelines which specify the total household income which will be used to approve or deny poverty exemptions. The adopted income levels shall not be set lower than the federal poverty guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services. For reference, the federal poverty guidelines to be used are published annually by the State Tax Commission.

According to the United States Census Bureau “income” includes, but is not limited to:

- Money, wages, salaries before deductions, regular contributions from persons not living in the residence
- Net receipts from non-farm or farm self-employment (receipts from a person’s own business, professional enterprise, or partnership, after business expense deductions)
- Regular payments from social security, railroad retirement, unemployment, worker’s compensation, veteran’s payments, public assistance, supplemental security income (SSI)
- Alimony, child support, military family allotments
- Private and governmental retirement and disability pensions, regular insurance, annuity payments
- College or university scholarships, grants, fellowships, assistantships
- Dividends, interest, and net income from rentals, royalties, estates, trusts, gambling or lottery winnings

The Michigan homestead property tax credit **cannot** be considered as income for purposes of the poverty exemption. (*Ferrero v Walton Twp, Court of Appeals No. 302221*).

Asset Test

The local unit guidelines must include an asset test. This asset test must clearly state the maximum value of all assets allowable to be eligible for the poverty exemption. This means that the guidelines must state a total dollar amount and the value of all assets cannot exceed that total dollar amount.

The purpose of an asset test is to determine the resources available: cash, fixed assets or other property that could be converted to cash and used to pay property taxes in the year the poverty exemption is filed. The local unit asset test **cannot** include the value of the principal residence (*Robert Taylor v Sherman Twp, MTT Docket No. 236230*).

The local unit should require that applicants provide a list of all assets when applying for a poverty exemption. The State Tax Commission is providing the following list of assets that may be included in the local unit asset test (this is not an exhaustive list and is provided as examples of what may be considered as assets):

- A second home, land, vehicles
- Recreational vehicles such as campers, motor-homes, boats and ATV’s
- Buildings other than the residence
- Jewelry, antiques, artworks
- Equipment, other personal property of value
- Bank accounts (over a specified amount), stocks
- Money received from the sale of property, such as, stocks, bonds, a house or car (unless a person is in the specific business of selling such property)
- Withdrawals of bank deposits and borrowed money
- Gifts, loans, lump-sum inheritances, and one-time insurance payments

- Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms
- Federal non-cash benefits programs such as Medicare, Medicaid, food stamps and school lunches

The local unit policy may provide for an applicant to own possessions in addition to the principal residence and still receive a poverty exemption. Examples may include, but are not limited to:

- Additional vehicles
- More land than a minimum “footprint” for the home
- Equipment or other personal property of value, including recreational vehicles (campers, motor homes, boats, ATV’s etc.)
- Bank account(s) (a maximum amount should be specified)

Full or Partial Poverty Exemptions

PA 253 of 2020 made changes related to granting full or partial poverty exemptions. MCL 211.7u(5) states that if a person claiming the poverty exemption meets all eligibility requirements, the Board of Review shall grant the poverty exemption, in whole or in part, as follows:

1. A full exemption equal to a 100% reduction in taxable value for the year in which the exemption is granted; or
2. A partial exemption equal to a 75% reduction in taxable value for the year in which the exemption is granted; or
3. A partial exemption equal to a 50% reduction in taxable value for the year in which the exemption is granted; or
4. A partial exemption equal to a 25% reduction in taxable value for the year in which the exemption is granted.

No other method of calculating taxable value may be utilized, except for those percentage reductions specifically authorized in statute, or any other percentage reduction approved by the State Tax Commission. Local assessing units wishing to use any other percentage reduction than what is stated in MCL 211.7u(5) must obtain permission for use of such percentage reduction(s) by filing Form 5738, *Request for Approval of Percentage Reduction in Taxable Value for Poverty Exemptions Under MCL 211.7u* with the State Tax Commission. The State Tax Commission has adopted a Policy Regarding Requests for Percentage Reductions in Taxable Value For Poverty Exemptions Under MCL 211.7u that details how these requests will be processed. The policy and Form 5738 are available on the State Tax Commission’s website at <https://www.michigan.gov/statetaxcommission>.

The State Tax Commission recommends that local assessing units include within their guidelines language and criteria for granting partial exemptions and/or minimum or maximum exemptions.

Extension Of Poverty Exemptions

PA 253 of 2020, as amended by PA 191 of 2023, adds two provisions in which the local assessing unit can adopt a resolution that would allow a taxpayer to continue to receive a poverty exemption without having to file a new Form 5737 and other required documents each year. Local units **must** adopt resolutions to utilize these provisions and the requirements in the statute must be met.

MCL 211.7u(6): Extension for Those Persons Receiving a Fixed Income From Public Assistance

Local units can adopt a resolution that allows an exemption granted in 2019 or 2020 to carry forward to 2021, 2022 and 2023 for those persons who receive a fixed income solely from public assistance that is not subject to significant annual increases (Federal Supplemental Security Income, Social Security disability or retirement benefits).

Local units can also adopt a resolution for any new exemptions in 2021, 2022 or 2023 to remain exempt for up to 3 years for persons who receive a fixed income solely from public assistance that is not subject to significant annual increases.

A person that receives an extended exemption under MCL 211.7u(6) must file an affidavit rescinding the exemption with the local assessing unit within 45 days after: 1) ceasing to own and occupy the property as a principal residence; or 2) a change in household assets or income that defeats eligibility for the poverty exemption. If the person fails to file the required rescission and the property is later determined to be ineligible for the exemption, the person is subject to repayment of any additional taxes with interest as provided in MCL 211.7u(6)(b).

MCL 211.7u(8): Extension Applicable to the 2023 Tax Year Only

If the assessor determines that a person is still eligible for the poverty exemption in 2023 and the person received a poverty exemption for the property in tax year 2022, local assessing units can carry the poverty exemption forward for the 2023 tax year, without an application or protest to the Board of Review in 2023. **Local units must have adopted a resolution by December 1, 2023, to carry the exemption forward.** If an exemption is carried forward to 2023, no Form 5737 or other documentation is required from the taxpayer and they do not have to protest to a Board of Review. However, the statute provides that the local assessing unit *may* require that the person affirm ownership, poverty, and occupancy status in writing by filing Form 5739.

Local Unit Audit Program Requirement

Local units that adopt a resolution to extend the poverty exemption under MCL 211.7u(6) for up to 3 years for those persons who receive a fixed income solely from public assistance or local units that carry the 2019 and 2020 granted poverty exemptions forward to 2021 under MCL 211.7u(8) must implement an audit program. If found ineligible, the taxpayer is subject to repayment of the taxes plus interest as provided in MCL 211.7u(6)(b). The State Tax Commission's guidance on the required local unit audit program will be published in a separate bulletin.

How To Apply for The Poverty Exemption

To request a poverty exemption, a taxpayer must file:

1. Form 5737 *Application for MCL 211.7u Poverty Exemption*
2. Form 5739 *Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty*
3. All required additional documentation (such as federal/state income tax returns)

Forms 5737 and 5739, along with any additional documentation, must be filed with the local assessing unit where the property is located. **Do not file these forms with the Department of Treasury or the State Tax Commission.** The forms may be submitted to the local assessing unit on or after January 1 but before the day prior to the last day of the December Board of Review during the year in which the exemption is requested.

Taxpayers should contact the local assessing unit directly to verify deadline dates for submission of the forms to ensure the application gets reviewed by a Board of Review during that calendar year.

In addition to filing Forms 5737 and 5739 and any supporting documentation, a taxpayer must do all the following to be eligible for the poverty exemption:

1. Own and occupy the property as a principal residence.
2. Provide federal and state income tax returns for the current or immediately preceding year, including any property tax credits, for all persons **residing in the principal residence** (disclosure of the income of an owner who is not residing in the principal residence is not required). 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. Instead, Form 4988, *Poverty Exemption Affidavit* may be filed for all persons residing in the residence who were not required to file federal or state income tax returns in the current or immediately preceding year.
3. Produce a valid driver license or other form of identification, if requested.
4. Produce a deed, land contract, or other evidence of ownership of the property, if requested.
5. Meet the federal poverty guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services **or** alternative guidelines adopted by the local assessing unit. The alternative guidelines cannot provide income eligibility requirements less than the federal guidelines.
6. Meet the asset level test adopted by the local assessing unit.

Board of Review Responsibilities

The Board of Review shall approve or deny the request for the poverty exemption. The Board of Review is required to follow the policy and guidelines adopted by the local assessing unit in granting or denying a poverty exemption. The Board of Review is not permitted to deviate from the adopted policy and guidelines.

Current year poverty exemption applications can be heard at the March, July, or December Board of Review. However, there can only be **one** Board of Review decision for a specific calendar year; a subsequent Board of Review cannot reconsider a decision already made that year. For example: if an application is denied at the March Board of Review, it may not be reheard by the July or December Board of Review during the same calendar year. The taxpayer must file an appeal of the March Board of Review decision to the Michigan Tax Tribunal.

PA 191 of 2023 amends both MCL 211.7u and MCL 211.53 to allow the July and December Board of Review to grant a poverty exemption, as a qualified error, for the immediately preceding year on the principal residence of a person who establishes eligibility as required by Section 7u if an exemption was not on the assessment roll and was not previously denied.

As a reminder, a person who files a claim for the poverty exemption is not prohibited from also appealing the assessment on the same property in the same year.

Appeal Rights

An appeal of a decision of the March Board of Review is made by completing and submitting a petition to the Michigan Tax Tribunal no later than July 31 of the same year. A decision of the July or December Board of Review may be appealed by completing and submitting a petition to the Michigan Tax Tribunal within 35 days of the July or December Board of Review's decision. More information on how to file an appeal is available by contacting the Michigan Tax Tribunal. Information can also be viewed on the Michigan Tax Tribunal's website at <https://www.michigan.gov/taxtribunal>.

Union Township Offices

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POVERTY EXEMPTION APPLICATION INSTRUCTIONS

The application for Poverty Exemption is under the authority of Michigan State Statute, MCL 211.7u and Union Township. To be considered for a poverty exemption, the following information must be provided:

1. Thoroughly complete ALL sections of the POVERTY EXEMPTION APPLICATION.
2. Submit a completed and signed copy of the following:
 - Prior Year's Michigan Homestead Property Tax Credit Claim (MI 1040 CR).
 - Prior Year's Michigan Income Tax Return.
 - Prior Year's Federal Income Tax Return (1040).
 - Prior Year's Federal Income Tax Return (1040) for all other occupants of your household.
 - Prior Year's City Income Tax Return.
 - State of Michigan Form 4988, if you are not required to file State or Federal income tax.
3. Submit income verification for yourself and all persons in the household including dependents. This includes, but is not limited to, all of the following: Social Security income, disability income, cash assistance, documentation of rental income, child support, alimony, food assistance and all other sources of income.
4. All occupants of the household aged 16 years of age and older, must provide income verification from all sources. Household is defined as, "A number of related or unrelated persons who live in one housing unit." A single person, a couple, or more than one family living in a single housing unit may make up a household."
5. Submit a copy of the deed, land contract or other proof of ownership.
6. Submit a copy of your driver's license or state ID for yourself and all persons in the household, 16 years of age or older.
7. Assets (this includes but is not limited to vehicles, furniture, appliances, bank/credit union accounts, retirement/401K/IRA, stocks/bonds and all other assets).
8. The application must be legible. If you need to provide additional information, please attach a separate sheet.
9. Do not submit originals of supporting documentation as these are kept for records of the Board of Review.
10. If the application is incomplete, or if you fail to include the required documents, the exemption may be denied by the Board of Review.
11. This exemption does not apply to previous years.

Submit the application and supporting documents 10 days prior to the first meeting of the March Board of Review, or you may apply to either the July or December Board of Review meetings of that Calendar year.

You may apply only once per current calendar year; the exemption does not apply to previous years.

Poverty Exemption Affidavit

This form is issued under authority of Public Act 206 of 1893; MCL 211.7u.

INSTRUCTIONS: When completed, this document must accompany a taxpayer's Application for Poverty Exemption filed with the supervisor or the board of review of the local unit where the property is located. MCL 211.7u provides for a whole or partial property tax exemption on the principal residence of an owner of the property by reason of poverty and the inability to contribute toward the public charges. MCL 211.7u(2)(b) requires proof of eligibility for the exemption be provided to the board of review by supplying copies of federal and state income tax returns for all persons residing in the principal residence, including property tax credit returns, or by filing an affidavit for all persons residing in the residence who were not required to file federal or state income tax returns for the current or preceding tax year.

I, _____, swear and affirm by my signature below that I reside in the principal residence that is the subject of this Application for Poverty Exemption and that for the current tax year and the preceding tax year, I was not required to file a federal or state income tax return.

Address of Principal Residence: _____

Signature of Person Making Affidavit

Date