

MCL 211.7u Poverty Exemption Taxpayer Fact Sheet

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, the term “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 Taxpayer Fact Sheet includes updates made to MCL 211.7u by Public Act 253 of 2020.

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.

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>.

IDA TOWNSHIP

A resolution to adopt poverty exemption income guidelines and asset test for the 2021 tax year

WHEREAS, the adoption of guidelines for poverty exemptions is within the purview of the Ida Township Board; and

WHEREAS, the homestead of persons who, in the judgement of the Ida Township Board of Review, determines by reason of poverty to be unable to contribute to the public charges is eligible for exemption in whole or in part from taxation under Public Act 390 of 1994 (MCL 211.7u); and

WHEREAS, pursuant to PA 390 of 1994, the Township of Ida, Monroe County adopts the following guidelines for the Board of Review to implement. The guidelines shall include but not be limited to the specific income and asset level test of the claimant and all persons residing in the household, including any property tax credit returns, filed in the immediately preceding year; and,

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

- 1) Be an owner of and occupy as a principal residence the property for which an exemption is requested and without any interest in any other real property.
- 2) File a claim and completed application with the Board of Review, **accompanied by federal and state tax returns for all persons residing in the homestead, including any property tax credit returns filed in the immediately preceding year.**
- 3) If requested, produce a valid driver's license or other form of identification.
- 4) If requested, produce a deed, land contract, or other evidence of ownership of the property for which the exemption is requested.
- 5) Meet the federal poverty income standards as defined and determined for 2021 Assessments by the United States Office of Management and Budget as attached hereto as Exhibit A.
- 6) Meet the guidelines set forth in Exhibit A as determined and approved by the Ida Township Board.
- 7) The application for an exemption shall be filed after January 1, 2021 but before the day prior to the last day of the 2021 Board of Review. The filing of this claim constitutes an appearance before the Board of Review for the purpose of preserving the right of appeal to the Michigan Tax Tribunal.

Applications may be reviewed by the Board of Review without the applicant present. However, the Board may request that any or all applicants be physically present to respond, under oath, to any questions the Board of Review may have.

In granting hardship exemptions, the Board of Review realizes this to represent a shift of that portion of the tax burden to the other taxpayers of the community and state.

The exemption should only apply to the applicant's principal residence and the applicant must own and reside in the principal residence property.

The Board of Review may grant relief within the following guidelines:

If a person meets all eligibility requirements in statue, the Board of Review must grant a full exemption equal to a 100% reduction in taxable value OR a partial exemption equal to a 25% of 50% reduction in taxable value OR any other percentage reduction in taxable value approved by the STC.

For applicants at or below the 2021 Federal Poverty Guidelines, 100% relief shall be granted.

For applicants between 100% and 125% of the 2021 Federal Poverty Guidelines, 50% relief shall be granted.

For applicants between 125% and 150% of the 2021 Federal Poverty Guidelines, 25% relief shall be granted.

For applicants above 150% of the 2021 Federal Poverty Guidelines, 0% relief shall be granted.

NOW, THEREFORE, BE IT HEREBY RESOLVED THAT the Ida Township Board of Review shall follow the above stated policy and federal guidelines in granting or denying an exemption. This resolution shall take immediate effect.

The foregoing resolution offered by _____ and supported by _____

Upon roll call vote, the following voted:

Yes: 5 No: _____

I, Tera Shaffer, the duly elected and acting Clerk of Ida Township, hereby certify that the foregoing resolution was adopted by the Ida Township Board at the regular meeting held on the 2 day of MARCH 2021, 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.

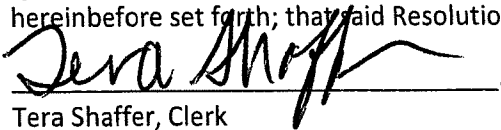

Tera Shaffer, Clerk

EXHIBIT A TO TOWNSHIP BOARD RESOLUTION ON POVERTY EXEMPTIONS FOR 2021 ASSESSMENTS

FEDERAL POVERTY INCOME STANDARDS FOR 2021 ASSESSMENTS

The following are the federal poverty income standards as of December 31, 2020 for use in setting poverty exemption guidelines for 2021 assessments.

| Size of Family or Household | 2021 Federal Guidelines 100% Relief | 2021 Ida Township Guidelines 50% Relief Greater than 100% but equal to or less than 125% of Federal Guidelines | 2021 Ida Township Guidelines 25% Relief Greater than 125% but equal to or less than 150% of Federal Guidelines |
|-----------------------------|--|--|--|
| 1 | \$12,760 | \$15,950 | \$19,140 |
| 2 | \$17,240 | \$21,550 | \$25,860 |
| 3 | \$21,720 | \$27,150 | \$32,580 |
| 4 | \$26,200 | \$32,750 | \$39,300 |
| 5 | \$30,680 | \$38,350 | \$46,020 |
| 6 | \$35,160 | \$43,950 | \$52,720 |
| 7 | \$39,640 | \$49,550 | \$59,460 |
| 8 | \$44,120 | \$55,150 | \$66,180 |
| Additional Person | \$4,480 | \$5,600 | \$6,720 |

GUIDELINES FOR POVERTY EXEMPTION

1. Applicants may be eligible for consideration if their income level meets the above criteria.
2. Applicant must appear at the Board of Review in person and the application must be signed in the presence of the Board of Review unless infirmity or disability does not allow. In such cases, applicants must contact the assessing office to make alternative arrangements. Applicant may have to answer questions regarding their financial affairs, health, and/or the status of people living in their home at this meeting that is open to and may be attended by the public at large.
3. Applicants appearing before the Board of Review will be administered an oath as follows:
"Do you swear and affirm that the evidence and testimony you will give on your own behalf before the Board is the truth, the whole truth, and nothing but the truth?"
4. Applications will be evaluated based on:
 - a. Data submitted to the Board by the petitioner.
 - b. Testimony taken from the petitioner and information gathered from any source the Board may wish to use.

5. The Board will also consider all assets owned by the petitioner in its deliberations as to whether relief should be granted.
6. Under no circumstances shall a poverty exemption be granted on a principal residence purchased within two (2) years of the appeal date.
7. The applicant must have total household assets (excluding the real estate value of the principal residence) of less than \$20,000. The asset value shall be determined by the Board of Review.
8. The asset value of a property will be considered by the Board of Review. Applicants having real estate assets of greater than \$150,000 may not qualify for property tax relief. For applicants on a parcel with available land divisions, the Board of Review may consider the value of those divisions in making their determination.
9. The Board of Review must evaluate tax relief based on poverty annually.
10. A successful applicant may be subject to personal investigation by the Township. This would be done only to verify information submitted or statements made to the Board of Review concerning their poverty exemption claim.
11. Any additional eligibility requirements as may be determined by the Board of Review.

Application for MCL 211.7u Poverty Exemption

This form is issued under the authority of the General Property Tax Act, Public Act 206 of 1893, MCL 211.7u.

MCL 211.7u of the General Property Tax Act, Public Act 206 of 1893, provides a property tax exemption for the principal residence of persons who, by reason of poverty, are unable to contribute toward the public charges. This application is to be used to apply for the exemption and must be filed with the Board of Review where the property is located. This application may be submitted to the city or township the property is located in each year on or after January 1.

To be considered complete, this application must: 1) be completed in its entirety, 2) include information regarding all members residing within the household, and 3) include all required documentation as listed within the application. Please write legibly and attach additional pages as necessary.

| PART 1: PERSONAL INFORMATION — Petitioner must list all required personal information. | | | | |
|---|------------------|---|---|----------------------|
| Petitioner's Name | | | Daytime Phone Number | |
| Age of Petitioner | Marital Status | Age of Spouse | Number of Legal Dependents | |
| Property Address of Principal Residence | | City | State | ZIP Code |
| <input type="checkbox"/> Check if applied for Homestead Property Tax Credit | | Amount of Homestead Property Tax Credit | | |
| PART 2: REAL ESTATE INFORMATION | | | | |
| List the real estate information related to your principal residence. Be prepared to provide a deed, land contract or other evidence of ownership of the property at the Board of Review meeting. | | | | |
| Property Parcel Code Number | | Name of Mortgage Company | | |
| Unpaid Balance Owed on Principal Residence | Monthly Payment | Length of Time at this Residence | | |
| Property Description | | | | |
| PART 3: ADDITIONAL PROPERTY INFORMATION | | | | |
| List information related to any other property owned by you or any member residing in the household. | | | | |
| <input type="checkbox"/> Check if you own, or are buying, other property. If checked, complete the information below. | | | Amount of Income Earned from other Property | |
| 1 | Property Address | City | State | ZIP Code |
| | Name of Owner(s) | Assessed Value | Date of Last Taxes Paid | Amount of Taxes Paid |
| 2 | Property Address | City | State | ZIP Code |
| | Name of Owner(s) | Assessed Value | Date of Last Taxes Paid | Amount of Taxes Paid |

PART 4: EMPLOYMENT INFORMATION — List your current employment information.

| | | | |
|---------------------|---------------------------|-------|----------|
| Name of Employer | | | |
| Address of Employer | City | State | ZIP Code |
| Contact Person | Employer Telephone Number | | |

PART 5: INCOME SOURCES

List all income sources, including but not limited to: salaries, Social Security, rents, pensions, IRAs (individual retirement accounts), unemployment compensation, disability, government pensions, worker's compensation, dividends, claims and judgments from lawsuits, alimony, child support, friend or family contribution, reverse mortgage, or any other source of income, for all persons residing at the property.

| Source of Income | Monthly or Annual Income (indicate which) |
|------------------|--|
| | |
| | |
| | |

PART 6: CHECKING, SAVINGS AND INVESTMENT INFORMATION

List any and all savings owned by all household members, including but not limited to: checking accounts, savings accounts, postal savings, credit union shares, certificates of deposit, cash, stocks, bonds, or similar investments, for all persons residing at the property.

| Name of Financial Institution or Investments | Amount on Deposit | Current Interest Rate | Name on Account | Value of Investment |
|--|-------------------|-----------------------|-----------------|---------------------|
| | | | | |
| | | | | |
| | | | | |

PART 7: LIFE INSURANCE — List all policies held by all household members.

| Name of Insured | Amount of Policy | Monthly Payments | Policy Paid in Full | Name of Beneficiary | Relationship to Insured |
|-----------------|------------------|------------------|---------------------|---------------------|-------------------------|
| | | | | | |
| | | | | | |
| | | | | | |

PART 8: MOTOR VEHICLE INFORMATION

All motor vehicles (including motorcycles, motor homes, camper trailers, etc.) held or owned by any person residing within the household must be listed.

| Make | Year | Monthly Payment | Balance Owed |
|------|------|-----------------|--------------|
| | | | |
| | | | |

PART 9: HOUSEHOLD OCCUPANTS — List all persons living in the household.

| First and Last Name | Age | Relationship to Applicant | Place of Employment | \$ Contribution to Family Income |
|---------------------|-----|---------------------------|---------------------|----------------------------------|
| | | | | |
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PART 10: PERSONAL DEBT — List all personal debt for all household members.

| Creditor | Purpose of Debt | Date of Debt | Original Balance | Monthly Payment | Balance Owed |
|----------|-----------------|--------------|------------------|-----------------|--------------|
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PART 11: MONTHLY EXPENSE INFORMATION

The amount of monthly expenses related to the principal residence for each category must be listed. Indicate N/A as necessary.

| | | | |
|-------------------------|-------------------------|---------------------------------|------------------|
| Heating | Electric | Water | Phone |
| Cable | Food | Clothing | Health Insurance |
| Garbage | Daycare | Car Expense (gas, repair, etc.) | |
| Other (type and amount) | Other (type and amount) | Other (type and amount) | |
| Other (type and amount) | Other (type and amount) | Other (type and amount) | |

NOTICE: Per MCL 211.7u(2)(b), 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 must be submitted with this application. 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.

| PART 11: POLICY AND GUIDELINES ACKNOWLEDGMENT | | |
|--|-----------|------|
| <p>The governing body of the local assessing unit shall determine and make available to the public the policy and guidelines used for the granting of exemptions under MCL 211.7u. In order to be eligible for the exemption, the applicant must 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 under its authority to revise the poverty line under 42 USC 9902, or alternative guidelines adopted by the governing body of the local assessing unit so long as the alternative guidelines do not provide income eligibility requirements less than the federal guidelines. The policy and guidelines must include, but are not limited to, the specific income and asset levels of the claimant and total household income and assets. The combined assets of all persons must not exceed the limits set forth in the guidelines adopted by the local assessing unit.</p> | | |
| <p><input type="checkbox"/> The applicant has reviewed the applicable policy and guidelines adopted by the city or township, including the specific income and asset levels of the claimant and total household income and assets.</p> | | |
| PART 12: CERTIFICATION | | |
| <p>I hereby certify to the best of my knowledge that the information provided in this form is complete, accurate and I am eligible for the exemption from property taxes pursuant to Michigan Compiled Law, Section 211.7u.</p> | | |
| Printed Name | Signature | Date |

This application shall be filed after January 1, but before the day prior to the last day of the local unit's December Board of Review.

Decision of the March Board of Review may be appealed by petition to the Michigan Tax Tribunal by July 31 of the current year. A July or December Board of Review decision may be appealed to the Michigan Tax Tribunal by petition within 35 days of decision. A copy of the Board of Review decision must be included with the petition.

Michigan Tax Tribunal
 PO Box 30232
 Lansing MI 48909

Phone: 517-335-9760
 E-mail: taxtrib@michigan.gov

Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty

This form is issued under the authority of Public Act 253 of 2020.

This form is to be used to affirm ownership, occupancy, and income status. MCL 211.7u(2) provides that, to be eligible for exemption under this section, a person shall, subject to subsection (6) and (8), annually affirm that the applicant owns and occupies, as a principal residence, the property for which an exemption is requested.

PART 1: OWNER INFORMATION — Enter information for the person owning and occupying the residence.

| | | | |
|-----------------|------|------------------------|----------|
| Owner Name | | Owner Telephone Number | |
| Mailing Address | City | State | ZIP Code |

PART 2: LEGAL DESIGNEE INFORMATION (Complete if applicable.)

| | | | |
|---------------------|------|--------------------------|----------|
| Legal Designee Name | | Daytime Telephone Number | |
| Mailing Address | City | State | ZIP Code |

PART 3: HOMESTEAD PROPERTY INFORMATION — Enter information for property in which the exemption is being claimed.

| | | | |
|---|------|---|----------|
| City or Township (check the appropriate box and enter name) <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village | | County | |
| Name of Local School District | | | |
| Parcel Identification Number | | Year(s) Exemption Previously Granted by Board of Review | |
| Homestead Property Address | City | State | ZIP Code |

PART 4: AFFIRMATION OF OWNERSHIP, OCCUPANCY, AND INCOME STATUS (Check all boxes that apply.)

- I own the property in which the exemption is being claimed.
- The property in which the exemption is being claimed is used as my homestead. Homestead is generally defined as any dwelling with its land and buildings where a family makes its home.
- After establishing initial eligibility for the exemption, my income and asset status has remained unchanged and/or I receive a fixed income solely from public assistance that is not subject to significant annual increases beyond the rate of inflation, such as federal Supplemental Security Income or Social Security disability or retirement benefits.

PART 5: CERTIFICATION

I hereby certify to the best of my knowledge that the information provided on this form is true and I am eligible to receive an exemption from property taxes by reason of poverty pursuant to Michigan Compiled Law, Section 211.7u.

| | | |
|--------------------------------------|--------------------------------------|------|
| Owner or Legal Designee Name (print) | Signature of Owner or Legal Designee | Date |
|--------------------------------------|--------------------------------------|------|

Designee must attach a letter of authority.

LOCAL GOVERNMENT USE ONLY (DO NOT WRITE BELOW THIS LINE)

| | |
|--|--|
| <input type="checkbox"/> Approved <input type="checkbox"/> Denied (Attach appeal instructions and provide to owner.) | Tax Year(s) exemption will be posted to tax roll |
|--|--|

CERTIFICATION — I certify that, to the best of my knowledge, the information contained in this form is complete and accurate.

| | |
|--------------------|----------------------------|
| Assessor Signature | Date Certified by Assessor |
|--------------------|----------------------------|



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



**STATE TAX COMMISSION POLICY REGARDING REQUESTS FOR PERCENTAGE
REDUCTIONS IN TAXABLE VALUE FOR POVERTY EXEMPTIONS UNDER MCL 211.7u**

Public Act 253 of 2020 amended MCL 211.7u related to poverty exemptions. PA 253 of 2020 lists the specific percentage reductions in taxable value that may be used by the board of review in granting a poverty exemption. 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 50% reduction in taxable value for the year in which the exemption is granted; or
3. 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. The Commission shall use the following process for the filing, review, and approval of local assessing unit requests to utilize a percentage reduction in taxable value when approving poverty exemptions under MCL 211.7u:

1. A local assessing unit that wants to use any other percentage reduction(s) in taxable value other than the reductions specifically authorized in statute 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.
2. The local assessing unit must indicate on the Form the specific percentage reduction(s) in taxable value requested and an explanation of how the requested percentage reduction(s) will be calculated and applied when granting a poverty exemption. Based on case law, calculations that utilize any of the following are **not** permitted:
 - a. A limitation on the maximum value of the principal residence eligible to receive an exemption.
 - b. A requirement that the principal residence must be owned for a certain number of years before a claim for exemption can be made.
 - c. A limitation on the number of years an exemption can be claimed and received.
3. If a person meets all eligibility requirements in statute for receiving a full or partial exemption, the calculation for the percentage reduction in taxable value cannot result in a person receiving no relief, i.e., the calculation cannot result in a taxable value greater than or equal to the taxable value *prior* to application for the poverty exemption in that tax year.
4. Form 5738 must be completed in its entirety and signed by the local assessing unit clerk and assessing officer.

5. The completed Form and any attachments must be submitted to the State Tax Commission at: State Tax Commission, PO Box 30471, Lansing, MI 48909 or by email to State-Tax-Commission@michigan.gov.
6. Requests will be reviewed by State Tax Commission staff. If insufficient documentation was provided by the local assessing unit, the local assessing unit will be notified in writing and will be permitted to submit adequate documentation to the State Tax Commission within 30 days of the written notice. If adequate documentation is not submitted within the deadline, staff will recommend that the State Tax Commission deny the request.
7. Upon receipt of a completed request, staff will review the proposed percentage reduction(s) in taxable value and explanation of how the reduction(s) will be calculated and applied when granting a poverty exemption. Staff recommendations to approve or deny a local unit request will be forwarded to the State Tax Commission for review and decision.
8. If approved, the local assessing unit will receive written notification within 14 days of the State Tax Commission meeting approving the request.
9. A local assessing unit that wishes to modify any percentage reduction(s) previously approved by the Commission must do so by submitting a new Form 5738 with the requested percentages.