

FORD RIVER TOWNSHIP / DELTA COUNTY BOARD RESOLUTION
POVERTY EXEMPTION INCOME GUIDELINES AND ASSET LEVEL TEST

RESOLUTION # 2-16-26-2

WHEREAS, the adoption of guidelines for poverty exemptions is required of the *Ford River Township Board* and

WHEREAS, the principal residence of persons, who the 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 Ford River, Delta 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 levels of the claimant and all persons residing in the household, filed in the current or immediately preceding year;

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.
- 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. 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) File a claim reporting that the combined incomes of all persons do not exceed the current Federal Poverty Income guidelines. According to the United States Census Bureau "income" includes, but is not limited to:
 - Money, wages, salaries before deductions, regular contributions from persons no 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

4) Produce a valid driver's license or other form of identification if requested.

5) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested.

6) 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 assessing unit. The alternative guidelines cannot provide income eligibility requirements less than the federal guidelines.

7) Meet the asset level test adopted by the local assessing unit.

Poverty Exemption policy must include an asset test. The purpose of an asset test is to determine if additional resources that may be 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. Application must require applicants to provide a list of all assets when applying for a property exemption. Requirements include:

- 1) Ownership of not more than 1 parcel less than 10 acres in size that contains their principal residence. Additional acres on parcel will be counted as assets.
- 2) Ownership of not more than one (1) car per licensed driver living in the household.
- 3) No more than \$15,000 of additional property including recreational vehicles; buildings other than the residence; bank accounts and investments and other items of value.
- 4) Asset test does not include the value of the principal residence.

Full or Partial Poverty Exemptions per PA 253 of 2020. 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.

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. These forms do not get filed 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 December Board of Review during the year in which the exemption is requested.

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. 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.

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 **Ford River Township Board Member**

_____ & supported by **Ford River Township Board Member**

_____.

Upon roll call vote, the following voted:

“Aye”: _____

“Nay”: _____

The Ford River Township Clerk declared the resolution _____.

 Debbi Brown, Ford River Clerk Date
 *signed copies available at FRT Hall