

THOMAS TOWNSHIP ADMINISTRATIVE POLICIES

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March 3, 2025

Policy Regarding **POVERTY EXEMPTIONS**

POVERTY EXEMPTION POLICY AND PROCEDURE

Pursuant to MCL 211.7u updated by Public Act 191 of 2023, provides consideration of a property tax exemption, in whole or part, for the principal residence of a persons who, by reason of poverty, are unable to contribute to the public charges. For purposes of the poverty exemption, “Principal Residence” is defined in MCL 211.7dd as a principal residence or qualified agricultural property. The exemption does not apply to property of a corporation. The Federal Property Income Guidelines will be published each year on the Townships website along with the adjusted amounts to determine partial exemptions as determined by using the inflation rate multiplier as published for that year by the US Department of Labor Statistics. Local units are required to adopt a policy, including as asset test, used to approve or deny exemptions. The Thomas Township Board has established the following procedures and criteria for the uniform application and determination of poverty exemptions to be administered by the Thomas Township Board of Review as required under MCL 211.7u.

1. Any person owning and occupying a home as a principal residence as defined by state law, may apply for a poverty exemption by submitting the required petition and application to the Board of Review during the March session. The required forms shall 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. If requested by the Township Assessor, Supervisor or Board of Review Members the applicant shall appeal in person, otherwise the application packet and petition to the Board of Review (Form L-4035) will act as a letter of appeal and no appearance shall be required.

2. The burden of proving poverty rests with the applicant. The application and required supporting document affidavits may be obtained from Thomas Township during the year in which the exemption is being requested. The applicant must supply the necessary application and supporting documents as required by this policy and procedure statement. Those documents shall include (please include this information for ALL household members 18 years old and over): The completed application, Form 5737 Application for Poverty Exemption.

- The most recent (immediately preceding year) Michigan and Federal Income Tax Return with all attachments, including the MI-1040 CR
- Form 4988 if they did NOT complete tax returns for the previous two (2) years.
- Form 5739 Affirmation of Ownership and Occupancy.
- Form L-4035 Petition to the Board of Review.
- Valid Driver’s License or other forms of identification.
- Produce a deed, land contract, or any other evidence of ownership.
- Proof of income and assets.
- If you claim no income, you must submit a detailed and notarized letter explaining how you pay your expenses.

THOMAS TOWNSHIP ADMINISTRATIVE POLICIES

- Meet the asset level test adopted by the local assessing unit.
3. The determination of qualification for a poverty exemption shall be based on the following:
- A. Gross income level of the household of the immediately preceding year.
 - B. The size of the family unit.
 - C. Liquid and non-liquid assets and availability of income to the household.
4. The income level for each family unit related to an application for a poverty exemption shall be based on the Federal Poverty Guidelines updated annually by the U.S. Department of Health and Human Services and published by the State Tax Commission. An applicant may contact Thomas Township Assessor at 989-781-0150 to obtain additional information.
5. An asset level test means the amount of liquid and non-liquid assets that could be used or converted to cash for use in the payment of taxes. In addition to meeting the Federal poverty income level requirements, applicants must also meet requirements based on an asset level test. All assets of the occupants in the household (excluding the applicant's primary residence) as well as available sources of income of funds shall be considered.
6. Applicants cannot have assets totaling more than two (2) times the estimated annual household income of the applicant or those contributing to the expenses of the household in total assets to be eligible for consideration and no more "liquid assets than (2) times the estimated annual tax obligation of the current taxable value which includes.

A. LIQUID ASSETS

Liquid assets may include, but are not limited to cash, bank accounts, stocks and bonds, IRA's, Roth's, other investment accounts, pensions, lump sum inheritance, money received or due from the sale of property, borrowed money, lottery winnings or any other liquid assets.

B. NON-LIQUID ASSET TEST

Non-liquid assets may include, but are not limited to automobiles, recreational vehicles, including but not limited to boats, snowmobiles, campers, travel trailers, motor homes, jet skis, motorcycles, off-road vehicles, or other items of a similar nature, additional buildings other than the residence, equipment, jewelry, antiques, other art work, or any other personal property of value or any assets received in lieu of wages, real estate other than applicant's principal residence. Federal non-cash benefit programs such as medicare, Medicaid, food stamps and school lunches.

THOMAS TOWNSHIP ADMINISTRATIVE POLICIES

7. PA 191 of 2023 made changes relating to granting full or partial exemptions. MCL 277.7u (5) states that 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; a full exemption equal to 100 percent reduction in taxable value, 75 percent reduction in taxable value, 50 percent reduction in taxable value, 25 percent reduction in taxable value.

8. The Board of Review shall consider income from all owners and from all occupants (including assistance) of the household when determining whether an Applicant meets eligibility of federal income guidelines. Income shall be considered to include all of the following:

- A. Money, wages, and salaries before any deductions.
- B. Net receipts from non-farm self-employments. These are from a person's own business, professional enterprise, or partnership, after deduction 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, veteran's payments and public assistance (including Aid to Families with Dependent Children, Supplemental Security Income Emergency Assistance money payments, and non-federally funded general relief money Payments).
- E. Alimony, child support and military family allotments or other support from an absent family member or someone not living in the household.
- F. Private and governmental retirement and disability pensions (including military retirement pay) and regular insurance payments or annuity payments.
- G. College or university scholarships, grants, fellowships and assistantship.
- H. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.

9. **COMPLETE THE APPLICATION FOR POVERTY EXEMPTION IN FULL.** The forms and required documents 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.

A. If your application is not fully completed and does not have the necessary copies and attachments, your application will be considered incomplete. Incomplete applications will be considered as a request by the applicant to withdraw from consideration the request for a poverty exemption. If an applicant has special needs that require assistance in presenting their circumstances to the Board of Review, they should contact the Township Office at least one week before the Board of Review.

THOMAS TOWNSHIP ADMINISTRATIVE POLICIES

10. Board of Review Responsibilities: The Board of Review shall approve or deny the request for a 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.

11. 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>.

POVERTY EXEMPTION is defined by Michigan Compiled Laws, Section 211.7 u. The law reads: The real and personal property of persons who, in the judgement of the supervisor and the Board of Review by reason of poverty, are unable to contribute toward public charges is exempt from taxation under this Act. This section does not apply to the property of a corporation.

Please be aware that as an Applicant for poverty exemption, you must comply with the following section Of the Michigan Compiled laws relative to General Property Tax:

SECTION 211.118 PROVIDES any person who, under any of the proceedings required or permitted by this act, shall willfully swear falsely shall be guilty of perjury and subject to penalties.

SECTION 211.119 PROVIDES,..a person who willfully neglects or refuses to perform a duty imposed upon that person by this Act, when no other provision is made in this Act is guilty of a misdemeanor, punishable by imprisonment for not more than 6 months, or a fine of not more than \$300.00 and is liable to a person injured to the full extent of injury sustained.

The Township Board of Review shall reduce the taxable value of property if the requirements are met in the following manner:

100% reduction in taxable value if the income is at or below the Poverty Guidelines as provided by the State Tax Commission annually.

75% reduction in taxable value if the income is 110% of the Poverty Guidelines.

50% reduction in taxable value if the income is 115% of the Poverty Guidelines.

24% reduction in taxable value if the income is 120% of the Poverty Guidelines.

If the household/owner income is above 120% of the Poverty Guidelines, the exemption will be denied.