

OCEOLA TOWNSHIP RESOLUTION ESTABLISHING POLICY AND GUIDELINES FOR GRANTING OF POVERTY EXEMPTIONS

Introduced by _____, Supported by _____

Whereas, PA 390, 1994 (MCL 211.7u, as amended) hereafter referred to as the “Act” requires the township to adopt guidelines for determining eligibility for Poverty Exemption from taxation for homesteads, and

Whereas, the homestead 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, are eligible for exemption in whole or in part from taxation under the Act, and

Whereas, pursuant to the Act, the township is desirous of establishing guidelines and procedures to govern the granting of poverty exemptions,

NOW, THEREFORE, BE IT RESOLVED, the following Guidelines and Procedures to qualify for relief under the Act are hereby adopted:

1. **TO BE ELIGIBLE THE APPLICANT SHALL DO ALL OF THE FOLLOWING ON AN ANNUAL BASIS:**
 - A. Must be the property owner and taxpayer and occupy as a homestead the property for which an exemption from property taxes is requested and file form 5739 Affirmation of Ownership and Occupancy. “Homestead” means that term as defined in section 508 of the Michigan Income Tax Act, being MCL 206.508, as amended. Applicant cannot be a corporation, trust or other business entity
 - B. File with the Township Assessor a completed Form 5737 Application for MCL 211.7u Poverty Exemption as prescribed by the State Tax Commission (copy attached) provided by the Assessor’s office.
APPLICATION MUST BE ACCOMPANIED BY 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 and in the current year.
 - C. Produce a valid driver’s license or other acceptable form of identification if requested by the Supervisor, Assessor or Board of Review.
2. Filing period and Appearance: Fully completed for 5737 Application for Poverty Exemption and form 5739 Affirmation of Ownership and Occupancy with required supporting information will be accepted through the last public meeting of March Board of Review, and one week prior to the meetings of the July and December Board of Review. The filing of a completed application with required supporting documentation shall constitute an appearance before the Board of Review for the purpose of preserving the applicant’s right to further appeal the decision of the Board of Review to the Michigan Tax Tribunal.

EVALUATION PROCEDURE

1. Meetings: Meetings of the Board of Review relative to Hardship Exemption applications shall be held in compliance with the Michigan Open Meetings Act. All applications and supporting documentation are confidential and not available for public review, copy or inspection.
2. Applicant's Presence: The Board of Review may request an applicant to personally appear before the Board to respond to any questions the Supervisor, Board of Review or Assessor may have.
3. Investigation: Applicants for Poverty Exemption may be investigated by Oceola Township to verify information submitted or statements made to the Supervisor, Board of Review or Assessor.
4. Oath: Applicants appearing before the Board of Review may be administered an oath affirming that the information submitted; both written and verbal is the truth.
5. Criteria for Determining Exemption: The Board of Review shall consider the following three (3) criteria to determine whether a poverty exemption shall be granted:

A. Income: The total income of the applicant and each member of the applicant's household income shall not exceed the Income Guidelines adopted by the Oceola Township Board (**Livingston County HUD Section 8 Income Guidelines, adjusted annually**). **Income levels SHALL NOT BE SET LOWER than the Federal Poverty Income Standards, updated annually by the U.S. Department of Health and Human Services but can be set higher.**

B. Assets: The value of the Homestead will not be included when determining the assets of the applicant. The assets of the applicant and each member of the applicant's household shall be examined to determine whether the assets could be reasonably invested, sold or used to pay the property taxes. The maximum assets allowed for a poverty exemption shall be three (3) times the adjusted income levels set up by Federal Poverty Income Standards for the size of Household (assets will include, but are not limited to, home or property other than your homesteaded property, cars, boat, trailers, RV's, any motorized recreational equipment, cash, certificates of deposits, investments, stocks and bonds. If the assets are of a nature and value that reasonably indicate that a condition of hardship or poverty does not exist, then a Poverty Exemption shall not be granted.

C. Contribution from other sources: If the Board of Review determines the applicant receives contribution toward taxes from other sources, such as a trust, inheritance, co-owner, relative, dependant, friend or occupant of the homestead, the Supervisor or Board of Review may consider the amount of such contributions as an addition to the applicant's income. If the resulting sum exceeds the Income Guidelines, as adopted by the Oceola Township Board (Federal Poverty Standards, adjusted annually) a poverty exemption shall be denied.

6. Granting of Exemption: If an applicant's:

A. Total household income from all sources does not exceed the Income Guidelines (Federal Poverty Standards, adjusted annually) as adopted by the Oceola Township Board and;

B. Does not have assets which can reasonably be invested, sold or used to pay the property taxes; and

C. Does not receive or reasonably expect to receive contribution toward taxes from other sources,

D. The Board of Review may reduce the taxable value of the subject property and the tax liability of the owner and occupant of the homestead.

E. Public Act 253 of 2020 amended MCL 211.7u (5) states that The Board of Review shall follow the policy and guidelines of the local assessing unit in granting or denying an exemption under this section. If a personal claiming an exemption under this section is qualified under the eligibility requirements in subsection (2), the board of review shall grant the exemption in whole or in part, as follows:

(a). A full exemption equal to a 100% reduction in taxable value for the tax year in which the exemption is granted.

(b). A partial exemption equal to 1 of the following, either a 50% or 25% reduction in taxable value for the tax year in which the exemption is granted.

A roll call vote on the foregoing resolution was taken and is as follows:

AYES: _____

NAYS: _____

ABSENT: _____

Resolution No. _____-2021

Adopted by the Oceola Township Board on _____, 2021

C. Livingston County HUD Section 8 Income Guidelines, shall be used annually in the Determination of Poverty Exemptions for 2024

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. Please see STC Bulletin No. 5 of 1995 and page 3 of STC Bulletin No. 1 of 2003 for more detailed information.

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 \$25,820 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 \$25,820.

Size of Family Unit	2024 FEDERAL Poverty Guidelines	2023 Livingston County HUD Poverty Guidelines
1	\$15,060	\$ 24,850
2	\$ 20,440	\$ 28,400
3	\$ 25,820	\$ 31,950
4	\$ 31,200	\$ 35,450
5	\$ 36,580	\$ 38,300
6	\$ 41,960	\$ 41,150
7	\$ 47,340	\$ 45,420
8	\$ 52,720	\$ 47,800
For each additional person, add	\$ 5,380	\$ 3,550

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.**

Note: P.A. 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 does include the owner of the property who is filing for the exemption. (Revised 2013)