

GRASS LAKE CHARTER TOWNSHIP BOARD OF REVIEW

2021 GUIDELINES FOR POVERTY EXEMPTIONS

In granting a poverty exemption in part or in whole, the applicant as well as the Board of Review realizes this represents a shift of that portion of the tax burden to the other taxpayers in the community.

A POVERTY Exemption is defined by the Michigan Compiled Laws Sec. 211.7u as *“The real and personal property of persons, in the judgment of the Supervisor and Board of Review by reasons of poverty, are unable to contribute toward the public charges is eligible for exemption in whole or in part from taxation under this act.”*

1. A poverty exemption is granted for *one year only*. The applicant must apply each year to be considered for an exemption.
2. The poverty exemption shall apply to the applicant’s principle residence only and not excess land.
3. The applicant must have owned and occupied a minimum of two (2) years at the requested address and received a principle residence exemption during this same two (2) year period..
4. The State Equalized Value (SEV) of the principal residence may not exceed \$100,000.
5. **The applicant is required to provide** copies of federal and state income tax returns for all persons residing in the principal residence, including any property tax credit returns. These income tax returns shall include those filed in the current year or in the immediately preceding year. **Important:** if an income tax return is not required to be filed, a copy of a signed affidavit attesting to this fact must accompany the application.
6. **The applicant is required to provide** a complete copy of the previous 12 monthly statements for any bank or investment accounts for all persons residing in the principle residence.

*If the above qualifications are met, a determination for exemption shall be based on two guidelines - an income level and an asset level. **These guidelines pertain to all persons residing in the principal residence.** Meeting these guidelines does not automatically qualify an applicant for an exemption. The Supervisor and Board of Review will take into account the expenses and extenuating financial circumstances which are *temporarily* beyond the control of the applicant.*

1) Income Level Guideline:

The following are the poverty guidelines approved by the Grass Lake Charter Township Board for use in setting poverty exemptions for the 2021 assessments. These guidelines are established annually utilizing 150% times the U.S. Department of Health & Human Services poverty guidelines.

\$19,140	– 1 member in the household
\$25,860	– 2 members in the household
\$32,580	– 3 members in the household
\$39,300	– 4 members in the household
\$46,020	– 5 members in the household
\$52,740	– 6 members in the household
\$59,460	– 7 members in the household
\$66,180	– 8 members in the household
\$6,720	– Each additional member in the household

“Members of a household” must qualify as a dependent from which the applicant is entitled to a dependency exemption by IRS rules.

2) Asset Level Guideline:

Applicants cannot have more than \$25,000 in assets to be eligible for consideration. Assets do not include the principle residence or an automobile. Assets *do* include: stocks, bonds, mutual funds, cash value insurance policies, coin collections, boats, ORVs, motorcycles, recreational vehicles, second homes or salable property, retirement accounts, jewelry, etc.

These guidelines were approved by resolution of the Grass Lake Charter Township Board at their December 8, 2020 regular meeting and adopted by the Board of Review at their December 15, 2020 meeting.

B. Federal Poverty Guidelines Used in the Determination of Poverty Exemptions for 2021

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.

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 \$21,720 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 \$21,720. Following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2021 assessments:

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Size of Family Unit	Poverty Guidelines
1	\$12,760
2	\$17,240
3	\$21,720
4	\$26,200
5	\$30,680
6	\$35,160
7	\$39,640
8	\$44,120
For each additional person	\$4,480

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. Please see STC Bulletin 6 of 2017 for more information on poverty exemptions.

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 does include the owner of the property who is filing for the exemption.