



2025 POVERTY EXEMPTION INFORMATION

By law, all Board of Review meetings and information discussed are open to the public. Evidence given to the Board of Review or the Assessing Department is subject to the Freedom of Information Act. Information requested under this act may be released to the public.

The application and all requested documentation must be submitted to the Assessing Department by:

March 3, 2025 for action by the March Board of Review

July 9, 2025 for action by the July Board of Review

December 2, 2025 for action by the December Board of Review

PLEASE BE ADVISED:

The application must be completed in its entirety, or it may be returned.

All asset information must be completed in total. The Board of Review may request additional information and verification of assets, if they determine it to be necessary, and may reject any application, if the assets are not properly identified.

Failure by the Applicant to supply the required documents or if discovered that the documents supplied are fraudulent, this will result in a denial of the application.

2025 Federal Poverty Guidelines used in Poverty Exemption Determinations. Bulletin 17 of 2024, dated November 19, 2024

Federal Poverty Guidelines Used in the Determination of Poverty Exemptions for 2025

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. Following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2025 assessments:

Size of Family Unit	Poverty Guidelines
1	\$15,060
2	\$20,440
3	\$25,820
4	\$31,200
5	\$36,580
6	\$41,960
7	\$47,340
8	\$52,720
For each additional person	\$5,380

Note: MCL 211.7u 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 22 of 2023 for more information on poverty exemptions.

Note: MCL 211.7u allows 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 includes the owner of the property who is filing for the exemption.

PA 191 amends the poverty exemption to allow local units to grant a 75% partial exemption, in addition to the previously allowed 100%, 50%, and 25%, without prior approval by the State Tax Commission. The act extends the ability for local governments to adopt resolutions by December 1, 2024 to automatically re-enroll residents into a poverty property tax exemption for the 2025 tax year if the assessor determines that the homeowners are still eligible for the exemption. Finally, PA 191 amends both MCL 211.7u and MCL 211.53 to allow the July and December Board of Review to grant a poverty exemption for the immediately preceding year on the principal residence of a person who establishes eligibility as required by Section 7u if an exemption was not on the assessment roll and was not previously denied.

Note: Even with the qualifications of this exemption you as the homeowner/Poverty Exemption holder will still be responsible for the portion of the Winter Taxes that include any or all Special Assessments such as but not necessarily all inclusive; trash pick-up, administrative fees, drain assessments, or any other special assessments that your property may incur.

Fort Gratiot Assessing Department

3720 Keewahdin Rd.

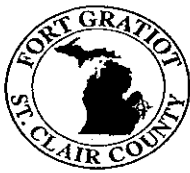
Fort Gratiot, MI 48059

Office Hours: Monday – Friday, 8:00 am – 4:30 pm

Stephen Jones, Assessor, MAAO, MCPPE

(810) 385-4489 ext 1101

sjones@fortgratiot.us



POVERTY EXEMPTION APPLICATION BOARD OF REVIEW GUIDELINES

1. All applicants must obtain and complete the attached application in its entirety.
2. Applicants must own and occupy the property as their primary residence for which the exemption is requested. Applicants must produce a deed, land contract, or other proof of property ownership if asked by the Board of Review. The principal residence exemption (PRE) percentage, as determined by the General Property Tax Law 211.7dd, will determine the percentage that can be considered for exemption.

Principal Residence means the one place where an owner of the property has his or her true, fixed, and permanent home to which, whenever absent, he or she intends to return and that shall continue as a principal residence until another principal residence is established.
3. A hardship/ poverty exemption shall not be granted to any applicant who owns saleable property other than their own homestead, no matter where located.
4. Non-cash assets for the total household may not exceed \$15,000. The following assets are excluded from this limit:
 - a. Applicant's household personal property
 - b. Licensed vehicles used for personal transportation and titled to a member of the household
 - c. Applicant's interest in Indian Trust's land
 - d. Assets not accessible by the applicant, co-owner, or any member of the applicant's household
 - e. Insurance policies
5. Applicants with an asset level in excess of \$75,000 may not be considered for a poverty exemption. The Board of Review will consider all revenue and non-revenue producing assets of the owner, co-owner, and all members of the household. Any attempt to hide and/or shift income and/or assets to another person, business, or corporation shall be grounds for immediate denial.
6. The Board of Review will consider the effect of all Michigan Income Tax Credits that the applicant receives or can receive. Credits include Senior Citizen Prescription Drug Credits and Home Heating Credits.
7. Applications must be filed every year. If granted, exemptions are in effect for one (1) year. Only the current year is being applied for, not previous or future years.
8. Applicants must submit a valid driver's license or other acceptable form of identification.

9. The Board of Review may ask applicants or their authorized agents to be physically present at the meeting in order to answer questions regarding the poverty application. These questions may include such subjects as financial affairs and/or health status of people living in their home at a meeting that is open to the public.
10. The Board of Review will evaluate the applications based on the data and statements given to them by the applicant. The Board of Review may also use information gathered from any other source.
11. The Board of Review shall follow the policy and guidelines established by the Fort Gratiot Charter Township Board of Trustees in granting an exemption.
12. Applicants may be subject to an investigation of their entire financial and property record by the township. This would be done to verify information given or statements made to the Board of Review or assessing department in regard to their property tax claim.
13. Applicants will be sent written notice of the Board of Review's final decision. An applicant may appeal the decision to the Michigan Tax Tribunal. An assessor may also appeal the Board of Review decision.
14. Appeals of the March Board of Review must be filed with the Michigan Tax Tribunal by July 31. Appeals of the July or December Board of Review must be filed with the Michigan Tax Tribunal within 35 days of the board's decision.

If you have any questions please contact:
Fort Gratiot Assessing Department
3720 Keewahdin Road
Fort Gratiot, Michigan 48059
Office Hours: Monday – Friday 8:00 AM – 4:30 PM

Stephen Jones, Assessor
MAAO, MCPPE
(810) 385 – 4489 X 1101
sjones@fortgratiot.us

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

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

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

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.

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.

PART 12: CERTIFICATION

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.

Printed Name	Signature	Date
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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.)			
<input type="checkbox"/> I own the property in which the exemption is being claimed.			
<input type="checkbox"/> 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.			
<input type="checkbox"/> 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

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>.

MCL - Section 211.7u

Chapter 211

Act 206 of 1893

206-1893-REAL-ESTATE-EXEMPTIONS.

THE GENERAL PROPERTY TAX ACT (EXCERPT)

Act 206 of 1893

211.7u Principal residence of persons in poverty; exemption from taxation; applicability of section to property of corporation; eligibility for exemption; application; policy and guidelines to be used by local assessing unit; duties of board of review; exemption by resolution and without application for certain tax years; appeal of property assessment; audit program; "principal residence" defined.

Sec. 7u.

(1) The principal residence of a person who, in the judgment of the supervisor and board of review, by reason of poverty, is unable to contribute toward the public charges is eligible for exemption in whole or in part from the collection of taxes under this act. This section does not apply to the property of a corporation.

(2) To be eligible for exemption under this section, a person shall, subject to subsections (6), (8), and (10), do all of the following on an annual basis:

(a) Own and occupy as a principal residence the property for which an exemption is requested. The person shall affirm this ownership and occupancy status in writing by filing a form prescribed by the state tax commission with the local assessing unit.

(b) File a claim with the board of review on a form prescribed by the state tax commission and provided by the local assessing unit, accompanied by 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. 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. If a 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, an affidavit in a form prescribed by the state tax commission may be accepted in place of the federal or state income tax return. The filing of a claim under this subsection constitutes an appearance before the board of review for the purpose of preserving the claimant's right to appeal the decision of the board of review regarding the claim.

(c) Produce a valid driver license or other form of identification if requested by the supervisor or board of review.

(d) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if required by the supervisor or board of review.

(e) 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 provided the alternative guidelines do not provide income eligibility requirements less than the federal guidelines.

(3) The application for an exemption under this section must be filed after January 1 but before the day prior to the last day of the board of review.

(4) 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 this section. If the local assessing unit maintains a website, the local assessing unit shall make the policy and guidelines, and the form described in subsection (2)(b), available to the public on the website. The guidelines must include, but are not limited to, the specific income and asset levels of the claimant and total household income and assets.

(5) 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 person 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:

(i) A 75%, 50%, or 25% reduction in taxable value for the tax year in which the exemption is granted.

(ii) As approved by the state tax commission, any other percentage reduction in taxable value for the tax year in which the exemption is granted, applied in a form and manner prescribed by the state tax commission.

(6) Notwithstanding any provision of this section to the contrary, a local assessing unit may permit by resolution a principal residence exempt from the collection of taxes under this section in tax year 2019 or 2020, or both, to remain exempt under this section in tax years 2021, 2022, and 2023 without subsequent reapplication for the exemption, provided there has not been a change in ownership or occupancy status of the person eligible for exemption under subsection (2), and may permit a principal residence exempt for the first time from the collection of taxes under this section in tax year 2021, 2022, or 2023 to remain exempt under this section for up to 3 additional years after its initial year of exempt status without subsequent reapplication for the exemption, provided there has not been a change in ownership

or occupancy status of the person eligible for exemption under subsection (2), if the person who establishes initial eligibility under subsection (2) receives 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. Both of the following apply to a person who obtains an extended exemption under this subsection:

(a) The person shall file with the local assessing unit, in a form and manner prescribed by the state tax commission, an affidavit rescinding the exemption as extended under this subsection within 45 days after either of the following, if applicable:

(i) The person ceases to own or occupy the principal residence for which the exemption was extended.

(ii) The person experiences a change in household assets or income that defeats eligibility for the exemption under subsection (2).

(b) If the person fails to file a rescission as required under subdivision (a) and the property is later determined to be ineligible for the exemption under this section, the person is subject to repayment of any additional taxes with interest as described in this subdivision. Upon discovery that the property is no longer eligible for the exemption under this section, the assessor shall remove the exemption of that property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the removal of the exemption, and the local treasurer shall, within 30 days of the date of the discovery, issue a corrected tax bill for any additional taxes with interest at the rate of 1% per month or fraction of a month computed from the date the taxes were last payable without interest. If the tax roll is in the county treasurer's possession, the tax roll must be amended to reflect the removal of the exemption and the county treasurer shall, within 30 days of the date of the removal, prepare and submit a supplemental tax bill for any additional taxes, together with interest at the rate of 1% per month or fraction of a month computed from the date the taxes were last payable without interest. Interest on any tax set forth in a corrected or supplemental tax bill again begins to accrue 60 days after the date the corrected or supplemental tax bill is issued at the rate of 1% per month or fraction of a month. Taxes levied in a corrected or supplemental tax bill must be returned as delinquent on the March 1 in the year immediately succeeding the year in which the corrected or supplemental tax bill is issued.

(7) A person who files a claim under this section is not prohibited from also appealing the assessment on the property for which that claim is made before the board of review in the same year.

(8) Notwithstanding any provision of this section to the contrary, if the assessor determines that a principal residence of a person by reason of poverty is still eligible for the exemption under this section and the property was exempt from the collection of taxes under this section in tax year 2022, the property will remain exempt from the collection of taxes under this section through tax year 2023 if, on or before December 1, 2023, the governing body of the local assessing unit in which the principal residence is located adopts a resolution that continues the exemption through tax year 2023 for all principal residences within the local assessing unit that were exempt from the collection of taxes under this section in tax year 2022. The local assessing unit may require the owner of a principal residence exempt from the collection of taxes under this subsection to affirm ownership, poverty, and occupancy status in writing by filing with the local

assessing unit the form prescribed by the state tax commission under subsection (2)(a).

(9) A local assessing unit that adopts a resolution under subsection (6) or (8) must develop and implement an audit program that includes, but is not limited to, the audit of all information filed under subsection (2). If property is determined to be ineligible for exemption as a result of an audit, the person who filed for the exemption under subsection (2) is subject to repayment of additional taxes including interest to be paid as provided in subsection (6)(b). The state tax commission shall issue a bulletin providing further guidance to local assessing units on the development and implementation of an audit program under this subsection.

(10) Notwithstanding any provision of this section to the contrary, if an exemption was not on the assessment roll and was not denied, the July or December board of review shall grant an exemption under this section, in whole or in part as described in subsection (5), for the immediately preceding tax year on the principal residence of a person who establishes eligibility in that tax year under the criteria described in subsection (2). A claim of exemption under this subsection must be filed with the board of review on a form prescribed by the state tax commission and provided by the local assessing unit, accompanied by supporting documentation establishing eligibility for the exemption for the immediately preceding tax year and any additional supporting documentation as may be required by the state tax commission. The local assessing unit shall notify the department of treasury, in a form and manner prescribed by the department of treasury, of each exemption granted under this subsection by the board of review for the immediately preceding tax year.

(11) As used in this section, "principal residence" means principal residence or qualified agricultural property as those terms are defined in section 7dd.

History: Add. 1980, Act 142, Imd. Eff. June 2, 1980 ;-- Am. 1993, Act 313, Eff. Mar. 15, 1994 ;-- Am. 1994, Act 390, Imd. Eff. Dec. 29, 1994 ;-- Am. 2002, Act 620, Imd. Eff. Dec. 23, 2002 ;-- Am. 2003, Act 140, Eff. Jan. 1, 2004 ;-- Am. 2012, Act 135, Imd. Eff. May 16, 2012 ;-- Am. 2020, Act 253, Imd. Eff. Dec. 22, 2020 ;-- Am. 2023, Act 191, Imd. Eff. Nov. 7, 2023

Popular Name: Act 206



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

Bulletin 22 of 2023
December 19, 2023
MCL 211.7u Poverty Exemption

TO: Assessors and Equalization Directors
FROM: Michigan State Tax Commission
SUBJECT: MCL 211.7u Poverty Exemption

Bulletin 3 of 2021 is rescinded.

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 "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 Bulletin includes updates made to MCL 211.7u by Public Act 253 of 2020.

Local Unit Responsibilities

MCL 211.7u requires local units to adopt guidelines that must include the specific income and asset levels of the applicant and the total household income and assets. If the local unit maintains a website, the local unit is required under the statute to make the policy, guidelines, and the poverty application (Form 5737) available to the public on the local unit's website. Additional items that the local unit should make available include the statutorily required Form 5739 (which must be filed by the applicant with Form 5737) and Form 4988, *Poverty Exemption Affidavit* (used by applicants who are not required to file federal and state income tax returns).

Income Test

Local units must adopt guidelines which specify the total household income which will be used to approve or deny poverty exemptions. The adopted income levels shall not be set lower than the federal poverty guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services. For reference, the federal poverty guidelines to be used are published annually by the State Tax Commission.

According to the United States Census Bureau “income” includes, but is not limited to:

- Money, wages, salaries before deductions, regular contributions from persons not 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

The Michigan homestead property tax credit **cannot** be considered as income for purposes of the poverty exemption. (*Ferrero v Walton Twp, Court of Appeals No. 302221*).

Asset Test

The local unit guidelines must include an asset test. This asset test must clearly state the maximum value of all assets allowable to be eligible for the poverty exemption. This means that the guidelines must state a total dollar amount and the value of all assets cannot exceed that total dollar amount.

The purpose of an asset test is to determine the resources 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. The local unit asset test **cannot** include the value of the principal residence (*Robert Taylor v Sherman Twp, MTT Docket No. 236230*).

The local unit should require that applicants provide a list of all assets when applying for a poverty exemption. The State Tax Commission is providing the following list of assets that may be included in the local unit asset test (this is not an exhaustive list and is provided as examples of what may be considered as assets):

- A second home, land, vehicles
- Recreational vehicles such as campers, motor-homes, boats and ATV’s
- Buildings other than the residence
- Jewelry, antiques, artworks
- Equipment, other personal property of value
- Bank accounts (over a specified amount), stocks
- Money received from the sale of property, such as, stocks, bonds, a house or car (unless a person is in the specific business of selling such property)
- Withdrawals of bank deposits and borrowed money
- Gifts, loans, lump-sum inheritances, and one-time insurance payments

- Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms
- Federal non-cash benefits programs such as Medicare, Medicaid, food stamps and school lunches

The local unit policy may provide for an applicant to own possessions in addition to the principal residence and still receive a poverty exemption. Examples may include, but are not limited to:

- Additional vehicles
- More land than a minimum “footprint” for the home
- Equipment or other personal property of value, including recreational vehicles (campers, motor homes, boats, ATV’s etc.)
- Bank account(s) (a maximum amount should be specified)

Full or Partial Poverty Exemptions

PA 253 of 2020 made changes related to granting full or partial poverty exemptions. 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. Local assessing units wishing to use any other percentage reduction than what is stated in MCL 211.7u(5) 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. The State Tax Commission has adopted a Policy Regarding Requests for Percentage Reductions in Taxable Value For Poverty Exemptions Under MCL 211.7u that details how these requests will be processed. The policy and Form 5738 are available on the State Tax Commission’s website at <https://www.michigan.gov/statetaxcommission>.

The State Tax Commission recommends that local assessing units include within their guidelines language and criteria for granting partial exemptions and/or minimum or maximum exemptions.

Extension Of Poverty Exemptions

PA 253 of 2020, as amended by PA 191 of 2023, adds two provisions in which the local assessing unit can adopt a resolution that would allow a taxpayer to continue to receive a poverty exemption without having to file a new Form 5737 and other required documents each year. Local units **must** adopt resolutions to utilize these provisions and the requirements in the statute must be met.

MCL 211.7u(6): Extension for Those Persons Receiving a Fixed Income From Public Assistance

Local units can adopt a resolution that allows an exemption granted in 2019 or 2020 to carry forward to 2021, 2022 and 2023 for those persons who receive a fixed income solely from public assistance that is not subject to significant annual increases (Federal Supplemental Security Income, Social Security disability or retirement benefits).

Local units can also adopt a resolution for any new exemptions in 2021, 2022 or 2023 to remain exempt for up to 3 years for persons who receive a fixed income solely from public assistance that is not subject to significant annual increases.

A person that receives an extended exemption under MCL 211.7u(6) must file an affidavit rescinding the exemption with the local assessing unit within 45 days after: 1) ceasing to own and occupy the property as a principal residence; or 2) a change in household assets or income that defeats eligibility for the poverty exemption. If the person fails to file the required rescission and the property is later determined to be ineligible for the exemption, the person is subject to repayment of any additional taxes with interest as provided in MCL 211.7u(6)(b).

MCL 211.7u(8): Extension Applicable to the 2023 Tax Year Only

If the assessor determines that a person is still eligible for the poverty exemption in 2023 and the person received a poverty exemption for the property in tax year 2022, local assessing units can carry the poverty exemption forward for the 2023 tax year, without an application or protest to the Board of Review in 2023. **Local units must have adopted a resolution by December 1, 2023, to carry the exemption forward.** If an exemption is carried forward to 2023, no Form 5737 or other documentation is required from the taxpayer and they do not have to protest to a Board of Review. However, the statute provides that the local assessing unit *may* require that the person affirm ownership, poverty, and occupancy status in writing by filing Form 5739.

Local Unit Audit Program Requirement

Local units that adopt a resolution to extend the poverty exemption under MCL 211.7u(6) for up to 3 years for those persons who receive a fixed income solely from public assistance or local units that carry the 2019 and 2020 granted poverty exemptions forward to 2021 under MCL 211.7u(8) must implement an audit program. If found ineligible, the taxpayer is subject to repayment of the taxes plus interest as provided in MCL 211.7u(6)(b). The State Tax Commission's guidance on the required local unit audit program will be published in a separate bulletin.

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.

Board of Review Responsibilities

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.

Current year 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.

PA 191 of 2023 amends both MCL 211.7u and MCL 211.53 to allow the July and December Board of Review to grant a poverty exemption, as a qualified error, for the immediately preceding year on the principal residence of a person who establishes eligibility as required by Section 7u if an exemption was not on the assessment roll and was not previously denied.

As a reminder, a person who files a claim for the poverty exemption is not prohibited from also appealing the assessment on the same property in the same year.

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>.