

## 2021 POVERTY EXEMPTION POLICY & GUIDELINES

The following ***policy and guidelines***, adopted by the Township Board, shall be followed by the Township of South Arm Board of Review when considering ***poverty exemptions according to P.A. 390 of 1994, section 211.7u of the Michigan Compiled Laws (MCL)***.

**Application Guidelines:** To be eligible for a Poverty Exemption in South Arm;

1. The primary applicant must own and occupy the property as their principal residence and satisfy all requirements of P.A. 390 of 1994 (Principle Residential Exemptions) and MCL 211.7u.
2. All owners must include signed Federal and State Income Tax Returns for the most recent filing period, including supporting schedules, if the applicant is required to file an income tax return. If the applicant did not file Federal or State Tax Return, Michigan Department of Treasury Form 4988 must be filed.
3. Income and asset information is required for all owners and occupants of the property.

Potential income and asset sources are (non-inclusive):

Income from all sources	Interest and dividends
Salaries & wages before deductions	Pensions
Net receipts from self-employment	Supplemental Security Income
Veteran payments	Net rental income
Royalties	Scholarships & grants
Unemployment compensation	Insurance
Workers compensation	Retirement accounts
Alimony	Child support
General assistance	IRA/Keogh annuities
Social Security	New or reverse mortgages
Cash	Stocks & bonds
Checking & savings accounts	Investments
Money market accounts	Gifts
Assets in trust accounts	Deferred compensation

4. 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.

- A. 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.

B. 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:

- 1) (a) A full exemption equal to a 100% reduction in taxable value for the tax year in which the exemption is granted.
- 2) A partial exemption equal to 1 of the following:
  - a) A 50% or 25% reduction in taxable value for the tax year in which the exemption is granted.
  - b) 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

### **Income Test**

1. Total Annual Household Income shall not exceed the following amount applicable to the number of persons living in the household:

Number of Persons	Income Level for 2020
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

2. Total Annual Household Income shall be based on Federal Poverty Income Guidelines and will be adjusted annually to agree to the federally established amount.

### **Asset Test**

1. Things of value that a person can own and are exempt from consideration in determining eligibility for a poverty exemption.
  - a. Applicant's principal residence
  - b. One motor vehicle per working adult
  - c. Essential household goods
  - d. Personal assets of any nature with a total value up to \$10,000.

2. Things of value that the Board of Review can consider in determining what percent exemption to grant:
  - a. Real estate other than the principle residence
  - b. Personal property
  - c. Motor vehicles in excess of one per working adult
  - d. Recreational vehicles and equipment
  - e. Certificate of deposits, savings accounts, checking accounts, stocks, bonds, life insurance, and retirement funds, etc.
3. The Board of Review shall consider the value of the assets, or indebtedness otherwise owned by the applicant. Assets (except those exempt from consideration as listed above), shall not exceed \$10,000.