

POVERTY EXEMPTION APPLICATION

Dear Homeowner:

As you recently requested, enclosed is a Poverty Exemption Application along with a copy of the current Poverty Exemption Policy.

Please review the policy's income and asset limitations to be sure that you are eligible for consideration.

If you wish to apply, submit your completed application to the Assessor's Office by the following deadlines:

March 1, 2026 OR July 1, 2026 or December 1, 2026.

The application must be filled out in its entirety and all requested documentation must be attached. If an area does not apply to the applicant(s) "N/A" must be used.

Your application will not be considered complete unless all required supporting documentation is included, therefore please review the policy and application. The December Board of Review is the last opportunity to apply for the exemption in any given year.

Thank you

Nancy Vandervest, Township Assessor (231) 510-0076

5635 W. Dewey Road, Ludington, MI 49431. Email: nanc992001@yahoo.com

Township of Sheridan

Resolution 2025-9

POVERTY GUIDELINES RESOLUTION

WHEREAS, the adoption of guidelines for poverty exemption is within the purview of the Township Board; and

WHEREAS, the homestead of persons who, in the judgement of the board of review, by reason of poverty, are unable to contribute to the public charges is eligible for exemption in whole or in part from taxation under Public Act 390 of 1994 (MCL 211.7u); as amended.

WHEREAS, pursuant to PA 390 of 1994 as amended, Sheridan Township of Mason County adopts the following guidelines for the Board of Review to implement. The guidelines shall include, but not limited to the specific income and asset levels of the claimant and all persons residing in the household, filed in the current or immediately preceding year;

To be eligible a person shall do all of the following on an annual basis;

1. File a claim with the Assessor or Board of Review, accompanied by federal and state income tax returns filed in the immediately preceding year or in the current year for all persons residing in the principal residence. The claim for exemption should be on Form 5737 – Application for Poverty Exemption, along with Form 5939 – Affirmation of Ownership and Occupancy. For individuals not required to file a Federal and State Income Tax Return, they must also file an affidavit affirming this on Form 4988.
2. Meet the federal poverty income guidelines as defined and determined annually by the United States Department of Health and Human Services. (Specific income test is attached/included in this document.)
3. Total Annual Household Income shall not exceed the following amount applicable to the number of persons living in the household.

The Township Board of Trustees shall follow the Federal Poverty Guidelines in the Determination of Poverty Exemptions as issued annual by the United States Department of Health and Human Services for 2026 and will be adjusted annually to agree to the federal established amounts. (The adopted income levels shall not be set lower than the federal poverty guidelines as published.)

INCOME TEST:

| Size of Family | Poverty Guidelines: |
|----------------|---------------------|
| 1 | \$15,650 |
| 2 | \$21,150 |
| 3 | \$26,650 |
| 4 | \$32,150 |
| 5 | \$37,650 |

| | |
|----------------------------|----------|
| 6 | \$43,150 |
| 7 | \$48,650 |
| 8 | \$54,150 |
| For Each Additional Person | \$5,500 |

b. Total Annual Household Income shall be based on Federal Poverty Income Guidelines and will be adjusted annual to agree to the federal established amount.

3. Attach copies of the following:

*Federal and State Income Tax Forms for ALL persons residing in the home if required to file, otherwise a 4988 Affidavit.

*W-2 Forms.

*Copy of Deed or Land Contract providing ownership.

*Copies of the last four months of bank statements for ALL persons residing in the home.

*Valid driver's license other form of identification.

4. Sheridan Township requires an Asset Test. The purpose of this 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). The principal residence is exempt for the purpose of this test.

Applicants provide a list of all assets when applying for this exemption.

*A second home, land, vehicle's

*Recreational vehicles such as campers, motor-homes, boats and ATV'S

*Buildings other than the residence.

*Equipment, other personal property of value.

*Bank accounts, Stocks, Bonds, CD'S.

*Money received from the sale of property, such as stocks, bonds, a house, 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.

PA 253 allows Board of Review to grant either a 100%, 75%, 50% or 25% reduction in taxable value. No other percentage reductions may be given by the Board of Review unless the local unit has requested and received approval from the State Tax Commission to use another percentage reduction by submitting Form 5738.

*Total combined assets cannot exceed \$ 35,000 excluding the primary residence for which the exemption is requested.

5. The application for an exemption shall be filed after January 1 and no later than the day before December Board of Review begins. The filing of this claim constitutes an appearance before the Board of Review for the purposes of preserving the right of appeal to the Michigan Tax Tribunal.

You must provide proof of income and assets to be considered for a Poverty Exemption for ALL persons residing in the home. The Board of Review has the final decision as to whether an exemption should be granted and the amount of the exemption. Poverty exemption must be applied for every year.

The Board of Review cannot deviate from the adopted policy and guidelines for "substantial and compelling reasons."

If a person meets all eligibility requirements in statute, Board of Review must grant a full exemption equal to a 100% reduction in taxable value OR a partial exemption equal to a 25% or 50% reduction in taxable value OR any other percentage in taxable value approved by the Michigan State Tax Commission. PA253 of 2020 removes the word "Supervisor" from the statute. Only the BOR shall grant/deny poverty exemption.

NOW THEREFORE, LET IT BE RESOLVED

That the Board of Review shall follow the above stated policy and federal guidelines in granting or denying and exemption.

The foregoing resolution offered by Board Member Kelly Crocker and supported by Board Member Jennifer Tyndall.

Upon a roll call vote the following voted:

K. Crocker (yes) or no

M. Bulembo (yes) or no

J. Borema (yes) or no

J. Tyndall (yes) or no

R. Rowharst yes or no Absent

The Township ~~Clerk~~ declared the Policy adopted
Supervisor

I, Martynn Bulembo the duly elected and acting Clerk of Sheridan Township, hereby certify that the foregoing resolution was adopted by the Township Board of Trustees of said Township at the

regular meeting of said board held on December 16, 2025, at which meeting a quorum was present by a roll call vote of said members as hereinbefore set forth, that said resolution was ordered to take immediate effect,

Maryann Gulerbo Township Clerk

Application and Affirmation 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 where the property is located in each year on or after January 1 but before the day prior to the last day of the board of review. Poverty Exemptions may be heard by the Board of Review during its March, July, and December sessions.

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 |
| 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 Identification Number | | Name of Mortgage Company | | |
| Unpaid Balance Owed on Principal Residence | Monthly Payment | Length of Time at this Residence | | |
| Property Description | | | | |
| PART 3: 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. | | | | |
| PART 4: 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 5: EMPLOYMENT INFORMATION — List your current employment information.

| | | | |
|---------------------|---------------------------|-------|----------|
| Name of Employer | | | |
| Address of Employer | City | State | ZIP Code |
| Contact Person | Employer Telephone Number | | |

PART 6: 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) |
|------------------|--|
| | |
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| | |

PART 7: 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 |
|--|-------------------|-----------------------|-----------------|---------------------|
| | | | | |
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PART 8: 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 |
|-----------------|------------------|------------------|---------------------|---------------------|-------------------------|
| | | | | | |
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PART 9: 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 10: HOUSEHOLD OCCUPANTS — List all persons living in the household.

| First and Last Name | Age | Relationship to Applicant | Place of Employment | \$ Contribution to Family Income |
|---------------------|-----|---------------------------|---------------------|----------------------------------|
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PART 11: PERSONAL DEBT — List all personal debt for all household members.

| Creditor | Purpose of Debt | Date of Debt | Original Balance | Monthly Payment | Balance Owed |
|----------|-----------------|--------------|------------------|-----------------|--------------|
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PART 12: 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 13: POLICY AND GUIDELINES ACKNOWLEDGMENT | | | |
|--|--|--------------------------|----------------|
| <p>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.</p> | | | |
| <p><input type="checkbox"/> 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.</p> | | | |
| PART 14: CONTACT INFORMATION (Complete if applicable) | | | |
| Legal Designee Name | | Daytime Telephone Number | |
| Mailing Address | | City | State ZIP Code |
| PART 15: CERTIFICATION | | | |
| <p>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.</p> | | | |
| Printed Name | | Signature | Date |

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 30 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
Email: taxtrib@michigan.gov

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

Request For Approval of Percentage Reduction in Taxable Value For Poverty Exemptions Under MCL 211.7u

This form is issued under the authority of Public Act 253 of 2020.

This form is to be completed by any local assessing unit requesting to utilize a percentage reduction in taxable value for exemptions granted under MCL 211.7u other than the taxable value reductions permitted by MCL 211.7u(5)(a) and (b)(i). MCL 211.7u(5)(b)(ii) provides that the board of review may grant the poverty exemption, in whole or in part, for 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. The local assessing unit is required to complete this form in its entirety and submit to the State Tax Commission for review and approval prior to applying any other percentage reduction in taxable value other than what is permitted in statute.

All parts below must be completed.

| | | | | | |
|---|--|-----------------------------------|----------------------------------|----------|--|
| City or Township (check the appropriate box and enter name) | | | | County | |
| <input type="checkbox"/> City | | <input type="checkbox"/> Township | | | |
| City or Township Mailing Address | | City | State | ZIP Code | |
| List all requested percentage reductions below: | | | | | |
| | | | | | |
| Provide an explanation of how the percentage reduction(s) in taxable value will be calculated and applied by the local assessing unit. Attach additional pages if necessary: | | | | | |
| | | | | | |
| We certify to the best of our knowledge, that the information contained in this form is complete and accurate and that we are authorized to represent the city or township named in this form. We understand that a request for a percentage reduction in taxable value other than what is prescribed in statute must be submitted to and approved by the State Tax Commission prior to use of any other percentage reduction in taxable value by the local assessing unit in granting exemptions under MCL 211.7u. | | | | | |
| City or Township Clerk Name (print) | | | City or Township Clerk Signature | | |
| Assessing Officer Name (print) | | | Assessing Officer Signature | | |

Mail completed form and any attachments to: State Tax Commission, PO Box 30471, Lansing MI 48909;
or e-mail to State-Tax-Commission@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.

| | | | |
|---|------|---|-------------------|
| OWNER INFORMATION | | | |
| Owner Name | | Owner Telephone Number | |
| Mailing Address | City | State | ZIP Code |
| LEGAL DESIGNEE INFORMATION | | | |
| Legal Designee Name | | Daytime Telephone Number | |
| Mailing Address | City | State | ZIP Code |
| PROPERTY INFORMATION | | | |
| City or Township (check the appropriate box and enter name) | | County | |
| <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village | | | |
| Name of Local School District | | | |
| Parcel Identification Number | | Year(s) Exemption Previously Granted by Board of Review | |
| Homestead Property Address | | City | State ZIP Code |
| AFFIRMATION | | | |
| <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. | | | |
| 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 | |
| ASSESSOR CERTIFICATION | | | |
| 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 | |

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 the purposes of the poverty exemption, the term "principal residence" has the same meaning as the term's principal residence exemption and qualified agricultural property as defined in MCL 211.7dd. The exemption does not apply to property owned by a corporation.

How To Apply For The Poverty Exemption

To request a poverty exemption, a taxpayer must file:

1. Form 5737 Application and Affirmation for MCL 211.7u Poverty Exemption
2. All required additional documentation (such as federal/state income tax returns)

Form 5737, along with any additional documentation, must be filed with the local assessing unit where the property is located. **Do not file this form with the Department of Treasury or the State Tax Commission.** The form 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 submission deadlines to ensure that their application is reviewed by a Board of Review during that calendar year.

In addition to filing Form 5737 and any supporting documentation, a taxpayer must do all of 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's 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 made by the March Board of Review must be filed 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 filing a petition with the Michigan Tax Tribunal within 30 days of the Board of Review's decision. Additional information on how to file an appeal is available by contacting the Michigan Tax Tribunal or by visiting its website at <https://www.michigan.gov/taxtribunal>.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

Bulletin 17 of 2025
November 18, 2025
MCL 211.7u Poverty Exemption

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

Bulletin 22 of 2023 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" is how principal residence exemption and qualified agricultural property are defined in MCL 211.7dd. The exemption does not apply to property owned by a corporation.

This bulletin includes updates reflecting recent changes to Form 5737, *Poverty Exemption Application* which now incorporates former Form 5739 (*Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty*) and has been retitled *Poverty Exemption Application and Affirmation*, as well as the elimination of the extension for poverty applications, which is no longer permitted by statute.

Local Unit Responsibilities

MCL 211.7u requires local units to adopt guidelines that specify the income and asset levels applicable to the applicant as well as the total household income and assets. If the local unit maintains a website, the statute requires that the policy, guidelines, and poverty application (Form 5737) be made publicly available on the local unit's website. The local unit should also make available Form 4988, *Poverty Exemption Affidavit* which is used by applicants who are not required to file federal and state income tax returns.

Income Test

Local units must adopt guidelines that specify the total household income levels 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 applicable federal poverty guidelines 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 limit, and the value of all assets cannot exceed that amount.

The purpose of an asset test is to determine the resources available to the applicant: 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 value of the principal residence **cannot** be included in the asset test (*Robert Taylor v Sherman Twp, MTT Docket No. 236230*).

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

- A second home, land, vehicles
- Recreational vehicles such as campers, motor-homes, boats and ATV's
- Buildings other than the principal 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 allow an applicant to own possessions in addition to the principal residence and qualify for 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 regarding the granting of full or partial poverty exemptions. MCL 211.7u(5) provides that if an applicant 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 used except for the percentage reductions specifically authorized by statute, or any other percentage reduction approved by the State Tax Commission. Local assessing units wishing to use any other percentage reduction other than what is stated in MCL 211.7u(5) must obtain approval 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 which details how these requests will be processed. Both 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 language and criteria in their guidelines for granting partial exemptions and/or establishing minimum or maximum exemptions amounts.

How To Apply for The Poverty Exemption

To request a poverty exemption, a taxpayer must file:

1. Form 5737 *Application and Affirmation for MCL 211.7u Poverty Exemption*
2. All required additional documentation (such as federal/state income tax returns)

Form 5737, along with any additional supporting documentation, must be filed with the local assessing unit where the property is located. **Do not file the form with the Department of Treasury or the State Tax Commission.**

The form 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 submission deadlines to ensure that their application is reviewed by a Board of Review during that calendar year.

In addition to filing Form 5737 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 requests 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 may not deviate from the adopted policy and guidelines.

Poverty exemptions for the current year may be heard at the March, July, or December Board of Review. However, only one Board of Review decision is permitted for a specific calendar year. A subsequent Board of Review may not reconsider a decision already made in the same tax 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 in 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 authorize 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. This applies if an exemption was not included on the assessment roll and was not previously denied. If application is being submitted for a prior-year exemption, the guidelines in effect for that prior year must be used.

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 the decision made by the March Board of Review must be filed 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 filing a petition with the Michigan Tax Tribunal within 30 days of the Board of Review's decision.

Additional information on how to file an appeal is available by contacting the Michigan Tax Tribunal or by visiting its website at <https://www.michigan.gov/taxtrib>.

**STATE TAX COMMISSION POLICY REGARDING REQUESTS FOR PERCENTAGE
REDUCTIONS IN TAXABLE VALUE FOR POVERTY EXEMPTIONS UNDER MCL 211.7u**

Public Act 253 of 2020 amended MCL 211.7u related to poverty exemptions. PA 191 of 2023 amended the lists specific percentage reductions in taxable value that may be used by the board of review in granting a poverty exemption. 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. The Commission shall use the following process for the filing, review, and approval of local assessing unit requests to utilize a percentage reduction in taxable value when approving poverty exemptions under MCL 211.7u:

1. A local assessing unit that wants to use any other percentage reduction(s) in taxable value other than the reductions specifically authorized in statute 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.
2. The local assessing unit must indicate on the Form the specific percentage reduction(s) in taxable value requested and an explanation of how the requested percentage reduction(s) will be calculated and applied when granting a poverty exemption. Based on case law, calculations that utilize any of the following are **not** permitted:
 - a. A limitation on the maximum value of the principal residence eligible to receive an exemption.
 - b. A requirement that the principal residence must be owned for a certain number of years before a claim for exemption can be made.
 - c. A limitation on the number of years an exemption can be claimed and received.
3. If a person meets all eligibility requirements in statute for receiving a full or partial exemption, the calculation for the percentage reduction in taxable value cannot result in a person receiving no relief, i.e., the calculation cannot result in a taxable value greater than or equal to the taxable value *prior* to application for the poverty exemption in that tax year.

4. Form 5738 must be completed in its entirety and signed by the local assessing unit clerk and assessing officer.
5. The completed Form and any attachments must be submitted to the State Tax Commission at: State Tax Commission, PO Box 30471, Lansing, MI 48909 or by email to State-Tax-Commission@michigan.gov.
6. Requests will be reviewed by State Tax Commission staff. If insufficient documentation was provided by the local assessing unit, the local assessing unit will be notified in writing and will be permitted to submit adequate documentation to the State Tax Commission within 30 days of the written notice. If adequate documentation is not submitted within the deadline, staff will recommend that the State Tax Commission deny the request.
7. Upon receipt of a completed request, staff will review the proposed percentage reductions(s) in taxable value and explanation of how the reduction(s) will be calculated and applied when granting a poverty exemption. Staff recommendations to approve or deny a local unit request will be forwarded to the State Tax Commission for review and decision.
8. If approved, the local assessing unit will receive written notification within 14 days of the State Tax Commission meeting approving the request.
9. A local assessing unit that wishes to modify any percentage reduction(s) previously approved by the Commission must do so by submitting a new Form 5738 with the requested percentages.

Poverty Exemption Worksheet

Copy Provided to Applicant After Board of Review Meeting

Parcel Number: _____

Year: _____

Property Address: _____

Applicant's Name: _____

For Board of Review Use Only - Do Not Write Below This Line

Staff - Initial next to all requirements as it relates to the application/applicant.

| | | |
|---|-----------|----------|
| Does the applicant appear as taxpayer of record of property in question? | Yes _____ | No _____ |
| If not, has documentation proving ownership been provided? | Yes _____ | No _____ |
| Are all areas on the application complete with either an answer or "N/A"? | Yes _____ | No _____ |
| Are all pages of the guidelines/application included with the applicants submission? | Yes _____ | No _____ |
| Does the applicant reside at the property in question? | Yes _____ | No _____ |
| Are copies of the Federal and State income tax returns and property tax credits forms for the current of preceding year attached for all persons residing in the household? | Yes _____ | No _____ |
| If not, is the affidavit stating the person is not required to file income taxes completed? | Yes _____ | No _____ |
| If home was purchased within in past 2 years of date of this application, is closing statements provided? | Yes _____ | No _____ |
| Is a copy of the most current mortgage statement, including a reverse mortgage if applicable, attached? | Yes _____ | No _____ |
| Are copies of the most recent bank/investment statements for all residing in the household attached with all pages included? | Yes _____ | No _____ |

a. Taxable value on roll \$ _____

b. Number of people in household _____

c. Total household income from information provided \$ _____

d. Income limit based on number of people in household as established by guidelines \$ _____

e. Total assets of household \$ _____

f. Does applicant meet all asset and income guidelines as established? YES NO

If no, reason must be provided by the Board of Review below.

g. If yes, multiply line "a" by 50% (0.50) \$ _____

_____ Appeal Denied

_____ Reduction Granted

- _____ 1. Does not qualify based on guidelines
- _____ 2. Application not complete, missing information
- _____ 3. Did not furnish proper documentation
- _____ 4. Other: _____

Taxable Value
As on Roll \$ _____
Revised \$ _____

Initials of Board Members: _____

Date: _____

Poverty Exemption Worksheet

Copy Provided to Applicant After Board of Review Meeting

Parcel Number: _____

Year: _____

Property Address: _____

Applicant's Name: _____

For Board of Review Use Only - Do Not Write Below This Line

| | | |
|---|-----------|----------|
| <i>Staff - Initial next to all requirements as it relates to the application/applicant.</i> | | |
| Does the applicant appear as taxpayer of record of property in question? | Yes _____ | No _____ |
| If not, has documentation proving ownership been provided? | Yes _____ | No _____ |
| Are all areas on the application complete with either an answer or "N/A"? | Yes _____ | No _____ |
| Are all pages of the guidelines/application included with the applicants submission? | Yes _____ | No _____ |
| Does the applicant reside at the property in question? | Yes _____ | No _____ |
| Are copies of the Federal and State income tax returns and property tax credits forms for the current of preceding year attached for all persons residing in the household? | Yes _____ | No _____ |
| If not, is the affidavit stating the person is not required to file income taxes completed? | Yes _____ | No _____ |
| If home was purchased within in past 2 years of date of this application, is closing statements provided? | Yes _____ | No _____ |
| Is a copy of the most current mortgage statement, including a reverse mortgage if applicable, attached? | Yes _____ | No _____ |
| Are copies of the most recent bank/investment statements for all residing in the household attached with all pages included? | Yes _____ | No _____ |

| | | |
|--|--|--|
| a. Taxable value on roll | \$ _____ | |
| b. Number of people in household | _____ | |
| c. Total household income from information provided | \$ _____ | |
| Income limit based on number of people in household | | |
| d. as established by guidelines | \$ _____ | |
| e. Total assets of household | \$ _____ | |
| f. Does applicant meet all asset and income guidelines as established? | <input type="checkbox"/> YES <input type="checkbox"/> NO | If no, reason must be provided by the Board of Review below. |
| g. If yes, multiply line "a" by 50% (0.50) | \$ _____ | |
| _____ Appeal Denied | | _____ Reduction Granted |
| _____ 1. Does not qualify based on guidelines | | <u>Taxable Value</u> |
| _____ 2. Application not complete, missing information | | As on Roll \$ _____ |
| _____ 3. Did not furnish proper documentation | | Revised \$ _____ |
| _____ 4. Other: _____ | | |
| Initials of Board Members: _____ | | Date: _____ |