



February 19, 2021

Reference: Poverty Exemption Policy, Income & Asset Test Worksheet, State Law, Application Form and Documentation Checklist

Dear Property Owner(s)/Claimant(s),

In order to be in compliance with the requirements of MCL 211.7u of the General Property Tax Act, as amended, Laketon Township has reviewed and updated the Poverty Exemption Policy to be used by the Board of Review in the process of reviewing and making a decision on poverty exemption applications beginning with applications for the tax year 2021 and future years.

Attached is a copy of the Michigan Compiled Laws Section 211.7u of the General Property Tax Act, as well as all the forms that may be necessary to file for this exemption as prescribed by the State Tax Commission.

Please review the attached policy, household income and asset test worksheet, documentation checklist and application forms very carefully. If you have questions, please contact Laketon Township. The income and asset test worksheet will be completed by the Board of Review, but is included here for your information only. The application form includes application filing dates/deadlines.

The Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty (state form 5739) and The Application for MCL 211.7u Poverty Exemption (state form 5737) MUST be completely filled out and returned in person along with all required documentation. Failure to comply with all requirements will result in the Board of Review being unable to act upon this application/claim.

Please be aware: BY LAW, ALL Board of Review meetings and information discussed are open to the public. Evidence given to the Board of Review or the Assessor is subject to the Freedom of Information Act. Information requested under this Act may be released to the public.

Sincerely,
Laketon Township Board of Trustees

Laketon Township
MCL 211.7u Property Tax Poverty Exemption Policy
Approved 02/18/2021

As per Section 211.7u of the Michigan General Property Tax Act, as amended, defines the poverty exemption as a method to provide relief for those who, "in the judgment of the supervisor, and board of review, by reason of poverty, are unable to contribute toward the public charges is eligible for exemption in whole or in part from taxation under this act."

To be eligible for exemption under this section, the applicant shall, on an annual basis, meet ALL of the following requirements and provide the following information as required by law:

1. Be the owner of and occupy as a principal residence the property for which the exemption is requested, and shall affirm this ownership & occupancy status in writing by filing a form prescribed by the state tax commission with the Laketon Township Assessor.
2. File a claim with the Laketon Township Board of Review on a form prescribed by the State Tax Commission, accompanied by Federal and State income tax returns for ALL persons residing in the home, including any property tax credit returns for the current year or immediately preceding year. If not required to file income tax, an affidavit in a form prescribed by the State Tax Commission may be accepted in place of the Federal and State income tax returns.
3. Produce a valid driver's license or other form of identification.
4. Produce a deed, land contract or other evidence of ownership of the property.
5. Meet Federal Poverty Guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services.

Income Test: Total Income may not exceed the federal poverty guidelines adopted annually by the Laketon Township Board of Trustees (see attached), unless the applicant/household can demonstrate and provide documentation of extraordinary circumstances (such as major or unusual out-of-pocket expenses) or there are "substantial and compelling" reasons for the Board of Review to deviate from these guidelines. If the Board of Review determines such circumstances or reasons exist, they shall be communicated in writing to the applicant in their decision on the application.

According to the U. S. Census Bureau, income includes: any money, wages, and salaries before deductions, regular payments from social security, railroad retirement, unemployment, workers' compensation, veteran's payments, public assistance payments, alimony, child support, military family allotments, private pensions, government pensions, regular insurance or annuity payments, college or university scholarships, grants, fellowships, assistantships, dividends, interest, net rental income, net royalties, net receipts from farm or non-farm self employment, periodic receipts from estates or trusts and net gambling or lottery winnings.

Asset Test: ALL cash AND non-cash assets of ALL persons living in the household shall be reported. This asset test shall be followed by the Board of Review unless, the applicant/household can demonstrate and provide documentation of extraordinary circumstances (such as major or unusual out-of-pocket expenses) or there are substantial and compelling reasons for the Board of Review to deviate from these guidelines. If the Board of Review determines such circumstances or reasons exist, they shall be communicated in writing to the applicant in their decision on the application.

Assets include, but are not limited to: a second home, a rental home, a vacation home/property, any land owned or being purchased, vehicles, recreational vehicles (campers, travel trailers, motor homes, boats, atv's, snowmobiles etc), jewelry, antiques, artwork, equipment, bank accounts, stocks, money received from the sale of property (stocks, bonds, a house, cars etc), borrowed money, tax refunds, cash gifts or loans, lump-sum inheritances, one time insurance payments, food or housing received in lieu of wages, federal and state non-cash benefits programs such as Medicare, Medicaid, food stamps and school lunches, and other personal property of value.

The principal residence for which the exemption is requested and one vehicle per adult whose income contributes to the total household income shall be exempt for consideration when computing total household assets.

- The maximum allowable amount of total household cash assets shall not be more than two (2) times the amount of the estimated property tax obligation based on the current taxable value. (Example: 2020 taxable value is \$40,954, 2020 taxes are estimated to be \$1,334.00 – cash assets may be no more than \$2,668.00)
- The maximum allowable value of all total household non-cash assets shall not be more than five (5) times the amount of the estimated property tax obligation based on the current taxable value. (excluding the principal residence and one vehicle per adult contributing to the household income as noted in this policy) (Example: 2020 taxable value is \$40,954, 2020 taxes are estimated to be \$1334.00. $\$1334.00 \times 5 = \$6,670.00$ – therefore non-cash assets cannot be valued more than \$6,670.00)

EXCEPTION: A poverty exemption **shall not** be granted if ANY real estate is owned or co-owned by any adult member of the household (not including the principal residence for which the poverty exemption is being sought). Real estate means a second home/condo, a rental home/condo, a vacation home/condo/property, or any other real land/property.

6. The Board of Review shall use the Income and Asset Test worksheet to determine if an applicant/household qualifies for property tax relief via a poverty exemption. See attached.
 - a. If the Board of Review determines an applicant/household does not qualify for a poverty exemption, the Board of Review shall deny the application for exemption.
 - b. If the Board of Review determines an applicant/household qualifies for a poverty exemption, the Board of Review shall grant property tax relief on the principal residence listed on the application by reducing the taxable value of the property by a percentage, either 25%, 50% or 100%, based on each household's overall situation and taking into account the total household income, cash assets, non-cash assets, and any extraordinary circumstances or substantial and compelling situations that may exist. Each application is unique and no decision by the Board of Review shall set any type of precedence regarding any other application for a property tax poverty exemption.

Income & Asset Test Worksheet

Applicant(s) Name: _____

Property Address: _____

Section 1: Income

Total Maximum Allowable Annual Income: _____ as per the Federal Poverty Guidelines for _____ (year) for household size of _____.

Total Annual Income from all Sources: _____

Is the income below the maximum allowable amount? _____,

- If yes, continue on to Section 2: Cash Assets
- If no, are there documented extraordinary circumstances (such as major or unusual out-of-pocket expenses) or there are "substantial and compelling" reasons for the Board of Review to deviate from these guidelines?
 - If yes, please list then continue on to Section 2: Cash Assets:

 - If no, applicant does not qualify. Go to Section 5 – Exemption Determination

Section 2: Cash Assets

Calculate Maximum Allowable Cash Assets:

Property Taxable Value x estimated millage rate x 2 = Maximum allowable cash assets

_____ x _____ x 2 = _____

Reported Cash Assets: _____

Are the reported cash assets below the maximum allowable amount? _____,

- If yes, continue on to Section 3: Non-Cash Assets
- If no, are there documented extraordinary circumstances (such as major or unusual out-of-pocket expenses) or there are "substantial and compelling" reasons for the Board of Review to deviate from these guidelines?
 - If yes, please list then continue on to Section 3: Non-Cash Assets:

 - If no, applicant does not qualify. Go to Section 5 – Exemption Determination.

Section 3: Non-Cash Assets

Calculate Maximum Allowable Non-Cash Assets

Property Taxable Value x estimated millage rate x 5 = Maximum allowable non-cash assets

_____ x _____ x 5 = _____

Reported Non-Cash Assets: _____ (exclude one vehicle per employed/working adult and the value of the homestead property for which the exemption is being sought)

Are the reported non-cash assets below the maximum allowable amount? _____,

- If yes, continue on to Section 4: Real Property/Real Estate
- If no, are there documented extraordinary circumstances (such as major or unusual out-of-pocket expenses) or there are "substantial and compelling" reasons for the Board of Review to deviate from these guidelines?
 - If yes, please list then continue on to Section 4: Real Property/Real Estate:

 - If no, applicant does not qualify. Go to Section 5 – Exemption Determination

Section 4: Real Property/Real Estate

Does the applicant or any member of the household own any other real property/real estate other than the homestead for which the exemption is being sought? _____

- If yes, the applicant(s) DO NOT QUALIFY.
- If no, the applicant QUALIFIES for an exemption.
- Go to Section 5 – Exemption Determination

Section 5: Exemption Determination

Does the Applicant(s) Qualify: _____ Exemption Determination: Denied Approved

- If DENIED, please list the reasons the applicant(s) does not qualify: _____

- If APPROVED, please list reasons for approval & the percentage of the exemption:

EXEMPTION PERCENTAGE: _____

Office/Board of Review Use Only: Signatures of BOR Members and Twp. Supervisor:

BOR Member Name

Signature

Date

BOR Member Name

Signature

Date

BOR Member Name

Signature

Date

Twp. Supervisor Name

Signature

Date