

**GAINES CHARTER TOWNSHIP
POVERTY EXEMPTION GUIDELINES
2021**

1. Purpose. The principal residence of persons who, in the judgment of the 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.

2. Eligibility. To be eligible for the poverty exemption:
 - (a) The applicant must be an owner of, and occupy as principal residence, the property for which the exemption is requested.
 - (b) Total annual household income limits shall be calculated by multiplying the amounts set forth under the federal poverty guidelines as defined and determined annually by the United States Office of Management and Budget by 110%, and
 - (c) Total assets, except the homestead being claimed, essential household goods, and market value of motor vehicle, should not exceed:
 - (i) \$4,000 for the claimant
 - (ii) \$6,000 for the household

Assets include, but are not limited to real estate other than the principal residence, motor vehicles, recreational vehicles and equipment, certificates of deposits, savings accounts, checking accounts, stocks, bonds, life insurance, and retirement funds. Assets do not include essential household goods such as furniture, appliances, dishes, and clothing.

The Board of Review will not reduce the value of the assets by the amount of any indebtedness owed on such assets, or any indebtedness otherwise owned by the applicant.

If the applicant meets these eligibility requirements, the applicant will be entitled to a poverty exemption as long as the applicant complies with the remaining requirements and procedures set forth in these guidelines.

3. Application. To apply for the poverty exemption, a person shall do all of the following on an annual basis:
 - (a) File a Poverty Exemption Application with the Assessor or Board of Review. Applicants must obtain the Application from the Assessor's Office. Handicapped or infirmed applicants may call the Assessor's Office to make necessary arrangements for assistance.
 - (b) Submit copies of 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.
 - (c) Produce a valid driver's license or other forms of identification, if requested.

- (d) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested, if such proof of ownership is requested by the Board of Review
 - (e) Provide evidence of other assets including investments, real property and retirement accounts.
4. Deadline. The Poverty Exemption Application must be submitted after January 1, and no later than the day prior to the last day of the December Board of Review.
5. Appearance before the Board of Review. The applicant, or a representative of the applicant, will be required to appear before the Board of Review to respond to any questions that the Board or Assessor may have concerning the exemption application.
- (a) An applicant may be called to appear before the Board of Review on short notice.
 - (b) An applicant may have to answer questions regarding the applicant's financial affairs, health, or the status of people living in the applicant's home before the Board at a meeting that is open to and will be attended by the public.
 - (c) Applicants appearing before the Board may be administered an oath as follows:

"Do you _____ swear and affirm that the evidence and testimony you will give in your own behalf before the Board of Review is the truth, the whole truth, and nothing but the truth, so help you?"
 - (d) The Secretary of the Board of Review may tape record and will keep minutes of all proceedings before the Board of Review.
- If called to appear before the Board, physically challenged or infirmed applicants may call the Assessor's Office to make necessary arrangements for assistance.
- (e) The Board of Review may, in its discretion, review poverty exemption applications without the applicant or the applicant's representative being physically present.
6. Evaluation of Application. Applications for poverty exemptions will be evaluated based on information submitted to the Board of Review by the applicant, testimony taken from the applicant, and information gathered by the Board from any source.
- (a) The Board of Review is not required to grant poverty exemption for property owned by multiple owners as long as at least one owner is not eligible for the poverty exemption.
 - (b) The Board of Review may conduct an investigation to verify the information submitted or statements made to the Assessor or Board of Review in regard to the applicant's poverty exemption claim.

- (c) The Board of Review may not deny a poverty exemption based upon mere speculation regarding the level of an applicant's income or assets.
 - (d) A poverty exemption, if granted, shall remain in effect for one year and an applicant's eligibility for the poverty exemption shall be determined each year.
 - (e) The Board of Review may not determine an applicant's eligibility for the poverty exemption based on the number of years that the applicant has been granted a poverty exemption in the past, or the number of years that the applicant may be granted a poverty exemption in the future.
7. Special Circumstances Warranting Application of the Poverty Exemption. The Board of Review may, in its discretion, grant a poverty exemption to a taxpayer who does not meet the income and asset tests contained in these guidelines where one or more of the following has resulted in hardship to the taxpayer:
- (a) Unforeseen prolonged cessation of income due to circumstances beyond the applicant's control;
 - (b) Trauma or critical illness of the applicant or the applicant's immediate family member which resulted in excessive financial liabilities for which the taxpayer does not receive reimbursement;
 - (c) Catastrophic loss; or,
 - (d) Other extenuating circumstances which the Assessor and Board of Review agree are legitimate hardships over which the applicant has no control.
8. Deviation from the Guidelines. The Board of Review shall follow the guidelines as approved by the Gaines Charter Township Board in granting or denying an exemption unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from these guidelines, and the substantial and compelling reasons are communicated in writing to the claimant.

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

MCL 211.7u, which deals with poverty exemptions, was significantly altered by PA 390 of 1994 and was further amended by PA 620 of 2002.

Local governing bodies are required to adopt guidelines that set income levels for their poverty exemption guidelines and those income levels **shall not be set lower** by a city or township than the federal poverty guidelines updated annually by the U.S. Department of Health and Human Services. This means, for example, that the income level for a household of 3 persons **shall not** be set lower than \$21,720 which is the amount shown on the following chart for a family of 3 persons. The income level for a family of 3 persons may be set higher than \$21,720. Following are the federal poverty guidelines and the Gaines Township guidelines for use in setting poverty exemption guidelines for 2021 assessments.

Size of Family Unit	Federal Guidelines	Gaines Twp Guidelines
1	\$12,760	\$14,036
2	\$17,240	\$18,964
3	\$21,720	\$23,892
4	\$26,200	\$28,820
5	\$30,680	\$33,748
6	\$35,160	\$38,676
7	\$39,640	\$43,604
8	\$44,120	\$48,532
For each additional person	\$4,480	\$4,928
		10% Over Federal Guidelines

Note: PA 390 of 1994 states that the poverty exemption guidelines established by the governing body of the local assessing unit shall also include an asset level test. An asset test means the amount of cash, fixed assets or other property that could be used, or converted to cash for use in the payment of property taxes. The asset test should calculate a maximum amount permitted and all other assets above that amount should be considered as available. Please see STC Bulletin 6 of 2017 for more information on poverty exemptions.

Note: P.A. 135 of 2012 changed the requirements for filing documentation in support of a poverty exemption to allow an affidavit (Treasury Form 4988) to be filed for all persons residing in the residence who were not required to file federal or state income tax returns in the current year or in the immediately preceding year. This does include the owner of the property who is filing for the exemption.