

**2019 BOARD OF REVIEW GUIDELINES
FOR POVERTY APPEALS
(As Published by the State Tax Commission)**

To be eligible for a poverty exemption, a person shall annually:

1. Own and occupy the property as a homestead as required by law.
2. File the approved form provided by the Township.
3. Provide evidence of ownership.
4. Submit copies of federal and state income tax returns for all persons residing in the homestead as well as copies of any property tax credit returns, as required by law.
5. The Board of Review may require proof of identification if it feels it is necessary.
6. The household income (including all persons residing in the homestead) shall meet the federal poverty income standards as defined and determined annually by the United States Office of Management and Budget. In cases where household income of a property as herein defined exceeds \$10,000, but meets the federal standard, the assessment shall be adjusted so the out-of-pocket property tax, as best estimated based on the previous year's millage rate and after deducting the applicable state property tax refund, equals ten percent (10%) of the household income. In cases where the household income meets the federal standard but is less than \$10,000, the assessment shall be adjusted so the out-of-pocket property tax, as best estimated based on the previous year's millage rate and after deducting applicable state property tax refunds, equals five percent (5%) of the household income.
7. Income included as household income shall be from any and all sources and shall include all dependents' and occupants' income including, but not limited to, types such as salary, state or federal aid, alimony, social security, pension and insurance benefits, return on investments and savings, and any other forms of compensation received.
8. The total of all liquid assets, not including the homestead, shall not exceed \$25,000.

9. The Board of Review may waive the income limits for households with greater incomes but who have expenses beyond the ordinary scope of expected costs which are severe and unavoidable, such as unusually high health care costs not covered by insurance. In such catastrophic scenarios, the state equalized value may be reduced to zero (0).
10. In cases where the Board of Review deviates from the income limits for substantial and compelling reasons, such as described above in number 9, these reasons will be noted on the petition and communicated in writing to the claimant. Such reasons will be properly documented.
11. In no case will the Board of Review approve an assessment reduction without the necessary and required documentation.
12. In the case of a poverty appeal, a copy of the petition and supporting documentation will be kept in a separate file and provided on request to an interested member of the public.

B. Federal Poverty Guidelines Used in the Determination of Poverty Exemptions for 2019

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 \$20,780 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 \$20,780. Following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2019 assessments:

Size of Family Unit	Poverty Guidelines
1	\$12,140
2	\$16,460
3	\$20,780
4	\$25,100
5	\$29,420
6	\$33,740
7	\$38,060
8	\$42,380
For each additional person	\$4,320

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.