

2025 POVERTY EXEMPTION POLICY & GUIDELINES

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

Application Guidelines: To be eligible for a Poverty Exemption; The applicant must:

1. File Form 5737 Application for MCL 211.7u Poverty Exemption
2. File Form 5739 Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty
3. Own and occupy the property as a principal residence. 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
4. Produce a valid drivers license or other form of identification, if requested
5. Produce a deed, land contract or other evidence of ownership of the property, if requested.
6. Meet the income guidelines of this policy
7. Meet the asset level test of this policy

Income Test

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

Number of Persons	Federal Poverty Income Level for 2025	City/Township Income Level for 2025 (+20%)
1	\$15,060	\$18,072
2	\$20,440	\$24,528
3	\$25,820	\$30,984
4	\$31,200	\$37,440
5	\$36,580	\$43,896
6	\$41,960	\$50,352

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7	\$47,340	\$56,808
8	\$52,720	\$63,264
For each additional person	\$5,380	\$6,456

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

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

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 \$15,000.
2. Things of value that the Board of Review can consider in determining what percent exemption to grant:
 - a. Real estate other than the principal 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 \$15,000.

Evaluation Procedures

1. The Board of Review shall follow the above policy and guidelines when making poverty exemption decisions.
2. The applicant should be prepared to answer questions regarding their financial affairs, health, status of people living in the household, and any other question relevant to the exemption request.
3. All information is subject to verification.

Granting full or partial poverty exemptions. MCL 211.7u(5) states that if a person claiming poverty exemption meets all eligibility requirements, the Board of Review shall grant the poverty exemption in whole or in part as follows:

- a) A full exemption equal to a 100% reduction in taxable value for the year in which the exemption is granted: or
- b) A partial exemption equal to a 75% reduction in taxable value for the year in which the exemption is granted: or
- c) A partial exemption equal to a 50% reduction in taxable value for the year in which the exemption is granted: or
- d) 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 by statute.