THE CITY OF
LAPEER
MICHIGAN

City of Lapeer
Resolution #2023-04
Poverty Exemption Policy and Guidelines

At a regular meeting of the Lapeer City Commission of the City of Lapeer, County of Lapeer, Michigan, held in said City on the 6th day of March 2023 there were:

PRESENT: Commissioners Atwood, Cattane, Pattison, Stroh, Swindell.
ABSENT: None.

MOVED BY: Commissioner Pattison. SECONDED BY: Commissioner Stroh .

WHEREAS, the General Property Tax Act, MCL 211.7u, states that the homestead of persons who, in the judgment of the Board of Review (March, July & December), by reason of poverty, are unable to contribute to the public charges is eligible for exemption in whole or part from taxation under the General Property Tax Act; and

WHEREAS, the City Commission is required by MCL 211.7u to adopt guidelines for the poverty exemption.

NOW, THEREFORE, BE IT HEREBY RESOLVED, pursuant to MCL 211.7u, that the City of Lapeer, adopts the following guidelines for the Board of Review to implement.

To be eligible for exemption under this section, an applicant must meet the "Federal Poverty Income Guidelines" as defined and determined annually by the United States Department of Health and Human Services or alternative guidelines adopted by the governing body providing the alternative guidelines do not provide eligibility requirements less than the federal guidelines. must do all the following on an annual basis. The federal income levels used are those adopted in the prior tax year.

As required by PA 390 of 1994, all guidelines for poverty exemptions as established by the governing body of the local assessing unit shall also include an asset level test. The guidelines shall include but not be limited to both the specific income and asset levels of the claimant and all persons residing in the household.

All requirements must be met on an annual basis.

1) Taxpayer must file Forms 5737 01-21 (Application for MCL 211.7u Poverty Exemption) and Form 5739 (Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty) with all additional required documentation with the assessor after January 1st through the one week prior to the last day of the December Board of Review. The form is available on the City's website at ci.lapeer.mi.us or in the assessor's office. Failure to meet the requirements or submission of an incomplete application will result in denial of the poverty exemption.

2) Own and occupy as a principal residence the property for which an exemption is requested. The person shall affirm this ownership and occupancy status in writing by filing a form prescribed by the state tax commission with the local assessing unit.

3) All applicants must provide a complete, signed Federal Income Tax return and State Income Tax return including the Homestead Property Tax Credit (MI-1040 CR), that were filed in the immediately preceding year and in the current year for all persons residing in the principal residence. It the applicant (s) is not required to file a Federal or State Income Tax return, a signed Form 4988 Poverty Exemption Affidavit must be provided along with the Homestead Property Tax Credit (MI-1040CR). A City of Lapeer Income Tax return also must be provided if applicant(s) are required to file a return.

4) Produce a valid driver license or other form of identification if requested by the Board of Review.

5) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if required by the assessor or Board of Review.

Income may include, 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.
- 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.

If the Board of Review determines that the applicant has or should have income from other sources, such as relatives, dependents, friends, they may add this income to the applicant's reported income and if the resulting sum of these incomes is greater than the Federal Poverty Income Guidelines, then a poverty exemption may be denied.

In addition to an income test, to be considered for tax exemption under MCL 211.7u, the Board of Review will also consider an asset test which is not to exceed 150% of the Federal Poverty Guidelines for an equivalent household. An applicant's principal residence and principal automobile shall be excluded from the test.

Cash and other assets may include but are not limited to:

- Bank accounts, interest income.
- Stocks and bonds, pensions. IRAs and other investment accounts.
- Withdrawals of bank deposits and borrowed money.
- Gifts, loan, lump-sum inheritances, and one-time insurance payments.
- Money received from the sale of property such as stocks, bonds, a house or car.
- Second home, rental property or building/property other that the residence.
- Excess land or vacant land.
- Jewelry, antiques, or artworks.
- Recreational vehicles or additional vehicles which may include but not limited to campers, boats, motorcycles, off road vehicles, snowmobiles etc.
- Equipment or personal property of value.
- Federal non-cash benefits programs such as Medicare, Medicaid, food stamps.
- Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms.

Assets shall be treated as cash at present value and added to the applicant's reported income; if the sum of which is equal to or less than the Federal Poverty Income Guidelines then a poverty exemption may be granted at 100%.

A 50% exemption shall be granted if the total household income and assets of all members of the household is less than 150% of the Federal Poverty Guidelines and all other requirements are met.

The Board of Review and Assessor shall review all poverty exemption applications with or without the applicant being present. However, the board may request that any or all applicants be physically present to respond to any question the Board and Assessor may have including questions regarding their financial affairs, health, the status of people living in their home, etc. This means that an applicant could be called to appear on short notice.

A person filing a poverty exemption claim is not prohibited from also appealing the assessment on the property for which the claim is made before the March Board of Review in the same year.

The Board of Review shall reject any application where the information appears fraudulent, misleading, or incomplete.

If a person claiming an exemption is qualified under the eligibility requirements, the Board of Review shall grant the exemption in whole or in part.

BE IT FURTHER RESOLVED that the Board of Review shall follow the above stated policy and federal guidelines in granting or denying an exemption.

Dated this 6th day of March 2023.

AYES: Atwood, Cattane, Pattison, Stroh, Swindell.
NAYS: None.
ABSTAIN: None.
ABSENT: None.
RESOUTION DECLARED ADOPTED.

CERTIFICATION:
I, Romona Sanchez, being the duly appointed and qualified Clerk of the City of Lapeer, Lapeer County, Michigan, do hereby certify and declare that the foregoing is a true and correct copy of the Resolution adopted by the City of Lapeer Commission at a regular meeting held on March 6, 2023, in compliance with Act No. 267 of the Michigan Public Acts of 1976.

Romona Sanchez

Romona Sanchez, CMC
City Clerk, City of Lapeer

Federal Poverty Guidelines Used in the Determination of Poverty Exemptions for 2025

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 $25,820 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 $25,820. The following are the federal poverty guidelines for use in setting poverty exemption guidelines for 2025 assessments:

Size of Family Unit	Poverty Guidelines
1	$15,060
2	$20,440
3	$25,820
4	$31,200
5	$36,580
6	$41,960
7	$47,340
8	$52,720
For each additional person	$5,380

Note: MCL 211.7u 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 22 of 2023 for more information on poverty exemptions.

Note: MCL 211.7u allows 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 includes the owner of the property who is filing for the exemption.

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 purposes of the poverty exemption, the term "principal residence" means how principal residence exemption and qualified agricultural property are defined in MCL 211.7dd. The exemption does not apply to property of a corporation. This Taxpayer Fact Sheet includes updates made to MCL 211.7u by Public Act 253 of 2020.

How To Apply For The Poverty Exemption

To request a poverty exemption, a taxpayer must file:

1. Form 5737 *Application for MCL 211.7u Poverty Exemption*
2. Form 5739 *Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty*
3. All required additional documentation (such as federal/state income tax returns)

Forms 5737 and 5739, along with any additional documentation, must be filed with the local assessing unit where the property is located. **Do not file these forms with the Department of Treasury or the State Tax Commission.** The forms 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 deadline dates for submission of the forms to ensure the application gets reviewed by a Board of Review during that calendar year.

In addition to filing Forms 5737 and 5739 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.

Appeal Rights

An appeal of a decision of the March Board of Review is made 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 completing and submitting a petition to the Michigan Tax Tribunal within 35 days of the July or December Board of Review's decision. More information on how to file an appeal is available by contacting the Michigan Tax Tribunal. Information can also be viewed on the Michigan Tax Tribunal's website at https://www.michigan.gov/taxtribunal.