

TOWNSHIP OF DORR POVERTY EXEMPTION GUIDELINES

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 a principal residence, the property for which the exemption is requested;
 - b. Total annual household income shall not exceed the amounts set forth under the Federal poverty guidelines as defined and determined annually by the United States Office of Management and Budget; and
 - c. Total assets, except the homestead being claimed, essential household goods, and the first \$5,000 of the market value of a 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 to 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 owed 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 Hardship 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 form of identification.
 - (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 application must be submitted after January 1, but before the day prior to the last day of the 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 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 Assessor may tape record and will keep minutes of all proceedings before the Board of Review.
 - (e) If called to appear before the Board, physically challenged or infirmed applicants may call the Assessor's Office to make necessary arrangements for assistance.
 - (f) 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 a 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 Board of Review 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. Amount of Exemption. The Assessor will determine the estimated property tax liability for the applicable tax year and the estimated state homestead credit for each applicant under the Homestead Property Tax Credit, Public Act 281 of 1967. The poverty exemption shall not exceed the amount of the tax liability minus the homestead credit refund.

9. Deviation from the Guidelines. The Board of Review shall follow these guidelines 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 the guidelines and the substantial and compelling reasons are communicated in writing to the claimant.

MCL 211.7u (1) The principal residence of persons 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. [*Except*]

**Test 1:
Poverty Income Guidelines**

What's involved: How Much Income a Person Can Receive Per Year and Be Eligible for the Poverty Exemption

2009 Federal Poverty Income Guidelines	
Size of Family/ Household	Maximum Total Income
1	\$10,400
2	\$14,000
3	\$17,600
4	\$21,200
5	\$24,800
6	\$28,400
7	\$32,000
8	\$35,600
Additional person	\$3,600

Note: The township board can adopt maximum income levels higher than the federal poverty guidelines. A township board can make it easier for a person to be eligible for the poverty exemption, but it cannot make it harder (by adopting lower income levels).
For example, a township board could say that a one-person household could have a total annual income of \$15,000 and still be eligible for a poverty exemption. Or, for example, the board could establish its levels at 1.35 (or other number) times the federal levels.

**Test 2: Asset Test
(if the applicant meets the poverty income guidelines)**

“Table 2”
Things of Value That a Person Can Own and Still Be Granted a Poverty Exemption

The law protects the applicant's residence. The home, or up to a specified amount of equity in the home, is not considered in determining the percent of the exemption the applicant may receive.
For example, a township board could simply say that the residence is not considered at all.
Or, for example, a township board could establish a policy that the first \$100,000 in equity in the residence is not considered, but anything over that is—see “Table 3.”
In a case like that, the board of review might grant less than a 100% exemption if the homeowner/applicant had \$300,000 equity in the home.

“Table 3”
Things of Value That the BOR Can Consider to Decide What Percent Exemption to Grant

Every township must adopt an asset test, but no specific test is mandated by law. The township board should set a maximum asset amount—in other words, a total value of assets that will likely result in receiving a 0% exemption. This can be either a dollar amount or a percentage of total income.
For example, a township board could decide that applicants with a total value of assets of \$15,000 or more will receive a 0% exemption, even though they meet the income guidelines in Step 1. Or, another township could decide that its maximum value of assets eligible for the exemption is \$150,000.
Based on the assets listed on a poverty exemption application, the Board of Review may grant the applicant a 0% to 100% exemption.
A township can consider the homestead property tax credit that the applicant is eligible for to calculate the percentage of poverty exemption to be granted.
MCL 211.7u(5): “The board of review shall follow the policy and guidelines of the local assessing unit in granting or denying an exemption under this section unless the board of review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines and the substantial and compelling reasons are communicated in writing to the claimant.”
For example, a wife suffers a catastrophic illness, and the husband is forced to reduce his work hours to care for her. Their medical bills exceed their insurance coverage and they have used their savings, credit and income to pay those bills, leaving no funds to pay the taxes. Even if their assets exceed the township's maximum asset amount, a board of review might consider these substantial and compelling reasons to deviate from the guidelines.