VASSAR TOWNSHIP POVERTY EXEMPTION POLICY

Vassar Township Board of Review will accept and evaluate applications for homestead poverty exemptions according to MCL 211.7u. Poverty exemptions will be granted by the Board of Review only to eligible claimants who are owners and occupants of homesteads. The definition of a homestead is found in Public Act 390 of 1994.

Should a poverty exemption be granted, it shall remain in effect for the current tax year only and, under no circumstances shall the poverty exemption be considered permanent. It shall not be the policy of the Vassar Township Board of Review to subsidize or underwrite the cost of lifestyles that ultimately transfers the applicant's property tax burden to other property owners. Because property ownership carries a responsibility to contribute to the common welfare of the community, poverty exemption status shall be considered by the Board of Review as temporary assistance to those who demonstrate a need for property tax relief due to financial hardship.

A. ELIGIBILITY AND FILING PROCEDURES

In order to be eligible for poverty exemption, the claimant must meet the following requirements:

1. The claimant must own and occupy, as a homestead, the property for which the exemption is requested.

2. The total household income of all occupants of the property for which the exemption is being claimed may not exceed the Poverty Threshholds income standards for the current year as compiled and published by the Bureau of Census. A current schedule is attached to this policy.

3. The owner must file an application requesting a poverty exemption. The request must be made before the Board of Review at is annual March session. The appeal must be made in person by the applicant (s). The appeal must be accompanied by a form, available from the township assessor that has been completed by the applicant.

4. The applicant must provide a true copy of federal and state income tax returns for all persons residing in the homestead. The income tax forms shall be for the current year as well as the immediately preceding year.

5. In the event that the applicant (s) is receiving any form of public assistance, the applicant must then provide a letter authorizing the release of financial assistance information to the Vassar Township Board of

Review. This letter shall be addressed to the agency providing the financial assistance to the claimant (s).

6. The applicant (s) must produce a valid driver's license or other form of identification if requested by the Board of Review.

7. If required by the Board of Review, the applicant (s) must provide proof of ownership of the property for which a poverty exemption is being requested.

8. The applicant (s) may own no other real estate other than that for which the exemption claim is being made.

9. The applicant (s) must provide a listing of financial assets of the claimant (s) and any other occupant of the homestead for which the poverty exemption claim is being made. This listing shall include, but is not limited to all savings account balances, checking account balances, and the current value of stocks, bonds or certificates of deposit.

B. POLICY GUIDELINES FOR POVERTY EXEMPTION

The Board of Review will objectively evaluate poverty exemption applications by utilizing all available and required information, including statements under oath, by the applicant (s) upon appearance before the Board of Review. Applicants will be qualified in one of three categories: Senior Citizens, Non-senior Citizens and Recipients of public assistance from the State of Michigan.

The following definitions are to be used:

1. "Household Income" is the total income as set forth in the Michigan Homestead Property Tax Credit claim form designated as line 31 and entitled "household income"; plus all of the income of others residing in the homestead for which the exemption is being claimed.

2. "Senior Citizen" is a resident of the State of Michigan who has presently reached the age of 65 years or older.

3. "Paraplegic, Quadriplegic, Hemiplegic and Totally and Permanently Disabled" is a resident of the State of Michigan who has a disability as designed by the Department of Treasury.

4. "Assessed Value" is the current assessed value as assigned by the Vassar Township Assessor.

5. “Homestead” means the dwelling that is subject to property taxes and is owned and occupied as a principal residence by the owner of the dwelling.

6. “Homestead Property Tax Credit” means a program authorized by State Statute and managed by the Department of Treasury to provide a credit for homestead property taxes for eligible individuals based upon age, disability, income and source of income.

7. “Applicable tax rate” means the most current year’s millage rate expressed as a decimal.

C. CALCULATION OF EXEMPTION:

In most cases, the Board of Review will employ the following mathematical procedures to assess eligibility of the applicant. These methods will also be used to calculate the amount of poverty exemption that may be allowed. However, these procedures and calculations are to be considered to be guidelines only. The Board of Review reserves the right to deviate from these procedures when it deems there are compelling and substantial reasons to do so.

<u>For Senior Citizens, Paraplegic, Quadriplegic, Hemiplegic and Totally and Permanently Disabled</u>

Step One: Household income is multiplied by 3.5% (0.035) plus $1,200 divided by the total applicable tax rate (millage rate) equals the maximum assessed value.

Step Two: The current assessed value as established by the township assessor minus the maximum assessed value as calculated in the previous paragraph equals the poverty exemption reduction.

<u>For Non-Senior Citizens</u>

Step One: Household income is multiplied by 3.5% (0.035) equals income for taxes (IFT)

Step Two: The estimated current years property taxes minus the income for taxes (IFT) equals the adjusted property taxes multiplied by 60% equals the State Homestead Property Tax Credit (PTC).

Step Three: Income for Taxes (IFT) plus the State Homestead Property Tax Credit (PTC) (not exceeding $1,200) divide by the current years applicable tax rate (millage rate) equals the maximum assessed value.

Step Four: The current assessed value is established by the township assessor minus the maximum assessed value as calculated in the previous paragraph equals the poverty exemption reduction.

<u>For those receiving public assistance from the State of Michigan</u>

This category will apply to individuals whose sole source of household income is derived from public assistance benefits from the Michigan Department of Social Services.

Step One: Household income multiplied by 3.5% (0.035) which equals income for taxes (IFT)

Step Two: Income for taxes (IFT) is divided by the current year's applicable tax rate (millage rate) which equals the maximum assessed value.

Step Three: The current assessed value as established by the township assessor minus the maximum assessed value as calculated in the previous paragraph equals the poverty exemptions reduction.

2011 Poverty Threshold

Size of Family Unit	Guidlelines
1	$10,800
2	$14,600
3	$18,300
4	$22,100
5	$25,800
6	$29,500
7	$33,300
8	$37,000

For each additional person, add $3,700

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 should calculate a maximum amount permitted and all other assets above that amount should be considered as available.

<u>Income is defined to include the following</u>:

1. Money, wages and salaries before any deductions

2. Net receipts from non-farm self-employment. These are receipts from a person's own professional enterprise, or partnership before expense deductions.

3. Net receipts from farm self-employment. These are receipts from a farm which operates as an owner, renter or sharecropper before deductions for expenses.

4. Regular payments from social security, railroad retirement, unemployment compensation, strike benefits from union funds, worker's compensation, veteran's payments, public assistance (including Aid to Families with Dependent Children, Supplemental Security Income, Emergency Assistance money payments, and non-federally funded General Assistance or General Relief money payments).

5. Alimony, child support, and military family allotments or other regular support from an absent family member or someone not living in the household.

6. Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments.

7. College or university scholarships, grants, fellowships, and assistantships.

8. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.