

## CHARTER TOWNSHIP OF BRIGHTON

Administrative Policy No.:

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Effective Date:

July 6, 2004

*Formerly Policy 706*

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January 21, 2013

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June 21, 2021

Amended Date:

February 13, 2024

Amended Date:

May 19, 2025

Policy Regarding:

**POVERTY EXEMPTIONS**

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Pursuant to MCL 211.7.u, the Brighton Township Board has established the following procedures and criteria for the uniform application and determination of poverty exemptions to be administered by the Brighton Township Board of Review.

1. Any property owner of a Principal Residence, as defined by state law may apply for a poverty exemption by submitting the required application to the Board of Review during the July or December session.
2. The burden of proving poverty rests with the applicant. The applicant must supply the necessary application and supporting documents as required by this policy and procedure statement. Those documents shall include. **(Please include this information for all household members 18 years old and over):**
  - A. The completed application for the poverty exemption.
  - B. The most recent (immediately preceding year) Michigan Income tax return with all attachments including homestead property tax credit claims (MI-1040 CR, MI-1040 CR – 7).
  - C. The most recent (immediately preceding year) Federal Income Tax return with all attachments.
  - D. Poverty Exemption Affidavit (if they are not required to file a tax return).
3. The determination of qualification for a poverty exemption shall be based on:
  - A. The adjusted income level of the household.
  - B. The size of the family unit.
  - C. The assets and availability of income to the household.
4. The applicant's reported income shall be reviewed and adjusted according to the Adjusted Gross Income of the household reported on Federal Income Tax Returns and/or actual income reported on other tax statements, such as Social Security Statements.

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5. The determination of the size of the family unit shall be reflective of Michigan income tax procedures in general. The allowance for a family unit shall consider:

A. Applicant shall be entitled to one "allowable exemption" for each verified household member.

B. An additional "allowable exemption" may be granted for:

1) Any household member who is 65 years old or older.

2) Any household member who is a paraplegic or quadriplegic.

C. Exemption amount is equal to the amount of exemptions allowed on MI Income Tax return for the immediately preceding year.

6. The "adjusted income" level for each household that qualifies for a poverty exemption shall be based on the State of Michigan guidelines for "poverty" which are published yearly by the State Tax Commission.

7. Applicants must, in accordance with PA 390 of 1994, meet the Asset Test adopted by the Brighton Township Board. An asset test means the amount of cash, fixed assets or other property that could be used, or converted to cash for use of property taxes. In the determining of the granting of any poverty exemption, all assets of the household (excluding the applicant's primary residence), as well as all available sources of income or funds shall be considered. The maximum assets allowed for a poverty exemption shall be:

A. Liquid assets shall not exceed \$10,000. Liquid assets may include, but are not limited to bank accounts, stocks and bonds, IRA's, Roth's, other investment accounts, pensions, money received from the sale of property such as stocks, bonds, a house or car, gifts, inheritance, etc.

B. Additional total assets may not exceed three (3) times the adjusted income level set by the State of Michigan for poverty levels, for the size of the household involved. Additional total assets may include, but are not limited to homes or property (excluding the applicant's primary residence), cars, boats, trailers/RV's, any motorized recreational equipment, etc.

8. The Board of Review shall grant the 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.

1) If the household income falls below the federal poverty guidelines, a full exemption equal to a 100% reduction in taxable value may be granted, if all other requirements are met.

B. A partial exemption equal to 75%, 50% or 25% reduction in taxable value for the tax year in which the exemption is granted.

1) In order to qualify for a partial exemption, the household's income level must fall between the Federal Poverty Guidelines published annually by the State of Michigan, and 110% of the Federal Poverty Guidelines.

9. The Assessing staff will have the right to make a personal visit to the home of all applicants in each year that a poverty exemption is requested.

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10. Income shall be considered to include all of the following:
  - A. Money, wages, and salaries before any deductions.
  - B. Net receipts from non-farm self-employment. These are from a person's own business, professional enterprise, or partnership, after deduction for business expenses.
  - C. Net receipts from farm self-employment. These are receipts from a farm which one operates as an owner, renter, or sharecropper, after deductions for farm operating expenses.
  - D. Regular payments from social security, railroad retirement, unemployment compensation, strike benefits from union funds, workers 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 relief money payments).
  - E. Alimony, child support and military family allotments or other support from an absent family member or someone not living in the household.
  - F. Private pensions, government employee pensions (including military retirement pay) and regular insurance or annuity payments.
  - G. College or university scholarships, grants, fellowships and assistantship.
  - H. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.
  - I. Money received from the sale of property such as stocks, bonds, and a house.
  - J. Gifts, lump-sum inheritances.
11. Income does NOT include the following:
  - A. Withdrawals of bank deposits, borrowed money, or tax refunds.
  - B. Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms.
  - C. Federal non-cash benefit programs such as Medicare, Medicaid, food stamps and school lunches.

### **In order to be considered for a poverty exemption, the following steps must be completed:**

1. COMPLETE THE POVERTY EXEMPTION APPLICATION IN FULL. It must be returned to the Assessor at least one week before the Board of Review.
2. Provide the most recent (immediately preceding year) Michigan Income Tax return with all attachments including homestead property tax credit claims (MI-1040 CR, MI-1040 CR-7), **AND** the most recent (immediately preceding year) Federal Income Tax return with all attachments or the completed Poverty Exemption Affidavit if they are not required to file a tax return.
3. Any additional documentation requested by the assessor or board of review.

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4. If your application is not fully completed and does not have the necessary copies and attachments, your application will be considered incomplete. Incomplete applications will be returned to the applicant for completion. If an applicant has special needs that require assistance in presenting their circumstances to the Board of Review, he/she should contact the Township Office at least one week before the Board of Review.

POVERTY EXEMPTION is defined by Michigan Compiled Laws, Section 211.7u. The law reads:

*The principal residence of a person who, in the judgment of the supervisor and the board of review by reason of poverty, is unable to contribute toward the public charges is eligible for exemption in whole or in part from the collection of taxes under this act. This section does not apply to the property of a corporation.*

Please be aware that as an applicant for a poverty exemption, you must also comply with the following section of the Michigan Compiled Laws relative to General Property Tax:

SECTION 211.118 PROVIDES, *any person who, under any of the proceedings required or permitted by this act shall willfully swear falsely shall be guilty of perjury and subject to penalties.*

SECTION 211.119 PROVIDES, *...a person who willfully neglects or refuses to perform a duty imposed upon that person by this act, when no other provision is made in this act is guilty of a misdemeanor, punishable by imprisonment for not more than 6 months, or a fine of not more than \$300.00 and is liable to a person injured to the full extent of the injury sustained.*