

SCIO TOWNSHIP

2026

POLICY AND GUIDELINES FOR THE GRANTING OF POVERTY EXEMPTIONS

The following policy and guidelines have been adopted by the Scio Township Board of Trustees to govern the granting of poverty exemptions.

Authority for granting this poverty exemption is given pursuant to The General Property Tax Act 206 of 1893, 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. This section does not apply to the property of a corporation.”

APPLICATION PROCEDURE

1. Eligibility and Application. To be eligible for a poverty exemption the applicant must be both the taxpayer and a natural person (i.e., not a corporation, trust or other business association or entity except as provided in Evaluation Procedure 5(C)(1)) and must *annually* satisfy **all** the following requirements:
 - Be an owner of and occupy as a homestead the property for which an exemption is requested. "Principal residence" means principal residence or qualified agricultural property as those terms are defined in MCL 211.7dd.
 - File with the Township Assessor a completed Confidential Application for Poverty Exemption Application on a form provided by the Assessor's office. Forms to be filed:
 - 5737 *Application and Affirmation per MCL 211.7u*
 - 4988 *Poverty Exemption Affidavit per MCL 211.7u (if applicable)*
 - ACCOMPANIED BY 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 and in the current year. If under applicable law, where the filing of Federal or State Income Tax Returns by the applicant is not required, Form 4988, Poverty Exemption Affidavit, must accompany the application.
 - Produce a valid driver's license or other acceptable form of identification.

- Produce a deed, land contract or other evidence of ownership of the property for which an exemption is requested.
2. Filing Period: Appearance. Fully completed Confidential Application for Poverty Applications with required supporting information will be accepted after January 1, through the day prior to the December Board of Review. The exemption will be considered at the March, July, or December Board of Review meetings, whichever occurs next after receipt of the application. The filing of a completed Confidential Application for Poverty Exemption with required supporting information shall constitute an appearance before the Board of Review for the purpose of preserving the applicant's right to appeal the decision of the Board of Review to the Michigan Tax Tribunal; however, a personal appearance may be required as hereinafter specified.

EVALUATION PROCEDURE

1. Oath. Applicants appearing before the Board of Review may be administered an oath, as follows:

“Do you swear or affirm that information and testimony you will give before the Board of Review is the truth, the whole truth, and nothing but the truth?”

2. Meetings. Meetings of the Board of Review and Assessor relative to poverty exemption applications shall be held in compliance with the Michigan Open Meetings Act.
3. Applicant’s Presence. The Board of Review may request an applicant to personally appear before the Board to respond to any questions the Board may have.
4. Investigation. Applicants for poverty exemption may be investigated by the Township, to verify information submitted or statements made to the Assessor or Board of Review.
5. Criteria for Determining Exemption. The Board of Review shall consider the following criteria set forth in this section to determine whether a full or partial poverty exemption should be granted:
 - A. Income. The total income of the applicant and each member of the applicant's household shall not exceed the Federal Poverty Income Standards, defined as, and determined annually by the U.S. Department of Health and Human Services for a one-person household times a factor of 2.0, plus the Federal Poverty Income Standards for each additional member of the Applicant’s household. Schedule A below

hereto illustrates these criteria for various household sizes for the Board's reference:

INCOME LEVELS

SIZE OF FAMILY UNIT	POVERTY GUIDELINES
1	\$ 31,300.00
2	\$ 42,300.00
3	\$ 53,300.00
4	\$ 64,300.00
5	\$ 75,300.00
6	\$ 86,300.00
7	\$ 97,300.00

Income SHALL include, but not limited to, the following:

- Money, wages and salaries before any deductions.
- Net receipts from self-employment.
- Distributions or income from partnerships, limited liabilities companies, or corporations whether taxable.
- Tax exempt income received including, but not limited to, interest income, disability income, social security, or SSI.
- Regular payments from Social Security, Railroad Retirement, unemployment compensation, strike benefits from union funds, workers compensation, veteran's payments, or any type of public assistance.
- Alimony, child support, and military family allotments.
- Regular and periodic support from an absent family member or third party for someone living in the household that exceeds the maximum amount allowed as a tax-free gift as defined in the IRC §2503(b).

- Private pensions, government employee pensions (including military retirement pay), regular insurance or annuity payments.
- College or university scholarships, grants, or fellowships.
- Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, net lottery winnings and net gambling winnings; and

Income SHALL NOT include any of the following:

- Money received from the sale of property, such as stocks, bonds, house, car, unless the applicant or a member of the applicant's household is in the business of selling such property.
- Withdrawals of bank deposits.
- Borrowed monies.
- Income tax refunds.
- One-time payouts from insurance companies.
- Losses including, but not limited to, capital losses or business losses.

and

- Gifts and/or inheritances except as defined in paragraph 5(A)(1)(g) above and provided in 5(A)(2) below.

B. Asset Test. The total value of the assets of the applicant plus total value of assets of each member of the applicant's household **shall not exceed \$50,000**. The assets of each member of the applicant's household shall be examined to determine whether there are assets which can reasonably be invested, sold, or used to pay the property taxes. If the assets are of a nature and value which reasonably indicate that a condition of poverty does not exist, then a poverty exemption shall be denied. **The value of the principal residence cannot be included in the asset test (*Robert Taylor v Sherman Twp, MTT Docket No. 236230*).**

- Gifts, inheritances, one-time payouts from insurance companies, income tax refunds and money received from the sale of property, such as stocks, bonds, house, car (unless the applicant or a member of the applicant's household is in the business of selling such property), shall be included as assets of the applicant and /or members of the applicant's household.

- If the applicant and/or members of the applicant's household shall transfer assets to another for less than full and adequate consideration in money or money's worth within sixty (60) months before date of the application for exemption, such exemption shall be denied. Such transfer shall include, but not limited to, giving up all or partial ownership in an asset, selling an asset, giving an asset away, refusing or disclaiming a gift or inheritance, or giving up the right to receive income. Such transfers shall not include transfers in the amount of \$100 or less.

C. Contribution From Other Source. If the Board of Review determines the applicant does or reasonably should receive contribution toward taxes from other sources, such as from a trust, inheritance, co-owner, relative, dependent, friend or other source, the Board may consider the amount of such contribution as an addition to the applicant's income, and if the resulting sum exceeds the Income Standard in paragraph 5(A), above, then a poverty exemption shall be denied.

If owned by a trust, the real property must be the principal residence of the grantor of the trust and the trust must be a grantor trust under Internal Revenue Code sections 671-679.

D. Granting of Exemption. If the Board of Review determines that an applicant:

- Does not have income more than the total income allowed under paragraph 5(A) or the Board waives the income test under paragraph 5(A)(3); and
- Does not have assets which can reasonably be invested, sold, or used to pay the property taxes under paragraph 5(B); and
- Does not receive or reasonably expect to receive contribution toward taxes from other sources under paragraph 5(C).

then the Board of Review may grant a full or partial poverty exemption. If not full 100%, the Board of Review may grant a 75%, 50% or 25%, or some other partial exemption if prescribed and approved by the State Tax Commission.

E. Deviation From Policy and Guidelines. The Board of Review shall follow the policy and guidelines set forth herein for granting or denying a poverty exemption and shall not deviate from the guidelines set forth therein.

REFERENCE

Authority for granting this poverty exemption is given pursuant to The General Property Tax Act 206 of 1893, MCL 211.7u.

Principal residence of persons in poverty; exemption from taxation; applicability of section to property of corporation; eligibility for exemption; application; policy and guidelines to be used by local assessing unit; duties of board of review; exemption by resolution and without application for certain tax years; appeal of property assessment; audit program; "principal residence" defined.

Sec. 7u.

(1) The principal residence of a person who, in the judgment of the supervisor and 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.

(2) To be eligible for exemption under this section, a person shall, subject to subsections (6), (8), and (10), do all of the following on an annual basis:

(a) 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.

(b) File a claim with the board of review on a form prescribed by the state tax commission and provided by the local assessing unit, accompanied by 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. 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 in the tax year in which the exemption under this section is claimed or in the immediately preceding tax year. If a person was not required to file a federal or state income tax return in the tax year in which the exemption under this section is claimed or in the immediately preceding tax year, an affidavit in a form prescribed by the state tax commission may be accepted in place of the federal or state income tax return. The filing of a claim under this subsection constitutes an appearance before the board of review for the purpose of preserving the claimant's right to appeal the decision of the board of review regarding the claim.

(c) Produce a valid driver license or other form of identification if requested by the supervisor or board of review.

(d) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if required by the supervisor or board of review.

(e) 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 under its authority to revise the poverty line under 42 USC 9902, or alternative guidelines adopted by the governing body of the local assessing unit provided the alternative guidelines do not provide income eligibility requirements less than the federal guidelines.

(3) The application for an exemption under this section must be filed after January 1 but before the day prior to the last day of the board of review.

(4) The governing body of the local assessing unit shall determine and make available to the public the policy and guidelines used for the granting of exemptions under this section. If the local assessing unit maintains a website, the local assessing unit shall make the policy and guidelines, and the form described in subsection (2)(b), available to the public on the website. The guidelines must include, but are not limited to, the specific income and asset levels of the claimant and total household income and assets.

(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. If a person claiming an exemption under this section is qualified under the eligibility requirements in subsection (2), 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 tax year in which the exemption is granted.

(b) A partial exemption equal to 1 of the following:

(i) A 75%, 50%, or 25% reduction in taxable value for the tax year in which the exemption is granted.

(ii) As approved by the state tax commission, any other percentage reduction in taxable value for the tax year in which the exemption is granted, applied in a form and manner prescribed by the state tax commission.

(6) Notwithstanding any provision of this section to the contrary, a local assessing unit may permit by resolution a principal residence exempt from the collection of taxes under this section in tax year 2019 or 2020, or both, to remain exempt under this section in tax years 2021, 2022, and 2023 without subsequent reapplication for the exemption, provided there has not been a change in ownership or occupancy status of the person eligible for exemption under subsection (2), and may permit a principal residence exempt for the first time from the collection of taxes under this section in tax year 2021, 2022, or 2023 to remain exempt under this section for up to 3 additional years after its initial year of exempt status without subsequent reapplication for the

exemption, provided there has not been a change in ownership or occupancy status of the person eligible for exemption under subsection (2), if the person who establishes initial eligibility under subsection (2) receives a fixed income solely from public assistance that is not subject to significant annual increases beyond the rate of inflation, such as federal Supplemental Security Income or Social Security disability or retirement benefits. Both of the following apply to a person who obtains an extended exemption under this subsection:

(a) The person shall file with the local assessing unit, in a form and manner prescribed by the state tax commission, an affidavit rescinding the exemption as extended under this subsection within 45 days after either of the following, if applicable:

(i) The person ceases to own or occupy the principal residence for which the exemption was extended.

(ii) The person experiences a change in household assets or income that defeats eligibility for the exemption under subsection (2).

(b) If the person fails to file a rescission as required under subdivision (a) and the property is later determined to be ineligible for the exemption under this section, the person is subject to repayment of any additional taxes with interest as described in this subdivision. Upon discovery that the property is no longer eligible for the exemption under this section, the assessor shall remove the exemption of that property and, if the tax roll is in the local tax collecting unit's possession, amend the tax roll to reflect the removal of the exemption, and the local treasurer shall, within 30 days of the date of the discovery, issue a corrected tax bill for any additional taxes with interest at the rate of 1% per month or fraction of a month computed from the date the taxes were last payable without interest. If the tax roll is in the county treasurer's possession, the tax roll must be amended to reflect the removal of the exemption and the county treasurer shall, within 30 days of the date of the removal, prepare and submit a supplemental tax bill for any additional taxes, together with interest at the rate of 1% per month or fraction of a month computed from the date the taxes were last payable without interest. Interest on any tax set forth in a corrected or supplemental tax bill again begins to accrue 60 days after the date the corrected or supplemental tax bill is issued at the rate of 1% per month or fraction of a month. Taxes levied in a corrected or supplemental tax bill must be returned as delinquent on the March 1 in the year immediately succeeding the year in which the corrected or supplemental tax bill is issued.

(7) A person who files a claim under this section is not prohibited from also appealing the assessment on the property for which that claim is made before the board of review in the same year.

(8) Notwithstanding any provision of this section to the contrary, if the assessor determines that a principal residence of a person by reason of poverty is still eligible for the exemption under this section and the property was exempt from the collection of taxes under this section in tax year 2022, the property will remain exempt from the collection of taxes under this section through tax

year 2023 if, on or before December 1, 2023, the governing body of the local assessing unit in which the principal residence is located adopts a resolution that continues the exemption through tax year 2023 for all principal residences within the local assessing unit that were exempt from the collection of taxes under this section in tax year 2022. The local assessing unit may require the owner of a principal residence exempt from the collection of taxes under this subsection to affirm ownership, poverty, and occupancy status in writing by filing with the local assessing unit the form prescribed by the state tax commission under subsection (2)(a).

(9) A local assessing unit that adopts a resolution under subsection (6) or (8) must develop and implement an audit program that includes, but is not limited to, the audit of all information filed under subsection (2). If property is determined to be ineligible for exemption as a result of an audit, the person who filed for the exemption under subsection (2) is subject to repayment of additional taxes including interest to be paid as provided in subsection (6)(b). The state tax commission shall issue a bulletin providing further guidance to local assessing units on the development and implementation of an audit program under this subsection.

(10) Notwithstanding any provision of this section to the contrary, if an exemption was not on the assessment roll and was not denied, the July or December board of review shall grant an exemption under this section, in whole or in part as described in subsection (5), for the immediately preceding tax year on the principal residence of a person who establishes eligibility in that tax year under the criteria described in subsection (2). A claim of exemption under this subsection must be filed with the board of review on a form prescribed by the state tax commission and provided by the local assessing unit, accompanied by supporting documentation establishing eligibility for the exemption for the immediately preceding tax year and any additional supporting documentation as may be required by the state tax commission. The local assessing unit shall notify the department of treasury, in a form and manner prescribed by the department of treasury, of each exemption granted under this subsection by the board of review for the immediately preceding tax year.

(11) As used in this section, "principal residence" means principal residence or qualified agricultural property as those terms are defined in section 7dd.

History: Add. 1980, Act 142, Imd. Eff. June 2, 1980 ;-- Am. 1993, Act 313, Eff. Mar. 15, 1994 ;-- Am. 1994, Act 390, Imd. Eff. Dec. 29, 1994 ;-- Am. 2002, Act 620, Imd. Eff. Dec. 23, 2002 ;-- Am. 2003, Act 140, Eff. Jan. 1, 2004 ;-- Am. [2012, Act 135](#), Imd. Eff. May 16, 2012 ;-- Am. [2020, Act 253](#), Imd. Eff. Dec. 22, 2020 ;-- Am. [2023, Act 191](#), Imd. Eff. Nov. 7, 2023

Popular Name: Act 206