CITY OF AUBURN HILLS
2025 Poverty Exemption
Policy and Guidelines

Section 211.7u(1) of the Michigan General Property Tax Act indicates that "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 under this act."

The Auburn Hills City Council adopts a policy which includes an asset and income test. The Board of Review shall follow the City of Auburn Hill's policy when granting or denying an exemption. If a person meets all eligibility requirements, the Board of Review must grant a full exemption equal to a 100% reduction in taxable value or a partial exemption equal to a 25%, 50% or 75% reduction in taxable value.

A taxpayer may file a poverty exemption application with the July or December Board of Review. Poverty exemption denials may be appealed to the Michigan Tax Tribunal.

The following policy and guidelines were adopted at the June 21, 2021, Auburn Hills City Council meeting. The income levels used are 150% of the federal poverty guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services. The income levels are updated annually.

Requirements:

1. All applicants must annually file a completed application form and all required documentation with the City of Auburn Hills Assessing Department. The application and supporting documentation must be submitted on or after June 1, 2025, but before the December Board of Review. Handicapped or disabled applicants may call the Assessing Department at (248) 370-9436 to make arrangements for assistance.

2. All applicants must provide a complete, signed Federal Income Tax return and State Income Tax return, including the Homestead Property Tax Credit (MI-1040CR), that were filed in the immediately preceding year or in the current year **for all persons** residing in the principal residence**. I**f the applicant(s) is not required to file a Federal or State Income Tax return, a signed Poverty Exemption Affidavit must be provided.

3. In accordance with PA 390 of 1994, the applicant must meet the "Asset Guidelines" adopted by the Auburn Hills City Council (attached).

4. The applicant must meet the Federal Poverty Income Guidelines (attached).

Failure to meet the requirements or submission of an incomplete application will result in a denial of the poverty exemption.

Asset Guidelines
Used in the Determination of Poverty Exemptions for 2025

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 purpose of an asset test is to determine the resources available (cash and fixed assets and property that could be converted to cash) that could be used to pay property taxes in the year the poverty exemption is filed.

The following asset test shall apply to all applications for poverty exemption:

- The applicant shall not have **"liquid"** (cash) assets, excluding the value of the principal residence subject to the exemption request, in excess of **two** (2) times the amount of the estimated tax obligation of the current assessment. For example, if the tax obligation is $3,000, the maximum liquid assets is $6,000 ($3,000 x 2).

- The applicant shall not have other **total** assets (fixed assets or other property, excluding the value of the principal residence subject to the exemption request) in excess of **ten** (10) times the amount of the estimated tax obligation of the current assessment. For example, if the tax obligation is $2,000, the maximum total other assets is $20,000 ($2,000 x 10).

Assets greater than what is stated above will result in a denial of the poverty exemption.

All asset information, as requested in the Application for Poverty Exemption, must be completed in total. The Board of Review may request additional information and verification of assets if they determine it to be necessary and <u>may deny</u> an application if the assets are not properly identified.

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

- Bank accounts
- Stocks and bonds, pensions, IRAs and other investment accounts
- Withdrawals of bank deposits and borrowed money
- Gifts, loans, lump-sum inheritances and one-time insurance payments
- Money received from the sale of property such as stocks, bonds, a house or a car unless a person is in the specific business of selling such property
- Second home, rental property, or building/property other than the residence
- Excess or vacant land
- Extraordinary automobiles
- Jewelry, antiques, or artworks
- Recreational vehicles*
- Equipment or other personal property of value
- Federal non-cash benefits programs such as Medicare, Medicaid, food stamps and school lunches
- Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms

* *Recreational vehicles may include snowmobiles, boats, camping trailers, travel trailers, motor home, jet ski, motorcycles, off road vehicles, or anything which may be considered a recreational vehicle.*

Income 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 exemptions 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.

Below are the federal poverty guidelines, increased by 150%, updated annually in the federal register by the US Department of Health and Human Services which were adopted in 2024. The City of Auburn Hills will follow these guidelines for establishing 2025 poverty exemptions:

Family Size	Income
1	$22,590
2	30,660
3	38,730
4	46,800
5	54,870
6	62,940
7	71,010
8	79,080

The income guidelines shall include, but are not limited to, the annual income for the person claiming the exemption <u>and all persons living in the principal residence.</u>

Income includes:

- Money, wages, salaries before deductions, and regular contributions from persons not living in the residence
- Net receipts from non-farm and 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, and supplemental security income (SSI)
- Alimony, child support, military family allotments
- Private and governmental retirement and disability pensions, regular insurance, annuity payments
- College or university scholarships, grants, fellowships, and assistantships
- Dividends, interest, and net income from rentals, royalties, estates, trusts, gambling or lottery winnings

Meeting the income levels of the City policy does NOT guarantee the approval of a poverty exemption. Income and assets are reviewed by the Board of Review in the decision making process.

Reduction Calculation

Public Act 253 of 2020 amended MCL 211.7u related to poverty exemptions. PA 253 of 2020 lists the specific percentage reductions in taxable value that may be used by the Board of Review in granting a poverty exemption.

MCL 211.7u(5) states that if a person claiming the poverty exemption meets all eligibility requirements, the Board of Review shall grant the poverty exemption, in whole or in part, as follows:

1) a full exemption equal to a 100% reduction in taxable value for the year in which the exemption is granted; or
2) A partial exemption equal to a 75% reduction in taxable value for the year in which the exemption is granted; or
3) A partial exemption equal to a 50% reduction in taxable value for the year in which the exemption is granted; or
4) A partial exemption equal to a 25% reduction in taxable value for the year in which the exemption is granted.

No other method of calculating taxable value may be utilized, except for those percentage reductions specifically authorized in statute, or any other percentage reduction approved by the State Tax Commission.

The following depicts the taxable value reduction granted to the eligible applicant for 2025 poverty exemptions:

Household Size	Income *(federal limit:150 %)*	100% Taxable Value exemption			75% Taxable Value exemption			50% Taxable Value exemption			25% Taxable Value exemption		
1	**$21,870**	$0	to	$5,465	$5,466	to	$10,930	$10,931	to	$16,395	$16,936	to	$21,870
2	**$29,580**	$0	to	$7,395	$7,396	to	$14,790	$14,791	to	$22,185	$22,186	to	$29,580
3	**$37,290**	$0	to	$9,320	$9,321	to	$18,640	$18,640	to	$27,960	$27,961	to	$37,290
4	**$45,000**	$0	to	$11,250	$11,251	to	$22,500	$22,501	to	$33,750	$33,751	to	$45,000
5	**$52,710**	$0	to	$13,180	$13,181	to	$26,355	$26,356	to	$39,535	$39,536	to	$52,710
6	**$60,420**	$0	to	$15,105	$15,106	to	$30,210	$30,211	to	$45,315	$45,316	to	$60,420
7	**$68,130**	$0	to	$17,030	$17,031	to	$34,060	$34,061	to	$51,090	$51,091	to	$68,130
8	**$75,840**	$0	to	$18,960	$18,961	to	$37,920	$37,921	to	$56,880	$56,881	to	$75,840
additional person	*$7,710*												

Income greater than what is stated above, per household size, will result in a denial of the poverty exemption.

APPLICANT CERTIFICATION

Please initial EACH applicable statement:

_____ I/We declare that the statements made herein are complete, true and correct to the best of my/our knowledge. Any willful misstatements or misrepresentations made on this form may constitute perjury, which, under the law, is a felony punishable by fine or imprisonment.

_____I/We also understand that this application will be *<u>DENIED</u>* if the information contained within is found to be false or incomplete.

_____I/We understand that if any information contained herein is found to be false or incomplete, any and all relief granted by this application will be forfeited and placed back on the assessment roll with penalties and interest occurring on the additional tax liability in accordance with Section 211.119 of the Michigan Compiled Laws.

_____I/We understand this application for exemption is <u>ONLY</u> for the tax year of <u>2024</u>.

_____I/We have received a copy of and understand the 2024 Poverty Exemption Policy and Guidelines.

_____I/We certify that I/We <u>DID</u> file a State or Federal Income Tax Return (1040 or MI-1040) and Michigan Homestead Property Tax Credit (MI-1040CR) for the tax year <u>2024</u> and included a copy with this application <u>OR</u> completed and included the Poverty Exemption Affidavit.

_____ I/We hereby authorize the City of Auburn Hills Assessing Department to verify and or obtain information from any creditor, financial institution, government agency, insurance company or any other organization necessary for the purpose of this application of Poverty Exemption for the tax year of <u>2024</u>.

Applicant Signature: ________________________________ Date: ______________

Spouse Signature: _________________________________ Date: ______________

Name of Preparer if other than applicant: _______________________________________
(Please Print)

WAVER OF CONFIDENTIALITY

Parcel ID Number: ____

Property Address:____

I (we), ____, hereby consent to the examination of all submitted documents as well as the tax returns and any other related financial documents required to determine eligibility for tax relief, including but not limited to all those listed below:

Federal Income Tax Returns
Michigan Income Tax Returns
Principal Residence Exemption Form
Social Security Administration Statements

by the City of Auburn Hills Assessing Department staff, their designated agent, the members of the City of Auburn Hills Board of Review, and the State of Michigan Tax Tribunal authority. I further consent to any discussion of the information contained in this application at a duly convened public meeting of the City of Auburn Hills Board of Review.

By signing this Waiver of Confidentiality, I understand and acknowledge that I am forever giving up any and all possible claims that I may have related to the disclosure of information contained in said tax returns and related documents, for which claims may arise pursuant to Internal Revenue Code Section 6103, and/or any other federal, state, or local statute or regulation.

I certify that I have read and understand the contents of this document in its entirety and have signed it of my own free will.

______________________________	______________________________
Print Name	Print Name
______________________________	______________________________
Signature	Signature
______________________________	______________________________
Date	Date

Poverty Exemption Affidavit

This form is issued under authority of Public Act 206 of 1893; MCL 211.7u.

INSTRUCTIONS: When completed, this document must accompany a taxpayer's Application for Poverty Exemption filed with the supervisor or the board of review of the local unit where the property is located. MCL 211.7u provides for a whole or partial property tax exemption on the principal residence of an owner of the property by reason of poverty and the inability to contribute toward the public charges. MCL 211.7u(2)(b) requires proof of eligibility for the exemption be provided to the board of review by supplying copies of federal and state income tax returns for all persons residing in the principal residence, including property tax credit returns, or by filing an affidavit for all persons residing in the residence who were not required to file federal or state income tax returns for the current or preceding tax year.

I, ____, swear and affirm by my signature below that I reside in the principal residence that is the subject of this Application for Poverty Exemption and that for the current tax year and the preceding tax year, I was not required to file a federal or state income tax return.

Address of Principal Residence: ____

____

______________________________________ ____________________
Signature of Person Making Affidavit Date

CHECK LIST
2025 POVERTY EXEMPTION ATTACHMENTS

(Please submit copies only – not originals)

THIS COMPLETED CHECK LIST MUST BE RETURNED
WITH THE POVERTY EXEMPTION APPLICATION

Note: Provide copies of the following as proof for **all occupants living in the home** even if not contributing to household income or expenses.

____ Timely filed and fully complete and signed Poverty Exemption Application.

____ Copies of 2024 Federal Income Tax Return (or completed Poverty Exemption Affidavit if not required to file income tax returns)

____ Copies of 2024 Michigan Income Tax Return (or completed Poverty Exemption Affidavit if not required to file income tax returns)

____ Copy of 2024 Michigan Homestead Property Tax Credit Claim (MI-1040CR)

____ Copies of 2024 W-2 Forms, Social Security Statements (SSA-1099), Disability Statement or similar income verification for all household members

____ Copies of statements from additional income sources including unemployment, alimony, child support, ADC, Food Stamps, etc.

____ Copies of statements for checking account, savings account, certificate of deposit (CD's), stocks, bonds, pension (IRA, 401, etc.) account or any other asset/retirement account

____ Copies of valid State of Michigan Driver License or similar form of identification for all members of the household

____ Copy of 2024 mortgage/equity loan payment verification showing the current loan balance and principal and interest payment amounts. If mortgage/equity loan was obtained in the last two (2) years, a copy of the mortgage application is required

____ Copies of State of Michigan Registration for all vehicles in the household

____ Copy of proof of property ownership (Deed, Land Contract, etc.)

____ Completed Applicant Certification form

____ Completed Waiver of Confidentiality form