

## **2025 POVERTY EXEMPTION POLICY AND GUIDELINES**

### **CITY OF ROYAL OAK**

**Section 211.7U:** (1) The principal residence of a person who, in the judgment of the supervisor and board of review, 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 Poverty Exemption you must also comply with the following sections of the Michigan Compiled Laws:

**Section 211.118:** Perjury: Any person, who, under any of the proceedings required or permitted by this act shall willfully swear falsely, will be found guilty of perjury and subject to its penalties.

**Section 211.119:** Willful Neglect: Penalty - ... 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.

The City of Royal Oak Board of Review will analyze all properly submitted applications for Poverty Exemptions, according to amended P.A. 390 of 1994, P.A. 135 of 2012, P.A. 253 of 2020, P.A. 191 of 2023, 211.7u of the Michigan Compiled Laws (MCL). Each taxpayer will be treated the same, and the items to be considered and the manner in which they will be analyzed are listed under the following guidelines.

#### **STATE LAW GUIDELINES:**

- 1) To be eligible to apply for exemption, a person shall do the following on an annual basis:
  - a) The property must be owned and occupied by the applicant as a principal residence. The person shall affirm this ownership and occupancy status in writing by filing a form, prescribed by the state tax commission, with the City of Royal Oak.
  - b) File a claim with the board of review on a form prescribed by the state tax commission and provided by the city, 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. If a person was not required to file a federal or state income tax return in the tax year in which the exemption is claimed or in the immediately preceding tax year, an affidavit in a form prescribed by the state tax commission may be accepted instead. Filing of a claim constitutes an appearance before the board of review for the purpose of preserving their right to appeal the decision of the board of review regarding the claim.
  - c) The board of review requires a copy of your driver's license or state I.D. and the deed or other documents proving ownership and/or residency or verification of information.

- d) The applicant must meet federal poverty guidelines published in the prior calendar year by the US Dept of Health and Human Services.
- e) The application for exemption must be filed after January 1 but before the day prior to the last day of the Board of Review.

#### **A. POLICY:**

The City Assessor and Royal Oak Board of Review analyze all properly submitted applications for Poverty Exemptions, according to amended P.A. 191 of 2023, section 211.7u of the Michigan Compiled Laws (MCL). The Board of Review may reject any form submitted that is inaccurate or not fully completed by the time of the Board's consideration. All information on the form is subject to verification by the Board of Review or Assessor's Office.

#### **B. APPLICATION GUIDELINES:**

##### **To be eligible for a Poverty Exemption in the City of Royal Oak:**

1. The primary applicants must own and occupy the property as their principal residence. The application should be submitted 30 days prior to the Board of Review. **All owners and occupants** are to be included in the application process.
2. **All owners and occupants** must include signed Federal Income Tax Returns and Michigan Income Tax Returns including supporting schedules and include any property tax credit returns, filed in the immediately preceding year or in the current year. P.A. 135 of 2012 changed the requirements for filing documentation in support of a poverty exemption to allow an affidavit (Treasury Form 4988) to be filed for all persons residing in the residence **who were not required** to file federal or state income tax returns in the current year or in the immediately preceding year. This includes the owner of the property who is filing for the exemption.
3. Income information is required for **all owners and occupants** of the property. Information regarding exemptions for dependents, elderly and disabled obtained from the Federal and Michigan Income Tax Returns will be noted.

Suggested Income sources: Include but not limited to the following:

Wages, Salaries, Tips, etc.	Interest/Dividend Income
Net Rent, Business or Royalty Income	Retirement, Pensions, Annuity Benefits
Alimony	Insurance
Social Security	Child Support
Worker's Compensation	Unemployment Compensation
Deferred Compensation	Judgments from lawsuits
New or Reverse Mortgages	Disability
Gifts-Friend/Family Contributions	

4. Checking, Savings and Investment Information is required for **all owners and occupants** of the property. Information includes but not limited to: checking accounts, savings accounts, postal savings, credit union shares, certificates of deposit, cash, stocks, bonds, or similar investments.
5. Life Insurance policy information is required for **all owners and occupants** of the property.
6. All motor vehicle information (including motorcycles, motor homes, camper trailers, etc.) held or owned by **all persons** residing on the property must be provided.
7. Information on **all persons** living in the household must be provided.
8. Information regarding personal debt for **all persons** living in the household must be provided
9. The amount of monthly expenses related to the principal residence must be provided.
10. A person who files a claim for said exemption 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.

### **C. EVALUATION PROCEDURE**

1. Applications may be reviewed by the Board of Review without the applicants being present. However, the Board may request that an applicant or their representative be available to respond to any questions the Board or Assessor may have. Board of Review meeting schedules will be made available to the applicants.
2. If requested, the applicants should be prepared to answer questions regarding their financial affairs, health, the status of people living in the household, etc.
3. The Board of Review will follow the approved policy and guidelines to determine eligibility and the amount of the exemption.
4. All information is subject to verification for eligibility.
5. The Assessor will keep minutes of all proceedings before the Board of Review.
6. The Board of Review shall follow the policy and guidelines of the City of Royal Oak in granting or denying an exemption under this section. If a person claiming an exemption is qualified under the eligibility requirements, 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.

## **D. INCOME AND ASSET TESTS**

### **1. INCOME TEST:**

The income guidelines utilized by the Board of Review have been established in accordance with P.A. 390 of 1994, P.A. 253 of 2020 and P.A. 191 of 2023. In determining qualifications for tax exemption, the Board shall consider every variable on the application, including total household income, the nature and duration of the income stream, the state equalized value of the subject property, the quality and accuracy of the information submitted and any other such evidence as it feels appropriate in making their decision. In general, these guidelines shall be used by the Board of Review in making its decisions. The income amounts below relate directly to the Federal Poverty Guidelines and are adjusted annually each year.

<u>Persons in Household</u>	<u>Household Income</u>	<u>Board Action</u>
1	\$0 - \$15,060	100% reduction in TV
	\$15,061 - \$22,590	75% reduction in TV
	\$22,591 - \$30,120	50% reduction in TV
	\$30,121 - \$37,650	25% reduction in TV
	Over \$37,650	No tax relief will be granted
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2	\$0 - \$20,440	100% reduction in TV
	\$20,441 – \$30,660	75% reduction in TV
	\$30,661 - \$40,880	50% reduction in TV
	\$40,881 - \$51,100	25% reduction in TV
	Over \$51,100	No tax relief will be granted
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For each additional person over 2 in the household, add \$5,380 to income levels to determine income qualifications.

## **2. ASSET TEST:**

As required by P.A. 390 of 1994, P.A. 253 of 2020, and P.A. 191 of 2023, all guidelines for poverty exemptions as established by the governing body of the local assessing unit shall include an asset level test. An asset 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 test should calculate a maximum amount permitted and all other assets above that amount should be considered as available.

- a) The value of the applicant's liquid assets shall not exceed ten (10) times the estimated annual property tax on the principal residence. Examples of liquid assets may include, but is not limited to, the cash value of life insurance policies, mutual fund, bonds or stocks as well as money market accounts, savings accounts or checking accounts.
- b) The value of all assets of the applicant shall not exceed five (5) times the annual household income of the applicant or those contributing to the expenses of the household. Total assets may include, but is not limited to, cars, boats, real estate that is not the principal residence (including rental properties and vacant properties), and all liquid assets.

All asset information, as requested in the Application for MCL 211.7u 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 may reject any application if assets are not properly identified.

## **E. SUMMARY:**

In conclusion, the Board of Review has been given exclusive statutory jurisdiction over the granting of property tax relief due to poverty. The Board of Review for the City of Royal Oak takes this responsibility seriously and attempts to provide relief to all deserving residents of the city. The Board of Review may deny any appeal, regardless of income, if the financial hardship appears to be self-created by the actions of the person or persons making the application. The Board of Review reserves the right to modify these guidelines as necessary.