

CLARENCE TOWNSHIP POVERTY EXEMPTION APPLICATION

POLICY AND GUIDELINES 2021 TAX YEAR

A. POLICY

The Township Assessor and Board of Review will analyze all properly submitted applications for Poverty Exemptions, according to amended P.A.390 of 1994, section 211.7u of the Michigan Compiled Laws (MCL). Every 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.

B. APPLICATION GUIDELINES:

To be eligible for a Poverty Exemption you must complete all of the requirements below:

- 1) The primary applicant(s) must own and occupy the property as their principal residence. All owners and all occupants of the residence are required to include their financial information in the application process, and must sign the following: Waiver of Confidentiality, Authorization to Inspect the Property and permission to interview the applicants and verify the Applications.
- 2) Provide a copy of each person's valid Driver's license or State ID
Deed to property or Land Contract
Form 5737 (Application for Poverty Exemption must be filed)
Form 5739 (Affirmation of Ownership and Occupancy must be filed)
- 3) All owners and occupants must include (A current year, or, immediately preceding year) **signed** Federal Tax Returns & Michigan Income Tax Returns; including all supporting schedules, including any property tax credits. All submitted returns must be signed and dated. Form 4988 (Poverty Exemption Affidavit) may be filed for any person that was not required to file tax returns.
- 4) Income and Asset information are 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.
- 5) You must apply on or after January 1 but before the day prior to the last day of the December Board of Review in the year the exemption is requested.
- 6) Must meet federal poverty guidelines for current year, or, alternative guidelines adopted by the local Board of Review and Assessing Unit. Also, must meet the asset level test adopted by the local assessing unit.

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, their health, and the status of people living in the household; and reasons why they are unemployed.
3. The Board of Review will follow the approved policy and guidelines to determine eligibility and the amount of the exemption (100%, 50%, or 25% exemption) The exemption percentage will be based on all of the information that is submitted to the Board.
4. The Board of Review must agree as to the disposition of the poverty claim for the exemption to be granted.
5. All information is subject to verification. The verification process can determine future ineligibility.
6. The Supervisor will keep minutes of all proceedings before the Board of Review. All meetings are to be held in a municipal building.
7. A person filing a poverty exemption claim may also appeal the same parcel assessment before the current March Board of Review.
8. The Board of Review shall follow the policy and guidelines of the Township in granting or denying an exemption under this section. Any substantial and compelling reasons for deviating from the policy and guidelines will be communicated to the claimant in writing.

Asset and Income sources include but are not limited to the following;

Income from all sources :

Interest	Alimony	Child Support
Social Security	Dividends	Unemployment
Pensions	Insurance	General Assistance
IRA/Keogh Annuities	Cash	Retirement Accounts
Checking/Savings Accounts	Stocks/Bonds	Investments (Tangible/Intangible)
Deferred Compensation	Money Markets	Assets in Trust Accounts
New or Reverse Mortgages	Gifts	A second home or land
Campers, motor homes ATV	Jewelry, artwork	Equipment other than personal prop
Food stamps, school lunches	Inheritances	additional vehicles

D. INCOME AND ASSET TESTS

1. INCOME TEST:

The total household income shall not be higher than the current year Poverty Guidelines below:
The Michigan homestead property tax credit cannot be considered as income for the exemption.

2021 WBT POVERTY GROSS INCOME/ASSET SCHEDULE

Family Size	Income Schedule
1.	\$12,760
2.	\$17,240
3.	\$21,720
4.	\$26,200
5.	\$30,680
6.	\$35,160
each additional person	4,480

2. ASSET TEST:

a.) If the investment-value of the applicant’s assets calculates, at the stated interest rate, an income stream when added to the applicant’s reported income, a sum that is less than the stated household income guidelines; then a poverty exemption may be granted. Underutilized assets and assets available for Investment will have an income stream estimated and included in the (IVY) calculations.

b) When income produces a sum greater than the stated household income guidelines, a poverty exemption may be denied. If the applicant’s assets are of an amount which would indicate that a condition of poverty is not indicated, then a poverty exemption shall be denied.
Liquid assets in excess of \$2,000 will be considered assets available for property tax payments.

E. CALCULATIONS:

1) The investment Value Yield (IVY) is calculated by multiplying the applicants’ total assets available by the stated interest rate indicated below:

- 2.50% - savings, cash, money market, other short term assets
- 4.00% - stocks, bonds, other long term securities
- 4.00% - other long term assets.

Long term assets available for (IVY) calculations are defined as property underutilized whether real property or investment property. (see asset and income source examples)

2) The Total Household Income calculation includes the applicants’ total income and assets determined from information requested above plus the (IVY) determined from Part E (1). Submit all appropriate documents needed to verify the application.

(Income + Investment Value Yield = Total Household Income (THI))

3) Total Household Income is compared to the current Township Poverty Income Schedule adopted by the Township Board.