

## THE CHARTER TOWNSHIP OF ALPENA

### 2021 POVERTY EXEMPTION POLICY & GUIDELINES

The following *policy and guidelines*, adopted by the Township Board, shall be followed by the Charter Township of Alpena Board of Review when considering **poverty exemptions** according to P.A. 390 of 1994, section 211.7u of the *Michigan Compiled Laws (MCL)*.

**Application Guidelines:** To be eligible for a **POVERTY EXEMPTION** in the Charter Township of Alpena.

1. The primary applicant must own and occupy the property as their principal residence and shall satisfy all requirements of P.A. 390 of 1994 (Principle Residence Exemptions) and State Tax Commission bulletin No. 5 of 1995. Property placed in a trust does not qualify as owned for poverty exemption purposes. All owners and occupants are required to sign Waivers of Confidentiality, Authorizations to inspect the Property and permission to interview the applicants and verify the application.
2. All owners must include signed Federal and State Income Tax Returns for the most recent filing period, including supporting schedules, if the applicant is required to file an income tax return. If the applicant did not file Federal or State Tax Returns, the Michigan Department of Treasury Form 4988 must be filed.
3. Income and asset information is required for all owners and occupants of the property. Potential income and asset sources are (non-inclusive).

Income from all sources	Interest and dividends
Salaries & wages before deductions	Pensions
Net receipts from self-employment	Supplemental Security Income
Veteran payments	Net rental income
Royalties	Scholarships & grants
Unemployment Compensation	Income from Insurance payments
Workers Compensation	Retirement Accounts
Alimony	Child support
General assistance	IRA/Keogh annuities
Social Security	New or Reverse Mortgages
Cash	Stocks & Bonds
Checking & savings accounts	Investments
Money Market Accounts	Gifts
Assets in trust accounts	Deferred compensation

4. Applicants must meet the Income Test and Asset Test to be eligible to apply to the Board of Review for an exemption of property tax on their principle residence. Applications will be reviewed by the Board of Review in making a determination to grant or deny an exemption and if an exemption is granted, what percentage of the taxable value will be exempted.

**INCOME TEST:**

Eligible applicants will not exceed the income levels listed on the Federal Poverty Guidelines for 2021 Assessments listed below.

1. Total Annual Income shall not exceed the following amount applicable to the number of persons living in the household:

<u>Number of Persons</u>	<u>2020 Income Limit</u>
1 (owner)	\$12,760
2	\$17,240
3	\$21,720
4	\$26,200
5	\$30,680
6	\$35,160
7	\$39,640
8	\$44,120
Each additional person, add	\$ 4,480

2. Total Annual Household Income shall be based on Federal Poverty Income Guidelines and will be adjusted annually to agree with the federally established amount.

**ASSET TEST:**

Eligible applicants will have total assets at or below the asset limit listed below for the claimant and household.

1. Total assets, excluding footprint of principle residence with up to an additional 5 acres and personal property located therein and 2 primary vehicles, may not have a total value that exceeds:

	<u>Asset Limit</u>
Claimant	<b>\$10,000</b>
Household	<b>\$20,000</b>

Below are some examples of assets the local governing may choose to ask an applicant to list. (This is not an exhaustive list:

- A second home
- Land
- Vehicles • Recreational vehicles such as campers, motor-homes, boats and ATV's
- Buildings other than the residence
- Equity in the residence above a specified amount
- Jewelry • Antiques • Artworks
- Equipment • Other personal property of value
- Bank accounts over a specified amount • Stocks
- 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.
- Withdrawals of bank deposits and borrowed money.
- Tax Refunds, gifts, loans, lump-sum inheritances, and one-time insurance payments.
- Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms.
- Federal non-cash benefits programs such as Medicare, Medicaid, food stamps, and school lunches.

**EVALUATION PROCEDURES:**

1. The Board of Review shall follow the above policy and guidelines when making poverty exemption decisions. The same standard shall apply to each claimant for the assessment year.
2. The applicant should be prepared to answer questions regarding their financial affairs, health, status of people living in the household, and any other question relevant to the exemption request.
3. All information is subject to verification. The verification process can be used to determine future eligibility.
4. The Board of Review must agree as to the deposition of the poverty claim to be granted.