



POLICY AND GUIDELINES FOR POVERTY EXEMPTIONS

In accordance with Public Act (P.A.) 253 of 2020, guidelines for a Poverty Exemption must be set by the local governing body. Guidelines for the Charter Township of Waterford are as follows:

APPLICATION PROCEDURE

1. All applicants must obtain the Poverty Exemption Application from the Township Assessor's Office or obtain it online at www.waterfordmi.gov. Please call (248) 674-6270 for assistance.
2. Applicants will not be eligible for consideration if their income is greater than 175% of the Federal Poverty guidelines provided by the State Tax Commission (listed under the 100% exemption):

For 100% Poverty Exemption:

<u>Size of Family Unit</u>	<u>2026 Poverty Income Guidelines**</u>
1	\$15,650
2	\$21,150
3	\$26,650
4	\$32,150
5	\$37,650
6	\$43,150
7	\$48,650
8	\$54,150
Each additional person	Add \$5,500/person

For 75% Poverty Exemption:

<u>Size of Family Unit</u>	<u>2026 Poverty Income Guidelines**</u>
1	\$19,563
2	\$26,438
3	\$33,313
4	\$40,188
5	\$47,063
6	\$53,938
7	\$60,813
8	\$67,688
Each additional person	Add \$6,875/person

For 50% Poverty Exemption:

<u>Size of Family Unit</u>	<u>2026 Poverty Income Guidelines**</u>
1	\$23,475
2	\$31,725
3	\$39,975
4	\$48,225
5	\$56,475
6	\$64,725
7	\$72,975
8	\$81,225
Each additional person	Add \$8,250/person

For 25% Poverty Exemption:

<u>Size of Family Unit</u>	<u>2026 Poverty Income Guidelines**</u>
1	\$27,388
2	\$37,013
3	\$46,638
4	\$56,263
5	\$65,888
6	\$75,513
7	\$85,138
8	\$94,763
Each additional person	Add \$9,625/person

All guidelines are based on the Federal poverty level established by P.A. 390 of 1994 and further amended by P.A. 253 of 2020. *Proof of income should be income earned in 2025.***

3. All applicants must own and occupy the property being appealed as their principal residence. If requested, a valid driver's license, deed, land contract, or other evidence of ownership or identification and verification of information must be produced.
4. All applicants must fill out the State of Michigan application form in its entirety and return it to this office.
5. All members of the household must submit, if applicable, the immediately preceding year or current year copies of:
 - A. Federal Income Tax Return – 1040 or 1040A
 - B. Statement from Social Security Administration and/or Michigan Social Services as to monies received during the previous year.

- C. Alimony, child support and military family allotments or other regular support from an absent family member or someone not living in the household.
- D. Any other proof of income.

6. FAILURE TO SUPPLY THE REQUESTED INFORMATION WILL NEGATE THE APPLICATION BEING PROCESSED.

EVALUATION PROCEDURE

1. Applications may be reviewed by the Board of Review without the applicant being present. However, the Board may request that any and all applicants be physically present to respond to any questions the Board may have. This means that an applicant could be called to appear on short notice.
2. At this meeting, an applicant should be prepared to answer questions regarding their financial affairs and the status of people living in their home, etc.
3. The Board of Review will apply a two-part test to determine the eligibility and the amount of the exemption.

A. **THE INCOME TEST:** The Federal Income Guidelines will be used as part of the Income Test for 100%, 75%, 50% or 25% Poverty Exemption which is a reduction in the taxable value.

According to the United States Census Bureau “income” includes, but is not limited to:

- Money, wages, salaries before deductions, regular contributions from persons not living in the residence
- Net receipts from non-farm or 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, 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, assistantships
- Dividends, interest, and net income from rentals, royalties, estates, trusts, gambling or lottery winnings

B. **THE ASSET TEST:**

- The residence where the applicant claims the Principal Residence Exemption and one vehicle are not considered in the Asset Test.
- The asset threshold for Waterford Township is \$25,000 for one person living in the household and \$35,000 for two or more people living in the household.
- Assets include, but are not limited to:
 - A second home, land, vehicles
 - Recreational vehicles such as campers, motor-homes, boats and ATV’s
 - Buildings other than the residence
 - 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 car (unless a person is in the specific business or selling such property)
- Withdrawals of bank deposits and borrowed money
- 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
- If the values of the applicant's assets are of an amount which would indicate that a condition of poverty is not indicated, then a poverty exemption will be denied.

C. THE INCOME FROM OTHER SOURCES TEST: If the Board of Review determines that the applicant has or should have income from other sources, such as relatives, dependents or friends, they may add this income to the applicant's reported income and if the resulting sum of these incomes is greater than the stated household income guidelines, then a poverty exemption will be denied. If the amount of this income is added to the applicant's reported income and the resulting sum is less than the stated household income guidelines, then a poverty exemption will be granted. The homeowner cannot use expenses and deduction to lower their income. These areas of expenses and deductions are for Federal taxes.

4. The Board of Review must agree as to the disposition of the poverty claim for the exemption to be granted.
5. Any successful applicant may be subject to personal investigation by the Township. This would be done to verify information submitted or statements made to the Board of Review in regard to their property tax abatement claim.
6. The secretary will keep minutes of all proceedings before the Board of Review and all meetings must be held in a municipal building.
7. A person filing a poverty exemption claim is not prohibited from also appealing the Assessed Value on the property for which that claim is made before the March Board of Review in the same year.
8. The Board of Review shall follow the policy and guidelines of the Township of Waterford in granting or denying an exemption under this section.
9. All applicants, claiming the poverty exemption, who meet eligibility requirements, shall receive from the Board of Review a 25%, 50%, 75% or 100% reduction in Taxable Value for the year in which the exemption is granted.