

MICHIGAN PROPERTY TAX POVERTY EXEMPTION



Michigan law provides an exemption from property taxes for real property owned and used as a principal residence by persons who, due to poverty, are unable to pay.



- The law requires local taxing units to adopt guidelines to determine qualifications for the exemption.
- Qualification guidelines mandate that homeowners satisfy 2 tests, an **Income Test** and an **Asset Test**.



Income Test

- Income used for the income test is household income.
- It includes wages, interest, dividends and rent;



In addition it also **includes, but is not limited to** –

- Social security, unemployment, worker's compensation and public assistance;
- Alimony and child support, retirement and disability pensions;
- College scholarships and grants; and –

- Regular contributions from persons not living in the household;
- As the name implies, household income also includes all income of everyone living in the household.



The **Income Test** is met if total *household income* is less than **Federal Poverty Guidelines published in the prior calendar year** or a higher amount used by the local taxing unit.

2024 Federal Poverty Guidelines:

Size of Family Unit	Poverty Guidelines
1	\$15,060
2	20,440
3	25,820
4	31,200
5	36,580
6	41,960
7	47,340
8	52,720
For each additional person	Add \$5,380

Asset Test

- The purpose of the asset test is to determine resources available, either cash or property that can be converted to cash (sold) and then can be used to pay property taxes.
- The asset test doesn't include the value of the principal residence.



Examples of assets that **may be included** in the local unit asset test are:

- A second home, land, vehicles;
- Campers, motor-homes, boats, ATV's;
- Bank accounts, investment accounts, proceeds from the sale of property;

- Gifts, loans, inheritances, insurance payments;
- Benefits from Medicare, Medicaid, food stamps, school lunches.



- Local taxing unit policy may exclude some of the above examples from the test. The City of Jackson does not exclude any of the above.
- For property outside the City, check with the local taxing authority to determine what, if anything, is excluded from the test.



- The **Asset Test** is met in the City of Jackson if total **assets** are less than **Federal Poverty Guidelines** **published in the prior calendar year** .
- 2024 Federal Poverty Guidelines:

Size of Family Unit	Poverty Guidelines
1	\$15,060
2	20,440
3	25,820
4	31,200
5	36,580
6	41,960
7	47,340
8	52,720
For each additional person	Add \$5,380

The law states that a full exemption (100%), or partial exemption (25%, 50%, or 75%) may be granted. The city of **Jackson doesn't grant partial exemptions.** They grant either 100% exempt or not exempt.



How to Apply for the Poverty Exemption

- To request a poverty exemption, a taxpayer must file the following with the local taxing unit:
- Form 5737 - Application for MCL 211.7u Poverty Exemption



- Form 5739 - Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty.
- Any required additional documentation, such as Federal and Michigan income tax returns



- Forms may be submitted to the local assessing unit on or after January 1 but before the day prior to the last day of the December Board of Review during the year in which the exemption is requested. In the City of Jackson, the Board of Review meets in March, July, and December. The deadline date is March 18 for the 2025 March Review.



In addition to filing Forms 5737, 5739, and submitting additional documentation, a taxpayer must do all of the following to be eligible for the exemption:

- Own and occupy the property as a principal residence.



- Provide Federal and Michigan tax returns for the current or preceding year for all persons residing in the principal residence. If a person residing in the residence was not required to file tax returns, Form 4988, Poverty Exemption Affidavit, may be filed.
- If required, provide a driver license or other form of identification.



- If required, provide a deed, land contract, or other evidence of the property ownership.
- Pass the household income test and asset test



Board of Review Responsibilities

- The Board of Review will approve or deny the exemption.
- Exemption applications can be heard at the March, July or December Board of Review.
- There can be only one Board of Review decision during the same calendar year. Example: An application denied in March can't be reheard in July.

ANY QUESTIONS?



MICHIGAN PROPERTY TAX EXEMPTION FOR DISABLED VETERANS



I. Michigan law provides an exemption from property taxes for real property owned and used as a homestead by a “disabled veteran” honorably discharged from the U.S. Armed Forces.



“Disabled Veteran” is defined as a veteran residing in Michigan who meets **one** of the following criteria:

- A. Has been determined by the U.S. Dept. of Veteran Affairs (V.A.) to be permanently and totally disabled from military service and entitled to veterans’ benefits at rate of 100%; **or**

- B. Has a certificate from the V.A. certifying the veteran is receiving or has received financial assistance due to disability for special adapted housing; **or**



C. Has been rated by the V.A. as unemployable.



II. The law also allows an un-remarried surviving spouse of a qualifying disabled veteran to retain and claim the exemption, even if the homestead property is acquired after the disabled veteran's death.



III. How to apply for the exemption:

- A. File form 5107 with the local assessing unit in the city or township in which the property is located.



B. In addition to form 5107, some type of official benefits notice or other documentation from the V.A. must be submitted to support the criteria listed in I. above.



The form must be submitted after January 1 and before December 31 in the year in which the exemption is requested.



- C. Beginning in January 1, 2025, the exemption, once granted, remains in effect without subsequent annual reapplication.



IV. Rescission

- A. The disabled veteran or surviving spouse **must file form 6054** with the assessing unit **within 45 days** if:
- 1) They cease to own and use as a homestead the exempt property; and
 - 2) They no longer qualify for the exemption.

