

**TOWNSHIP OF HADLEY
2025 Poverty Exemption
Policy, Guidelines and Application**

Section 211.7u(1) of the Michigan General Property Tax Act indicates that “the principal residence of persons who, in the judgment of the supervisor and board of review, by reason of poverty, are unable to contribute toward the public charges is eligible for exemption in whole or in part from taxation under this act.”

The Hadley Township board adopts a policy, which includes an asset and income test. The Board of Review shall follow the Township of Hadley’s policy when granting or denying an exemption. If a person meets all eligibility requirements, the Board of Review must grant a full exemption equal to a 100% reduction in taxable value or a partial exemption equal to a 75% reduction in taxable value.

A taxpayer who files for a poverty exemption at the March Board of Review is not prohibited from also filing a valuation appeal at the March Board of Review. A taxpayer may also file a poverty exemption application with the July or December Board of Review. Poverty exemption denials may be appealed to the Michigan Tax Tribunal.

The following policy and guidelines were adopted at the December 2024 Hadley Township Board Meeting. The income levels used are the federal poverty guidelines published in the current calendar year in the Federal Register by the United States Department of Health and Human Services. The income levels are updated annually.

Requirements:

1. All applicants must annually file a completed application form and all required documentation with the Township of Hadley Assessing Department. The application and supporting documentation must be submitted on or after January 1, 2025, but before the December Board of Review. Handicapped or disabled applicants may call the Assessing Department at (810)796-2117 to arrange for assistance.
2. All applicants must provide a complete, signed Federal Income Tax return and State Income Tax return, including the Homestead Property Tax Credit (MI-1040CR), that were filed in the immediately preceding year or in the current year **for all persons** residing in the principal residence. If the applicant(s) is not required to file a Federal or State Income Tax return, a signed Poverty Exemption Affidavit must be provided along with the Homestead Property Tax Credit (MI-1040CR).
3. In accordance with PA 390 of 1994, the applicant must meet the “Asset Guidelines” adopted by the Hadley Township Board (attached).
4. The applicant must meet the Federal Poverty Income Guidelines (attached).

Failure to meet the requirements or submission of an incomplete application will result in a denial of the poverty exemption.

Asset Guidelines Used in the Determination of Poverty Exemptions for 2025

As required by PA 390 of 1994, all guidelines for poverty exemptions as established by the governing body of the local assessing unit **SHALL** also include an asset level test. The purpose of an asset test is to determine the resources available (cash and fixed assets and property that could be converted to cash) that could be used to pay property taxes in the year the poverty exemption is filed.

The following asset test shall apply to all applications for poverty exemption:

- The applicant shall not have a total of all liquid assets that exceed \$70,000, not including the primary residence or farm equipment used to produce crops.

Assets greater than what is stated above will result in a denial of the poverty exemption.

All asset information, as requested in the Application for 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 deny an application if the assets are not properly identified.

Cash and other assets may include but are not limited to:

- Bank accounts
- Stocks and bonds, pensions, IRAs and other investment accounts
- Withdrawals of bank deposits and borrowed money
- Gifts, loans, lump-sum inheritances and one-time insurance payments
- 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
- Second home, rental property, or building/property other than the residence
- Excess or vacant land
- Extraordinary automobiles
- Jewelry, antiques, or artworks
- Recreational vehicles*
- Equipment or other personal property of value
- Federal non-cash benefits programs such as Medicare, Medicaid, food stamps and school lunches
- Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms

* *Recreational vehicles may include snowmobiles, boats, camping trailers, travel trailers, motor home, jet ski, motorcycles, off road vehicles, or anything which may be considered a recreational vehicle.*

Income Guidelines Used in the Determination of Poverty Exemptions for 2025

Local governing bodies are required to adopt guidelines that set income levels for their poverty exemptions and those income levels **shall not be set lower** by a city or township than the federal poverty guidelines updated annually by the U.S. Department of Health and Human Services. This means, for example, that the income level for a household of 3 persons **shall not** be set lower than \$25,820 which is the amount shown on the following chart for a family of 3 persons.

Below are the federal poverty guidelines increased by 125%, updated annually in the federal register by the US Department of Health and Human Services. Hadley Township will follow these guidelines for establishing 2025 poverty exemptions:

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	\$5,380

The income guidelines shall include, but are not limited to, the annual income for the person claiming the exemption and all persons living in the principal residence.

Income includes:

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

Meeting the income levels of Hadley Township policy does NOT guarantee the approval of a poverty exemption. Income and assets are reviewed by the Board of Review in the decision making process.

Reduction Calculation

Public Act 253 of 2020 amended MCL 211.7u related to poverty exemptions and Public Act 191 of 2023 amended MCL 211.7u and MCL 211.53b. PA 253 of 2020 and PA 191 of 2023 lists the specific percentage reductions in taxable value that may be used by the Board of Review in granting a poverty exemption.

MCL 211.7u(5) states that if a person claiming the poverty exemption meets all eligibility requirements, the Board of Review shall grant the poverty exemption, in whole or in part, as follows:

- 1) a full exemption equal to a 100% reduction in taxable value for the year in which the exemption is granted; or
- 2) a partial exemption equal to a 75% reduction in taxable value for the year in which the exemption is granted.

No other method of calculating taxable value may be utilized, except for those percentage reductions specifically authorized in statute, or any other percentage reduction approved by the State Tax Commission.

The following depicts the taxable value reduction granted to the eligible applicant for 2025 poverty exemptions:

Household Size	Income (Twp limit)	Income (federal limit)	100% Taxable Value exemption	75% Taxable Value exemption
1	\$18,825	\$15,060	\$0 to \$15,060	\$15,061 to \$18,825
2	\$25,550	\$20,440	\$0 to \$20,440	\$20,441 to \$25,550
3	\$32,275	\$25,820	\$0 to \$25,820	\$25,821 to \$32,275
4	\$39,000	\$31,200	\$0 to \$31,200	\$31,201 to \$39,000
5	\$45,725	\$36,580	\$0 to \$36,580	\$36,581 to \$45,725
6	\$52,450	\$41,960	\$0 to \$41,960	\$41,961 to \$52,450
7	\$59,175	\$47,340	\$0 to \$47,340	\$47,341 to \$59,175
8	\$65,900	\$52,720	\$0 to \$52,720	\$52,721 to \$65,900
<i>additional person</i>	\$7,532	\$5,380		

Income greater than what is stated above, per household size, will result in a denial of the poverty exemption.