



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RACHAEL EUBANKS  
STATE TREASURER

**Bulletin 22 of 2023  
December 19, 2023  
MCL 211.7u Poverty Exemption**

**TO:** Assessors and Equalization Directors  
**FROM:** Michigan State Tax Commission  
**SUBJECT:** MCL 211.7u Poverty Exemption

**Bulletin 3 of 2021 is rescinded.**

MCL 211.7u provides for a property tax exemption, in whole or part, for the principal residence of persons who, by reason of poverty, are unable to contribute to the public charges. For purposes of the poverty exemption "principal residence" means how principal residence exemption and qualified agricultural property are defined in MCL 211.7dd. The exemption does not apply to property of a corporation. This Bulletin includes updates made to MCL 211.7u by Public Act 253 of 2020.

**Local Unit Responsibilities**

MCL 211.7u requires local units to adopt guidelines that must include the specific income and asset levels of the applicant and the total household income and assets. If the local unit maintains a website, the local unit is required under the statute to make the policy, guidelines, and the poverty application (Form 5737) available to the public on the local unit's website. Additional items that the local unit should make available include the statutorily required Form 5739 (which must be filed by the applicant with Form 5737) and Form 4988, *Poverty Exemption Affidavit* (used by applicants who are not required to file federal and state income tax returns).

**Income Test**

Local units must adopt guidelines which specify the total household income which will be used to approve or deny poverty exemptions. The adopted income levels shall not be set lower than the federal poverty guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services. For reference, the federal poverty guidelines to be used are published annually by the State Tax Commission.

A claimant may request a poverty exemption to their Board of Review at their March, July or December meeting.

## **POLICY GUIDELINES FOR POVERTY EXEMPTION**

The Board of Review will objectively evaluate poverty exemption applications by utilizing all available and required information, including statements under oath, by the applicant(s) upon appearance before the Board of Review.

If the Board of Review determines that the application meets all of the eligibility criteria of the statute, the Board of Review shall grant an exemption as follows:

For 100% reduction in taxable value, the applicant must meet or fall below the persons in family household income guidelines. For 75% reduction in taxable value, the applicant must be above the persons in family household at 100% income up to 125% of the in persons household income guideline. For 50% reduction in taxable value, the applicant must be above the persons in family household at 100% income up to 135% of the in persons household income guideline. For 25% reduction in taxable value, the applicant must be above 135% of the persons in family household income up to 150% of the in persons household income guideline.

	<u>2023 Persons in family/household</u>		<u>Poverty guideline</u>	
	100%	125%	135%	150%
1	\$14,580	\$18,225	\$19,683	\$21,870
2	\$19,720	\$24,650	\$26,622	\$29,580
3	\$24,860	\$31,075	\$33,561	\$37,290

No hardship relief will be granted for applicants above 150% of persons in family household income guidelines.

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.

**Applicants must meet the federal poverty guidelines published in the prior calendar year in the Federal Register by the United States Department of Health and Human Services. (<https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>). For reference, the federal poverty guidelines to be used are also published annually by the State Tax Commission.**

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 nonfarm self-employment. These are receipts from a person’s own professional enterprise, or partnership before expense deductions.
- Net receipts from farm self-employment. These are receipts from a farm which operates as an owner, renter, or sharecropper before deductions for expenses.
- Regular payments from social security, railroad retirement, unemployment compensation, strike benefits from union funds, worker’s compensation, veteran’s