

CITY OF HILLSDALE, MICHIGAN

Resolution # 3622

2025 Resolution to Adopt Poverty Exemption Income Guidelines and Asset Test

WHEREAS, the General Property Tax Act, MCL 211.7u, states that the principal residence of a person who, in the judgment of the supervisor (chief assessing officer) and board of review, by reason of poverty, is unable to contribute toward the public charges is eligible for exemption in whole or in part from the collection of taxes under the General Property Tax Act; and

WHEREAS, the governing body of the local assessing unit is required to determine and make available to the public the policy and guidelines used in determining eligibility for exemption by reason of poverty, including, but not limited to, the specific income and asset levels of the claimant and total household income and assets;

NOW, THEREFORE, BE IT HEREBY RESOLVED, pursuant to MCL 211.7u, that the **City of Hillsdale, Hillsdale County**, adopts the following guidelines for the board of review to implement:

To be eligible for exemption under this section, a person must do all of the following on an annual basis, after January 1 but before the last day of the board of review (tentatively scheduled for 9:00 a.m., Tuesday, December 9, 2025):

- 1) Own and occupy as a principal residence the property for which an exemption is requested. The person shall affirm this ownership and occupancy status in writing by filing Form 5739 – *Affirmation of Ownership and Occupancy to Remain Exempt by Reason of Poverty* (prescribed by the state tax commission) with the local assessing unit.
- 2) File a claim with the board of review on Form 5737 – *Application for MCL 211.7u Poverty Exemption* (prescribed by the state tax commission). This form must be completed in full and shall be accompanied by:
 - a) Most recently filed federal and state income tax returns filed in the current year or in the immediately preceding year for all persons residing in the principal residence, including any property tax credit returns, OR;
 - b) If federal and state income tax returns are not required for a person residing in the principal residence in the tax year in which the exemption is claimed or in the immediately preceding year, form 4988 – *Poverty Exemption Affidavit* (prescribed by the state tax commission) may be accepted in place of the federal or state income tax return.
 - c) If not required to file income tax returns in the current year, proof of current income in the form of paystubs, 1099 forms, W-2s, or award letters including, but not limited to rent, employment, alimony, child support, social security, social security disability income (SSDI), supplemental social security income (SSI), unemployment, veteran's

payments, student financial aid or grants available for housing, or any other type of public or private assistance for all persons residing in the principal residence.

- d) Profit and loss statements for all self-employment or business ventures for all persons residing in the principal residence.
 - e) Copies of all bank and/or debit card statements for the immediately preceding 6 months for all persons residing in the principal residence.
- 3) Produce a valid driver license or other form of identification if requested by the board of review.
 - 4) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is requested if requested by the board of review.
 - 5) **INCOME TEST.** Total household income from all sources must be below the federal poverty income guidelines as published in Michigan State Tax Commission Bulletin 17 of 2024, being:

Federal Poverty Level Income Guidelines	
# of People in the Household	Income Limit for Federal Poverty Standard
1	\$ 15,060.00
2	\$ 20,440.00
3	\$ 25,820.00
4	\$ 31,200.00
5	\$ 36,580.00
6	\$ 41,960.00
7	\$ 47,340.00
8	\$ 52,720.00
For Each Additional Person	\$ 5,380.00

Total household income higher than these limits shall result in denial of the poverty exemption.

- 6) **ASSET TEST.** If the applicant passes the income test, the board of review shall also consider the household assets in determining eligibility for exemption. Household assets are an indication of funds available for payment of taxes either directly, through liquidation, or as equity to secure funds. Assets may include but are not limited to cash, checking and savings accounts, prepaid debit or gift cards, real estate, investment accounts, trust accounts, pensions, stocks, automobiles, recreational vehicles, and any other potential source of equity or income. The asset guidelines adopted for 2025 are as follows:
 - a) The board of review shall consider both liquid and non-liquid assets held by any member of the household.

- b) The equity of **the principal residence for which exemption is requested shall not be considered as an asset** available for payment of the taxes; however, additional buildings and land in excess of the minimum required under local ordinance or state construction code for a residence, even if assessed and taxed on the same parcel, may be considered assets and a potential source of income or equity.
- c) Each working member of the household shall be allowed one vehicle exempt from consideration; provided, however, that the equity in the vehicle (blue book value less secured loan balance) over \$10,000 shall be counted toward non-liquid assets.
- d) Total household liquid assets (cash, prepaid debit cards, checking and savings accounts, or any other asset easily converted into cash) must be below the income amount used for each additional person in the household under the income test (\$5,380 for 2025).
- e) The combined total value of all household assets after deducting for debts must be below \$10,000 to qualify.

Household assets in excess of these limits shall result in denial of the poverty exemption.

- 7) **REDUCTION CALCULATION.** MCL 211.7u(5) provides that if an applicant meets all eligibility requirements, the board of review shall grant the poverty exemption in full (100% reduction in taxable value) or in part (75%, 50% or 25% reduction). The following guidelines shall be used for determining the reduction in taxable value:

City of Hillsdale Reduction Calculation - 2024			
% Exempt	Income Level	Liquid Assets	Total Asset Value Less Debts
100	50% of poverty or below	below \$5,380	below \$5,380
75	75% of poverty or below	below \$5,380	below \$5,380
50	75% of poverty or below	below \$5,380	below \$7,500
25	Below poverty	below \$5,380	below \$10,000

BE IT ALSO RESOLVED that the board of review shall follow the above stated policy and guidelines in granting or denying an exemption for poverty from collection of the 2025 property taxes.

These guidelines and the forms referenced shall be made available to the public at the office of the assessor and/or treasurer, and on the official website maintained by the City of Hillsdale.

The foregoing resolution offered by Councilmember SOLTA,
and supported by Councilmember MORRISSEY.

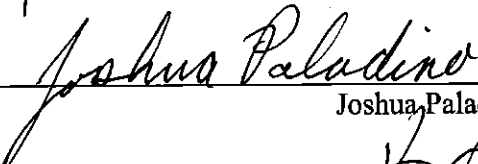
The vote in favor of the resolution being as follows:

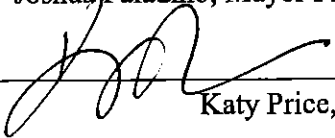
Roll call:	<u>FYNN</u>	<u>AYE</u>
	<u>MORRISSEY</u>	<u>AYE</u>
	<u>SOLTA</u>	<u>AYE</u>
	<u>STUCKELL</u>	<u>AYE</u>
	<u>WOLFRAM</u>	<u>AYE</u>
	<u>PALADINO</u>	<u>AYE</u>
	<u>BENTLEY</u>	<u>AYE</u>
	<u>BRUNS</u>	<u>AYE</u>
	_____	_____

Motion passed, 8 - D

Resolution declared adopted.

Date: DECEMBER 16, 2024

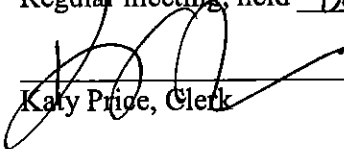


 Joshua Paladino, Mayor Pro Tem


 Katy Price, Clerk

CERTIFICATION

As the Clerk for the City of Hillsdale, Hillsdale County, Michigan, I certify that this is a true and complete copy of a resolution adopted by the Hillsdale City Council, Hillsdale County at its Regular meeting, held December 16, 2024.



 Katy Price, Clerk