

**..Title**

Resolution to Adopt the Board of Review Guidelines for Poverty Exemptions from Property Taxation of Principal Residence Pursuant to MCL 211.7u

**..Memorandum**

Attached for your approval is a resolution to adopt the Board of Review Guidelines for Poverty Exemptions pursuant to MCL 211.7u. Local governing bodies may adopt guidelines that set income levels for their poverty exemptions from taxes of principal residences at levels higher than the federal guidelines. MCL 211.7u also requires local governing bodies to identify in their guidelines specific income and asset level limitations of both the applicant and the household (“asset test”).

Approval of the revised Board of Review Guidelines (which are attached) will further define the definition of a Poverty Exemption, maintain the existing maximum \$50,000 asset level test, set the income limits not to exceed 2.20 ~~2.0~~ times the U.S. Department of Health and Human Services for each person in the household ~~a one-person household~~, which is annually published by the Michigan State Tax Commission, ~~and adjust the Federal Poverty Standards for each additional person times a factor of 1.20~~. If Council approves the revision, the Board of Review will implement the changes for the 2021 tax year.

**..Staff**

Prepared by: Jerry Markey, Assessor

Reviewed by: Matthew V. Horning, Interim Financial Services Area Administrator and CFO

Approved by: Tom Crawford, City Administrator

**..Body**

Whereas, MCL 211.7u allows the principal residences of persons who, in the judgment of the Board of Review, by reason of poverty, are unable to contribute toward the public charges be eligible for exemption in whole or in part from taxation under this act;

Whereas, MCL 211.7u(2)(e) set the income guidelines to meet the Federal poverty income standards or alternative guidelines adopted by the governing body of the local assessing unit provided those guidelines are not less than the Federal guidelines; and

Whereas, The City Council last approved the series of guidelines in 2020 developed by the Ann Arbor City Assessor and Board of Review which conformed to MCL 211.7u;

RESOLVED, That City Council adopt the attached revised Poverty Exemption Guidelines for 2021 for the Ann Arbor Board of Review to implement, which establishes minimum poverty income levels not to exceed 2.20 ~~2.0~~ times the Federal Poverty Income Standards as annually determined by the U.S. Department of Health and Human Services for each person in the household ~~a one-person household~~ and ~~adjust the Federal Poverty Standards for each additional person times a factor of~~

4.20, and increase the existing asset test to \$50,000. These guidelines shall supersede any previously adopted Poverty Exemption Guidelines.