



Legislation Text

File #: 23-1901, **Version:** 1

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

Attached for your approval is a resolution to adopt the Board of Review Guidelines for Poverty Exemptions pursuant to MCL 211.7u of the Michigan General Property Tax Act. Local governing bodies may adopt guidelines that set income levels for poverty exemptions from real property 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 \$50,000.00 asset level test and continue to set the income limits not to exceed 2.20 times the U.S. Department of Health and Human Services for each person in the household, which is annually published by the Michigan State Tax Commission. If Council approves the revision, the Board of Review will implement the changes for the 2024 tax year.

Approval of the Board of Review Guidelines will establish specific reductions in taxable value for residents that qualify for a reduction in taxable value because of poverty.

- Taxable value will be reduced by 100% if the income of a resident is equal to or less than 125% of the federal poverty level.
- Taxable value will be reduced by 75% if the income of a resident is greater than 125% of the federal poverty level but less than 150% of the federal poverty level.
- Taxable value will be reduced by 50% if the income of a resident is greater than 150% of the federal poverty level and less than 75% of the poverty level established by city council.
- Taxable value will be reduced by 25% if the income of a resident is equal to or greater than 75% of the poverty level established by city council.

Approval of the Board of Review Guidelines will establish specific parameters for those residents and establish initial eligibility to receive 100% exemption of real property taxes for those who receive a fixed income solely from public assistance that is not subject to significant annual increases beyond the rate of inflation, such as federal Supplemental Security Income or Social Security disability or retirement benefits, and to remain exempt from real property taxes for up to 3 additional years.

Prepared by: Jerry Markey, Assessor
Reviewed by: Marti Praschan, Financial Services Area Administrator and CFO
Reviewed by: John Reiser, Senior Assistant City Attorney
Approved by: Milton Dohoney Jr., City Administrator

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, the Governor signed into law Enrolled Senate Bill 55, Public Act 0191 of 2023 on November 11, 2023 modifying MCL 211.7u;

Whereas, Public Act 0191 of 2023 allows a full exemption equal to 100% reduction in taxable value for the tax year in which the exemption is granted;

Whereas, Public Act 0191 of 2023 allows a partial exemption equal to 75% or 50% or 25% in taxable value for the tax year in which the exemption is granted;

Whereas, Public Act 0191 of 2023 allows by City Council resolution specific parameters for granting poverty exemptions of real property taxes to residents who establish initial eligibility and receive a fixed income solely from public assistance that is not subject to significant annual increases beyond the rate of inflation, such as federal Supplemental Security Income or Social Security disability or retirement benefits, and to remain exempt from real property taxes for up to 3 additional years, subject to an annual audit by the Assessor;

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 2023 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 2024 for the Ann Arbor Board of Review to implement, which establishes minimum poverty income levels not to exceed 2.20 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, and maintain the existing asset test of \$50,000.00. These guidelines shall supersede any previously adopted Poverty Exemption Guidelines.