

Full or Partial Poverty Exemptions

PA 253 of 2020 made changes regarding the granting of full or partial poverty exemptions. MCL 211.7u(5) provides that if an applicant 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; or
3. A partial exemption equal to a 50% reduction in taxable value for the year in which the exemption is granted; or
4. A partial exemption equal to a 25% reduction in taxable value for the year in which the exemption is granted.

No other method of calculating taxable value may be used except for the percentage reductions specifically authorized by statute, or any other percentage reduction approved by the State Tax Commission. Local assessing units wishing to use any other percentage reduction other than what is stated in MCL 211.7u(5) must obtain approval by filing Form 5738, *Request for Approval of Percentage Reduction in Taxable Value for Poverty Exemptions Under MCL 211.7u* with the State Tax Commission.

The State Tax Commission has adopted a Policy Regarding Requests for Percentage Reductions in Taxable Value For Poverty Exemptions Under MCL 211.7u which details how these requests will be processed. Both the policy and Form 5738 are available on the State Tax Commission's website at <https://www.michigan.gov/statetaxcommission>.

The State Tax Commission recommends that local assessing units include language and criteria in their guidelines for granting partial exemptions and/or establishing minimum or maximum exemptions amounts.