
Subject: POVERTY EXEMPTION GUIDELINES**No. 20.3****Date: March 3, 1997****Page: 1 of 2**

PURPOSE:

The purpose of this policy is to establish guidelines to be used by the Board of Review in determining whether a homeowner is eligible for a partial poverty exemption from property taxes.

SCOPE:

The poverty exemption policy applies to qualified low income individuals who own homesteads in the City of Kalamazoo. The policy limits the length of poverty exemptions to one year.

POLICY:

The Board of Review shall use the following guidelines to determine if a property owner qualifies for a partial poverty exemption from property taxes:

1. Exemptions will be granted to owners of homesteads only. Property must be granted at least a 50% homestead exemption from the State of Michigan.
2. The poverty threshold for eligibility for a partial poverty exemption is a figure which is 25% higher than the Federal income standards established by the United States Office of Management and Budget for the previous calendar year. To be eligible for a poverty exemption from property taxes, the income of the applicant must be less than the poverty threshold for the number of persons within the household.
3. All applicants must provide the Board of Review with a copy of Federal and State income tax returns for all persons residing in the household.
4. Citizens aged 65 and older will pay no more than 3.0% of their income, after homestead rebate from the State, for property taxes.
5. Citizens aged 65 or older with savings (passbook, stocks, bonds etc.) that total more than 3% of their income, or who own other property, will not qualify.
6. Citizens under the age of 65 will pay no more than 5.0% of their income, after homestead rebate from the State, for property taxes.
7. Citizens under the age of 65 with savings (passbook, stocks, bonds, etc.) that total more than 5.0% of their income, or who own other property, will not qualify.

Poverty exemptions shall be granted for one year only. The taxpayer must apply every year in

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order to receive an exemption.

EFFECTIVE DATE: March 3, 1997

HISTORY:

In accordance with section 211.7u of the Michigan Compiled Laws, the City of Kalamazoo has for many years offered a partial poverty exemption, through the Board of Review, to qualified homeowners.

On December 29, 1994, the Governor signed Public Act 390 which made significant changes to the poverty exemption. The most significant of these changes was the use of the Federal poverty income standards. This change resulted in a drop in the number of exemptions granted from twelve in 1995 to one person in 1996. P.A. 390 also states that the governing body of the local assessing unit shall determine the policies and guidelines which the local assessing unit will use when deciding whether to grant poverty exemption.

Barbara A. Larson, Mayor