

2026

GUIDELINE RESOLUTION FOR POVERTY EXEMPTION Resolution 2026-02

WHEREAS, the adoption of guidelines for poverty exemptions is required of the City Commission; and

WHEREAS, the principal residence of persons, who the Assessor and Board of Review determines by reason of poverty to be unable to contribute to the public charge, is eligible for exemption in whole or in part from taxation under Public Act 390 of 1994 (MCL 211.7u); and

WHEREAS, pursuant to PA 390 of 1994, the City of Auburn, Bay County adopts the following guidelines for the Board of Review to implement. The guidelines shall include but not be limited to the specific income and asset levels of the claimant and all persons residing in the household, including any property tax credit returns, filed in the current or immediately preceding year;

To be eligible, a person shall do all the following on an annual basis:

- 1) Be an owner of and occupy as a principal residence the property for which an exemption is requested.
- 2) File a claim with the supervisor/assessor or Board of Review, accompanied by federal and state income tax returns for all persons residing in the principal residence, including any property tax credit returns filed in the immediately preceding year or in the current year or a signed State Tax Commission Form 4988, Poverty Exemption Affidavit. (Claim may be filed for March, July or December Board of Review)
- 3) File a claim reporting that the combined assets of all persons do not exceed the current guidelines. Assets include but are not limited to, real estate other than the principal residence, personal property, motor vehicles, recreational vehicles and equipment, certificates of deposit, savings accounts, checking accounts, stocks, bonds, life insurance, retirement funds, etc.
- 4) Produce a valid driver's license or other form of identification if requested.
- 5) Produce, if requested, a deed, land contract, or other evidence of ownership of the property for which an exemption is requested.
- 6) Meet the federal poverty income guidelines as defined and determined annually by the United States Department of Health and Human Services or alternative guidelines adopted by the governing body providing the alternative guidelines do not provide eligibility requirements less than the federal guidelines.
- 7) The application for an exemption shall be filed after January 1, but one day prior to the last day of the December Board of Review. The filing of this claim constitutes an appearance before the Board of Review for the purpose of preserving the right of appeal to the Michigan Tax Tribunal.

Asset Test

The value of the property in excess of what is considered to be part of the original homestead shall be considered as asset.

Assets include, but are not limited to:

Real estate other than the principal residence, motor vehicles, recreational vehicles and equipment, certificates of deposits, saving and checking accounts stocks, bonds, life insurance, retirement funds, ext. For purposes of this section, the Board of Review shall consider the value of the assets and the assets shall not be reduced by any amount of indebtedness owed on such assets or indebtedness otherwise owed by applicant(s).

Assets excluding the original homestead shall not exceed \$5,000 for individual applicant and /or \$10,000 per household if more than one financial contributor.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the supervisor/assessor and Board of Review shall follow the above stated policy and federal guidelines in granting or denying an exemption, unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and federal guidelines and these reasons are communicated in writing to the claimant.

The foregoing resolution offered by City Commissioner and supported by City Commissioner

Upon roll call vote, the following voted:

"Aye": Commissioners McCloy, Pott, Natke, Buchmann, Smith, Charbonneau

"Nay": 0

The City Clerk declared the resolution approved.

Berna Behnauer
, Clerk

2-9-26
Date

CITY OF AUBURN
113 E. Elm Street – Auburn, MI 48611

POLICY AND GUIDELINES FOR POVERTY EXEMPTIONS

In accordance with Public Act (P.A.) 253 of 2020, guidelines for a Poverty Exemption must be set by the local governing body. Guidelines for the **City of Auburn** are as follows:

APPLICATION PROCEDURE

1. All applicants must obtain the Poverty Exemption Application from the City Assessor's Office or obtain it online at www.auburndmi.gov. Please call (989) 662-6761 for assistance.
2. Applicants will not be eligible for consideration if their income is greater than 175% of the Federal Poverty guidelines provided by the State Tax Commission (listed under the 100% exemption):

For 100% Poverty Exemption: Size of Family Unit	2026 Poverty Income Guidelines**
1	\$15,650
2	\$21,150
3	\$26,650
4	\$31,150
5	\$37,650
6	\$43,150
7	\$48,650
8	\$54,150
Each Additional Person	Add \$5,500/person

For 75% Poverty Exemption: Size of Family Unit (@ 25%)	2026 Poverty Income Guidelines**
1	\$19,563
2	\$26,438
3	\$33,313
4	\$38,938
5	\$47,063
6	\$53,938
7	\$60,813
8	\$67,688
Each Additional Person	Add \$6,875/person

For 50% Poverty Exemption: Size of Family Unit (@50%)	2026 Poverty Income Guidelines**
1	\$23,475
2	\$31,725
3	\$39,975
4	\$46,725
5	\$56,475
6	\$64,725
7	\$72,975
8	\$81,225
Each Additional Person	Add \$8,250/person

CITY OF AUBURN
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For 25% Poverty Exemption: Size of Family Unit (@ 75%)	2026 Poverty Income Guidelines**
1	\$27,388
2	\$37,013
3	\$46,638
4	\$54,513
5	\$65,888
6	\$75,513
7	\$85,138
8	\$94,763
Each Additional Person	Add \$9,625/person

****All guidelines are based on the Federal poverty level established by P.A. 390 of 1994 and further amended by P.A. 253 of 2020, and Bulletin 17 of 2025-MCL 211.7U. NOTE: Proof of income should be income earned in 2025.**

3. All applicants must own and occupy the property being appealed as their principal residence. If requested, a valid driver's license, deed, land contract, or other evidence of ownership or identification and verification of information must be produced.

4. All applicants must fill out the State of Michigan application form in its entirety and return it to this office.

5. All members of the household must submit, if applicable, the immediately preceding year or current year copies of:

A. Federal Income Tax Return – 1040 or 1040A

B. Statement from Social Security Administration and/or Michigan Social Services as to monies received during the previous year.

C. Alimony, child support and military family allotments or other regular support from an absent family member or someone not living in the household.

D. Any other proof of income.

6. Failure to supply the requested information will negate the application being processed.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

**Bulletin 16 of 2025
November 18, 2025
2026 Boards of Review**

TO: Boards of Review and Assessing Officers

FROM: Michigan State Tax Commission

SUBJECT: 2026 Boards of Review

This Bulletin contains information that Board of Review members need to be aware of for the 2026 assessment year. The State Tax Commission Q&A regarding the statutory obligations for Boards of Review can be found on the State Tax Commission website at www.michigan.gov/statetaxcommission. The State Tax Commission asks that all Board of Review members carefully review this document.

Board of Review members are also strongly encouraged to attend annual *Board of Review Member Training* to review updates on statutory and policy changes. Public Act 660 of 2018 requires that all Board of Review members receive training approved by the State Tax Commission at least once every two years.

Key Dates for 2026 Boards of Review

- **March 3, 2026.** The March Board of Review begins their work on the Tuesday following the first Monday in March. On this day, the Board holds their organizational meeting and formally receives the assessment roll from the assessor. This is the meeting for the Board to "get organized". They should elect a chairperson, discuss how they are going to conduct business, review any statutory or policy changes they should be aware of for the current year and receive any briefings they want from the assessor regarding the assessment roll. The Board will not hear appeals at this first meeting. The organizational meeting date cannot be rescheduled to a different day.
- **March 9, 2026.** Appeal meetings of the March Board begin on the 2nd Monday in March. Local units can set an alternative start date for the appeal meetings by adopting an ordinance or resolution, but that alternative start date can only be the Tuesday or Wednesday of that same week (i.e. the Tuesday or Wednesday following the 2nd Monday in March).

The required first appeal meeting on the second Monday in March must start no earlier than 9 a.m. and no later than 3 p.m. The Board of Review must meet for a minimum of 6 hours that day. The Board must meet a total of at least 12 hours during that first week and at least 3 hours of the required sessions must be after 6 p.m.

- **April 6, 2026.** The March Board of Review must complete their work by the first Monday in April. Assessment rolls must be turned over to County Equalization by the Wednesday following the first Monday in April or 10 days following the close of the March Board, whichever is first.
- **July 21, 2026.** The July Board meets on the Tuesday following the third Monday in July, unless an alternate start date is adopted by the local unit.
- **December 15, 2026.** The December Board meets the Tuesday following the second Monday in December, unless an alternate start date is adopted by the local unit.

Alternate Start Dates for the July or December Boards of Review

MCL 211.53b provides that July or December Boards of Review may have an alternate start date. The governing body of the city or township must adopt by ordinance or resolution alternate start dates that must conform to the following: for the July Board, an alternate date during the week of the third Monday in July; for the December Board, an alternate date during the week of the second Monday in December.

Documentation of Board of Review Changes

The State Tax Commission requires that all Boards of Review maintain appropriate documentation of their decisions including minutes, a copy of the form 4035, form 4035a whenever the Board of Review makes a change that causes the Taxable Value to change, form 4031, and a Board of Review Action Report. Form 4035 must include a detailed reason why the Board made their determination. **Assessors are not required to file the Board of Review log or Action Report with the State Tax Commission.**

Minutes must include all the following items:

- Day, time, and place of meetings.
- Members present, members absent, name of elected chairperson and notation of any correspondence received.
- A log that identifies the hearing date, the petition number, the petitioner's name, the parcel number, the type of appearance, type of appeal and decision of the board of review.
- Record daily the actual hours the Board was in session, and time of daily adjournments. Record the closing date and time of the final annual session.

Inflation Rate used in the 2026 Capped Value Formula

The inflation rate, expressed as a multiplier, to be used in the 2026 Capped Value Formula is 1.027.

The 2026 Capped Value Formula is as follows:

$$\text{2026 CAPPED VALUE} = (\text{2025 Taxable Value} - \text{LOSSES}) \times 1.027 + \text{ADDITIONS}$$

The formula above does not include 1.05 because the inflation rate multiplier of 1.027 is lower than 1.05.

July and December Board of Review Authority and Qualified Errors

Boards of Review and assessors are cautioned to take great care to ensure that any changes made by the July or December Board of Review meet the requirements of MCL 211.53b.

MCL 211.53b provides that the July or December Boards of Review can correct "qualified errors" for the current year and one prior year unless additional years are specifically addressed by the statute.

Regarding MCL 211.27a(4): if the taxable value of property is adjusted and the assessor determines that there had not been a transfer of ownership, the taxable value of the property shall be adjusted for the current year and for the **three** immediately preceding calendar years.

Qualified Errors are defined in MCL 211.53b as:

- A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes
- A mutual mistake of fact.
- An adjustment under section 27a(4) – taxable value or an exemption under section 7hh(3)(b)– qualified start-up business exemption.
- An error of measurement or calculation of the physical dimensions or components of the real property being assessed.
- An error of omission or inclusion of a part of the real property being assessed.
- An error regarding the correct taxable status of the real property being assessed.
- An error made by the taxpayer in preparing the statement of assessable personal property under section 19.
- An error made in the denial of a claim of exemption for personal property under section 9o.
- An error made by the local tax collecting unit in the processing of a timely filed disabled veterans exemption affidavit.
- A delay in the determination by the United States Department of Veterans Affairs that a veteran is permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate.

- An exemption under section 7u(10), for the immediately preceding tax year only, if the exemption was not on the assessment roll and was not denied for that tax year. A claim for exemption must be filed with the board of review on a form prescribed by the state tax commission and provided by the local assessing unit, accompanied by supporting documentation establishing eligibility for the exemption for that immediately preceding tax year under the criteria in section 7u(2) and any other supporting documentation as may be required by the state tax commission.

Clerical Error was defined by the Court of Appeals in *International Place Apartments v Ypsilanti Township* 216 Mich App 104; 548 NW2d 668 (1996), as “an error of a transpositional, typographical, or mathematical nature.” July and December Boards of Review are NOT allowed to revalue or reappraise property when the reason for the action is that the assessor did not originally consider all relevant information.

Mutual Mistake of Fact was defined by the Court of Appeals in *Ford Motor Co v City of Woodhaven*, 475 Mich 425; 716 NW2d 247 (2006) as “an erroneous belief, which is shared and relied on by both parties, about a material fact that affects the substance of the transaction.” This definition was clarified by the Michigan Supreme Court in *Briggs Tax Service, LLC v Detroit Public Schools*, 485 Mich 69; 780 NW2d 753 (2010). The Michigan Supreme Court indicated that to qualify, the “mutual mistake of fact” must be one that occurs only between the assessor and the taxpayer.

Personal Property Tax

Taxpayers who miss the February 20 filing deadline for either the Small Business Taxpayer Exemption, the Eligible Manufacturing Personal Property Exemption, or the Qualified Heavy Equipment Rental Personal Property Exemption may file a late application directly with the March Board of Review.

Important Reminder: The July and December Boards of Review **have no authority** to grant these exemptions. If an assessor misplaces or misses a timely filed Form 5278, that **is not** considered a clerical error or mutual mistake and cannot be considered by the July or December Board of Review.

See the [Guide to Small Business Taxpayer Exemption](#) and [Bulletin 18 of 2022 – Qualified Heavy Equipment Rental Personal Property Exemption](#) for more information.

Further information and guidance on the Eligible Manufacturing Personal Property (EMPP) Exemption, Special Acts, and the Essential Services Assessment (ESA) is available at www.michigan.gov/ESA. Additional questions should be sent via email to ESAQuestions@michigan.gov.



Poverty Exemption Changes

The State Tax Commission issued Bulletin 17 of 2025 regarding the poverty exemption. This Bulletin provides updates reflecting recent changes to Form 5737, which now incorporates information from the former Form 5739, and removes the section from the previous bulletin regarding extensions for poverty applications, which is no longer permitted by statute. It is important that Board of Review members review this bulletin.

The Board of Review shall approve or deny the request for the poverty exemption. The Board of Review is required to follow the policy and guidelines adopted by the local assessing unit in granting or denying a poverty exemption. **The Board of Review is not permitted to deviate from the adopted policy and guidelines** (this is a change to the law in 2020 PA 253).

Poverty exemption applications can be heard at the March, July, or December Board of Review (this applies to a current year exemption, not an exemption for the immediate preceding year which can only be heard by the July and December Board of Review as a qualified error). However, there can only be **one** Board of Review decision for a specific calendar year; a subsequent Board of Review cannot reconsider a decision already made that year. For example: if an application is denied at the March Board of Review, it may not be reheard by the July or December Board of Review during the same calendar year.

To request a poverty exemption, a taxpayer must file:

1. Form 5737 *Application and Affirmation for MCL 211.7u Poverty Exemption*
2. All required additional documentation (such as federal/state income tax returns)

✓ Local units are still required to have adopted income guidelines and an asset test. These documents should be in writing and should be made available to taxpayers.

✓ If a taxpayer qualifies for the poverty exemption, the Board of Review may grant a 100%, 75%, 50%, or 25% reduction in taxable value. There are no other percentage reductions permitted unless approval is granted to the local unit by the State Tax Commission for additional percentage reductions. The request must comply with the *State Tax Commission Policy Regarding Requests for Percentage Reductions in Taxable Value for Poverty Exemptions* and must be submitted using Form 5738.

The forms and guidance related to the poverty exemption are available on the State Tax Commission's website under the [Poverty Exemption Forms & Policy Related to PA 253 of 2020](#) link.

Reminders:

- The Michigan Court of Appeals ruled in *Ferrero v Township of Walton* (Docket No. 302221) that monies received pursuant to MCL 206.520 (homestead property tax credit) is a rebate of property taxes and is not income for purposes of MCL 211.7u.
- Statutory changes allow an affidavit to be filed for all persons residing in the residence who were not required to file federal or state income tax returns in the current year or in the immediately preceding year. This includes the individual filing for the exemption.

Property Classification

Property is classified according to its current use. A property cannot have more than one classification. MCL 211.34c(5) states that if the total usage of a parcel includes more than one classification, the assessor shall determine the classification that most significantly influences the total valuation of the parcel.

Boards of Review are encouraged to review the [Property Classification Q&A](#) available on the State Tax Commission website.

Board of Review Member Required Training

PA 660 of 2018 requires the State Tax Commission audit to ensure that Board of Review members are participating in training. Beginning in 2022, Board of Review members will be required to complete Board of Review training at least once every two years to meet this audit requirement. This training will be offered by the State Tax Commission, or by outside organizations with State Tax Commission approval and use of State Tax Commission approved materials. Proof of completion and the required Form 5731 should be attached to the Board of Review's Certification of the Assessment Roll and maintained with local unit records.

The State Tax Commission has provided additional resources and guidance regarding changes to be implemented as a result of Public Act 660 of 2018 under the "Property Assessing Reform" link at www.michigan.gov/statetaxcommission.

Resources

The State Tax Commission has published a significant amount of resource information to assist Boards of Review in carrying out their statutory responsibilities. This information can be found on the State Tax Commission website at www.michigan.gov/statetaxcommission under the "Board of Review Resources" heading.

If you have additional questions or cannot locate information on the State Tax Commission website, please contact the State Tax Commission at (517) 335-3429 or via email State-Tax-Commission@michigan.gov.