

Frequently Asked Questions & Answers

1. What is a poverty exemption?

A poverty exemption allows qualifying homeowners to receive **partial or full relief from property taxes** if their income and assets fall below limits set by state law. It applies **only to a homeowner's primary residence**.

2. Who decides whether someone qualifies?

The **City's Board of Review**, not City Council, reviews applications and makes decisions based on **state law and the guidelines adopted by Council**.

3. Is this something new for Luna Pier?

No. Poverty exemptions are **required by Michigan law** and have existed for many years. This resolution simply **updates and formalizes the guidelines** for the 2026 tax year.

4. Does this mean taxes are going up?

No.

This resolution **does not raise millage rates** or approve any new taxes. It only sets rules for how legally required exemptions are handled.

5. Then why does the resolution say the tax burden shifts to others?

Because when one property pays less, the **total amount the City must collect does not change**. That small difference is spread across the remaining tax base. This is how Michigan's property tax system works statewide, not something unique to Luna Pier.

6. How big is that shift for other taxpayers?

In most cases, it is **very small**, often measured in **fractions of a mill**, and spread across all taxable properties. Many applicants receive **partial exemptions**, not full relief, which further limits the impact.

7. Can anyone just claim hardship and stop paying taxes?

No. Applicants must:

- Own and live in the home as their **primary residence**
- Apply **every year**
- Provide income documentation for all household members
- Meet **federal poverty income limits**
- Have **assets under \$50,000**, excluding their home, clothing, and furniture

8. What if someone lies on their application?

Providing false information is grounds for **denial or revocation** of the exemption. The Board of Review may request additional documentation or require applicants to appear and answer questions **under oath**.

9. Why not make this an all-or-nothing exemption?

State law allows, and encourages, **graduated relief**. This ensures help is targeted and proportional. Someone slightly above the poverty line may receive **partial relief**, not a full exemption.

10. Does this apply to rental properties or businesses?

No.

Poverty exemptions apply **only to owner-occupied principal residences**.

11. What happens if Council does not approve this resolution?

The City would lack **updated, formally adopted guidelines**, which could:

- Create inconsistency in Board of Review decisions
- Increase the risk of appeals or legal challenges

- Put the City out of alignment with state requirements
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12. Who benefits from having clear guidelines?

Everyone.

- **Applicants** know what qualifies
- **The Board of Review** has clear standards
- **Taxpayers** gain transparency and consistency
- **The City** reduces legal and administrative risk

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