

POLICY FOR
PROCESSING AND REVIEWING HARDSHIP ABATEMENTS

1.0 PURPOSE

To outline the process to be used in handling hardship abatements; the criteria to be used in evaluating these applications; and the role of respective staff members in this process.

2.0 POLICY

Maine Law, Title 36 **MRSA§841(2)** permits the municipal officers "on their own knowledge or on written application therefore (to) make such abatements as they believe reasonable on the real and personal taxes on all persons who, by reason of infirmity or poverty, are in their judgment unable to contribute to the public charges."

It is the policy of the City of Bangor to not force the sale of residential property in order to collect taxes from those otherwise unable to pay where the property owner makes a good faith effort to meet their obligations and meets the criteria for an abatement as outlined below. The applicant for the abatement has the burden of proof to show that they are unable to contribute to the public charge.

It is also the policy of the City of Bangor to handle all hardship abatement requests in a fair, equitable and confidential manner consistent with Maine Law and to recognize that the majority of our residents, regardless of economic circumstances, find ways to meet their obligations.

3.0 DEFINITIONS

3.1. Infirmity shall be defined as any condition which renders the taxpayer incapable of earning an income which maintains them and their dependent family members above the most recent poverty level as established by the Federal Office of Management and Budget.

3.2. Poverty shall be defined as that condition where the combined gross income (earned and unearned) from all members (adult and minor) of the applicant's household combined with the market value of all non-essential and readily marketable tangible assets (excluding the primary residence) for all members of the household fails to exceed 100% of the poverty level as established by the Federal Office of Management and Budget.

3.3. Median household income is defined as the median household income for the City of Bangor as established by the United States Department of Housing and Urban Development.

3.4. Necessary Living Expenses. Necessary living expenses are those expenses

necessary to maintain the immediate health and welfare of the applicant and his or her household and to insure continuation of household income.

"Necessary living expenses" shall include reasonable expenses for: mortgage payments, taxes, basic utilities, health care expenses, food, work related expenses, basic clothing, and automobile, home, and health insurance. Basic utilities shall include water, sewer, electricity, propane, natural gas, home heating oil, and telephone.

4.0 CRITERIA FOR GRANTING A HARDSHIP ABATEMENT

4.1. A hardship abatement shall be granted if all of the following criteria are met:

4.1.1.1 Taken together, the applicant and all members of the applicant's household meet the definition of poverty as outlined above during the year for which the abatement is requested.

4.1.2. The household's reasonable and necessary living expenses exceed the household's income for the same period.

4.1.3. The abatement request is for the applicant's primary residence which was occupied on a regular and on-going basis at the time of the application and during the year for which the abatement has been requested. If the applicant's residence is a single unit in a multi-unit building, an abatement may be granted only for the unit occupied by the applicant.

4.2. A hardship abatement may be granted if the following criteria are met:

4.2.1. The household income is above the poverty level but below the median household income of the City for the year for which the abatement is requested.

4.2.2. The household's reasonable and necessary living expenses exceed the household's income for the same period and the applicant is unable, by reasonable, good faith efforts, to reduce living expenses below the household income level.

5.0 APPLICATION PROCESS

5.1. Anyone requesting an abatement for taxes of infirmity or poverty must apply to the municipal officers in writing. In order to be considered, such applications must be for taxes which are current due and payable or past due at the time the application is filed. Applications for taxes which are not yet due will be automatically denied as premature, with the exception of second half taxes for the current year.

5.2. Written applications shall be forwarded to the City's Tax Collector. The Finance Department shall compile all necessary information regarding the property in question and taxes and other amounts due to the City and shall arrange for the

applicant to meet with personnel of the Department of Health and Welfare to document the applicant's financial condition for the year(s) for which the abatement is requested.

- 5.3. The Department of Health and Welfare shall document the applicant's household income, reasonable and necessary expenses, and assets. Factors to be documented shall include but not be limited to:
 - 5.3.1. Current and projected household income;
 - 5.3.2. Assets, which shall include but not be limited to bank accounts, retirement accounts, other investments, automobiles, recreational vehicles, boats, and real estate;
 - 5.3.3. Actual living expenses especially those which may be reduced or eliminated, or which are considered non-essential to the basic health and welfare of the applicant and his or her household;
 - 5.3.4. Other sources of income including governmental assistance programs, earned income tax credits, and other programs such as the State Circuit Breaker Program;
 - 5.3.5. Other alternatives to alleviate financial distress such as relatives, refinancing, and public assistance including General Assistance;
 - 5.3.6. Other outstanding debt and the monthly payments associated with that debt as well as the purposes for which that debt was incurred.
- 5.4. The Department of Health and Welfare shall record this information on a form provided for this purpose and may require such supporting evidence as the Director of Health and Welfare believes to be appropriate to support the application. This may include but is not limited to: annual tax returns, paycheck stubs, bank statements, payment receipts, etc.
- 5.5. The Department of Health and Welfare shall forward this information to the Director of Finance who shall review the information and make a preliminary determination as to the potential eligibility of the applicant for an abatement. The Finance Director shall then contact the applicant and inform them of this determination, outline the alternatives available to them in accordance with the City's adopted "Distressed Real Property and Rate Payer Policy," and, upon request, schedule the applicant for a hearing before the Finance Committee of the City Council. Should the applicant chose to withdraw the abatement request and pursue other alternatives, the application shall remain on file until the taxes in question have been paid or otherwise discharged.
- 5.6. Within twenty-one (21) days of the date an application for a hardship abatement has been made, a hearing will be scheduled before the Finance Committee of the City Council. The applicant will be notified of the date, time and place of the

hearing at least forty-eight (48) hours in advance and will be requested to appear.

- 5.7. At the hearing, the Director of Finance, Health and Welfare Director, or one of their designees shall present the application and supporting documentation to the Committee and address the criteria outlined in Section 4 above. Staff shall present a finding as to whether the abatement request meets these eligibility criteria.
- 5.8. Applicants shall be permitted to clarify any information and to provide additional information for Committee consideration as well as to answer questions from Committee members and staff.
- 5.9. The Finance Committee shall take formal action on the application by voting to deny the request or grant the request in whole or in part. If the request is denied, the Committee may direct staff to enter into other payment arrangements with the applicant.
- 5.10. All hearings on the application shall be conducted in executive session, and shall not be a matter of public record. The application and all information relating to the applicant's personal situation and financial condition shall remain confidential, pursuant to 36 MRSAS841(2)(E). The final vote of the Finance Committee and written notice of decision shall be matters of public record.
- 5.11. The City Solicitor shall notify applicants, in writing, of the decision of the Finance Committee within ten (10) days of the date the decision is made.

6.0 MISCELLANEOUS

- 6.1. The Finance Committee may deny any abatement requests where the applicant is unable or unwilling to provide any financial information reasonably deemed to be necessary by the Committee in order to determine eligibility.
- 6.2. Applications for hardship abatements will be deemed premature unless taxes owned by the applicant for whom an abatement is sought are currently due or past due. The Committee may consider second half taxes for the current year and may abate them if the Committee finds it is unlikely that the applicant's financial condition will change prior to the due date for those taxes.
- 6.3. Upon request by the applicant, the Committee or City staff may delay action on an application until just prior to the date of lien foreclosure should the Committee or staff have reason to believe that the current financial circumstances of the applicant may improve or change prior to the lien foreclosure date so as to render such abatement unnecessary. Applicants must provide a written request for such a delay. The Finance Director is responsible for monitoring the status of such applicants and for scheduling a hearing on the application at least thirty (30) days prior to foreclosure. Interest shall continue to accrue during such periods.

6.4. Consideration shall also be given to the State Circuit Breaker program. All applicants shall be required to apply for this program for the current tax year if the deadline for application has not passed. Applicants shall be required to apply any rebates received toward tax amounts which are due should the abatement be granted.

7.0 APPEAL RIGHTS

7.1. Applicants who have had their request for a poverty abatement denied, in whole or in part, or whose requests have not been acted upon within thirty (30) days of the date of application (if they have not agreed to a delay) have the right to appeal the denial within sixty (60) days of receipt of the notice of decision or of the failure of the Finance Committee to take action on their request. Appeals shall be made to the Board of Assessment Review.

7.2. The City Solicitor shall inform applicants of their appeal rights in the notice of decision required in Section 5.11 above.

8.0 RESPONSIBLE CITY OFFICIAL

The Finance Director or his/her designee shall be the City Official with overall responsibility for the administration of this policy.

9.0 EFFECTIVE DATE

This policy shall become effective on the date of affirmative Council Action for its adoption.

Council Order 98-434

Date: 10-26-98

MEMO

To: Ron Heller, Mary-Anne Chalila, Erik Stumpf
From: Edward A. Barrett, City Manager
Subject: Hardship Abatement Policy
Date: August 7, 1998

Per recent discussions with the Finance Committee and based in part on some information and ideas presented by Mary-Anne Chalila, I have drafted the attached Hardship Abatement Policy. I would appreciate your review and comments.

In order to schedule a discussion of this policy with the Finance Committee at its first meeting in September, I would appreciate your comments by August 24th.

Edward A. Barrett
City Manager

EAB/j
Enclosure