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OFFICE OF THE CITY MANAGER
CITY HALL
375 MERRIMACK STREET
LOWELL, MA 01852
TELE: (978) 970-4000 FAX: (978) 970-4007

Thomas Moses
Chief Financial Officer

Date: April 13, 2009

To: Bernard F. Lynch, City Manager

From: Tom Moses, CFO 

Re: Special Legislation

Attached is special legislation that I drafted and the Law Department reviewed and approved. It is in response to Councilor Rita Mercier's request for relief for needy taxpayers from demand fees. The legislation presented the challenging issue of defining "needy." I attempted to do this as objectively as possible, basing the determination on income and census data.

Provided a taxpayer qualifies, this legislation would provide relief from both demand fees and 50% of delinquent interest. This special legislation is patterned after general legislation enacted in 2003. It provides only temporary relief, since there would be little chance of passage if the relief were made permanent.

Please do not hesitate to raise question or suggest modifications.

Home Rule Petition for Limited Tax Amnesty – City of Lowell

This legislation, which authorizes a Limited Tax Amnesty (“LTA”) program, is intended provide temporary relief from fees and interest levied upon Lowell citizens that are in arrears with regard to motor vehicle excise taxes. It is patterned after provisions of Chapter 46, §113 of the Acts of 2003 as amended by Chapter 46, §113 of the Acts of 2003, which provided municipalities with the ability to implement a local option temporary tax amnesty program.

Amnesty Coverage

This LTA will provide a waiver for demand fees on outstanding motor vehicle excise tax bills assessed in accordance with General Laws Chapter 60A, as well as 50% of all interest that has accrued on such bills, provided the taxpayer meets all other qualifications.

This LTA will not apply to real estate or personal property taxes, boat excise taxes, water and sewer bills, or parking tickets, however payment of outstanding parking tickets will be a prerequisite for qualification.

This LTA will not apply to any warrant fee or Massachusetts Registry of Motor Vehicles fee. Rights to these fees are held by private firms or the Commonwealth of Massachusetts.

Amnesty Period

The amnesty period will take effect with the passage of this legislation, and will extend six months from that date, but in no event extend beyond June 30, 2010.

Amnesty Eligibility

To be eligible, a Lowell taxpayer must be in need of assistance. For the purposes of this LTA, need exists if the taxpayer is a member of a household with an income of less than \$47,500, which is the estimated Lowell median household income as reported by the U.S. Census Bureau’s Table B19001 “Household Income in the Past 12 Months (in 2007 Inflation-Adjusted Dollars),” using the data set 2005-2007 American Community Survey 3-Year Estimates. Income shall be verified using the taxpayer’s 2008 Federal tax return. Income documentation must be supplied with payment, and

To be eligible, a taxpayer must not have outstanding parking tickets or late fees on parking tickets, and

To be eligible, a taxpayer must make full payment of all motor vehicle excise tax and interest not waived. If payment is returned, the waiver demand fees and interest will be rescinded, and the taxpayer will be deemed ineligible for the re-

mainder of the Amnesty Period. Payment may be made by the taxpayer or anyone acting on the taxpayer's behalf.

Amnesty participants do not forfeit local abatement rights.

Payments made prior to the passage of this legislation are ineligible, and no demand fees or interest will be waived retroactively.

Definitions

Taxpayer: the person assessed the excise and personally liable for its payment.

Payment: payment received by the collector on or before the close of business on the date it is due under this legislation. As with any local tax or excise payment, it is not sufficient simply to mail the payment, or send it by delivery agent other than the United States Postal Service, on or before the due date. If payment is made by mail a signed copy of Form 1040 or 1040EZ must be included.

Income: adjusted gross income as it appears on line 37 of Form 1040 or line 4 of Form 1040EZ on the taxpayer's 2008 Federal tax return. If the taxpayer was not required to file a tax return because the taxpayer's income was too low, the taxpayer must provide a signed and notarized statement to that effect.

This Act shall take effect upon its passage.