

# **POLICIES AND PROCEDURES FOR TAX ABATEMENT, COMPROMISE AND SUSPENSION**

## **I. PROCEDURE**

1. Interested taxpayer contacts county official, who refers the citizen to the Board of Supervisors' Office or Treasurer's Office.
2. The Board of Supervisors' Office or Treasurer's Office provides the applicant with information and requests the citizen to complete the application and provide it and any other requested information to the Treasurer's Office.
3. The Treasurer's Office:
  - a. reviews the facts with the taxpayer, and
  - b. suggests options that are available to the taxpayer;
    - Option #1 - Taxpayer is not eligible.
    - Option #2 - Taxpayer is eligible for Suspension.
    - Option #3 -Taxpayer is eligible for Compromise.
  - c. The Treasurer's Office explains the public nature of the process.
  - d. The Treasurer's Office reviews the materials and provides such additional information as it deems relevant, along with a copy of the material supplied by the applicant and a proposed *Compromise* agreement, *Abatement* resolution, or *Suspension* order to the Board of Supervisors and any other County offices as it deems appropriate.
4. The Board member responsible for the month's bills will familiarize himself with the facts of each case.
5. The Board sets the matter for hearing, opens discussion, permits applicant and others interested to comment, and then takes appropriate action—either denying or entering a written *Compromise* agreement, *Abatement* resolution, or order of *Suspension*.

## **II. POLICIES OF THE BOARD OF SUPERVISORS OF BLACK HAWK COUNTY, IOWA FOR SUSPENSION, ABATEMENT AND COMPROMISE OF TAXES**

The law permits persons who owe taxes on real estate to suspend, abate or compromise those taxes under certain unique situations in extraordinary circumstances.

The material is designed to provide helpful information about the law to assist in deciding who is eligible and who can make application to the Board of Supervisors.

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### DEFINITION OF TERMS

1. *Suspension of Taxes*: Taxes due on real estate are placed in suspension--that is, a hold or freeze is placed on those taxes, and during the suspension period the County may not take action against you for collection of those taxes. The length of time of suspension depends upon the type of suspension allowed. See *Code of Iowa* §§427.8 and 427.9. Suspension does not eliminate the tax. It simply suspends payment of taxes due and eliminates the interest.

2. *Abatement*: The law allows the complete cancellation of taxes under certain circumstances. This cancellation can include taxes that have been previously suspended. See *Code of Iowa* §§427.8, 427.10, 445.16 and 446.7.

3. *Compromise*: When taxes are compromised, the Board of Supervisors and the property owner enter into a written agreement and a portion of the taxes due for a certain period are paid, but not all of those taxes due are paid. When taxes are compromised for a certain period of time, the action is complete and the County cannot go back and collect those taxes at a later time, even though the owner's situation may have changed dramatically. Restricted to situations where county is the tax sale certificate holder under *Code of Iowa* §445.16.

### WHO MAY APPLY

1. *Suspension*: If a person is qualified for suspension of taxes under *Code of Iowa* §427.9 as amended and the Board receives proper application, that person is entitled by law to have his/her taxes suspended.

If a person is unable to contribute to the public revenue and desires to have his/her taxes suspended, then that person must file a petition as outlined in §427.8 of the *Code of Iowa*. The law allows, and the Board requires, that it make a PUBLIC DETERMINATION of the applicant's ABILITY TO CONTRIBUTE TO THE PUBLIC REVENUE when determining whether to grant the suspension requested under §427.8 of the *Code of Iowa*. The applicant should be prepared to submit a detailed, verifiable statement of net worth--which may include bank deposits, savings accounts, utilities, pension benefits, public assistance benefits, employment benefits, and details of mortgages or contracts as well as copies of tax returns.

The Board must also determine why the public interest would be best served by the suspension.

2. *Compromise or Abatement*: If a person desires to have his/her taxes compromised or abated under §445.16 of the *Code of Iowa*, that person is encouraged to submit a statement showing his/her ABILITY TO CONTRIBUTE TO THE PUBLIC REVENUE. It is recommended that the information submitted be verifiable and contain the pertinent data listed above. The Board must, in public session, find that the compromise or abatement is in the BEST INTEREST OF THE PUBLIC.

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### BOARD OF SUPERVISORS REQUIREMENTS

1. *Suspension:* The Board will give preference to a suspension if the property is OWNER-OCCUPIED. If the owner is a resident of a health care facility as defined in §135C.1 of the *Code of Iowa*, the property will be considered to be owner-occupied if there is any possibility that the owner will be able to return to the home. The property will NOT be considered to be owner-occupied if it is rented.
2. *Abatement and Compromise:* The Board gives preference to an abatement where the property is OWNER-OCCUPIED. In cases where the property is owned by heirs, and one heir lives in the home, the Board prefers a resolution of property ownership so that the live-in heir is a sole owner occupant.
3. *Investment Property:* Suspension, abatement or compromise of taxes on property held for INVESTMENT purposes WILL NORMALLY NOT be granted.