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MAYOR EMANUEL TO ANNOUNCE NEW ORDINANCE PROPOSING GREATER PAYMENT PLAN FLEXIBILITY TO IMPROVE DEBT COLLECTION
Costly Down Payment Requirements Have Deterred Those Facing Economic Hardship from Entering into Payment Plans to Eliminate their City Debt; City Estimates Additional $2.5 Million in Debt from Increased Compliance

CHICAGO - Mayor Rahm Emanuel today will introduce an ordinance that would eliminate the required down payment for individuals who want to enter into certain payment plans with the City. The ordinance addresses complaints that the down payment was too high and deterred those in debt from entering into payment plans. The City Department of Finance estimates that with the elimination of the down payment requirement, there could be a 10 percent increase in payment plan enrollment and a $2.5 million increase in annual revenue.

“As I have said from the beginning, we are going to be more effective in collecting debt owed to the City because it is unfair that those who play by the rules and pay their debts are left holding the bag for those who do not,” said Mayor Emanuel. “However, we understand the economic hardships many are facing and want to make it easier for them to enter into a good faith agreement so they can begin paying down the debt they owe to the City.”

The proposed ordinance will allow greater flexibility for those who wish to enter into payment plans for debt owed from fines and fees associated with Parking and Red Light violations. According to current hardship policy, to enter into a payment plan with the City of Chicago, a down payment must equal 25 percent of the debt owed to the City.
Instead of having to pay 25 percent up-front for a qualifying hardship payment plan, the debtor will be able to pay the amount due in equal installments over time. For instance, currently if a debtor owes $1,000 in debt, in order to participate in a hardship payment plan, a down payment of $250 is required, with the remaining due over 12 months. With this ordinance change, the debtor will be able to participate in the hardship payment plan by making a first monthly installment of $83.

“Currently, the down payment requirements are stringent and are a deterrent for those who wish to enter into a payment plan, but cannot afford the down payment. The Department would like to encourage more debtors to come into compliance and pay their debts by offering lower or no down payment options for qualifying hardship participants,” said Comptroller Amer Ahmad.

In order to qualify for the hardship designation, participants must be eligible to participate in or already participate in one of the following low-income in programs: the Illinois Low Income Home Energy Assistance Program (L.I.H.E.A.P.); the Housing Subsidy Program For Renters; the Supplemental Security Income Program (S.S.I.); the Medicaid Program; the Nutrition Assistance Program (food stamps); the Temporary Assistance for Needy Families (TANF) program; the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); and any federal or state unemployment compensation system, which would include those receiving unemployment compensation, a high school, college, vocational school or trade school student with a valid school identification card; a person 65 years of age or older; a person who has claimed the Earned Income Tax Credit on his state or federal individual income tax return for the most recent tax year; a person receiving worker’s compensation income benefits; an active military duty service member, a Reservist or a member of the National Guard while on active duty; and someone who has declared bankruptcy or is in foreclosure.

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