



## THE CORPORATION OF THE MUNICIPALITY OF KINCARDINE

**Subject:** COVID 19-Pandemic Property Tax and Utilities Financial Assistance

**Report Number:** Treasury-2020-04

**Meeting Date:** Monday, April 6, 2020

---

**Recommendation:** THAT the 2020 Taxation By-law be amended as per the recommendations per report Treasury-2020-04;

AND THAT Council grant authority to the Treasurer/Director of Finance to make exemptions to the 2020 Rates & Fees By-law in order to waive fees and charges as per report Treasury-2020-04;

FURTHER THAT the Council grant authority to the Treasurer/Director of Finance to make exemptions to Accounts Receivable Policy GG.2.20 to implement the recommendations for Utility billings as per report Treasury-2020-04;

**Date to be considered by Council:** Monday, April 6, 2020

### **Report Summary:**

As a result of the widespread closure of non-essential businesses and the declaration of a state of emergency by the Province of Ontario due to the COVID-19 pandemic, many Kincardine businesses are closed and residents are being financially impacted. The purpose of this report is to obtain Council's direction on providing property tax and utility bill relief to assist with cash flow pressures for taxpayers. Staff is recommending that interest on 2020 interim billed taxes be waived for the months of April, May, June and July, providing a 60-day grace period beyond the next tax due date of June 1st. Further, staff is recommending that the September 1st installment date be deferred to October 1st. Since all 2020 taxes must be billed in the calendar year, this will avoid stacking payments late in the year. The above recommendations would allow taxpayers to pay their installments without penalty on August 1st, October 1st and December 1st rather than June 1st, September 1st and December 1st.

**Origin:** COVID 19 Pandemic; State of Emergency Declaration by the Province of Ontario

**Existing Policy:** Municipal Act, 2001; 2020 Interim Taxation By-law; 2020 Taxation By-law

**Background/Analysis:** As a result of the widespread closure of non-essential businesses and the declaration of a state of emergency by the Province of Ontario due to the COVID-19 pandemic, many Kincardine businesses are closed and residents are being financially impacted. Staff have put together several recommendations to reduce the financial burden to ratepayers.

Property taxes are billed twice a year, Interim and Final taxes. Interim taxes equal to 50% of prior year taxes were billed in February and are due on March 2 and June 1. Final taxes are billed in August and represent the balance of taxes owing for the current year, due on September 1<sup>st</sup> and December 1<sup>st</sup>.

The Municipality of Kincardine has approximately 7,400 tax accounts; approximately 6,200 (84%) residential (including those with farm) and 1,200 (16%) non-residential (commercial, industrial, multi-residential and farm). Approximately 14% of accounts are on a monthly pre-authorized payment plan (PAP).

In total, the Municipality bills about \$32,150,000 in taxes each year. Thus far for 2020, \$15,275,000 million in taxes have been billed, due as follows:

March 2, 2020 = \$7,640,000

June 1 2020 = \$7,635,000

To date, we have collected \$8,563,000 of interim taxes billed, which represents the March 1<sup>st</sup> installment, January – April PAP installments and June prepayments by Mortgage companies. The remaining amount due from May – December is \$23,587,000 which consists of \$584,000 remaining from the March installment and \$23,003,000 for the June 1, September 1 and December 1 instalments.

In addition to the municipal levy, taxes are billed and collected for the County of Bruce and school boards. The Province has provided a 90-day deferral of the June 30<sup>th</sup> quarterly education property tax remittance to school boards. The remittance which would have been due on June 30<sup>th</sup> is now due on September 30<sup>th</sup>. The remittance which would have been due on September 30<sup>th</sup> is now due on December 15<sup>th</sup>. The regular December 15<sup>th</sup> remittance remains unchanged, which means there will be 2 substantial payments due in the month of December. Interest is applicable if the Municipality is late in making these payments.

Lower-tier Treasurers have been in discussions with Bruce County staff and have requested that the County mirror the Provincial education tax deferral methodology for County taxes.

The attached schedule illustrates the proposed tax due dates based on the recommendations below and the revised education tax remittance due dates.

## **Recommendations for Assistance:**

### **Taxes:**

- 1) Waive the interest on 2020 interim billed taxes for the months of April, May, June and July, providing a 60-day grace period beyond the next tax due date of June 1<sup>st</sup>. Penalties/interest on 2020 billings would re-commence on August 1<sup>st</sup>. The June 1<sup>st</sup> installment date will remain the same in order to encourage those who can pay to continue to do so, and to assist with the Municipality's cash flow.
- 2) Defer the September 1<sup>st</sup> installment date to October 1<sup>st</sup> to avoid stacking payments late in the year. This allows 2 months between the remaining payments of October 1<sup>st</sup> and December 1<sup>st</sup>.
- 3) Allow ratepayers on monthly PAP to opt out of monthly payments for May and June. Allow ratepayers on Due Date PAP to opt out of the June 2<sup>nd</sup> installment and have it withdrawn on August 1<sup>st</sup>. If either group need a longer time period, they could cancel the PAP and pay according to the new due dates set forth above. The Returned Payment fee of \$45.00 on any payments returned between April 1<sup>st</sup> and July 2<sup>nd</sup> will be waived.
- 4) Allow ratepayers who have provided post-dated cheques dated June 1<sup>st</sup> to have them returned or destroyed upon request with a waiver of the \$18.00 retrieval fee. They would then be responsible for sending a new cheque or paying using on-line or telephone banking.
- 5) Waive the arrears statement fee of \$5 for taxes for the months of April – July 2020.

### **Utilities:**

- 1) Waive interest applied on 2020 billings for the months of April, May, June and July, providing a 90-day grace period for North Route customers (due date April 30<sup>th</sup>) and a 30-day grace period for South Route customers (due date June 30<sup>th</sup>).
- 2) Allow ratepayers on monthly PAP to opt out of monthly payments for May and June. Allow North Route Due Date customers to opt out of the April 30<sup>th</sup> withdrawal and have it withdrawn on June 30<sup>th</sup>. Allow South Route Due Date customers to opt out of the June 30<sup>th</sup> withdrawal and have it withdrawn on July 31<sup>st</sup>. The Returned Payment fee of \$45.00 on any payments returned between April 1<sup>st</sup> and July 2<sup>nd</sup> will be waived.
- 3) Allow ratepayers who provided post-dated cheques for April 30<sup>th</sup> (North Route) and June 30<sup>th</sup> (South Route) to have them returned or destroyed upon request with a waiver of the \$18.00 retrieval fee. They would then

be responsible for sending a new cheque or paying using on-line or telephone banking.

- 4) Waive the arrears statement fee of \$5 for utilities for the months of April – July 2020

**Community Plan and Integrated Community Sustainability Plan (ICSP)  
Considerations:**

**Financial Implications:** Staff have estimated the financial impact of the waived interest, returned payment fees, and statement fees for taxes and utilities from April to July to be ~ \$85,000.

**Attachments:**