

COUNCIL REPORT

Meeting date: April 3, 2020
Department: Financial Services
Report No.: FIN-2020-03
Submitted by: Bill Dakin, Director of Financial Services
Approved by: Fred Tranquilli, Chief Administrative Officer
SUBJECT: COVID-19 Financial Considerations

RECOMMENDATION:

- 1. THAT: Report No. FIN 2020-03 from the Director of Financial Services/Treasurer dated April 03, 2020, regarding COVID-19 Financial Considerations be received as information; and**
- 2. THAT: all penalty and interest charges that would have been charged between March 15 and the end of the month following the reopening of the Municipal office to the public be cancelled; and**
- 3. THAT: any payments under the tax and/or water/wastewater pre- authorized payment plan that are returned NSF will not be subjected to the \$35 service charge or penalties if processed during the period of time that the municipal office is closed.**

BACKGROUND

As a result of the closure of the municipal office on March 15, 2020, widespread closure of businesses and the declaration of a state of emergency by the Province of Ontario and the County of Middlesex and the Municipality of Strathroy-Caradoc due to the COVID-19 pandemic, many Strathroy-Caradoc businesses are closed and both residents and businesses are being financially impacted.

Interim tax bills were issued in February with 2 due dates; February 27, 2020 and May 29, 2020. Some residents and businesses may find it difficult to pay the taxes as originally billed. Options for providing assistance are outlined in this report.

Taxpayers have a number of ways to remit payment to the office including by mail, cash/cheque/debit at the municipal office, through mortgage companies, through pre-authorized payment plans (on tax due date or in twelve instalments on the last day of each month and through online banking. Given the office closure, the option to pay in person at the municipal office is limited to payment by cheque using the drop box.

Our Revenue and Collections By-law stipulates that for penalty on outstanding taxes and Accounts Receivable 1.25% per month on the amount of any outstanding monies owing shall be charged on the first day of each calendar month thereafter in which default

COMMENTS

Staff are making the following recommendations for assistance to our property owners and customers:

Waiving penalty and interest charges

Taxation legislation requires that penalty and interest be applied in the same manner and at the same time for all properties. If penalty and interest were to be waived, it would have to be waived on all arrears. If penalty and interest were to be waived, it is recommended that it be waived on all arrears including taxation, Accounts Receivable. While waiving interest would provide an unintended benefit to taxpayers and customers that were in arrears prior to the COVID-19 outbreak, it is not possible for staff to determine who would have made payment in an alternative fashion had the pandemic not occurred. While, with the exception of making payment at the municipal office front counters, taxpayers and customers may still continue to pay their bills, the financial impact of the COVID-19 pandemic cannot be determined for every circumstance. Waiving of all penalty and interest charges will eliminate the need for individuals to appeal to staff and Council for reversal given their personal hardship situation.

Waiving of service fees on pre-authorized payment plan withdrawals

Many taxpayers and customers have signed up for Pre-Authorized Payments. Under the program, withdrawals are made on the due date or over a 12-month period. Participants are required, by agreement, to notify the municipality in the instance that they wish to withdraw from the plan. Cancellation request forms are available on our website. While the onus is on the participant to notify the municipality in the instance of cancellation, staff are recommending that any payments returned NSF will not be subjected to the \$35 service charge or penalties if the pre-authorized payments were processed during the period of time that the municipal office is closed.

CONSULTATION

Fred Tranquilli - Chief Administration Office

FINANCIAL IMPLICATIONS

Monthly charges for interest on tax accounts with unpaid previous year taxes ranges from \$8,000 to \$18,000, penalty on tax accounts with unpaid previous year taxes ranges from \$3,000 to \$15,000, on miscellaneous accounts receivable \$600-\$900. While waiving interest would provide an unintended benefit to taxpayers and customers that were in arrears prior to the COVID-19 outbreak, it is not possible to determine who would have made payment in an alternative fashion had the pandemic not occurred. While, with the exception of making payment at the municipal office front

counters, taxpayers and customers may still continue to pay their bills, the financial impact of the COVID-19 pandemic cannot be determined for every circumstance. Staff estimate the overall impact of the loss of penalty and interest that would have been charged March 25-April 1 approximates \$27,900. Similar impacts will be felt in each additional month of closure.

ATTACHMENTS

None