

# C2021-0578 Financial Relief for Taxpayers

Combined Meeting of Council

2021 April 12

ISC: UNRESTRICTED



## Property Tax Penalties

- Authorized by the Municipal Government Act and a City Bylaw:
  - 7% penalty applied July 1 to unpaid current year tax balance.
  - 7% penalty applied October 1 to unpaid current year tax balance.
  - Any outstanding tax balance from a prior tax year (arrears) assessed a 1% penalty on the first of each month.



## Property Tax Relief Measures - previously approved

- Suspended the 2020 July 1 late payment penalty of 7%.
- Reduced by half the 2020 October 1 late payment penalty.
- Suspended for 2020 and 2021 the requirement for taxpayers on the Tax Instalment Payment Plan to:
  - pay a 2% administration fee on missed instalments for those taxpayers who join the Plan after January 1 of the current year, and;
  - pay the total missed instalments before joining the program for taxpayers



## Factors Influencing Recommendations

- Balances the interests of City and property owners
- Provides access to relief to all taxpayers equitably
- Provides an incentive to pay for those who are able to do so
- Recognizes City's liquidity and financial capacity
- Consistent with support previously provided to property owners in 2020.



## Financial Considerations

- At this time, City has sufficient liquidity to manage impact of tax deferrals
- Impact of deferrals is based on the assumption that 2021 payments will be made consistent with 2020
- Potential reduction in investment income of approximately \$1.0 - \$1.5 million due lost investment opportunity of not having cash to invest
- Potential reduction of property tax penalty revenue of approximately \$3.0 - \$4.0 million, based on experience in 2020



# Administration Recommendation

## RECOMMENDATION(S):

That Council:

1. Approve amending Bylaw 35M2021 (Attachment 2), which includes the following amendments to Bylaw 8M2002:

"2.1 Despite section 2:

(a) on the first day of July, 2021, a penalty of 3.5% of the unpaid amount of the 2021 tax levy shall be imposed;

(b) there shall be no penalty imposed on the unpaid amount of the 2021 tax levy on the first day of October, 2021."

"3.1 Despite section 3, there shall be no penalty imposed on the unpaid amount of the tax levy from any previous year on January 1, 2022, February 1, 2022 and March 1, 2022."

