



March 25, 2020

Ms. Kathryn Lockyer, Regional Clerk
Region of Peel
10 Peel Center Drive
Brampton, ON L6T 4B9

RECEIVED
March 25, 2020
REGION OF PEEL
OFFICE OF THE REGIONAL CLERK

Ms. Lockyer,

RE: STAFF REPORT 2020-0114: COVID-19 PANDEMIC – PROPERTY TAX ASSISTANCE

I am writing to advise that at the Emergency Town Council meeting held on March 24, 2020 Council adopted a resolution regarding the proposed Staff Report 2020-0114: COVID-19 Pandemic – Property Tax Assistance.

The resolution reads as follows:

That the following tax deferral program be implemented to provide time extensions without penalty to taxpayers financially impacted by COVID-19:

- 1) An approximately two-month grace period be provided for the May 7, 2020 interim property tax installment due date whereby all interest and penalties are set to zero percent (0%) effective immediately until July 2, 2020;
- 2) The July 2, 2020 property tax installment date be deferred approximately two months to September 3, 2020; and
- 3) The September 3, 2020 property tax installment date be deferred approximately two months to November 5, 2020;

That the Treasurer be authorized to waive any Town fees arising from the proposed tax deferral program;

That the Treasurer be authorized to waive any late payment fees as a result of a 2020 Pre-Authorized Payment Plan being cancelled or payments otherwise not proceeding;

That the Region of Peel be requested participate in the Town’s tax deferral program by aligning the Town’s required remittances of the Regional portion of property taxes collected to the following revised schedule:

- 1) Remittance to Region on July 3, 2020 (for the May 7 due date);
- 2) Remittance on September 4, 2020 (for the new September 3 due date); and
- 3) Remittance on November 6, 2020 (for the new November 5 due date);

That the Province of Ontario be requested to allow the Town of Caledon to defer the June school board payment requirement, by approximately two months, to August 30, 2020; and

That a By-law be enacted to amend Penalty and Interest By-law 2011-58, as amended and 2020 Fees and Charges By-law 2019-78, as amended to implement the COVID-19 Tax Deferral Program as outlined in Schedule A to Staff Report 2020-0114.

A copy of Staff Report 2020-0114: COVID-19 Pandemic – Property Tax Assistance has been enclosed for your reference.

For more information regarding this matter, please contact Heather Haire, Treasurer, Finance and Infrastructure Services at 905-584-2272, ext. 4185.

Thank you for your attention to this matter.

Sincerely,



Amanda Fusco
Manager, Legislative Services / Acting Town Clerk

: enclosures

Staff Report 2020-0114

Meeting Date: March 24, 2020

Subject: COVID-19 Pandemic - Property Tax Assistance

Submitted By: Heather Haire, Treasurer, Finance and Fuwing Wong, Chief Financial Officer, Finance

RECOMMENDATION

That the following tax deferral program be implemented to provide time extensions without penalty to taxpayers financially impacted by COVID-19:

- 1) An approximately two-month grace period be provided for the May 7, 2020 interim property tax installment due date whereby all interest and penalties are set to zero percent (0%) effective immediately until July 2, 2020;
- 2) The July 2, 2020 property tax installment date be deferred approximately two months to September 3, 2020; and
- 3) The September 3, 2020 property tax installment date be deferred approximately two months to November 5, 2020;

That the Treasurer be authorized to waive any Town fees arising from the proposed tax deferral program;

That the Treasurer be authorized to waive any late payment fees as a result of a 2020 Pre-Authorized Payment Plan being cancelled or payments otherwise not proceeding;

That the Region of Peel be requested participate in the Town's tax deferral program by aligning the Town's required remittances of the Regional portion of property taxes collected to the following revised schedule:

- 1) Remittance to Region on July 3, 2020 (for the May 7 due date);
- 2) Remittance on September 4, 2020 (for the new September 3 due date); and
- 3) Remittance on November 6, 2020 (for the new November 5 due date);

That the Province of Ontario be requested to allow the Town of Caledon to defer the June school board payment requirement, by approximately two months, to August 30, 2020; and

That a By-law be enacted to amend Penalty and Interest By-law 2011-58, as amended and 2020 Fees and Charges By-law 2019-78, as amended to implement the COVID-19 Tax Deferral Program as outlined in Schedule A to Staff Report 2020-0114.

REPORT HIGHLIGHTS

- For all Caledon taxpayers experiencing financial hardship and cash flow issues due to the COVID-19 pandemic, staff propose a property tax deferral program that defers all property tax due dates for the balance of 2020 by approximately 2 months;

- Further taxpayers on pre-authorized payment (PAP) or who have already provided the Town post-dated cheques (for May) that need financial assistance will be provided the option for deferring their payments.
- Given the importance of tabling a property tax deferral program as soon as possible to assist Caledon taxpayers, the options provided may (unintentionally) result in additional fees for some taxpayers, per the Town's Fees By-law. Accordingly, it is recommended that the Town's Treasurer be provided authorization to waive any Town fees, such as non-sufficient fund fees, arising from the proposed tax deferral program;
- To minimize the financial/cash flow impact to the Town of Caledon/taxpayers of the Town of Caledon, staff further recommend that the Region of Peel and Province also participate in the property tax deferral program by agreeing to the Town delaying remittances for the Regional and Education portions of property taxes collected in the balance of 2020.

DISCUSSION

The impact of the COVID-19 pandemic is being felt across the country with widespread closure of businesses, a state of emergency declared by the Province of Ontario, and an emergency declaration issued by the Town of Caledon.

The Federal Government has already provided information on economic and financial support for Canadians and Businesses including:

- The extension of the income tax filing due date for individuals and deferral of payments of qualifying income tax amounts owing;
- A temporary wage subsidy program over the next three months for qualifying small businesses faced with revenue losses and to prevent laying off employees;
- Enhancements to the Goods and Services Tax credit and the Canada Child Benefit; and
- An Emergency Care Benefit for employees that not to qualify for Employment Insurance benefits

(more details and information on Federal assistance programs available at: <https://www.canada.ca/en/departement-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>)

The Provincial Government has announced legislation to protect workers forced to stay home due to the COVID-19 pandemic and, as at the time of writing this report, is expected to announce financial assistance programs in the near future.

The purpose of this report is to provide a staff proposal on a property tax deferral program for Caledon taxpayers financially impacted by COVID-19.

Property taxes must be billed within the calendar year. The Town bills property taxes twice a year:

- 1) Interim Tax Bills – sent to taxpayers February 2020; and
- 2) Final Tax Bills – normally sent to taxpayers in June

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Interim taxes generally equal 50% of prior year taxes while Final taxes are billed in June and represent the balance of taxes owing for the current year. The 2020 property tax due dates are currently as follows:

- 1) Thursday, March 5, 2020
- 2) Thursday, May 7, 2020
- 3) Thursday, July 2, 2020
- 4) Thursday, September 3, 2020

The Town has 25,650 property tax accounts; 24,663 residential and 987 non-residential (commercial, industrial and multi-residential). Approximately 18% of accounts are on a pre-authorized payment (PAP) plan, where funds are withdrawn from the taxpayers financial institution from January to October.

The overall interim property tax billing will be approximately \$85 million which includes the Town, Region and School Boards. From this interim levy, the Town will pay the Region's share of approximately \$25 million and the School Boards share of approximately \$25 million.

The Town remits the Regional portion of property taxes collected to the Region of Peel on the day following the Town's due date. Based on the current due dates, the Town's schedule of remittances to the Region of Peel is March 6, May 8, July 3 and September 4, 2020. Due dates for remittances to the School Boards will be March 31, June 30, September 30 and December 15, 2020. The Region of Peel due dates are set under a Regional by-law while the dates to the School Boards are established under Section 257.11 of the *Education Act*.

The amounts due to the Region and School Boards must be paid according to the pre-determined schedule, regardless of when the actual property taxes are collected by the Town. Accordingly, the Town up-fronts payments to the Region and School Boards when taxpayers do not remit taxes by the due dates. To mitigate the impact to the Town and to taxpayers that pay by the due date, late payment fees (e.g. penalty and interest) apply to all late tax payments.

Taxpayers have several ways to remit payment including by mail; cash or cheque at Town Hall; at financial institutions, both in person and electronically; by credit card online, by drop box and through mortgage companies. Additionally, for properties enrolled in a Pre-Authorized Payment (PAP) plan, monies are withdrawn from the taxpayer's bank account. The distribution of how monies are received is as follows:

Payment Method	% of Taxes
Counter (cash, debit, cheque)	6%
Cheque/mortgage/financial institution	67%
PAP/Post-dated cheques	27%

With the exception of making payments at Town facilities, all payment avenues continue to be available to residents and businesses.

To date, the Town has collected \$44 million of interim taxes billed which represents the March installment and January to March PAP installments. The remaining amount due from May 7 is \$41 million which consists of the May due date and the April, May and June PAP installments for residential and non-residential properties and any outstanding payments from January to March.

Proposed COVID-19 Property Tax Deferral Program

There are three property tax installment due dates remaining for 2020 (one related to the 2020 interim tax billing and two related to the final tax billing). The proposed COVID-19 Property Deferral Program effectively provides an extension of approximately two (2) months for each of the remaining property tax installment due dates. The proposal is summarized in the table below with more details following the table:

Table 1 – Impact to Caledon Taxpayers

2020 PROPERTY TAX INSTALLMENT MONTHS

	CURRENT		PROPOSED CHANGE IN TAX DUE DATE
May 7	x		
June			
July 2	x		x ¹
August			
September 3	x		x
October			
November 5			x
December			

¹ - Grace Period of approximately 2 months

- Interim Tax Bills sent to taxpayers February 2020

- Final Tax Bills (originally planned for June 2020 distribution)

May 7, 2020 Due Date - Grace Period Until July 2, 2020:

Since the interim tax bills have already been sent to Caledon taxpayers earlier this year (in February 2020), it is recommended that the due date remain unchanged and a grace period be provided, where penalty and interest is set to 0% effective immediately until July 2, 2020.

The COVID-19 Tax Deferral Program will require an update the Town's Penalty and Interest By-law, permitting the Town not to charge late payment fees (i.e. penalty and interest charges) by establishing a rate of 0 percent on all property tax arrears for the period starting March 24, 2020 to July 2, 2020. Effectively, this provides for an approximately two-month deferral of payment for the May 7, 2020 installment date (now due July 2, 2020) and benefits taxpayers currently in tax arrears. The financial impact to the Town is estimated at \$0.6 million in lower/lost interest/investment revenue and property tax interest and penalty income.

To a typical family home assessed at \$620,000 would provide a deferral of \$1,266. For a non-residential tax payer this amount would vary greatly based on the type of business however the amount would be much greater than a residential taxpayer. The COVID-19 Tax Deferral Program is proposed to be available to all taxpayers and there will be no requirement to submit any evidence to access the Program.

July 2, 2020 Due Date to Change to September 3, 2020 and Change September 3, 2020 to November 5, 2020:

Final taxes normally have installment dates of the first Thursday of July and September. As shown in Table 1, by providing a grace period for the interim installment to July, the final installment dates would also need to be adjusted as to not overlap. Accordingly, staff recommend the July and September final tax due dates also be deferred approximately two months, to September and November 2020. Effectively, this also provides for a two-month deferral of the last two property tax installment payments for 2020.

The financial impact to the Town is estimated at \$0.1 million in lower/lost interest/investment revenue.

Pre-Authorized Payments and Post-Dated Cheques:

Currently there are taxpayers signed up for Pre-Authorized Payment (PAP) Plans that allow for payment of property taxes from January to October.

Further, some taxpayers have already sent in post-dated cheques related to the interim tax bill (e.g. post-dated cheques for the May 2020 installment date) that the Town would normally deposit at the bank before or on the due date, May 7, 2020.

With approximately 4,600 tax accounts signed up for PAP and approximately 1,500 post-dated cheques on hand, it would not be feasible to contact each taxpayer before the next processing date of April 1, 2020 (10-month PAP plan) and May 7, 2020, respectively. Accordingly, it is recommended that:

- The Town process post-dated cheques as normal (e.g. based on the date of the cheque) unless the taxpayer contacts the Town to provide the Town alternate direction;
- The Town process PAP payments as normal unless the taxpayer contacts the Town and request a withdrawal from the PAP program however the April PAP payments will be processed;
- The Treasurer be authorized to waive any Town NSF charges related to PAP and post-dated cheque payments that cannot be processed due to insufficient funds.

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- The Treasurer be authorized to waive any penalty or interest as a result of a taxpayer cancelling their PAP arrangement.
- The Treasurer be authorized to waive any Town user fee relating to property taxes in 2020 as outlined in the Town’s 2020 fees by-law

Request of the Region of Peel – Regional Portion of Property Taxes

As noted previously, the Town of Caledon also collects property taxes on behalf of the Region of Peel and the School Boards. In order to mitigate the financial/cash flow impact of the proposed property tax deferral program to the Corporation of the Town of Caledon, it is recommended that the Region also participate by allowing the Town to defer each of the (original) May, July, and September remittances to July, September, and November respectively:

Table 2 – Potential Impact to the Region of Peel

Town's Proposed Remittance to Region of Peel

	CURRENT		PROPOSED
May	x		
June			
July	x		x
August			
September	x		x
October			
November			x
December			

 - Interim Tax Bills sent to taxpayers February 2020

 - Final Tax Bills (originally planned for June 2020 distribution)

Request of the Province – Education Portion of Property Taxes

For the education portion of the property taxes to be collected for the balance of the year by the Town of Caledon, the Town must remit to School Boards by June 30, September 30 and December 15, 2020.



To mitigate the financial/cash flow impact of the proposed property tax deferral program to the Corporation of the Town of Caledon, it is recommended that the Province also participate by allowing the Town to defer the June 30, 2020 remittance, by approximately two (2) months, to August 30, 2020:

Table 3 – Potential Impact to the Province/School Boards

Town's Proposed Remittance to School Boards (Education)

	CURRENT		PROPOSED
May			
June	X		
July			
August			X
September	X		X (no change)
October			
November			
December	X		X (no change)

 - Interim Tax Bills sent to taxpayers February 2020

 - Final Tax Bills (originally planned for June 2020 distribution)

FINANCIAL IMPLICATIONS

The Town of Caledon is in a strong financial position and has the financial liquidity to provide the proposed 2020 tax deferral program to those Caledon taxpayers experiencing financial hardship due to the COVID-19 pandemic. This assumes that there will still be taxpayers in Caledon that make interim and final tax bill payments on the deferred due dates outlined in this report. Should the financial impact of the COVID-19 pandemic be longer than expected or more severe than anticipated and a large percentage of Caledon taxpayers do not pay, despite the tax deferral program, the Town will not have the financial capacity to upfront all of the Regional and Educational payments for the balance of 2020.

Further, the COVID-19 pandemic has resulted in much uncertainty and disruption to the financial markets and economy that will likely result in a 2020 operating budget deficit for the Town, overall. Accordingly, to mitigate the financial impact to the Town, the Region of Peel and Province (School Boards) are being requested to participate in proposed COVID-19 tax deferral program.

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Providing a grace period for the May 7 installment and deferring the final tax due dates to September and November would result in \$0.2 million lost investment revenue and approximately \$0.5 million of penalty and interest revenue on property taxes.

As noted above, the COVID-19 pandemic has had a significant impact to the economy which will likely result in a 2020 operating budget deficit for the Town, overall. The Town has reserve funds, including an operating contingency reserve fund, that may be used in the short-term to fund the deficit. Reserves, however, are not a source of long-term/on-going funding so on-going/extended financial assistance programs are not sustainable through reserve funding. In summary, the Town's 2020 operating budget may be negatively impacted by the following:

- Closure of Town facilities and cancellation of programs impacting recreation/program revenues;
- Low interest rates impacting the Town's planned investment revenue;
- Lower development application and building permit revenues;
- Incremental costs related to the safety of the community and Town staff, that continue to work. This includes additional cleaning of facilities, purchase of additional supplies, services, technology and equipment to ensure that the Town may continue some services to the public

Incremental costs related to COVID-19 are being tracked by Town staff in the event that Federal or Provincial financial assistance is made available to municipalities in the future. Staff will continue to track costs and provide Council more financial information related to the COVID-19 pandemic and the Town's 2020 operating budget at a later date.

COUNCIL WORK PLAN

Subject matter is not relevant to the Council Workplan.

ATTACHMENTS

Schedule A: Proposed Amendments to Penalty and Interest By-law 2011-58 and 2020 Fees and Charges By-law 2019-78.

**Schedule A: Proposed Amendments to Penalty and Interest
By-law 2011-58 and 2020 Fees and Charges By-law 2019-78**

THE CORPORATION OF THE TOWN OF CALEDON

BY-LAW NO. 2020-016

A By-law to amend By-law 2011-058 and By-law 2019-78 being a By-law to provide for the imposition of the COVID-19 tax deferral program pursuant to the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended

WHEREAS section 345 of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, authorizes a municipality to pass by-laws to impose late payment charges for the non-payment of taxes or any instalment by the due date;

AND WHEREAS the Council of The Corporation of the Town of Caledon enacted By-law 2011-058 being a by-law to provide for the imposition of late payment charges for non-payment of taxes for the Town;

AND WHEREAS section 391 of the *Municipal Act, 2001*, as amended, authorizes a municipality and a local board to pass by-laws imposing fees or charges for services or activities provided or done by or on behalf of it and for various types of licences, permits and approvals;

AND WHEREAS the Council of The Corporation of the Town of Caledon enacted By-law 2019-78 being a by-law to establish 2020 fees and charges for services and planning applications for the Town;

AND WHEREAS the Head of Council, pursuant to the powers under section 4(1) of the *Emergency Management and Civil Protection Act*, R.S.O. 1990, c. E.9 and section 30 of the *Emergency Management By-law 2014-076*, declared that an emergency exists in the whole of the Town of Caledon on March 18, 2020, in response to the COVID-19 pandemic;

AND WHEREAS the Council of The Corporation of the Town of Caledon, in response to the declaration of an emergency, considers it necessary to implement a tax deferral program to provide time extensions without penalty or fees to taxpayers financially impacted by COVID-19;

NOW THEREFORE the Council of The Corporation of the Town of Caledon ENACTS AS FOLLOWS:

Short Title

This by-law shall be known as the COVID-19 Tax Deferral Program By-law.

1. The Penalty and Interest By-law 2011-058 shall be and hereby is amended by:
 - (1) adding the new heading "**COVID-19 TAX DEFERRAL PROGRAM**" immediately following existing Section 3;
 - (2) adding a new Section 4 as follows:
 4. As of the date of the declaration of emergency on March 18, 2020 in response to the COVID-19 pandemic and notwithstanding any other section to the contrary herein, the Treasurer shall:
 1. establish an interest rate of zero percent (0%) on all property tax arrears for the period starting March 24, 2020 to July 2, 2020;
 2. establish a penalty of zero percent (0%) on all property tax arrears for the period starting March 24, 2020 to July 2, 2020;
 3. establish a penalty of zero percent (0%) on any pre-authorized payment plan or post-dated cheque cancellation upon written request for the period starting March 24, 2020 to July 2, 2020; and,
 4. establish a penalty of zero percent (0%) on all payments returned for insufficient funds for the period starting March 24, 2020 to July 2, 2020.

2. The Fees and Charges By-law 2019-78 shall be and hereby is amended by:

(1) adding a new Section 9.1 immediately following existing Section 9 as follows:

9.1 As of the date of the declaration of emergency on March 18, 2020 in response to the COVID-19 pandemic and notwithstanding any other section to the contrary herein, the Treasurer shall waive any Town fee that relates to a property tax account that the Treasurer considers advisable to implement the COVID-19 Tax Deferral Program.

Enactment

This By-law shall come into full force and effect on the day of its passing.

Enacted by the Town of Caledon Council this 24th day of March, 2020.

Allan Thompson, Mayor

Amanda Fusco, Acting Town Clerk