



MEMORANDUM

TO: Mayor Bonnette and Members of Council

FROM: Wendy O'Donnell, CPA, CGA
Deputy Treasurer/Senior Manager of Revenue

DATE: March 1, 2021

MEMORANDUM NO.: MEMO-CORPSERV-2021-0001

RE: **2021 COVID-19 Tax Deferral**

PURPOSE OF THE MEMORANDUM:

The purpose of this memorandum is to provide details to Council of the 2021 COVID-19 Tax Deferral Pre-Authorized Payment Plan (PAP).

BACKGROUND:

During the first Provincial state of emergency declared on March 17, 2020, the Town responded with several measures in relation to property tax collection. The Town provided relief from penalties, interest and fees for the period up to June 30, 2020. Council also approved deferral of the final tax due dates and introduced an extended PAP plan that ended in December of 2020. In relation to businesses specifically and the unprecedented challenges caused by COVID-19, property tax relief was one of a number of measures implemented by the Town to assist the local business community through coordinated and decisive action.

While the Town's programs focused on timing relief in relation to property taxes, other levels of government provided income support to both business and residents through a variety of programs. At the Provincial level those programs included relief for eligible businesses in areas such as personal protective equipment, property taxes and energy bills. At the Federal level those programs have included subsidies for items such as wages and rent, as well as income relief for individuals.

The Province of Ontario has recently declared a second state of emergency on January 12, 2021 and has introduced additional restrictions to reduce the spread of COVID-19. As a result, Halton Hills businesses have had to modify their operations, including temporarily closing. In addition, some residents continue to be financially impacted. As such, staff will be implementing an application-based PAP program to provide some relief for property owners with the payment of their 2020/2021 property taxes. This

action will continue to provide targeted and meaningful assistance to businesses and residents that have been most heavily impacted by COVID-19

COMMENTS:

The following table provides the status of the Town’s 2020 property tax collection as of December 31, 2020 in relation to the two previous years. Notwithstanding the impact of COVID-19 last year, the figures show that the property tax collection rate for 2020 remained in line with the results from 2018 and 2019.

<i>As at Dec 31, 2020</i>	2020	2019	2018
Current Years Collections	97.20%	97.73%	97.43%
Current Years Outstanding*	2.80%	2.27%	2.57%
<i>* includes installment not yet due</i>			

With the continued presence of the pandemic in 2021, there will be some property owners who continue to endure financial challenges. Similar to the program offered in the latter half of 2020, an application-based deferral program may provide an avenue to those taxpayers who are experiencing financial hardship and require assistance. There were 142 property owners who deferred pre-authorized payments with the Town in 2020.

Staff from Corporate Services, Communications and Economic Development have developed an application-based deferral program. The program (outlined below) will be promoted widely, including through the Town’s websites (haltonhills.ca and investhaltonhills.com), media release, social media, e-newsletters and email.

2021 COVID-19 Tax Deferral

Program Details

Property owners adversely impacted by COVID-19 and unable to pay property taxes by the scheduled tax due dates can apply for a deferred payment plan if they meet the Town’s eligibility criteria.

A one-time COVID-19 pre-authorized monthly re-payment plan is available to property owners. The plan consists of 7 monthly withdrawals beginning June 28, 2021 to December 29, 2021.

In addition to the deferral of 2021 tax installments, any outstanding 2020 taxes will also be included in the COVID-19 tax deferral pre-authorized payment program. Following enrollment in the deferral program, penalty/interest will be suspended for the duration of the deferral so long as all payments are made.

Properties which have an existing Town registered lien on title or arrears from years prior to 2020 are not eligible to participate in the deferral program.

Property owners can begin withdrawals earlier than June 28 to assist with reducing their monthly instalment payments from June to December. Amounts for April/May can be determined by the applicant and the applicant must notify the Town of these amounts no later than the 10th of each month. Any additional payments that the applicant makes on their own need to be made no later than May 15th to be included in the calculation.

Program Criteria:

1. The program is intended for property owners facing financial hardship as a result of the COVID-19 pandemic in one or more of the following categories: temporary suspension of or reduction in pay; loss of employment; excessive business revenue loss or temporary business closure. Proof of hardship via documentation may be required. Acceptable documentation includes notice of business closure, notice of layoff, notice of temporary suspension, letter from employer confirming reduction of hours or pay, forced closure notice. The Town reserves the right to request additional information or documentation.
2. The pre-authorized payment plan program requires applicants to provide the required banking information and authorizations, if they are not already on the Town's pre-authorized payment plan.
3. Payment in Lieu of Tax properties are not eligible to participate in the deferral plan.
4. Farm class properties (FT) are currently billed with one installment due in September. If properties in this property class wish to participate in the COVID-19 pre-authorized monthly re-payment plan, the FT taxes will be spread over the 7 installments evenly beginning in June.
5. Business owners who have received compensation from Business Interruption Insurance coverage toward payment of property tax do not qualify.
6. The balance on account as of May 15th will be used to determine the monthly withdrawal amount.
7. Properties for which the Town has registered a lien on title or arrears from years prior to 2020 are not eligible to participate in this deferral program.
8. Property owners already on a monthly PAP plan (Jan to Oct) or installment PAP plan can apply to transfer to the COVID-19 pre-authorized monthly re-payment plan. Ratepayers on the Town's Arrears Payer Defined plan with outstanding taxes only for the 2020 and 2021 tax years can apply for the COVID-19 pre-authorized monthly re-payment plan. Payments made under these other plans

will be factored into calculating the new payment plan amounts which will begin on June 28, 2021.

9. Any applicable penalty, interest or other charges that have been added to the tax roll to date will be included in the monthly calculation. Further penalty/interest charges will be suspended for the duration of enrollment in the COVID-19 PAP re-payment plan.
10. Owners providing false or inaccurate information are ineligible to join the program or will be removed immediately from the program upon determination. At that time all taxes, penalties and interest will be payable in full immediately.
11. The expectation is that property owners with tenants should be passing on the benefits of the tax deferral arrangement to their tenants. The Town will not assume any role in the landlord / tenant relationship.
12. Manual repayment without an approved application will be subject to penalty/interest.
13. In the event that a payment submitted through this plan is not honored by the bank, the repayment plan will terminate, and the balance will be considered to be in arrears and will be subject to monthly penalty/interest effective that date.

Calculation of the Monthly Withdrawal

The monthly withdrawal amount is calculated by taking the full 2021 tax year levy, plus the balance outstanding from 2020 billings, plus any penalty/interest charged (if applicable). This combined figure is divided evenly over the 7 months June to December 2021.

As an example, a taxpayer who has not yet paid any property taxes in 2021 who opts into the program in April would incur a penalty for unpaid taxes prior to their application (January-March) but would be forgiven for any penalty for the rest of the year (April - December). The total property tax amount owing as of May 15th would then be divided into the seven remaining months of the year (June - December).

If this same taxpayer has unpaid taxes relating to their 2020 tax bill, that amount, plus any penalty incurred up to the date of application on this outstanding amount, will be added onto their 2021 taxes and the same calculations as above would apply.

CONCLUSION:

Implementation of the 2021 COVID-19 Tax Deferral_(PAP) is yet another support being provided by the Town in response to COVID-19. Eligible property owners that have faced financial hardship will benefit from more flexible payments of their 2021 property tax obligations.

Reviewed and approved by,

A handwritten signature in black ink that reads "M. J. Leighton". The signature is written in a cursive style with a large, looped initial "M".

Moya Jane Leighton, Director of Finance & Town Treasurer

A handwritten signature in black ink that reads "Laura Lancaster". The signature is written in a cursive style with a large, looped initial "L".

Laura Lancaster, Acting Commissioner of Corporate Services

A handwritten signature in black ink that reads "Chris Mills". The signature is written in a cursive style with a large, looped initial "C".

Chris Mills, Acting Chief Administrative Officer