

Report to Council

Report Title:	COVID-19 Finance Update		
Prepared By:	Trish Serratore, Chief Financial Officer		
Department:	Finance		
Date:	April 7, 2020		
Report Number:	FIN2020-13	File Number:	C11FIN, P03
Attachments:	ADM Letter to Municipal Treasurers		

Recommendation:

That the Council of the Municipality of Brockton hereby approves Report Number FIN2020-13 – COVID-19 Finance Update, prepared by Trish Serratore, Chief Financial Officer and in doing so authorizes a By-Law coming forward amending the 2020 Tax Rates By-Law to ratify the decision to waive the penalty and interest charges on property tax bills from April 1, 2020 to June 30, 2020.

Report:

Background:

Over the last few weeks there has been many financial changes for organizations as a result of COVID-19. Staff have provided a summary for council as to what the changes have taken place within the Municipality.

Analysis:

Education Property Tax Remittance

On March 25th, 2020 the Municipality received a letter from Allan Doheny, Assistant Deputy Minister. To provide some financial support and relief to residents and municipalities, the Provincial government announced that they will defer the property tax payments that municipalities make to the school boards by 90 days. The following changes have taken place:

1. June levy postponed to September
2. September levy postponed to December
3. December levy will remain unchanged, therefore two payments will be required in December

2021 Reassessment

The government announced that they will defer the planned property tax reassessment for the 2021 taxation year. This would mean that property assessment for 2021 taxation will continue to be based on the same

valuation date from 2020 taxation year. Municipal Property Assessment Corporation (MPAC) will continue to maintain the assessment roll and ensure that the update is reflective of changes that result from new construction.

Appeal Deadlines

The provincial government has issued a regulation under the Emergency Measures and Civil Protection Act which suspends the application of limitation periods and related deadlines for the duration of the emergency period. The Request for Reconsideration (RfR) deadline that is usually March 31 of the applicable taxation year will be reinstated 16 days after the emergency declaration is lifted.

Payroll Incentives

1. **HST remittance** – Typically the Municipality receives refunds each month. We would continue this as per usual.
2. **OMERS** – nothing on their COVID-19 Updates page or on their Plan Change Announcements
3. **WSIB** – We still have to “remit” (i.e. record) the payments monthly but we can defer the payments for March, April, May, June, and July until August 31, 2020.
4. **Manulife** – no updates on changes to billing or any billing relief
5. **EHT Exemption increase** – The Municipality does not qualify as we are government body and do not receive the exemption in the first place

Waiving Penalty and Interest on Brockton Taxes

On March 26th, 2020, the Municipal Emergency Control Group (MECG) discussed the financial implications to the residents of the upcoming tax due dates. Changing the due date was not something that staff could administer at this time, however, the best alternative for the residents of Brockton was to waive the penalty and interest for 90 days. This means that there will be no penalty and interest charged to any unpaid balances for April, May and June. The financial impact of this decision to the municipality are as follows:

- March 31st 2020 unpaid balance \$690,147.00
- Approximate Penalty and Interest waived on outstanding balance each month \$12,634.79 (total of \$37,904.37 for 90 days)

Based on the number of concerns received the MECG felt the penalty and interest grace period was necessary step to support the residents of Brockton during this unprecedented time. While I support this measure it is my responsibility to report that the 90 day financial grace period has a financial impact on the municipality by decreasing our cash flow and ability to respond to financial obligations. Many residents took advantage of this offering which resulted in \$690k of outstanding taxes as of March 31st. This has a financial impact on the Municipality as we were still obligated to pay our March levy to the County and School Board.

Sustainability Checklist:

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- Do the recommendations help move the Municipality closer to its Vision? N/A
- Do the recommendations contribute to achieving Cultural Vibrancy? N/A

- Do the recommendations contribute to achieving Economic Prosperity? N/A
- Do the recommendations contribute to Environmental Integrity? N/A
- Do the recommendations contribute to the Social Equity? N/A

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective?
N/A

The COVID-19 pandemic has caused financial hardship for many residents and businesses. The 2020 Interim Tax Bills were issued prior to the COVID-19 outbreak. Staff analyzed various options for providing cash flow assistance to property taxpayers. By waiving the penalty and interest on the March and May tax installments, the municipality is providing some financial relief to residents by postponing their required tax payments until June 30th.

Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

Reviewed By:



Sonya Watson, Chief Administrative Officer

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March 25, 2020

Dear Municipal Treasurer / Clerk-Treasurer:

I am writing to follow up on the Minister of Finance's letter that was sent to your Head of Council today by providing you with further details on a number of property tax initiatives that were announced in *Ontario's Action Plan: Responding to COVID-19 (March 2020 Economic and Fiscal Update)*.

Deferral of Education Property Tax Remittance

The Province recognizes that many residents and businesses are facing challenges in making their scheduled property tax payments. We have been working closely with municipalities as they introduce measures to provide property tax relief, for example, by allowing taxpayers to defer property tax payments. In particular, we have been having discussions with members of the Property Assessment and Taxation Review Municipal Advisory Committee regarding potential measures.

In order to support and encourage municipal tax relief measures, the government announced that it is deferring the property tax payments that municipalities make to school boards by 90 days. This is consistent with requests that we have received from a number of municipalities and municipal organizations.

The Minister of Finance has announced the deferral of the upcoming quarterly (June 30) municipal remittance of education property taxes to school boards, as well as the deferral of the September 30 quarterly municipal remittance to school boards. Deferring these payments by 90 days each will provide municipalities the flexibility to, in turn, provide property tax deferrals to local residents and businesses.

To ensure this deferral does not have a financial impact on school boards, the Province will adjust payments to school boards to offset the deferral.

2021 Reassessment

The government will also be postponing the planned property tax reassessment for 2021, reflecting input that has been received from a number of municipal leaders. This will ensure that municipal governments are able to focus their attention on critical public health initiatives and other efforts to manage the local response to the COVID-19 outbreak. Postponing the reassessment will also provide stability for Ontario's property taxpayers and municipalities.

Postponing the reassessment means that property assessments for the 2021 taxation year will continue to be based on the same valuation date that was in effect for the 2020 taxation year. The Municipal Property Assessment Corporation (MPAC) will continue to maintain the assessment roll and ensure that it is updated to reflect changes such as new construction.

As part of our ongoing consultations with municipalities and taxpayers through the Property Assessment and Taxation Review, we will be discussing potential approaches for the next reassessment. The focus will be on maintaining stability for property owners and municipalities.

Appeal Deadlines

In addition, I want to make you aware that the government has issued a regulation under the *Emergency Measures and Civil Protection Act* which suspends the application of limitation periods and related deadlines under provincial legislation for the duration of the current emergency period. As a result, the deadlines for submitting Requests for Reconsideration (RfRs) to MPAC and appeals to the Assessment Review Board (ARB) will be extended until after the emergency declaration is lifted.

Information on the deadline extension for RfRs is posted on MPAC's website. Property owners who have questions regarding how the deadline extension may apply to the circumstances of their specific RfR or appeal should contact MPAC or the ARB.

Additional Support for Municipalities

As noted in the Minister of Finance's letter to your Head of Council, as we work with our municipal partners to help stop the spread of COVID-19, the government is providing nearly \$250 million of direct support that will assist municipalities in their efforts.

As the COVID-19 outbreak continues to evolve, we will continue to work closely in partnership with municipalities to ensure stability for Ontario's property tax system.

If you have any questions related to the property tax decisions noted above, please contact Chris Broughton, Director of the Property Tax Policy Branch at Chris.Broughton@ontario.ca or 416-455-6307.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allan Doheny', with a stylized flourish at the end.

Allan Doheny
Assistant Deputy Minister

c: Greg Orencsak, Deputy Minister, Ministry of Finance
Kate Manson-Smith, Deputy Minister, Ministry of Municipal Affairs and Housing