

Report to Council

Report Title:	County Levy Due Date Deferral		
Prepared By:	Trish Serratore, Chief Financial Officer		
Department:	Finance		
Date:	April 28, 2020		
Report Number:	FIN2020-14	File Number:	C11FIN
Attachments:	County Levy Due Date Deferral Report by Edward Henley, Director of Corporate Services		

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2020-14 – County Levy Due Date Deferral, prepared by Trish Serratore, Chief Financial Officer for information purposes; and

Further the Council of the Municipality of Brockton hereby supports the County of Bruce’s proposal to defer the County levy payment dates to match the deferral of the Education tax due dates announced by the Province.

Report:

Background:

In response to the COVID-19 pandemic, Council approved financial relief at the April 14, 2020 Council meeting, including waiving penalty and interest on the interim 2020 property tax billings until June 30th.

On April 9, 2020, the Director of Corporate Services presented the County of Bruce Corporate Service Committee with the recommendation to defer County taxes to be in line with the Province of Ontario education taxes due dates. At this meeting, the following recommendation was approved:

That the Bruce County Levy Due Dates be deferred to match the deferral in the Education tax due dates recently announced by the Province as follows: Instalment #1 due March 31, 2020 be deferred to June 30, 2020, Instalment #2 due June 30, 2020 be deferred to September 30, 2020, Instalment #3 due September 30, 2020 be deferred to December 15, 2020 and that Instalment #4 continue to be due on December 15, 2020; and,

That this request is subject to approval by the lower-tier municipalities as set out in the Municipal Act and is to be forwarded for consideration to the 8 lower-tier municipalities of which at least 5 of the 8 lower-tier municipalities must approve by resolution representing at least two-thirds of Bruce County’s weighted assessment; and,

That a by-law is to be prepared to bring these amendments into force once sufficient lower-tier municipalities have provided their approval.

Analysis:

As per the report, “At least 5 of the 8 lower-tier municipalities must approve the change of the due dates for 2020 representing at least two-thirds of the weighted assessment. The two-thirds requirement could require up to 7 municipalities to agree depending upon their portion of the assessment. At least one of Kincardine or Saugeen Shores must approve due to their representing more than 40% of the weighted assessment.”

The deferral of the County tax levy will significantly benefit the lower-tiers and will reduce the cash flow constraints that will soon be realized. Staff is recommending that Council approve the County’s due date deferral and have prepared a motion for Council’s consideration.

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? Yes

Accepting the recommendation of the County will provide the Municipality with more flexibility on our cash flow as we have experienced a reduction in tax payments during this pandemic.

Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

Reviewed By:



Sonya Watson, Chief Administrative Officer



Committee Report

To: Warden Mitch Twolan
Members of the Corporate Services Committee

From: Edward Henley
Director of Corporate Services

Date: April 9, 2020

Re: County Levy Due Date Deferral

Staff Recommendation:

That the Bruce County Levy Due Dates be deferred to match the deferral in the Education tax due dates recently announced by the Province as follows: Instalment #1 due March 31, 2020 be deferred to June 30, 2020, Instalment #2 due June 30, 2020 be deferred to September 30, 2020, Instalment #3 due September 30, 2020 be deferred to December 15, 2020 and that Instalment #4 continue to be due on December 15, 2020; and,

That this request is subject to approval by the lower-tier municipalities as set out in the Municipal Act and is to be forwarded for consideration to the 8 lower-tier municipalities of which at least 5 of the 8 lower-tier municipalities must approve by resolution representing at least two-thirds of Bruce County's weighted assessment; and,

That a by-law is to be prepared to bring these amendments into force once sufficient lower-tier municipalities have provided their approval.

Background:

The onset of the COVID-19 pandemic and subsequent layoffs, reduction in income, or loss of jobs has led to a financial cashflow crunch for many people. While some people paid their property taxes prior to the declaration of the pandemic, the ability to pay them in the near-term will be challenging for some.

The Bruce County property tax levy is collected by each of the lower-tiers in combination with their own municipal property tax and the Province's education tax. The lower-tier municipalities whose tax due dates were after the declarations of the pandemic and states of emergency have expressed concern over paying the full levy owing when they are or may be experiencing a slow down in property tax payments they receive.

The Province provided some financial relief to municipalities by deferring the June 30 education property tax due date to September 30th and the September 30th instalment to December 30th. The announcement was made on page 11 of the attached Appendix 1 titled, "Ontario's Action Plan 2020: Responding to COVID-19" and in a subsequent letter from the Assistant Deputy Minister of Finance, Allan Doheny.

Declaration Dates:

- March 11 - World Health Organization (WHO): Pandemic
- March 17 - Ontario: State of Emergency
- March 25 - Bruce County: State of Emergency

Four of the eight lower-tier municipalities had property tax due dates before the above-mentioned Declaration Dates. It is important to note that all eight of the lower-tier municipalities paid the full amount of their county levy due March 31, 2020. In a conference call with the lower-tier Treasurers on Thursday, March 26, many expressed a desire for the County levy due date to be deferred similar to the Education Tax deferrals as they expected a large reduction in property taxes being paid in the coming months. Some have already announced penalty and interest deferrals for certain unpaid property taxes.

Table 1: List of 2020 Instalment due dates for Property Taxes in Bruce County

Municipality	Interim 1	Interim 2	Final 1	Final 2
Arran-Elderslie	March 26	June 26	August 26	October 26
Brockton	March 31	May 29	September 30	November 30
Huron-Kinloss	March 2	June 1	September 1	December 1
Kincardine	March 2	June 1	September 1	December 1
Northern Bruce Peninsula	February 28	April 30	July 31	September 30
Saugeen Shores	February 20	May 21	August 20	November 19
South Bruce	March 25	May 27	August 26	October 28
South Bruce Peninsula	March 20	May 15	July 17	September 18
Bruce County	March 31	June 30	September 30	December 15

Table 2: Bruce County Current and Proposed Levy Instalment Dates

Bruce County Levy Instalment	Current Due Date	Proposed Due Date
#1	March 31, 2020	June 30, 2020
#2	June 30, 2020	September 30, 2020
#3	September 30, 2020	December 15, 2020
#4	December 15, 2020	December 15, 2020

Financial/Staffing/Legal/IT Considerations:

There may be a need to utilize the overdraft facility. The amount that will be used depends on which operating and capital projects continue and which are deferred. If additional funding is sent to the municipalities from the Province for certain pandemic-related expenses, these costs could be mitigated. Assuming all funds deferred result in borrowing from overdraft, which is unlikely, then the cost would be as follows:

Table 3: Cost Estimate of Deferral

Instalment	Amount	# of days deferred	Interest rate	Cost
#2	\$13,395,183	91	1.70%	\$56,773
#3	\$12,637,907	76	1.70%	\$44,734
Total				\$101,507

The Municipal Act Section 311(13) sets out the due dates for the County levy instalments:

Instalments, counties

(13) In each year, a lower-tier municipality in a county shall pay amounts to the upper-tier municipality in the following instalments:

- 1) 25 per cent of the amount required to be raised by the lower-tier municipality for upper-tier purposes in the previous year, on or before March 31.
- 2) 50 per cent of the amount required to be raised by the lower-tier municipality for upper-tier purposes in the current year, less the amount of the instalment paid under paragraph 1, on or before June 30.
- 3) 25 per cent of such current amount, on or before September 30.
- 4) The balance of the entitlement for the year, on or before December 15. 2001, c. 25, s. 311 (13).

The Municipal Act Section 311(15) provides the ability to change these dates:

Variation by agreement

(15) Despite subsection (13), a county may, by agreement with a majority of its lower-tier municipalities representing at least two-thirds of the total weighted assessment of all its lower-tier municipalities, provide by by-law for any number of instalments and their due dates other than those provided in subsection (13) and those alternative instalments and due dates shall be applicable to all its lower-tier municipalities. 2001, c. 25, s. 311 (15).

At least 5 of the 8 lower-tier municipalities must approve the change of the due dates for 2020 representing at least two-thirds of the weighted assessment. The two-thirds requirement could require up to 7 municipalities to agree depending upon their portion of the assessment. At least one of Kincardine or Saugeen Shores must approve due to their representing more than 40% of the weighted assessment.

Table 4: Weighted Assessment by Percentage

Municipality	Percentage of Weighted Assessment
Arran-Elderslie	5.8%
Brockton	9.1%
Huron-Kinloss	11.2%
Kincardine	18.1%
Northern Bruce Peninsula	12.8%
Saugeen Shores	22.3%
South Bruce	5.4%
South Bruce Peninsula	15.4%

There are no staffing or IT considerations associated with this report.

Interdepartmental Consultation:

None.

Link to Strategic Goals and Elements:

Not applicable.

Approved by:

A handwritten signature in cursive script that reads "Bettyanne Cobean". The ink is dark and the signature is written in a fluid, connected style.

Bettyanne Cobean
Acting Chief Administrative Officer