

Date: 2020-09-15

Subject: **Relief Measures for Overdue Property Taxes**

Secondary Title: Click or tap here to enter text.

Contact: Mark Medeiros, Treasurer (Interim) mark.medeiros@brampton.ca

Report Number: Corporate Support Services-2020-166

Recommendations:

1. THAT the report titled: **Relief Measures for Overdue Property Taxes**, to the Committee of Council meeting on September 23, 2020, be received;
2. THAT penalty and interest charges be suspended on tax arrears effective August 20, 2020 until December 31, 2020, through an amendment to the Final Tax Levy By-law 77-2020;
3. THAT the following Tax Collection activities be suspended for the remainder of 2020;
 - a. Registration of tax arrears certificate on title (lien on title of property)
 - b. Tax sales of property
 - c. Important Overdue Tax Notices
4. THAT the following Tax Collection activities continue to ensure property owners and interested parties, such as mortgage providers are appropriately informed of the seriousness of the tax arrear situation;
 - a. Final Notice (2 years or more in arrears)
 - b. Urgent Notice to Interested Parties (3 years or more in arrears)
5. THAT overdue tax notices scheduled for issuance in October, be modified to remove the due date for payment in 2020, while informing property owners of amounts owing and encouraging continuation of payments for those who are able to do so;
6. THAT the overdue tax notification fee of \$7.00 plus HST be suspended for the remainder of 2020;
7. THAT staff continue to assess the economic impact of COVID-19 on our residents and businesses and report back to Council in December of 2020 with

recommendations (if any) to manage overdue taxes and/or collections activity for 2021.

Overview:

- **At the onset of this pandemic, Council immediately recognized the serious economic impact that COVID-19 was having in our community and took action to provide temporary financial relief.**
- **At the Special Council meeting of March 25th, 2020, Council approved the report titled “Property Tax Assistance – City Response to COVID-19”, which suspended penalties and interest charges on overdue property tax accounts until August 19th, 2020. This decision provided financial relief of approximately \$6.1 million to many in our community that were most impacted by this pandemic.**
- **The temporary financial relief provided in the early days of this pandemic has now expired, leading to penalty and interest charges being accrued on property tax accounts that are overdue.**
- **Given that this pandemic is still having significant economic impacts to our community, staff recommend that penalties and interest on overdue property tax accounts be suspended for the remainder of 2020.**
- **In addition, staff recommend that collection activities, such as new liens on property and tax sales of property be suspended for the remainder of the year and that fees associated with issuing overdue notices, be suspended.**
- **In order to ensure that our property owners are informed as to the amounts owing, staff recommend that the overdue tax notices scheduled for issuance in October, be modified to inform property owners of any amounts owing, encourage those that are able to do so to continue to make payments, but remove the deadline for payment in 2020.**
- **The recommendations in this report are estimated to result in lost revenue of approximately \$4.2 million to the City and when combined with the \$6.1 million in relief already provided, would result in total financial relief of \$10.3 million to our residents and businesses.**
- **Lastly, staff will continue to assess the economic impact of COVID-19 on our residents and businesses and report back to Council in December of 2020 with recommendations (if any) to manage overdue taxes and/or collections activity for 2021.**

Background:

At the onset of this pandemic, Council immediately recognized the serious economic impact that COVID-19 was having in our community and took action to provide temporary financial relief.

At the Special Council meeting of March 25th, 2020, Council approved the report titled “Property Tax Assistance – City Response to COVID-19”, which suspended penalties and interest charges on overdue property tax accounts until August 19th, 2020. This decision provided financial relief of approximately \$6.1 million to many of those in need.

The temporary financial relief provided in the early days of this pandemic has now expired, leading to penalty and interest charges being accrued on property tax accounts that are overdue.

The Tax Billing and Collection Policy # 13.10.0 provides the framework for the administration of the City’s property taxes receivable including the processes to be followed when accounts fall into arrears.

Legislation requires that penalty and interest be applied in the same manner and at the same time for all properties. If penalty and interest were to be suspended, it would have to be suspended on all tax arrears including accounts that were in arrears prior to the COVID-19 outbreak.

Current Situation:

Given that this pandemic is still having significant economic impacts to our community, staff recommend that penalties and interest on overdue property tax accounts be suspended for the remainder of 2020.

In addition, staff recommend that collection activities, such as new liens on property and tax sales of property be suspended for the remainder of the year and that fees associated with issuing overdue notices, be suspended.

In order to ensure that our property owners are informed as to the amounts owing, staff recommend that the overdue tax notices scheduled for issuance in October, be modified to inform property owners of any amounts owing, encourage those that are able to do so to continue to make payments, but remove the deadline for payment in 2020.

The recommendations in this report are estimated to result in lost revenue of approximately \$4.2 million to the City and when combined with the \$6.1 million in relief already provided, would result in total financial relief of \$10.3 million to our residents and businesses.

Lastly, staff will continue to assess the economic impact of COVID-19 on our residents and businesses and report back to Council in December of 2020 with recommendations (if any) to manage overdue taxes and/or collections activity for 2021.

Financial Implication:

Suspending penalties and interest charges is estimated to result in \$1 Million per month in foregone revenue.

Suspending the overdue tax notification fee of \$7.00 plus HST for the October 2020 overdue notices is estimated to result in a revenue loss of approximately \$190,000.

The total estimated revenue loss related to the recommendations in this report are estimated to be \$4.2 million and when combined with the \$6.1 million in relief already provided, would result in total financial relief of \$10.3 million to our residents and businesses.

Strategic Plan:

This report achieves the Strategic Plan priority of Good Government by practicing proactive effective management of finances, policies and service delivery.

Term of Council Priorities:

This report fulfils the Council Priority of a Well-Run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial revenues.

Conclusion:

The COVID-19 pandemic has caused financial hardship for many residents and businesses. The purpose of the recommendations in this report are to extend the financial relief provided by Council at the onset of this pandemic to those in our community who need it most, while encouraging those that are able to pay to continue to do so.

Authored by:

Mark Medeiros, Treasurer (Acting)

Reviewed by:

Mark Medeiros, Treasurer (Acting)

Approved by:

Michael Davidson, Commissioner,
Corporate Support Services

Submitted by:

David Barrick, Chief Administrative Officer