

## **Financial implications of changing due dates.**

### **Taxes**

#### **Purpose:**

That Council considers the deferral of property tax collection and postponing interest charges for homeowners and business in our Community.

#### **Recommendation:**

That Council approves changing the 2020 second interim levy instalment dates from April 30, 2020 to May 31, 2020, and postponing interest charges to June 1, 2020 for the second instalment. That arrears notices and tax sales procedures be suspended until June 2020.

#### **Financial implications:**

The City collects property taxes at due dates (February, April, June and August) and through monthly preauthorization payment plans (PAPs).

In 2020, the City will be levying approximately \$21 million for our local municipality, \$12.5 million for the County taxes and approximately \$6.3 million in education taxes.

On March 25<sup>th</sup> the County has voted on differing the first payment due to the County from March 30<sup>th</sup> to June 30<sup>th</sup>.

Postponing the collection of taxes may have an impact on the City's investment income. Taxes collected are used to pay for salaries, goods and services, capital, transfer payments, etc. The City normally sees a greater requirement for cash during the Summer and the Fall when the City's capital works' projects are underway. The City invests these funds until they are needed. Investment rates have fallen at least 1 percent since the Bank of Canada started lowering its overnight rate. The estimated loss in investment income is \$10k - \$15k per month of deferral.

Last year, the City collected just over \$400K in interest and penalty charges for tax accounts in arrears. The City may see a minimal shortfall in this charge to the 2020 budget. The estimated loss in arrears income is \$3k - \$5k per month of deferral.

Payments made by property owners on a PAP at due date or on the monthly PAP would continue as scheduled. Residents or businesses that would like to postpone their preauthorized payments, would make this request by contacting the Tax Department.

### **Water & Sewer billing**

#### **Purpose:**

That Council considers the deferral of the water & sewer billing and postponing interest charges for homeowners and business in our Community.

**Recommendation:**

That Council approves changing the billing of water and sewer due date from April 30, 2020 to May 31, 2020, and postponing interest charges to June 1, 2020 for that billing. That arrears notices be suspended until June 2020.

**Financial implications:**

The City collects water and sewer fees at due dates (January, April, July and October) and through monthly preauthorization payment plans (PAPs). Approximately \$1.3M is levied per billing.

The estimated loss in investment income is \$2k - \$3k per month of deferral and the estimated loss in arrears income is \$1k - \$2k per month of deferral.

This change will also give more time to the administration to physically print the bills by our third party. With the announcement of the closure of non-essential services, it is not sure if the bills will be able to be printed by the end of March.