



**The Corporation of the City of Cornwall**  
**Regular Meeting of Council**  
**Report**

Department: Financial Services  
Division: Finance  
Report Number: 2020-261-Financial Services  
Prepared By: Tracey Bailey, General Manager  
Meeting Date: March 20, 2020  
Subject: Deferral of Property Tax Collection

**Purpose**

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

**Recommendation**

That Council approve changing the 2020 interim levy instalment dates from March 31, 2020 and April 30, 2020 to May 15, 2020 and June 15, 2020, respectively, and postponing interest charges to June 16, 2020.

**Financial Implications**

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

In 2020, the City will be levying \$75,119,404 in municipal taxes and approximately \$12 million in education taxes.

By March 31<sup>st</sup>, the City collects approximately \$22.5M (\$19.3M municipal, \$3.2 education) or 26% of total taxes to levy in the year, and by April 30<sup>th</sup>, approximately \$35.6M (\$30.4M municipal, \$5.2M education) or 40% of total taxes to levy in the year.

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. At March 16, 2020, the Bank of Canada lowered, for a second time, its target for the overnight rate to  $\frac{3}{4}$  percent.

Last year, the City collected just over \$600K in interest and penalty charges for tax accounts in arrears. The City collected just over \$67K in interest and penalties for water/wastewater accounts in arrears. The City may see a minimal shortfall in this charge to the 2020 budget.

Over the past five years (2014-2018), the Financial Indicator Review completed by MMAH has shown that the City's taxes receivable as a percentage of total taxes levied to be at a low level of risk. Over these years, the City's annual indicator has been from 3.2% to 4.3%. An indicator of <10% is consider a low level of risk.

## **Background / Discussion**

In light of the financial challenges that many are facing due to the COVID-19 crisis, Administration is recommending deferring the first and second instalments of interim taxation.

By-law 2019-152, passed by Council on December 9, 2019, enacts the manner in which the 2020 interim tax levy will be collected. The 2020 interim levy is to be paid into the office of the Treasurer in two instalments no later than the 31<sup>st</sup> day of March 2020 and the 30<sup>th</sup> day of April 2020.

Administration is recommending that property tax payments that would be otherwise due on March 31, 2020 and April 30, 2020 be deferred to May 15, 2020 and June 15, 2020, respectively.

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.



By-law 2019-077 imposes late payment charges for the non-payment of taxes at the rate of 1 ¼ percent of the amount of taxes due and unpaid on the first day of default.

Administration is recommending that until June 16, 2020, no interest or penalty charges be applied to unpaid property tax accounts. Interest will also not be charged on outstanding water bills during this period.

Due dates for the 2020 Final Billing for taxation would not change (July 31, 2020 and August 31, 2020). Supplementary taxation billings will be issued and due no earlier than August 31, 2020.

Document Title:	Deferral of Property Tax Collection - 2020-261-Financial Services.docx
Attachments:	
Final Approval Date:	Mar 19, 2020

This report and all of its attachments were approved and signed as outlined below:

**Tracey Bailey - Mar 19, 2020 - 4:17 PM**

**Maureen Adams - Mar 19, 2020 - 5:04 PM**