



Municipality of the District of Lunenburg

Request for Decision

REPORT TO: Council
SUBMITTED BY: Tom MacEwan, CAO
DATE: May 25, 2021
RE: Municipal Tax Billing COVID-19 Response and Options

Recommended Motion

Municipal Council set the interest charged on overdue property taxes starting June 1, 2021 and continuing through August 31, 2021 at 0%.

Background

The Provincial Statement of Emergency and the COVID-19 pandemic with the accompanying restrictions continues to have a significant economic impact on many businesses and residents in MODL.

The Municipal Government Act contains several legislative powers that would allow Council to provide financial assistance to its taxpayers including setting the due date for the tax bills, setting the interest rate on overdue taxes, providing discounts for the early payment of tax bills and setting up payment plans for overdue taxes.

MODL currently does set up payment plans for overdue taxes and follows the MGA for tax sales – properties 3 years in arrears must sold at Tax sale. However, interest charged on overdue taxes remains at 10%.

Interest on overdue Taxes

The Municipality charges an interest rate of 10% per year compounded monthly on its tax bills. Interest is not charged until after the due date. Council may consider reducing this rate to 5% or even 0%. Reducing the interest rate would help both resident and businesses who are having difficulty paying their tax bill and would also benefit those who are currently in arrears.

PLEASE NOTE - Any changes to the interest rate would be system wide and affect all overdue accounts.

If Council is interested in exploring this option than a determination of when the rates would be reduced combined with the amount of the reduction must be made.

Recommendation

Staff recommend that commencing June 1, 2021 and continuing to August 31, 2021, Council reduce the interest on overdue taxes to 0%.

Budget Implications

The budget includes amounts for interest earned on deposit and interest on overdue taxes. Both of these line items could be affected by a reduction in interest charged on overdue taxes during the period in question. The Municipality is in a good financial position and the cash flow will be monitored.

In the event that revenue from interest payments are reduced, our strong financial position enables us to transfer amounts from the Operating Surplus Reserve to cover any shortfall.

Department: **Office of the CAO**

Report Prepared By: **Elana Wentzell, Director of Finance** Date: **May 24, 2021**

Report Approved By: Date:

Reviewed By CAO: Date: