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**Date:** May 28, 2020

**To:** Mayor and Council

**Author:** Ryan McLeod, CPA, CA

**RE:** Penalty and Interest Relief – Extension and Delegation of Authority

**Report No.:** FS-2020-10

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### **AIM**

To seek Council's authorization to extend penalty and interest relief until July 31, 2020 and to authorize the Director of Financial Services establish penalty and interest rates for the duration of the municipal state of emergency.

### **BACKGROUND**

In response to the economic implications of COVID-19, the Town of Kingsville has waived penalties and interest on all tax and water / wastewater accounts from April 1<sup>st</sup> – June 30<sup>th</sup>. This financial relief strategy has been adopted collectively among all lower tier municipalities within the County of Essex.

### **DISCUSSION**

In the absence of further financial relief measures, Administration would be required to impose penalties and interest on all outstanding tax and water / wastewater account balances as of July 1<sup>st</sup>, at a rate of 1.25% per month for taxes and 1.5% per month for water / wastewater.

The Essex County Treasurer's Group met on May 28<sup>th</sup>, and determined that it be would appropriate to extend the penalty and interest waiver until July 31<sup>st</sup> and adopt a strategy to phase in the re-introduction of penalty and interest rates starting August 1<sup>st</sup>.

Due to the uncertainties surrounding Provincial restrictions and the re-opening of the economy, the Treasurer's group was somewhat reluctant to commit to a long-term penalty and interest phase in strategy at this point in time. The majority of the group felt that it would be wise to reconvene in early July to reassess the situation. Given the timeline required to obtain Council's approval for every rate change, I am seeking Council's delegated authority to adjust penalty and interest rates for the duration of the municipal state of emergency.

**LINK TO STRATEGIC PLAN**

Effectively manage corporate resources and maximize performance in day-to-day operations.

**FINANCIAL CONSIDERATIONS**

The 2020 budget anticipated that the Town would generate \$245,000 from penalties and interest on past due property taxes. Every month the Town waives penalties and interest results in approximately \$20,500 of lost revenue.

**CONSULTATIONS**

Essex County Treasurers' Group

**RECOMMENDATION**

To waive penalty and interest until July 31, 2020 and to authorize the Director of Financial Services to adjust penalty and interest rates for property tax and water accounts for the duration of the municipal state of emergency.

*Ryan McLeod*

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Ryan McLeod, CPA, CA  
Director of Financial Services