



# The Corporation of the Town of Milton

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Report To: Council

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From: Glen Cowan, Chief Financial Officer / Treasurer

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Date: February 8, 2021

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Report No: CORS-008-21

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Subject: 2021 COVID-19 Property Tax Deferral Program

**Recommendation: THAT staff be authorized to administer the 2021 COVID-19 Tax Deferral (by application) Program as outlined in Appendix A.**

## EXECUTIVE SUMMARY

- In 2020 the Federal and Provincial Governments offered various forms of financial relief to residents and business in response to COVID-19, while the Town of Milton provided several forms of property tax relief to property owners.
- By year end, 97% of 2020 property taxes had been collected by the Town, which aligns with the Town's collection history during non-COVID related years.
- As a second State of Emergency has been declared in early 2021, consideration of further methods of relief in relation to the 2021 property tax collection timing is appropriate.
- An application-based program that is targeted to those impacted financially by COVID-19 is being recommended, and would allow for deferral of payments within the year 2021 through the use of a pre-authorized payment program.

## REPORT

### Background

During the first Provincial state of emergency declared on March 17, 2020, the Town responded with several measures in relation to property tax collection. Through report CORS-020-20, relief was provided for penalties, interest and fees for the period up to June 30, 2020. Town Council subsequently approved CORS-032-2020, which delayed the final tax due dates and introduced an application-based COVID-19 deferral program.

While the Town's programs focused on timing relief in relation to property taxes, other levels of government provided income support to both business and residents through a variety of programs. At the Provincial level those programs included relief for eligible business in areas like personal protective equipment, property taxes and energy bills. At



the Federal level those programs have included subsidies for items such as wages and rent, as well as income relief for individuals.

The Province of Ontario has recently declared a second state of emergency on January 12, 2021, and has introduced additional restrictions to reduce the spread of Covid-19. As a result, a number of Milton businesses have modified their service delivery and some residents continue to be financially impacted. As such, this report is being presented to outline potential relief in relation to the 2021 property tax collections.

## Discussion

The following table provides the status of the Town's 2020 property tax collection as of January 5, 2021 in relation to the two previous years. Notwithstanding the impact of COVID-19 last year, the figures show that the property tax collection rate for 2020 remained in line with the results from 2018 and 2019.

Tax Year	Total Billable Properties	Properties with Arrears as of Jan. 5 <sup>th</sup>	Annual Tax Levy*	Current Year Past Due*	Current Year % Paid
2020	39,458	3,505	\$213,980,569	\$6,449,716	97.0%
2019	38,303	3,488	\$202,322,543	\$5,605,849	98.2%
2018	37,248	2,743	\$190,338,573	\$6,491,362	96.9%

\*Includes Town, Region and Educational shares, along with supplemental billing.

With the continued presence of the pandemic in 2021, there will be property owners who remain under financial duress that will benefit from additional assistance in relation to payment of the 2021 property tax obligation. Similar to the program utilized in the latter half of 2020, an application based deferral program may provide an avenue to target those who require assistance, while maintaining continuity of Town revenue from those that do not.

Characteristics of the proposed 2021 COVID-19 Property Tax Deferral Program include the following, with full detail provided as Appendix A:

- the program is intended for property owners that have been directly impacted with financial hardship as a result of the COVID-19 pandemic and are experiencing one or more of the following:
  - temporary suspension of or reduction in pay,
  - loss of employment,
  - excessive business revenue loss, or
  - temporary business closure;
- a pre-authorized payment plan will be required for the year 2021;



- a range of start dates will be available to property owners and that the total balance will be paid no later than December 15, 2021;
- no late penalty or interest is applied in 2021 so long as payments are made according to the individual property owner's deferral payment dates.

The financial impact to the Town's budget primarily relates the timing difference between the regular installment due dates and the revised pre-authorized dates, and the interest earnings that may have otherwise been earned had the payments been received on the regular due dates. Along with this, there may also be a small reduction in the penalties and fees revenue budget.

There were 150 property owners who deferred pre-authorized payments (PTP) with the Town in 2020, 147 of which were already part of the PTP program and 3 of which through the COVID-19 Tax Deferral (by application) program. Based on these volumes, the 2021 program as proposed is expected to be manageable for the Town.

## Alternatives Considered

As described in more detail in CORS-020-20, there are a number of alternatives that the Town could consider as the method of relief. They range from the targeted program such as the COVID-19 application based program recommended herein, to broad programs that consider waiving penalties, interest and fees to all properties for specific periods of time. Based on the Town's collection experience in 2020, the federal and provincial financial relief programs, and in consideration of the Town's need to financially support its services on a sustainable basis, continuation of an application based COVID-19 relief program has been recommended.

## Financial Impact

There will be a cost to the Town in the form of foregone interest earnings (and potential lower overdue fees and penalties revenues) for properties that apply and qualify for deferral program that is recommended in this report. Based on 2020 results, the amount is not expected to be significant and the Town may be able to apply a portion of the Safe Restart program funds subject to the Province's eligibility criteria and timelines.

Respectfully submitted,

Glen Cowan  
Chief Financial Officer / Treasurer

For questions, please contact: Lesley Payton, Manager Tax and Assessment Phone: Ext. 2141



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Attachments
Appendix A – COVID-19 Tax Deferral (by application) Program Details

CAO Approval  
Andrew M. Siltala  
Chief Administrative Officer



**Appendix A - COVID-19 Tax Deferral 2021 (by application) Program Details**

Property owners that are adversely impacted by COVID-19 and unable to pay property taxes by the regularly scheduled tax due dates can apply for a deferred payment plan if they meet eligibility criteria.

Property owners can apply for a one-time COVID-19 pre-authorized monthly re-payment plan. The plan consists of (up to) 10 monthly withdrawals beginning as early as March 15, 2021 through to a final withdrawal date no later than December 15, 2021.

In addition to the deferral of 2021 tax installments, owners can also include the balance on account from previous taxation year. Properties in which the Town has registered a lien on title are not eligible for this deferral program.

Immediately following enrollment, penalty/interest is suspended for the duration of the deferral so long as all payments are made.

Ratepayers will customize which month they prefer to start their withdrawals; available starting months are March through June 2021.

The monthly withdrawal amount is calculated by taking an estimate of the full 2021 tax year levy, plus the balance outstanding from 2020 billings, plus any penalty/interest charged (if applicable). This combined figure is divided by the number of months chosen by the ratepayer, up to December 2021. The following table illustrates several potential scenarios:

Case	2021 Tax Levy	Penalty from 2021 non payment	Owing from 2020	Date Enrolled	Starting Withdrawal Month	Total Amount deferred	Number of Months	Monthly Amount
1	Actual Interim: Feb 26/21 \$800 Apr 30/21 \$800  Estimated Final: Jun 30/21 \$950 Sep 30/21 \$950  Estimated Total: <b>\$3,500</b>	\$ 0	\$0	February 18, 2021	March 15, 2021	<b>\$3,500</b>	10	\$350*
2	Actual Interim: Feb 26/21 \$800	<b>\$10</b>	\$0	March 8, 2021	May 15, 2021	<b>\$3,510</b>	8	\$439



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Case	2021 Tax Levy	Penalty from 2021 non payment	Owing from 2020	Date Enrolled	Starting Withdrawal Month	Total Amount deferred	Number of Months	Monthly Amount
	Apr 30/21 \$800  Estimated Final: Jun 30/21 \$950 Sep 30/21 \$950  Estimated Total: <b>\$3,500</b>							
3	Actual Interim: Feb 26/21 \$800 Apr 30/21 \$800  Actual Final: Jun 30/21 \$965 Sep 30/21 \$965  Actual Total: <b>\$3,530</b>	<b>\$50</b>	<b>\$1,570</b>	May 31, 2021	June 15, 2021	<b>\$5,150</b>	7	\$736

Program Criteria:

1. The program is intended for property owners that have been directly impacted with financial hardship as a result of the COVID-19 pandemic and are experiencing hardship in one or more of the following categories: temporary suspension of or reduction in pay, loss of employment, excessive business revenue loss or temporary business closure.
2. The program will be through a pre-authorized payment plan, therefore applicants will be required to provide the required banking information and authorizations.
3. As the 2021 tax levy may be estimated at the time of enrollment, the final monthly withdrawal amount will be adjusted to account for either rounding and/or adjustment of the estimate to actual.
4. Payment in Lieu of Tax properties are not eligible.



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5. Applicants may be required to provide documentation to support hardship related to COVID-19. Examples of acceptable documentation may include notice of business closure, notice of layoff, notice of temporary suspension, letter from employer confirming hours or pay had been reduced, forced closure notice, etc., and the Town reserves the right to request additional information or documentation for verification purposes.
6. Business owners who have received compensation from Business Interruption Insurance coverage toward payment of property tax do not qualify.
7. The balance on account will be used to determine the withdrawal amount.
8. Any applicable penalty, interest or other charges added to the Roll to date will be included in the monthly calculation. Further penalty/interest charges will be suspended for the duration of enrollment in the COVID-19 PTP re-payment plan.
9. The earlier the first chosen withdrawal date is selected, the greater number of monthly withdrawals can be provided prior to the December 15, 2021 finalization of the program. Applications received after May 31, 2021 are not eligible. The deadlines by month are as follows:

<b>Application received and approved by:</b>	<b>Results in Deferral spread over:</b>	<b>Withdrawn on the 15<sup>th</sup> of each month:</b>
February 28, 2021	10 months	March through December 2021
March 31, 2021	9 months	April through December 2021
April 30, 2021	8 months	May through December 2021
May 31, 2021	7 months	June through December 2021

10. Owners providing false or inaccurate information are ineligible to join the program or will be removed immediately from the program once verified, and all taxes, penalty and interest are payable at either the billed due date or (if already passed) immediately.
11. The expectation is that property owners with tenants should be passing on the deferral arrangement. The Town will not assume any role in the landlord / tenant relationship.



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12. Manual repayment without an approved application will be subject to penalty/interest.
13. In the event a payment from this plan is not honored, the repayment plan will terminate and the balance will be considered arrears and subject to monthly penalty/interest effective that date.