

COMMUNICATION 131047

Received from Trisa McConkey, CPA, CGA, Treasurer
Addressed to Council
Date March 25, 2020
Topic Municipal Interest Penalties/Charges during COVID-19 Pandemic

SUMMARY:

For Council's discussion and direction on potentially deferring penalties on any outstanding payment with the Town, i.e. tax bills, utility bills, etc. during this period of uncertainty.

COMMENT:

The Municipal Act, 2001, as amended, provides for the imposition of interest charges and other collection costs for fees and charges that are due and unpaid. The Town of Carleton Place has the following by-laws outlining the applicable interest charges/penalties:

- By-law 120-2019 Fees & Charges for 2020 states in Sections 2 and 3:
 - That any portion of a fee or charge that remains unpaid beyond the date fixed for payment shall bear interest at the rate of 1.25% after thirty (30) days and each month thereafter until such fee or charge is paid in full.
 - That the Treasurer shall add unpaid fees and charges imposed by the municipality to the tax roll and collect them in the same manner as municipal taxes.
- By-law 106-2019 Regulating Water Rates states in Section 1.3:
 - Billings shall be issued quarterly in advance. The rates stated are net. A 10% penalty shall apply to all accounts remaining unpaid on the day following the "Due Date" shown on the billing. If the water and sewage service rates plus penalty are not paid within 90 days thereafter, the amount due shall be added to the Collector's Roll and collected in the same manner as municipal taxes.
- By-law 115-2019 Interim Tax By-Law states in Section 5:
 - If taxes are not paid on or before the due dates, a penalty of one and one-quarter percent (1.25%) of the unpaid taxes shall be levied immediately, and a further penalty of one and one-quarter percent (1.25%) calendar month thereafter for as long as the default continues.

During the COVID-19 emergency and the fact that a number of business have had to close and some people have been laid off from their employment as a result, staff recommends that interest on payments owing to the Town for water, taxes, and other invoices be waived until repealed by Council.

FINANCIAL IMPLICATIONS

In 2019, penalties on unpaid tax balances averaged \$15,000 per month and interest on unpaid utility balances averaged \$20,000 per quarter.

STAFF RECOMMENDATION

THAT Council pass a by-law to waive penalties for late payments incurred from the date of passing of the by-law until it is repealed.