

COMMUNICATION 131138

Received from Trisa McConkey, CPA, CGA, Treasurer
Addressed to Committee of the Whole
Date November 24, 2020
Topic Municipal Interest Penalties/Charges during COVID-19 Pandemic

SUMMARY:

This report is for Council's discussion and direction on reinstating penalties and interest on outstanding balances owing to the Town effective January 1, 2021.

BACKGROUND

At the start of the COVID-19 emergency, an emergency Council meeting was held on March 25, 2020 to discuss measures the Town would be undertaking to address various Town matters in response to the emergency. At the meeting, the following resolution and by-law were passed :

Motion No. E-2-131-03

Moved by: Councillor Randell

Seconded by: Deputy Mayor Redmond

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Council pass a By-law to waive penalties for late payments incurred from the date of passing of the By-law until it is repealed.

CARRIED

Motion No. E-2-131-12

Moved by: Councillor Atkinson

Seconded by: Councillor Fritz

THAT By-law No. 32-2020 (**Amends By-law Nos. 120-2019 Fees and Charges, 106-2019 Water Rates, and 115-2019 Interim Tax By-law**) be read a first, second and third time and finally passed.

CARRIED

As a result, interest and penalties on monies owing to the Town have not be charged.

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 first 2021 Budget meeting on November 6, 2020, Council discussed reinstating interest/penalty charges due to the significant financial losses experienced by the Town in 2020 and the estimated impact to revenues in 2021. Staff are recommending that Council repeal By-law 32-2020 effective January 1, 2021.

FINANCIAL IMPLICATIONS

The draft 2021 budget includes forecasted revenue from penalties on unpaid tax balances in the amount of \$200,000 and interest on unpaid utility balances of approximately \$20,000 per quarter.

STAFF RECOMMENDATION

THAT Council repeal By-law 32-2020 to reinstate penalty and interest charges on tax, water and other fees/charges owing to the Town effective January 1, 2021.