

Subject: Special Pre-authorized Property Taxes COVID-19 Payment Plan for 2022**Recommendation:**

BE IT RESOLVED THAT Council receive Report # 2022-0017- Corporate Services – Special Pre-authorized Property Taxes COVID-19 Payment Plan for 2022;

AND THAT Council approve the Special Pre-authorized Property Taxes COVID-19 Payment Plan for 2022 in order to offer flexibility for tax payers facing financial challenges due to the pandemic.

Background:

The COVID-19 Pandemic has resulted in severe financial hardship for some property tax payers. The Town responded by mitigating this financial hardship for Pelham residents in 2020 by suspending interest and penalties for three months for property taxes and utility bills.

In order to help residents who have incurred financial hardship in 2020, the Town also approved a Special Pre-authorized Property Taxes COVID-19 Payment Plan for 2021. This Special Payment Plan allowed residents to pay their outstanding 2020 and 2021 property taxes over a 10-month period (starting in March 2021).

Property owners using the program were able to pay their outstanding 2020, 2021 tax amount and their 2021 taxes through equal instalments penalty and interest free.

The relief is available for tax payers who had paid their taxes in full as of February 28, 2020 but were now experiencing hardship due to the pandemic. Hardship could include such experiences as loss of employment, illness or death of a family member, closure of a business. There was one resident that used this Special Pre-authorized Property Taxes COVID-19 Payment Plan in 2021.

Residents must be able to provide proof or attest to financial hardship related to the pandemic.

Since the pandemic is on-going as of January 24, 2022, staff is recommending an extension of this Special Pre-authorized Property Taxes COVID-19 Payment Plan for 2022.

Applications are due by February 18, 2022 for the 10-month payment period. If applications are received after this date, the payment period is reduced by the number of months left in 2022.

Analysis:

The benefit of this Special Pre-Authorized Payment Plan is that it will help residents who have experienced financial hardship pay their 2020, 2021 outstanding taxes plus their 2022 balance without incurring additional interest and penalties. This will also allow them to spread their payments over 10-months providing some monthly cash flow relief.

Financial Considerations:

A special COVID-19 pre-authorized property tax payment plan would enable the Town to collect outstanding 2020 and 2021 property taxes evenly throughout 2022, and it would mean that the Town would forego the interest and penalties that would otherwise be charged on those arrears balances in 2022. However, it will assist residents that have fallen into financial hardship during the pandemic and provide some interest relief and an even monthly payment plan for their property taxes.

Alternatives Reviewed:

The alternative is not to provide this program. By not providing this program, residents who have experienced financial hardship may continue to struggle to pay off their 2020, 2021 and 2022 taxes and will continue to accumulate penalty and interest monthly.

Strategic Plan Relationship: Financial Sustainability

This Special Pre-authorized Payment Plan will help residents in financial hardship with their outstanding 2020 and 2021 tax balances and it will improve the collection process for our taxes receivable.

Consultation:

The City of Niagara Falls and the City of St Catharines implemented equivalent programs for 2021. Port Colborne ran a similar program and experienced modest levels of participation. The Town of Pelham ran this program in 2021.

Town of Pelham Tax Clerk

Other Pertinent Reports/Attachments:

Appendix 1: Draft Application Form and Guidelines

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