

Report to Council

Report Title: Tax Arrears Update

Prepared By: Trish Serratore, Chief Financial Officer

Department: Finance

Date: June 9, 2020

Report Number: FIN2020-21 **File Number:** C11FIN

Attachments: N/A

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2020-21 - Tax Arrears Update, prepared by Trish Serratore, Chief Financial Officer for information purposes.

Report:

Background:

On April 7th, 2020 staff brought forward report FIN2020-13 COVID-19 Finance Update which stated at the end of March 2020 the total current year unpaid taxes were \$690,147. Staff also at this time recommended waiving penalty and interest on all outstanding taxes till June 30th, 2020, which was estimate to be approximately \$37,904.37 in lost revenue.

On May 26th, 2020 staff brought forward report FIN2020-20 which provided council with the total unpaid taxes as of December 31st, 2019. At this time, Council requested some additional information on outstanding taxes for our neighbouring municipalities.

Analysis:

2020 Outstanding Tax Update:

As of May 31st 2020 the total outstanding taxes for the Municipality are as follows:

Taxes	May 31 st , 2020	May 31 st , 2019	Difference	% Difference
Current Arrears Balance	\$895,565.16	\$535,423.87	\$360,141.29	40.21%
Prior Year Arrears Balance	\$332,869.46	\$484,260.10	(\$151,390.64)	(45.48%)
Total Outstanding Taxes	\$1,228,434.62	\$1,019,683.97	\$208,750.65	16.99%

Penalty and Taxes

As of May 31st 2020 the municipality has waived a total of \$31,076.65 in penalty and interest charges due to the COVID-19 pandemic.

2019 Tax Arrears Balance

On May 26th, 2020 staff report FIN2020-20 outlined the total outstanding taxes as of December 31st, 2019. The overall outstanding tax arrears were \$606,237 (excluding accumulated interest). However, the total uncollected for 2019 taxes equals \$382,549 which equals a total of 4.33% of the 2019 Municipal Tax Levy and represented **293 properties**.

Below is a chart of the neighboring Municipalities 2019 Tax Arrears Balance for comparison:

Municipality	2019 Outstanding Balance	2019 Levy	% of Total Current Taxes Outstanding
Hanover	\$167,603	\$6,702,700	2.50%
Brockton	\$382,549	\$8,821,083	4.33%
Saugeen Shores	\$779,683	\$15,488,501	5.03%
South Bruce	\$351,285	\$6,777,921	5.18%
Kincardine	\$929,687	\$17,282,512	5.38%
Huron-Kinloss	\$547,579	\$8,166,013	6.70%

*Unable to obtain information from North Bruce Peninsula and South Bruce Peninsula

The Municipality of Brockton appears to be within the middle of those municipalities identified above and in addition, all of the municipalities are below the Provincial low-risk average of < 10%.

Sustainability Checklist:

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- Do the recommendations help move the Municipality closer to its Vision? N/A
- Do the recommendations contribute to achieving Cultural Vibrancy? N/A
- Do the recommendations contribute to achieving Economic Prosperity? N/A
- Do the recommendations contribute to Environmental Integrity? N/A
- Do the recommendations contribute to the Social Equity? N/A

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective?
N/A

The increase in outstanding taxes has a negative impact on the Municipalities cash flow. In addition, the lost revenue from waiving penalty and interest will have a negative impact on the General Government operating budget. As of May 31st, 2019, Penalty and Interest charges were \$51,882.30, which results in a decrease from the prior year of \$41,348.24. However, these measures have been implemented to support local residents through this difficult time. We will continue to monitor.

Respectfully Submitted by:

A handwritten signature in black ink, appearing to read 'Trish Serratore', with a stylized, cursive script.

Trish Serratore, Chief Financial Officer

Reviewed By:

A handwritten signature in black ink, appearing to read 'Sonya Watson', with a stylized, cursive script.

Sonya Watson, Chief Administrative Officer