

Municipality of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Financial Services

To: Mayor and Members of Council

From: Matt Torrance, MBA, CPA, CGA
Director, Financial Services

Date: April 9, 2021

Subject: COVID-19 Waiving of Late Payment Charges for Small Businesses

Recommendation

It is recommended that:

1. The Municipality of Chatham-Kent waive late payment charges for current year tax arrears through July 31, 2021 on a request basis to small businesses that meet the following criteria:
 - a. Can demonstrate a loss of operating income as a result of operating restrictions implemented by the Province.
 - b. The property the business operates out of is in the Commercial or Industrial tax class.
 - c. The assessed value of the property is \$2,000,000 or less based on 2021 MPAC valuations.

Background

On April 7, 2021 the Province of Ontario, in consultation with the Chief Medical Officer of Health and other health experts, declared a third provincial emergency under s 7.0.1 (1) of the Emergency Management and Civil Protection Act (EMPCA). The emergency was declared as a result of rapid COVID-19 transmission, increased risks as a result of the variants of concern, and the threat to the Province's health care capacity.

Effective April 8, 2021 at 12:01 AM, a province wide stay-at-home order, requiring everyone to stay at home except for essential purposes, was implemented. The emergency declaration also included additional measures applicable to certain businesses including:

- Limiting of non-essential retailers to curbside pickup, delivery only or appointment only depending on goods sold or services provided
- Restricting access to shopping malls to limited specific purposes on an appointment basis only

- Restricting the types of items sold in big box stores to essential items only
- Restricting hours of operations
- Those businesses permitted to allow in-person shopping being limited to 25% capacity

Comments

Public health measures implemented through the COVID-19 pandemic have had a significant effect on business operations in Chatham-Kent and around the world. Each sector of the economy has been impacted differently. Some sectors such as construction have posted record profits, while others such as food services, hospitality and entertainment have been disproportionately affected.

In order to provide immediate relief to address the recently imposed operating restrictions on negatively impacted small businesses, it is recommended that Chatham-Kent waive late payment charges on businesses that meet certain criteria for current year tax arrears until July 31, 2021. In order to qualify, a small business would need to operate out of property in the Commercial or Industrial tax class with a 2021 MPAC assessment less than or equal to \$2,000,000. In addition to this criteria, applicants would need to complete a quick survey to demonstrate how their business operations have been negatively impacted by the pandemic.

Financial Services will continue to monitor public health restrictions and economic conditions. If conditions warrant, Financial Services will return to Council in the coming months with further recommendations to provide further relief.

Administration encourages all impacted small businesses to access the available assistance from both the Federal and Provincial governments. Economic Development staff can assist local businesses in accessing available programs. Property taxes pay for services that are still required daily by Chatham-Kent residents, and municipalities are not allowed to go into a deficit, whereas upper levels can borrow to assist the economy, businesses and residents get through the pandemic. The recovery response mandate remains with upper levels of government, not on local property owners.

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

- Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

- Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

- Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Open, Transparent and Effective Governance:
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- Has the potential to support all areas of strategic focus and critical success factors
- Neutral issues (does not support negatively or positively)

Consultation

No departments were consulted.

Financial Implications

The financial impact of these recommendations would be dependent on the uptake of commercial and industrial property owners. It is expected that the expense can be managed within the 2021 variance.

Prepared by:

Reviewed by:

Matt Torrance, MBA, CPA, CGA
Director, Financial Services

Gord Quinton MBA, CPA, CGA
Chief Financial Officer/Treasurer

Attachment(s): None

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