

NEWS RELEASE

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Nanaimo Council to Make Prudent Decisions as Finances Impacted by COVID-19

Summary

On Monday, April 20, 2020, City of Nanaimo Council were presented with several financial relief measures that Council can use to provide additional support to taxpayers and local businesses facing financial hardship. Decisions will be made at upcoming Council Meetings on May 4, 2020 and May 11, 2020.

Property Tax Options

The provisional tax increase of 5.2 per cent has been adjusted to 4.5 per cent and further property tax changes will be contemplated in the coming weeks. These include a further "smoothing out" of taxes over 2020 and 2021 or additional measures to reduce the tax burden in the 2020 fiscal year.

Property Tax Due Date and Penalty Date Deferral

Every year, prior to May 15th, Council must adopt a Property Tax Rates bylaw per Section 197 of the Community Charter. The bylaw imposes rates on all taxable land and improvements according to their assessed value to provide the funds required to operate City functions as specified in the Charter.

Under the default municipal tax collection scheme, all property taxes are due on July 2 each year. Any unpaid tax, including unclaimed home owner grant are currently subject to a 5% penalty after July 2 and a further 5% August 13th.

On April 16, 2020, the Province of BC mandated a property tax due date "penalty deferral" until October 1, 2020 for all property tax classes, except residential, utility and farm.

The City collects taxes for other governments (RDN, School District, Hospital, BC Assessment and Municipal Finance Authority (MFA) on its annual tax notices). Payovers to these entities have legislated due dates. With the new measures introduced by the Province of BC on April 16, 2020, the payover for the School District taxes is being delayed until the end of the year, providing increased cash flow for the City provided those residents and businesses able to pay their taxes by the July 2 due date make their payment.

To align residential tax due date penalty deferral to October 1, 2020 to that mandated by the Province for all other tax classes, City Staff will be returning to Council with a report based on Council's motion --It was moved and seconded that Council direct Staff to bring forward to a future Council meeting a report containing the following options regarding the Property Tax due date:

- Maintain the due date of Property Taxes as July 2, 2020.
- Defer the due date of the first 5% penalty of any outstanding Property Taxes to October 1st.
- Defer the due date of the second 5% penalty to 6 weeks after the October 1st deadline, which would be November 12, 2020.

Business Relief

On April 16, 2020, the Province of BC announced new COVID-19 supports for businesses and local governments. The relief measures introduced are:

- Further reducing the school property tax rate for commercial properties to achieve an average 25% reduction in the total property tax bill for most businesses, providing up to \$700 million in relief. This enhances the 50%

reduction to the provincial school property tax rate that was originally announced for classes 4, 5, and 6 as part of B.C.'s COVID-19 Action Plan.

- Postponing the date that late payment penalties apply for commercial properties in classes 4,5,6,7 and 8 to Oct. 1, 2020, to give businesses and landlords more time to pay their reduced property tax, without penalty.

City Facility Leasing and Rental Relief

The City owns several facilities and lease/rent space in them to complementary business with an annual budget for 2020 for this revenue stream of \$987,762. Council will be considering giving rental and lease payment relief to organizations that have been closed due to the Parks, Recreation, and Culture facility closures. The payment relief will also apply to the Community Services Building located at 285 Prideaux Street. The estimated cost for the temporary lease/rent payment relief is \$245,380 if the closures are in effect to December 31, 2020.

Strategic Link: The City of Nanaimo is committed to good governance by taking measured financial approaches to ensure business continuity and help residents during these challenging times.

Key Points

- In excess of 200 individuals have been impacted through City facility closures and program cancellations. These include full-time, part-time, and casual employees as well as contracted persons.
- Staff development training and conferences were suspended in early March due to the impacts COVID-19.
- In an effort to provide some immediate financial relief to Nanaimo residential and commercial property owners who have been impacted by the COVID-19 pandemic, Council approved the extension the payment due dates for water, sewer and garbage services from 30 days to 90 days and maintained the early payment discount to 90 days.
- Council is lifting the suspension of Committees and Task Forces so that they can continue to provide direction and leadership during these challenging times.

Quotes

"While we remain hopeful that together, we will see an end to COVID-19, we are very alive to the devastating impacts it's having on our fellow citizens, local businesses, and various sectors in our economy that depend on tourism. Over the next two Council meetings, Council will have to make some difficult decisions balancing the needs of our residents and businesses and making sure all of us are able to weather this pandemic."

Leonard Krog
Mayor
City of Nanaimo

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