



Municipality of the District of Argyle

Item: Request for Relief of outstanding interest for March 2020.

Date: March 31, 2020

VISION

We see Argyle as home to a healthy and thriving rural population. Our municipality promotes and supports economic and social opportunities for the region and engages in the active expression of our unique Acadian heritage. We are a place of choice for rural living and are widely recognized for our warm hospitality and joie de vivre. Surrounded by fresh air and cool ocean breezes, we work and play in the great outdoors. People choose to live in Argyle because of our commitment to each other, to our community and to our neighbors. Argyle is a place we are proud to call home.

Background:

With the current situation of COVID-19 we have been asked by the Yarmouth Chamber of Commerce to aid our businesses and all taxpayers. The letter (attached) requests the following consideration that is relevant to us here in Argyle

- Suspend all interest charges and collection on property taxes until at least June 1, 2020
- Pay all bills urgently to local vendors where possible to ensure liquidity.

Attachments/Additional Information:

- Chamber of Commerce letter

Budget and Cost Considerations:

Last month the amount of interest was approximately \$5,800 and would be about the same for the month of March on all accounts. Seeing as there will be no additional billing until May or June of 2020, the interest we are being asked to suspend would be on “old” property taxes owing from 2019.

It is anticipated that this year’s (2020) billing shall be done relatively on schedule, and we shall be examining the idea of allowing an additional month without interest for the new billing. We currently have no recommendation on this at this time.

Assessment of request:

First, it should be noted that the request is dated March 18, 2020, and much has changed since this time. The Federal and Provincial governments have implemented significant subsidies to support local individuals. The Premier has announced that he will be providing assistance to

Municipalities, and the NSFM/AMANS have working with the Province to address this situation, which is likely going to result in a Province wide approach to the cashflow issues surrounding some of our businesses and residents because of COVID.

Some municipalities have already decided to waive interest for 1-3 months. Many have chosen not to do so. Other financial institutions that are implementing a deferral of loan payments are not writing off the interest, they are deferring the interest. Most of those institutions have implemented controls so that only those impacted by COVID qualify for this deferral. Not all residents and businesses are impacted by this sudden economic change.

The request to suspend collections and interest on taxes and also pay vendors urgently is problematic. We are also a business that requires cashflow to pay our bills. While we do have cash in reserve, our annual budget is approximately \$8,400,000, with a monthly cashflow requirement, assuming a consistent application of expenses, equaling \$700,000. We would be ok for about 4 months before we would have to borrow to operate. Our reserves cannot withstand a long tax deferral without major borrowing, the cost of which would have to be passed down to taxpayers. The MGA is quite restrictive on our ability to borrow and its purpose. We cannot do this without enabling legislation/provincial support. All municipalities are in the same boat here, even those as large as HRM.

A suspension of interest with no additional consideration is not likely to benefit those impacted by this economic reality. Many of our businesses or residents negatively impacted have paid their tax bills, so an interest write off will not aid them.

CAO's Recommendation:

Recommend we support a tax deferral for residents and businesses impacted by COVID-19 and that the evaluative process be consistently applied Province wide. Furthermore, that any tax deferral plan be supported by provincial lending.

Council may still wish to respond by writing off interest. I would limit that initiative to March of 2020. I would recommend against a long-term interest suspension on all outstanding accounts, as this response is not targeting, necessarily, those in greatest need for municipal support.

Suggested Motions:

Option 1: Council wants to write off interest

Move that interest on outstanding amounts for the month of March be waived considering the current COVID-19 pandemic.

Option 2: Council wants to target those taxpayers impacted by COVID:

Move that the Province of Nova Scotia be asked to lead a province wide tax deferral program, where the Province enables appropriate lending to support qualified taxpayers. The program shall target businesses and residents impacted by COVID-19 pandemic.