

MEMO: COVID-19 Property Tax Financing Program Policy

Footnotes

Scope

Residential

Facilitating residential property tax installment payments is expected to help residents stay home and weather the pandemic in place. As written here, the criteria for eligibility request a demonstration of hardship. However, it is recommended that these criteria be interpreted loosely: although targeted approaches are desirable in principle, they are difficult to enforce effectively. The primary deterrent against program participation for those not actually requiring this help is the interest rate on the funding envelope making this program possible. March 15, 2020 has been selected as this was around the time that COVID-19 related layoffs began, but a different date could be used here.

The consequences for the tourism industry are expected to be significant.

Include 5.1.3 if the policy is to apply to residential rental properties. Municipalities will have to determine what criteria will apply and the documentation they will require for rental properties to be eligible. This could include things like a maximum assessed value, similar to with commercial, to exclude larger apartment buildings etc. It could also include a requirement that the rental income from the property be down by a certain amount, for example by at least 30% in May and June vs February.

Commercial

Municipalities are encouraged to carefully consider the implications of setting a threshold for inclusion or exclusion of commercial properties in this program. Based on a province-wide analysis of assessments in Nova Scotia and a scan of similar proposals across Canada, a suggested starting point for consideration is \$5 million in commercial assessment.

If municipalities want to include criteria for a commercial property to be eligible (other than a simple statement that they have suffered financial hardship due to a loss in revenue), they will have to identify that criteria and insert it here.

Section 4.2.2 does not intend to limit program participation only to the listed businesses. The classes of businesses flagged for inclusion without assessment criteria are those specifically targeted for shutdown or service reductions by the public health directives endorsed by the Government of Nova Scotia, and this list may expand per those directives.

Exclusions

Municipalities may want to add to the list of excluded uses or industries in 4.3 if additional federal or provincial financial support programs for those industries are introduced after the creation of this program.

Administration

Tax Installments

Municipalities have a variety of tax billing dates and are encouraged to alter the details of the dates listed in 5.1.1 as required. The intent is to provide taxpayers with a window of time in which their property taxes are eligible for the installment program.

The \$25 figure listed here is a suggestion and may be altered to fit municipal need.

This rate of 1.1% is the Municipal Finance Corp interest rate and is specific to this program alone.

Terms of the Program

The wording here is only a suggestion. Your municipality may prefer to use a “two strikes and you’re out” or “three strikes and you’re out” arrangement for missed payments.

The wording of section 5.2.2 assumes program funding is secured through a one-time arrangement with the Municipal Finance Corporation, under which municipalities would be required to agree to terms for borrowing. After making that arrangement, the Municipality will be obligated to repay the borrowed monies to MFC at the agreed-upon schedule and rate of interest, even if individual taxpayers crash out of the program.

The suggestion of a compound rate described here will help avoid complications in calculating interest for those leaving the program at different times.

Your own municipal approach may differ from the one described here. You are encouraged to carefully consider and set a prioritization schedule for receivables throughout the Tax Installment Payment Period.

General Provisions

This general provision is intended to serve as an example.