



CITY OF TERRACE REDUCES PROPOSED TAX INCREASE to 4.5% AND WAIVES PENALTIES FOR LATE PAYMENTS TO OCTOBER 1

Effects of COVID-19 on City funds include revenue loss approaching \$500,000

The City of Terrace has reduced the proposed tax increase from 7.4% to 4.5% in order to help provide relief to both residents and businesses facing the challenging financial implications of COVID-19. A decrease of 2.9%, this lower rate was introduced as an amendment to the City's provisional 2020–2024 Financial Plan and was adopted at the April 23 Budget Meeting.

“Since we adopted our provisional budget earlier this year, the whole world has changed. We know that everybody is struggling right now in one way or another and we were determined to find ways to support our community. Council directed staff to reduce the increase and we have achieved that,” said Mayor Carol Leclerc.

“One of the impacts we have felt at the City has been the loss in revenue. Anticipating a three-month closure of facilities equates to a loss of close to \$500,000. In addition, due to the inclement weather we saw in the first two months of this year, we needed to increase our winter roads and sidewalk budget by \$240,000,” said Lori Greenlaw, Director of Finance. “Our department heads went through our operations budget line by line to look for ways we could make reductions to make up for these factors, and have made significant one-time cuts to our 2020 operational budget of more than \$700,000.”

In order to achieve this reduction, Council approved the use of \$350,000 of the Northern Capital and Planning Grant reserve to fund a portion of the Munroe Street Reconstruction project that was previously funded by gaming revenue. This will free up gaming funds to be used in operations in 2020. “Unlike most of our grant revenues, which are more restrictive in terms of use, we are authorized to use gaming funds for operational purposes,” said Greenlaw.

Some other reductions to the 2020 budget include the following:

- Travel and training costs (\$120,000)
- Recreational staff wages (\$200,000)
- Capacity funding/deputy CAO (\$135,000)
- RCMP member (\$130,000)

“In order to maintain service levels and allow our facilities to run at full capacity, all of the budget reductions we have made in 2020 have been added back into the 2021 budget. We were requesting a

7.4% tax increase in 2020 with a proposed 3% increase in 2021. This budget, with a 4.5% increase in 2020, requires another 5.5% increase in 2021,” said Greenlaw.

“Postponing work, especially infrastructure updates, can catch up to us, and we don’t want to end up being forced to implement even higher tax increases down the road. It’s a balancing act to respond to the current situation without putting ourselves in a precarious situation in the future,” said Leclerc.

The Province of BC recently gave municipalities options that are not normally available, including the ability to borrow from capital reserves with repayment over five years as well as the ability to borrow from the Municipal Finance Authority with an extra year to make repayment.

“We have not elected to utilize these options at this time. Any amounts we borrow for 2020 to offset operations requires taxation in 2021, as well as further taxation to repay the debt. Borrowing, while potentially creating a small bit of relief for 2020, will dramatically impact our five-year plan and place further burden on the tax payers for years to come,” said Greenlaw. “However, these measures are available to us and if we find that revenues decrease more than we have anticipated, or if the fall brings a second wave of COVID-19 that sees the closure of our facilities, we will look to options such as borrowing.”

Next Steps: How to Pay Property Tax

Property tax notices will be mailed out to businesses and residents with a due date of July 2, as usual. However, the 10% penalties associated with non-payment will be deferred until October 1, 2020, giving homeowners and business owners that cannot meet this deadline an additional three months. Last week, the province deferred the penalty for business, industry, recreational, and non-profit property taxpayers and Terrace City Council voted to extend this deadline for residential, utility, and farm property taxpayers as well.

“Those who can meet the usual deadline of July 2 are encouraged to do so to help maintain the City’s cash flow so that we can continue to provide the many services that our community depends on,” said Leclerc. “However, this is an unprecedented situation and we want to be able to provide flexibility for taxpayers that may need more time to pay.”

Residents are encouraged to pay through online banking and can also claim the Homeowner Grant through the City’s website. With physical distancing measures in place, City Hall will also open to the public prior to the July 2 due date to allow people the opportunity to pay in person if required. Details on this will follow.

Additional Council Recommendations

- Commercial utility billing penalties will be deferred to Oct 1. This would apply to two quarters of billings and would allow businesses to delay payment until end of day Sept 30, 2020, to avoid penalty. The City had previously delayed the penalty to June 30, so this provides three additional months to pay without penalty.
- Tax sale is postponed for one year to allow homeowners with delinquent taxes one additional year. The province has given discretion to municipalities to delay this for one year only.

FOR IMMEDIATE RELEASE

APRIL 23, 2020

- Council approved deferring interest on outstanding accounts receivable billing to October 1, 2020.

For more information on the budget, please visit <https://www.terrace.ca/budget2020>.

For more information on local effects of COVID-19, please visit <https://www.terrace.ca/COVID19>.

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Media Contact:

Kate Lautens
Communications Advisor
City of Terrace
klautens@terrace.ca
250-638-4712

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