



Ministry of Municipal
Affairs and Housing

Local Government Division
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Victoria BC V8W 9T1

CIRCULAR

Circular No. 20:11

April 2, 2020

To: All Municipal Financial Administrators

Re: Municipal Budgeting, Taxation, and Financial Reporting During Covid-19

The Ministry recognizes that the current Covid-19 situation creates questions and concerns about municipal finance issues and may place administrative burdens on municipalities. This circular sets out some things that the Ministry is doing in response, and some suggestions for what you can do right now.

We support your focus right now on the budget and tax cycle because collection of tax revenue is imperative for continuity of municipal operations, and the operations of other government bodies that rely on the municipal tax system (like regional districts and regional hospital districts). When considering municipal operations and capital for the remainder of the year, we encourage you to practice good financial management, including: maintaining a strong level of cash assets, prioritizing core municipal operations, and possibly deferring non-essential capital expenditures until this event passes.

To help you in this focus, this year the Ministry will not be enforcing the statutory deadlines for audited financial statements and Local Government Data Entry (LGDE) forms, which are normally due on or before May 14 of each year. If you need to, you can defer these reports until later in the summer. If your municipality does have the resources to complete the submission on time, that would be helpful – but again, focus should be first on the budget and tax cycle.

If this Covid-19 situation has impaired your normal budgeting process, please remember that you can adopt your 2020-24 financial plan based on year-two of your previous year's plan, with whatever alterations you deem appropriate for the upcoming year.

As some of you may be aware, the Federal Government recently launched the "COVID-19 Economic Response Plan", which provides certain forms of relief to residents and businesses in your community. For more information on this plan, please go to <https://www.canada.ca/en/department-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>.

The Province also recently announced a \$5 billion suite of actions in the near term called the

“Covid-19 Action Plan” which also includes relief for some community members directly affected by Covid-19 job loss. Including, “Business and light and major industry property classes will see their school property tax cut in half for the 2020 tax year, providing \$500 million in relief for business that own their property and for tenants on triple-net leases.”

Regarding the 2020 school taxes, the normal mechanics for municipal tax collectors will not change. The rates will be set soon by Order in Council. Municipalities will simply apply the 2020 school tax rates from that Order. The (Class 4) Major Industry tax credit will apply as usual to the amount of tax generated by the 2020 major industry school tax rate.

Further, “Payments for Provincial Sales Tax (PST), employer health tax, municipal and regional district tax (hotel tax), carbon tax, motor fuel tax and tobacco tax are also deferred.” For more information on this plan, please go to <https://news.gov.bc.ca/releases/2020PREM0013-000545>.

As you are likely aware, on March 26, the Honourable Mike Farnworth the Minister of Public Safety and Solicitor General issued Ministerial Order (Order M083) under the Emergency Program Act to support the Provincial Health Officer and ensure joint, coordinated efforts among all governments in responding to the COVID-19 pandemic. Order M083 enables local governments to hold meetings electronically and without the public present and provides flexibility to adopt bylaws in one day. The full text of Order M083 can be found online at: http://www.bclaws.ca/civix/document/id/mo/mo/2020_m083.

Should you require further information, please contact your provincial analyst at <https://contacts.localgovernmentinformationsystem.gov.bc.ca/lgics.aspx>.

Also, I am encouraging all local governments, where possible, to submit their bylaws and LGDE reports electronically. We can still receive manual submissions (through mail), but the processing of mailed documents will take longer. Financial reports can be emailed to LGDE@gov.bc.ca and bylaws to LGgovernance@gov.bc.ca.

This is an initial circular to all municipalities. We are already planning for how the financial impacts of Covid could continue to unfold for local governments and their financial situations and we will be sharing additional follow up circulars.

I understand that these are difficult times, but please keep in mind that this is all temporary. If we all logically plan and cooperate collectively with one another, including sharing expertise and experience with your neighbours, we can get through this while maintaining the municipal finance system and the critical services that system supports.

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Sincerely,

A handwritten signature in black ink, appearing to read "T. Faganello". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Tara Faganello
Assistant Deputy Minister and Inspector of Municipalities
Local Government Division
Ministry of Municipal Affairs and Housing

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