

TOWN OF FARMINGTON, CT
OFFICE OF THE TOWN MANAGER
SPECIAL TOWN COUNCIL MEETING
AMENDED

****PLEASE NOTE THE MEETING WILL BE HELD ONLINE****

To access the meeting:

Please click the link below to join the webinar:

<https://zoom.us/j/93189706348>

Telephone Call in Information:

Dial: +1 312 626 6799

Webinar ID: 931 8970 6348

DATE: April 21, 2020
(Council Members are asked to call the Town Manager's office if they are unable to attend the meeting.)

TIME: 7:00 P.M.

PLACE: Online Webinar

AGENDA

- A. Call to Order
 - B. Pledge of Allegiance
 - C. Public Comment
 - D. Consideration of Special Topics
 - 1. That the Town Council approve the attached resolution regarding Adoption of a Tax Deferment Program Pursuant to the Governor of the State of Connecticut's Executive Orders Number 7S and 7W.
 - E. Executive Session
 - 1. Collective Bargaining
 - F. Adjournment
- cc: Town Clerk
Press
Main Library

MOTION:

Agenda Item D-1

That the Town Council approve the attached resolution regarding Adoption of a Tax Deferment Program Pursuant to the Governor of the State of Connecticut's Executive Orders Number 7S and 7W

NOTE:

Note: On April 1, 2020, the Governor issued Executive Order 7S. Section 6 of the Executive Order deals with property tax relief for taxpayers adversely impacted by the COVID-19 pandemic. On April 9, 2020, the Governor issued Executive Order 7W which clarifies and corrects some of the language in Executive Order 7S.

Executive Orders 7S and 7W require municipalities to offer four options to taxpayers for tax relief. They are:

Deferment Program: Under this program the grace period for any taxes, sewer and waste charges and assessments (Taxes) levied between April 1, 2020 to and including July 1, 2020 would be extended for three (3) months. So, the taxes that the Town of Farmington will levy on July 1, 2020 instead of being due by August 3, 2020 would be due by October 1, 2020. The Town has the option under this program of either offering it to only taxpayers who have experienced financial hardship due to the COVID-19 pandemic during the time period between April 1, 2020 to June 30, 2020 or the Town can offer the deferment program to all taxpayers regardless of financial status.

Low Interest Rate Program: Under this option, Taxes would be due under the normal deadlines established by state statute (i.e. taxes due on July 1, 2020 would be due and payable by August 3, 2020). There would be no deferment. However the interest rate charged on taxes that are not paid by end of the grace period would be assessed at the rate of .25% per month (3% per year) instead of the normal interest charge of 1.5% per month (18% per year). The lower interest rate would be in effect from the due date of the tax for three months only. So, if the Town adopted this program a taxpayer who did not pay their July 1, 2020 taxes by August 3, 2020 would be subject to an interest charge of .25% per month during the three-month time period July 1, 2020 to October 1, 2020. If the taxpayer does not pay their taxes during the three-month time period, then the interest rate reverts to the higher amount (1.5%) back to the original due date (July 1). If adopted this program would be open to all taxpayers not just those negatively impacted by the COVID-19 pandemic.

Both Programs: Under the executive order the Town **must** offer at least one of these options to taxpayers but can also offer both the tax deferment and low interest programs at the same time.

Finally, under the Executive Orders, tax payments made by banks, mortgage companies and loan servicers from the escrow accounts of the mortgagees are exempt from both programs. In

other words, these institutions must pay the taxes due from their escrow accounts by the original due date or incur the 1.5% per month interest charge.

The Town Council must decide which program (or both) that the Town will offer and notify the State of Connecticut Office of Policy and Management by April 25th, 2020 with their decision.

Based on an analysis of tax and budget impact, and the town's cash flow needs over the time period July 1, 2020 to October 1, 2020 staff is recommending that the Town offer the three (3) month tax deferment program to eligible taxpayers (i.e. Taxpayers who have experienced economic hardship during the time period April 1, 2020 and to June 30, 2020).

The analysis that led to this recommendation include the following factors and assumptions:

- Under the current proposed tax rate, the tax installment due on July 1, 2020 will be approximately \$55.9 million. Of that amount, an estimated \$55.3 million would be collected during July **under normal circumstances**.
- Approximately 29% of the taxable grand list is made up of commercial property many of which will qualify for the deferment program.
- Payments from escrowed accounts, which are exempt from the deferment program are estimated to only be about \$15.3 million.
- Under various scenarios it is estimated that up to 35% of taxpayers could be eligible for the deferment program which would mean that approximately \$20.6 million in tax payments normally made in July would be deferred until October 1.
- During the time period between July 1, 2020 and October 1, 2020 it is projected that the Town and Schools will need \$38.00 million to meet financial obligations including personnel costs, utility expenses, contractual obligations, and debt service requirements.
- The difference between potential tax deferments and cash flow needs will mean that the Town will need to draw upon cash reserves of approximately \$4.0 million during this time period.
- If the financial situation does not improve during this time period and the Governor issues additional orders extending the deferments beyond October 1, 2020, the Town would need to further drawdown on its cash reserves and/or issue tax anticipation notes.
- The adoption of the tax deferment program for eligible taxpayers only will have the least negative impact on the proposed budget for FY2020/2021. It is projected that adoption of this program will negatively impact the proposed FY2020/2021 budget by \$525,000. The impact would be to delinquent interest income charges, interest income, and the tax collection rate.
- The Town Council will have to adjust the proposed FY2020/2021 budget by \$525,000 prior to adopting it on May 12th, 2020 if the recommended deferment program is approved.

Town staff will be available at the meeting to more fully explain the various tax relief options and their potential impact on the Town.

/Attachment

**RESOLUTION RE: ADOPTION OF A TAX DEFERMENT PROGRAM PURSUANT
TO THE GOVERNOR OF THE STATE OF CONNECTICUT'S EXECUTIVE
ORDER NUMBERS 7S AND 7W**

WHEREAS, on March 10, 2020, the Governor of the State of Connecticut ("Governor") declared a public health emergency and a civil preparedness emergency for the State of Connecticut, pursuant to Connecticut General Statutes Sections 19a-131 and 28-9, in response to the global pandemic of COVID-19 disease associated with a novel coronavirus that is currently affecting multiple countries including the United States; and

WHEREAS, on March 13, 2020, the President of the United States ("President") declared a national emergency to combat the coronavirus that is currently infecting the population of the United States; and

WHEREAS, the effects of the transmission of COVID-19 has resulted in the spread of infections in Connecticut and throughout the country, as well as resulting in shortages of personal protective equipment and other supplies that could jeopardize public safety and civil preparedness; and

WHEREAS, in response to the issuance of declarations of a public health emergency and a civil preparedness emergency by the Governor, he has issued a series of Executive Orders setting forth law governing the conduct of the business of state and municipal government during the period of the emergency; and

WHEREAS, on April 1, 2020, the Governor issued Executive Order No. 7S, requiring municipalities, by a vote of their legislative body, to participate in either a deferment or low interest rate program or both; and

WHEREAS, it has been determined that participation in a deferment program is in the best interest of the Town of Farmington.

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Farmington adopts the following:

1) That during the period of April 1, 2020 through and including July 1, 2020, the Town of Farmington shall participate in a deferment program and shall offer to eligible taxpayers, businesses, nonprofits, and residents, as described in Section 6(a) and eligible landlords as described in Section 6(c) of Executive Order No. 7S, a deferment of three months on any taxes on real property, personal property or motor vehicles, sewer and waste charges and assessments ("Taxes") from the time such Taxes first became due and payable.

2) Eligible taxpayers, businesses, nonprofits, and residents are those that attest to or document to the Town of Farmington, significant economic impact by COVID-19, and/ or those that document they are providing relief to those significantly affected by the COVID-19 pandemic. The Town shall follow such guidance as issued by the Secretary of the Office of Policy and Management as to which taxpayers, businesses, nonprofits, and residents shall be considered eligible for the deferment program.

MOTION:

Agenda Item E-1

Executive Session—To discuss matters concerning Collective Bargaining.

To adjourn the meeting to Executive Session as permitted by Connecticut General Statutes Section 1-225 (a) for the following purposes as allowed by Section 1-200(6), that is

Discussion of any matter, which would result in the disclosure of public records or the information contained therein described in subsection (b) of section 1-210.
(9) records, reports and statements of strategy or negotiations with respect to collective bargaining;

That attendance in the Executive Session shall be limited to:

Members of the Town Council
Town Manager
Finance Director

NOTE: Approval of this motion shall be by 2/3 vote.