

Institute a tax deferral with a multi-year payback for businesses disproportionately affected by COVID restrictions

Issue

Certain industries have been disproportionately affected by COVID-19 (C19) and the health restrictions designed to reduce the spread of the virus. By law, these businesses have been unable to run their organizations outright or in an extremely limited fashion.

Background

To 'flatten the curve' and reduce the spread of the virus, officials with the Government of Alberta have instituted several health guidelines that have either forced mandatory closures, limited capacity or eliminated in-person dining and drinking altogether. They have also required the costly implementation of glass barriers and personal protective equipment.

With many Canadians not expected to be vaccinated until Q4 2021, new strains emerging, and stubbornly high infection rates continuing, we know it will be some time before things "get back to normal" and even when they do, it will be a substantial challenge for effected businesses to fully recover from.

Hotels, gyms, salons and other personal care services, travel agents, restaurants and bars are among the businesses most hurt by this pandemic. In the third week of December it was estimated that 10,000 restaurants in Canada have closed their doors for good as a result of the pandemic and health measures. Undoubtedly this number will continue to rise, as will the number of bankruptcies and permanent closures in the types of businesses listed above.

To reduce business closures of these businesses that are either severely restrained or forced to close, additional forms of financial relief are required beyond those made available by the federal and provincial government.

Property tax deferrals are an opportunity for municipalities to alleviate the overhead and financial strain facing businesses disproportionately affected by the health measures. Creating a tax deferral system with a multi-year payback period will reduce the financial strain and number of business closures and help ensure our local economy is in a strong position to recover as the pandemic ends.

Recommendation

1. The Red Deer & District Chamber of Commerce recommends The City of Red Deer and Red Deer County implement a property tax deferral program for businesses disproportionately affected by health restrictions. The deferral must include a multi-year payback option that reflects the realities and time required for these businesses to recover from the pandemic.