



Property Tax Arrears Program Guidelines

Purpose

The purpose of the Property Tax Arrears Program (the 'program') is to provide interest assistance to property holders as they fulfill their obligations under the terms of a negotiated payment plan arising from outstanding property tax arrears and/or property lease arrears. Residential property holders are eligible to receive assistance for 100% of the interest component of their property tax arrears.

Individuals with outstanding property tax and lease arrears may have difficulty securing authorized land access, purchasing land, accessing Government of the Northwest Territories' (GNWT) programs and services, and/or obtaining mortgages due to these arrears. This program will provide an opportunity for these individuals to enter into a payment plan to address their outstanding arrears with the GNWT.

Program Components

The program is administered by the Department of Finance (Finance). Finance will work closely with the Department of Lands (the issuer of property leases), and the Department of Municipal and Community Affairs (MACA) (responsible for seniors and disabled property tax exemptions) in administering the program.

In order to qualify for interest assistance through this program, applicants will be required to enter into legal agreements that require the property holder to make agreed upon monthly payments in order to remain in the program. Monthly payments will be made up of two required components: the first component will address current property tax and property lease obligations; and the second component will address any arrears. The full payment is required monthly in order to remain compliant with the program. No program clients will be allowed to accumulate additional arrears during the program; this includes any new properties that they may acquire during the term of the legal agreement.

Property holders who use this program to address property leases will see their legal agreement form an addendum to their lease for the entire duration of the payment arrangement. Leaseholders will no longer be considered to be in breach of their property lease if payment terms are being met.

1. Eligible applicants

Residents of the General Taxation Area (GTA) who have property tax or residential lease arrears in excess of 24 months are eligible to apply for assistance through this program.

Residents currently in payment plans for property taxes will also be eligible to participate in the program. 50% of the interest paid in the last five years will be credited to their remaining property tax principal and /or delinquent property lease, any residual remaining after that application will be refunded, subject to remission approval.

2. Eligible debts

Arrears must be in excess of 24 months and have been incurred on a residential property.

3. Ineligible debts and limitations

- Property Tax owed to a municipal government is not covered by this program.
- Certain types of properties, as defined by the Department of Lands, are not eligible to negotiate lease payments under this program, however they continue to be eligible for the property tax interest assistance.
- If a participant in the program fails to maintain the agreed upon payment arrangements and their account reaches 90 days past due (considered delinquent), the participant is no longer eligible for the program.

4. Seniors and Disabled Persons

Seniors and disabled applicants will be eligible for the seniors and disabled persons' exemption for the entirety of their time as a property holder while a senior or disabled person. Once the principal portion has been exempted for eligible years, interest will no longer be applicable. Proof of residency rules will apply on future annual applications.

Where two or more applicants in this category own property(ies) together, only one needs to claim residency for a property.

Property tax arrears or lease obligations that accumulated prior to a senior turning 65 will be eligible for consideration in this program.

5. Program Operations

All payments will be due on the first of the month to facilitate administrative follow up. If no payment is received within 5 business days, the program participant will receive a letter indicating that their payment is past due, payment options and consequences of breaching their agreement.

At 30 days past due, registered letters will be sent out, again advising that their payment is past due, payment options and consequence of breaching their agreement.

At 60 days past due clients will be called and advised that at 90 days they will no longer be eligible to continue in the program.

In addition the GNWT financial system will continue to send monthly statements as occurs with all outstanding debts that indicate any payments made in the period or new billings.

Application Process

This program will accept applicants from August 1, 2019. Suitable payment arrangements may extend 10 years from the date that a payment arrangement is put into place.

Program Reporting and Evaluation

Remission will be submitted to the Executive Council annually and be applied on a prorated basis (i.e. 10 % of principal paid will result in 10% of interest remised).

All property tax remised under this program will be reported within the non-consolidated public accounts.

Property tax balances and outstanding lease payment amounts associated with each property holder will be updated with credit bureaus quarterly, following remission approvals.

Finance will produce an annual report, as at June 30th, that will provide detail concerning the following program criteria over the previous fiscal year:

- the number of debtors included in the program;
- the number of applicants that were not approved for the program;
- the number of clients in the program who defaulted on their repayment obligations;
- the total debt included in the program;
- the total principal paid on property tax and property leases; including the total principal remaining on property tax and property leases; the total interest remaining to be collected; the total amount of interest remised; and the remaining payment terms including how many debtors are included at each level;
- the number of debtors who have successfully eliminated their debt in the period and in total.