

**TO:** GENERAL COMMITTEE




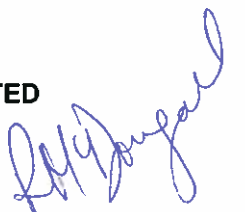
**SUBJECT:** WRITE-OFF UNCOLLECTIBLE TAXES FOR STORM WATER  
MANAGEMENT PONDS AND ENVIRONMENTALLY PROTECTED  
LANDS

**PREPARED BY AND KEY CONTACT:** R. McDougall, Revenue and Taxation Supervisor ext. 4791

**SUBMITTED BY:** D. McKinnon, B.Comm., CGA, Director of Finance

**GENERAL MANAGER APPROVAL:** E. Archer, CMA, General Manager of Corporate Services

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER



**RECOMMENDED MOTIONS**

1. That the property taxes be written off as uncollectible under section 354 of the Municipal Act, 2001 for the following properties as the lands are designated as stormwater management ponds:

Plan 51M-882 Block 35 (roll # 4342-040-018-08735) \$ 12,303.01

Plan 51M-882 Pt Block 37 (roll # 4342-040-018-08765) \$ 26,181.05

2. That the property taxes be written off as uncollectible under section 354 of the Municipal Act, 2001 for the following properties as they are City Owned Properties:

Plan 51M-822 Block 266 (roll # 4342-050-006-25620) \$15,130.48

Plan 51M-822 Block 263 (roll # 4342-050-006-25316) \$ 301.86

**PURPOSE & BACKGROUND**

3. The purpose of this report is to seek Council approval to write-off taxes associated with four properties that have been deemed uncollectible in accordance with Section 354 of the Municipal Act.
4. Generally speaking, all property taxes are fully collectable as the Municipal Act defines them as priority liens on the land which means municipalities can use the tax sale process to sell properties that have taxes owing for more than three years and use the proceeds from the sale to apply to the outstanding taxes.
5. However, section 354 of the Municipal Act, 2001 allows Council to authorize unpaid taxes to be removed from the tax roll based on a recommendation from the Treasurer which would include an explanation as to why conducting a tax sale process would be ineffective or inappropriate.

**ANALYSIS**

**Stormwater Management Ponds**

6. It has come to our attention that there are unpaid taxes on two properties owned by developers that are associated with storm water management ponds. These storm water management ponds exist solely for the benefit of the City. These taxes are also eligible for cancellation under section 357 of the Municipal Act, 2001 based on the fact that the existence of the stormwater ponds have prevented the normal use of the land for a period greater than three months.
7. Prior to 2004, the City surveyed other municipalities in regards to stormwater management ponds and found that municipalities typically left the properties in the developers name to mitigate potential risk factors associated with stormwater management ponds. Once the subdivision was assumed and the one year guaranteed maintenance period had expired, the properties were transferred to the municipality and then became exempt from property taxation.
8. Since 2004, agreements involving the development of stormwater management ponds have required that the stormwater management ponds remain in the ownership of the developer until such time as the works are complete in order to mitigate potential risk issues. Tax bills are issued to the registered property owner (i.e. developer), however, there was no expectation that the property owner to pay these taxes because it was simply a mechanism of transferring liability and they were eligible for cancellation under section 357 of the Municipal Act.
9. There are currently only two stormwater management pond properties owned by developers. Both projects are complete and are ready to be transferred to the City, therefore it is recommended that the taxes be written off as uncollectible as the arrangement to have developers retain ownership of stormwater ponds until the property is assumed is a risk mitigation measure in favour of the City:

Roll Number	Current Owner	Total Taxes	Legal Address
04001808735	Mapleview Industrial Park Ltd.	\$12,303.01 (2008 - 2010)	Plan 51M882 Blk 35 (King St)
04001808765	Mapleview Industrial Park Ltd.	\$26,181.05 (2008 - 2010)	Plan 51M882 Pt Blk 37 (King St)

10. On a go forward basis, developers will be advised to apply for the cancellation of these taxes under section 357 (g) of the Municipal Act based on the fact that the existence of the stormwater management ponds has prevented the normal use of the land for a period greater than three months. This section was not used for the above-mentioned properties as the period of tax arrears extended beyond the permitted timeframe.
11. The Municipal Property Assessment Corporation (MPAC) has been requested to return roll numbers associated with stormwater management ponds in the subdivision plan, with a nominal value. This will reduce the amount of the taxes to be cancelled, until the subdivision has been assumed by the municipality.

**City Owned Lands**

12. The following two properties were identified as being properties that should have been transferred to the City as environmentally protected lands when the property was assumed in 2005 but the

transfer did not occur. If the lands had been transferred to the City at that time, the lands would have been exempt from taxation. If this had been discovered within three years of assumption, the lands would have been eligible for cancellation under section 358 of the Municipal Act, however, the tax arrears has extended beyond the permitted timeframe.

Tax Roll: 050 006 25620 Plan 51M-822 Block 266

Tax Roll: 050 006 25316 Plan 51M-822 Block 263

13. The taxes outstanding for each property for the period of 2006-2010 are \$15,130.48 and \$301.86 respectively. It is recommended that Section 354 be utilized to remove these taxes from the tax roll because if the transfer had occurred at the time of assumption, no taxes would have been applied to the property, therefore it would be inappropriate to utilize the tax sale process to collect these taxes from the developer.

#### **ENVIRONMENTAL MATTERS**

14. There are no environmental matters related to the recommendations.

#### **ALTERNATIVES**

15. There is two alternative available for consideration by General Committee:

##### **Alternative #1**

General Committee could direct staff to proceed with the tax sale process for the stormwater management pond properties.

This alternative is not recommended because although the stormwater management pond properties are owned by developers, the arrangement has only been established as a risk mitigation measure in favour of the City. Given these circumstances, it is not recommended that a tax sale process be used to collect the outstanding taxes on these properties.

##### **Alternative #2**

General Committee could direct staff to proceed with the tax sale process for the lands that should have been transferred to the City in 2005.

This alternative is not recommended because if the transferred had occurred on a timely basis, the properties would have become exempt and no taxes would have been charged. This is a housekeeping issue therefore it is not recommended that a tax sale process be used to collect the outstanding taxes on these properties.

#### **FINANCIAL**

16. The total amount of taxes recommended to be written off is \$53,916.40 of which \$32,230.71 is the City's share, the balance of \$21,685.69 will be recovered from the school boards. An allowance for tax write offs is included in the annual budget.

#### **LINKAGE TO COUNCIL STRATEGIC PRIORITIES**

17. This is an operational matter that has no direct relationship to the Council's Strategic Priorities.