



Report to: General Committee

Report Date: October 21<sup>st</sup>, 2013

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**SUBJECT:** Tax Write-offs in Accordance with Section 354 of the *Municipal Act, 2001*

**PREPARED BY:** Shane Manson, Senior Manager, Revenue & Property Taxation

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**RECOMMENDATIONS:**

THAT taxes totalling \$48,325 (excluding penalty and interest) as set out in this report, of which the City's portion is \$8,516, be written off pursuant to the provisions of Section 354 of the *Municipal Act, 2001*.

AND THAT the applicable penalty and/or interest charges (estimated at \$20,025) be adjusted accordingly;

AND THAT the Treasurer be authorized to write-off taxes levied annually for property five (0 Edgecombe Crt.) on Appendix A;

AND THAT the Treasurer be directed to remove the taxes from the Collector's Roll;

AND THAT staff be authorized to and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

Provisions under Section 354 of the *Municipal Act, 2001* (*The Act*) allow for the write-off of taxes deemed uncollectible. The purpose of this report is to obtain approval by Council to adjust and/or write-off the balance of various tax accounts as set out in the attached schedule. Total adjustments are \$48,325 in taxation, of which the City of Markham's share is \$8,516.

**BACKGROUND:**

Under Section 354 of *The Act* the Treasurer has the authority to recommend to Council that uncollectible taxes be written off after an unsuccessful tax sale whether or not the property vests with the municipality; or, are no longer payable as the result of a provision for tax relief under a provincial statute; or, a decision of any court; or, if a tax sale would be either ineffective or inappropriate. Taxes levied on property of the Crown may also be written off.

The attached list of properties (Appendix A), is a "Summary of Uncollectible Taxes". This list includes properties vested to the City of Markham, properties vested to another municipality, Crown properties, or properties that resulted in an unsuccessful tax sale.

**OPTIONS/ DISCUSSION:**

Staff has determined that tax levies billed on five properties are uncollectible and should be written off (Appendix A). The recommendations for tax write-off are from accounts that have gone through the City's collection process. If required, the tax collection process includes some or all of the following: overdue statements, final demand notices, investigations, telephone calls, meetings and bailiff warrants.

The amount of taxes recommended to be written off total \$48,325. Of this total, the City's share is \$8,516. The balance of \$39,809 will be charged back to the Region of York and the Province accordingly.

Detailed summaries of all five properties, including the reason the amounts are being recommended for write-off, and large, and small scale illustrative maps are provided for each.

The first two properties included in Appendix A are contained in the provisions of Section 354(4) (a) of *The Act*, as they are owned by the City of Markham. Writing off the taxes removes uncollectible taxes from the City's records and allows the municipality the authority to recover both the regional and education portions of the tax levies.

1. 7755 Bayview Ave. – Ward 1

*Thornhill Community Centre*

*Legal Description: PL 2382 PT LT1 & 2 RS64R2899 PT of PT 1 RS64R8365 PT 1*

*Vicinity of: Bayview Ave. and John St.*

*Ownership on Title: City of Markham*

*Tax Roll Number: 19 36 020 110 182 00*

*Overdue tax levies: \$23,540 (excluding penalty)*

*2013 CVA: Commercial Taxable (CT)      \$134,750*

*Exempt (E)                                      \$18,745,250*

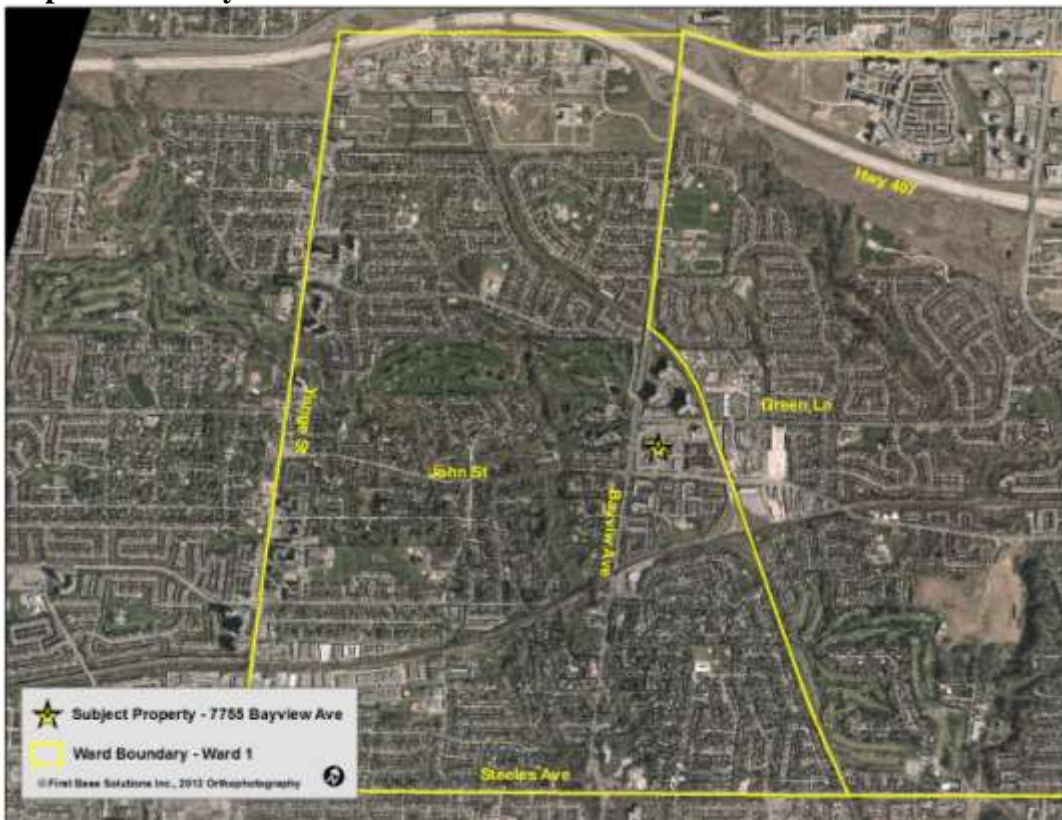
The taxes of \$23,540 (excluding penalty) for the Bayview Ave. property are recommended to be written off as the property is owned by the City of Markham, and has a portion subject to a leasing arrangement between the City and a tenant. The exempt portion of the property is occupied by the Thornhill Community Centre, and the portion classified as commercial taxable (CT) has been leased to a private tenant. The overdue taxes have accrued over nine years (2004 through 2012), and are attributable solely to the commercial taxable portion of the property. In the original lease that covered the years 2004 through 2011, the provisions did not include the collection or the tenant's liability for taxation. It is therefore recommended that the taxes accrued for 2004 through 2012 now be written off and removed from the City's receivables.

Action by City finance staff has been taken action to ensure the renewed lease for 2012 and beyond includes the required tenant tax liability and collection provisions.

**Map 1 - 7755 Bayview Ave**



**Map 2 - 7755 Bayview Ave**



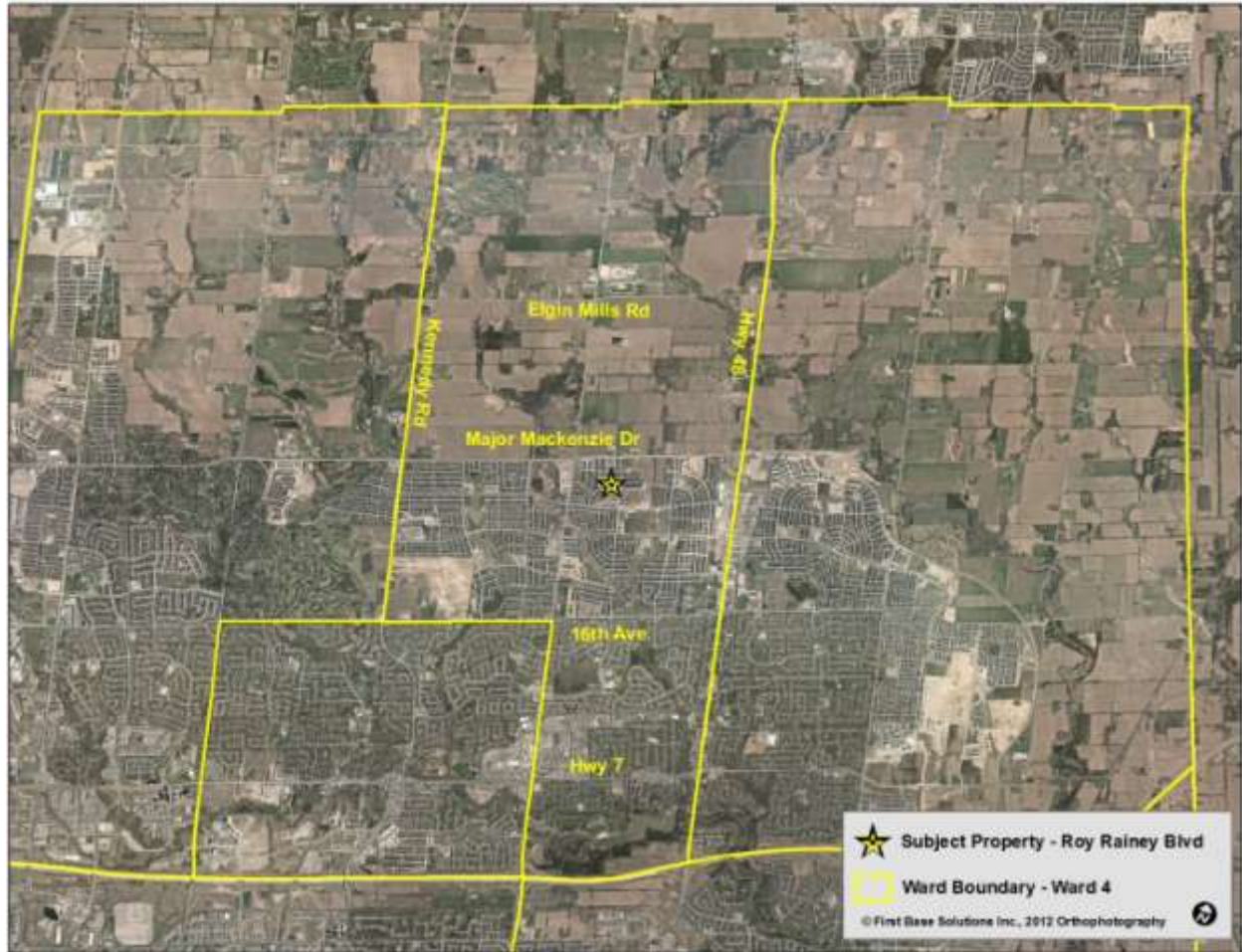


**2. 0 Roy Rainey Ave. – Ward 4***Legal Description: PL 65M3809 BLK 96**Vicinity of: Major Mackenzie Dr. and Roy Rainey Ave.**Ownership on Title: City of Markham**Tax Roll Number: 19 36 030 234 229 90**Overdue tax levies: \$3,596 (excluding penalty)**2013 CVA: Exempt (E)      \$577,500*

The taxes of \$3,596 (excluding penalty) for the Roy Rainey property are recommended to be written off due to erroneous ownership and classification being reflected on the roll. The property was sold to the City of Markham in 2005 and should have been reflected as exempt for the tax years 2006 through 2009. The property remained in the name of the previous owner, Mackenzie Builders & Developers Inc., and was therefore reflected as residential taxable for the resulting years. The title abstract was forwarded by the previous owner in 2012, which indicated the property was sold on March 29, 2005 to the City of Markham. The assessment subsequent to 2009 has been changed to exempt to reflect it being vested with the City of Markham. It is recommended that this property's taxes of \$3,596 be written off for the years 2006 through 2009, as the property was owned by the City of Markham.

**Map 1 - 0 Roy Rainey Ave.**

**Map 2 - 0 Roy Rainey Ave.**





3. 0 19<sup>th</sup> Ave – Ward 5

*Legal Description: CON 9 PT LT30*

*Vicinity of: 19<sup>th</sup> Avenue and Reesor Road*

*Ownership on Title: Public Works of Canada*

*Tax Roll Number: 19 36 030 266 580 00*

*Overdue tax levies: \$9,744 (excluding penalty)*

*2013 CVA: Residential Taxable (RT)      \$ 542,500*

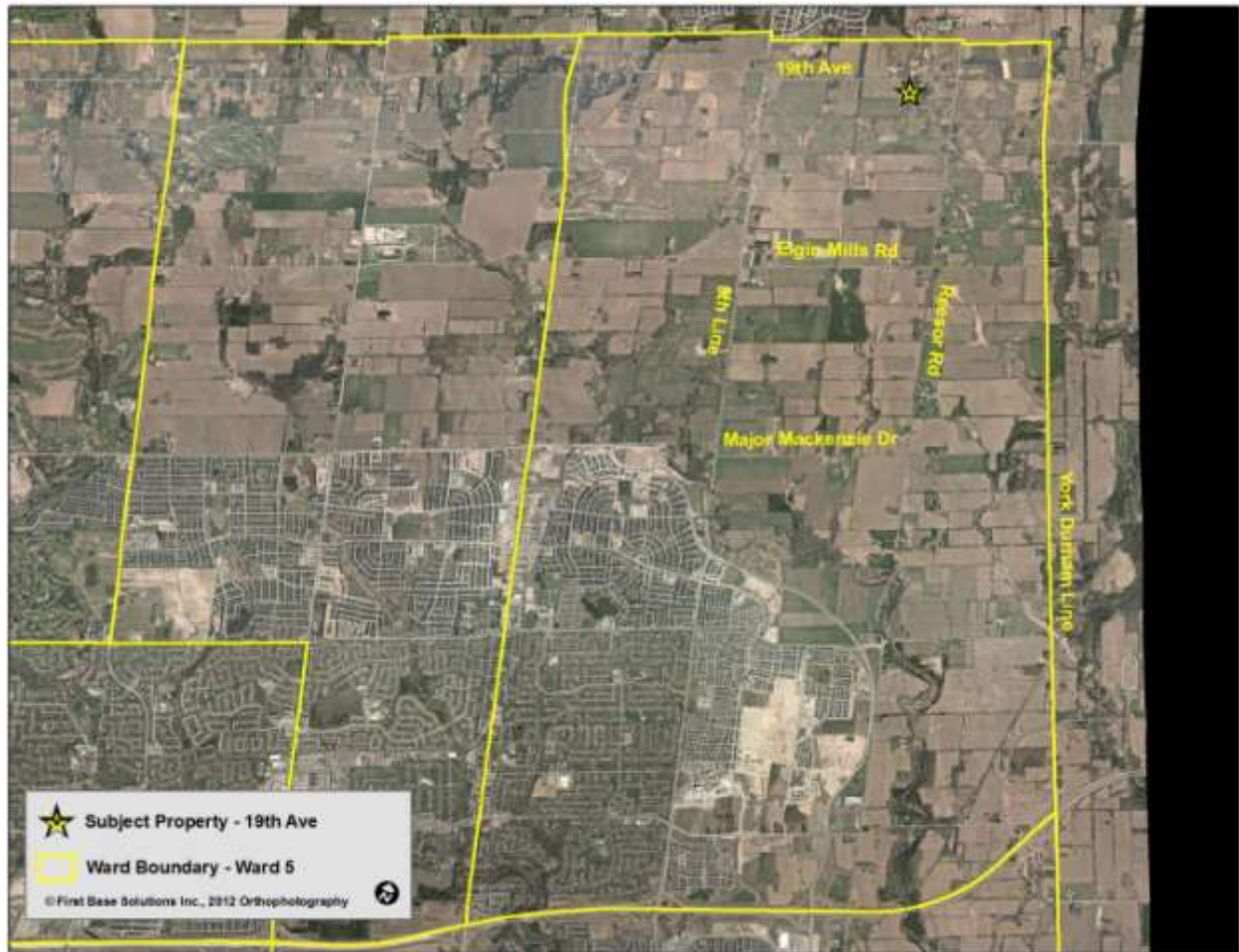
The amount of \$9,744 (excluding penalty) for the 19<sup>th</sup> Ave. property represents the amount recommended for write-off to cover the portion of taxes that were not paid by the property owner for the years 2009 through 2012. In 2009 the property was transferred to Public Works Canada, at which time the property was classified as farmland. Although the property was re-classified as residential for the years 2010 through 2012, and was therefore subject to a higher rate of taxation, Public Works Canada only remitted a portion of taxes equal to the farm class rate of taxation. As this property is owned by the Federal Government, it is subject to Payment-in Lieu of taxes, and is therefore not required to make payment on the full taxable amount owing. Pursuant to Section 354(4) (a) of *The Act*, taxes levied on property owned by the Crown may be written-off, without conducting a tax sale. It is therefore recommended that this property's outstanding taxes be written off for the years 2009 through 2012.

City finance staff will take action to contact MPAC to investigate this property being properly qualified as a payment-in-lieu of tax classification for future years.

**Map 1 - 0 19<sup>th</sup> Ave**



**Map 2 - 0 19<sup>th</sup> Ave**



4. 0 Ninth Line – Ward 5

*Legal Description: MARKHAM CON 9 PT LT31 RP 65R30130 PT 1*

*Vicinity of: 19<sup>th</sup> Avenue and 9<sup>th</sup> Line*

*Ownership on Title: Town of Whitchurch-Stouffville*

*Tax Roll Number: 19 36 030 267 034 00*

*Overdue tax levies: \$7,322 (excluding penalty)*

*2013 CVA: Commercial Vacant Land (CX)      \$ 175,500*

The taxes of \$7,332 (excluding penalty) for the Ninth Line property are recommended for tax write-off due to the land being owned by the Town of Whitchurch-Stouffville. The property was transferred to the Town Whitchurch-Stouffville on January of 2008 from Lebovic Enterprises Ltd. It was returned as privately owned and continued to accrue taxes and penalty and interest. The property was updated on March 19, 2013 as a result of a title search. The land is therefore exempt from taxation and is recommended for tax write-off for the years 2009 through 2012.

City finance staff will take action to contact MPAC to review the proper classification for this property for 2013 and future years.

**Map 1 - 0 Ninth Line**





## Map 2 - 0 Ninth Line



5. 0 Edgcombe Crt. – Ward 8

*Legal Description: PL 65M2974 BLOCK 73*

*Vicinity of: 14<sup>th</sup> Avenue and McCowan Road*

*Ownership on Title: 741055 ONTARIO INC*

*Tax Roll Number: 19 36 030 213 231 50*

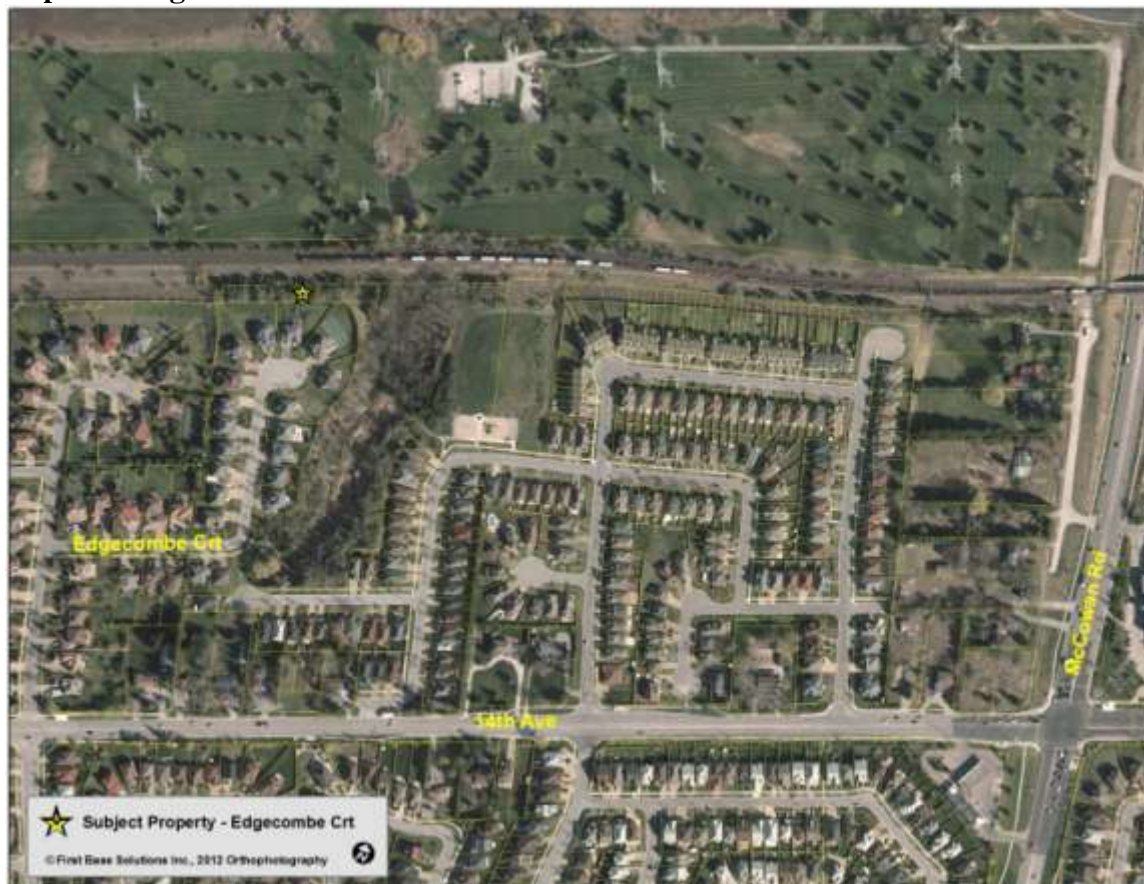
*Overdue tax levies: \$4,113 (excluding penalty)*

*2013 CVA: Residential Taxable (RT)      \$ 501,750*

The taxes of \$4,113 (excluding penalty) for the Edgcombe Court property must be written off due to an unsuccessful tax sale. This property was taken to tax sale in May 2010, at which time no bids were received. It is a vacant piece of land that abuts railway tracks and has a steep slope making it undevelopable. Pursuant to Section 354(3) of *The Act* taxes can only be written off for a property following an unsuccessful tax sale. It is therefore recommended that the taxes now be written off and removed from the City's receivables. Taxes will continue to accrue on this property. The only options to remove the taxes from the roll would be a further write-off in future years or another tax sale attempt. If the property were taken to a further tax sale, it is probable that it would result in another unsuccessful result, as occurred in 2010.

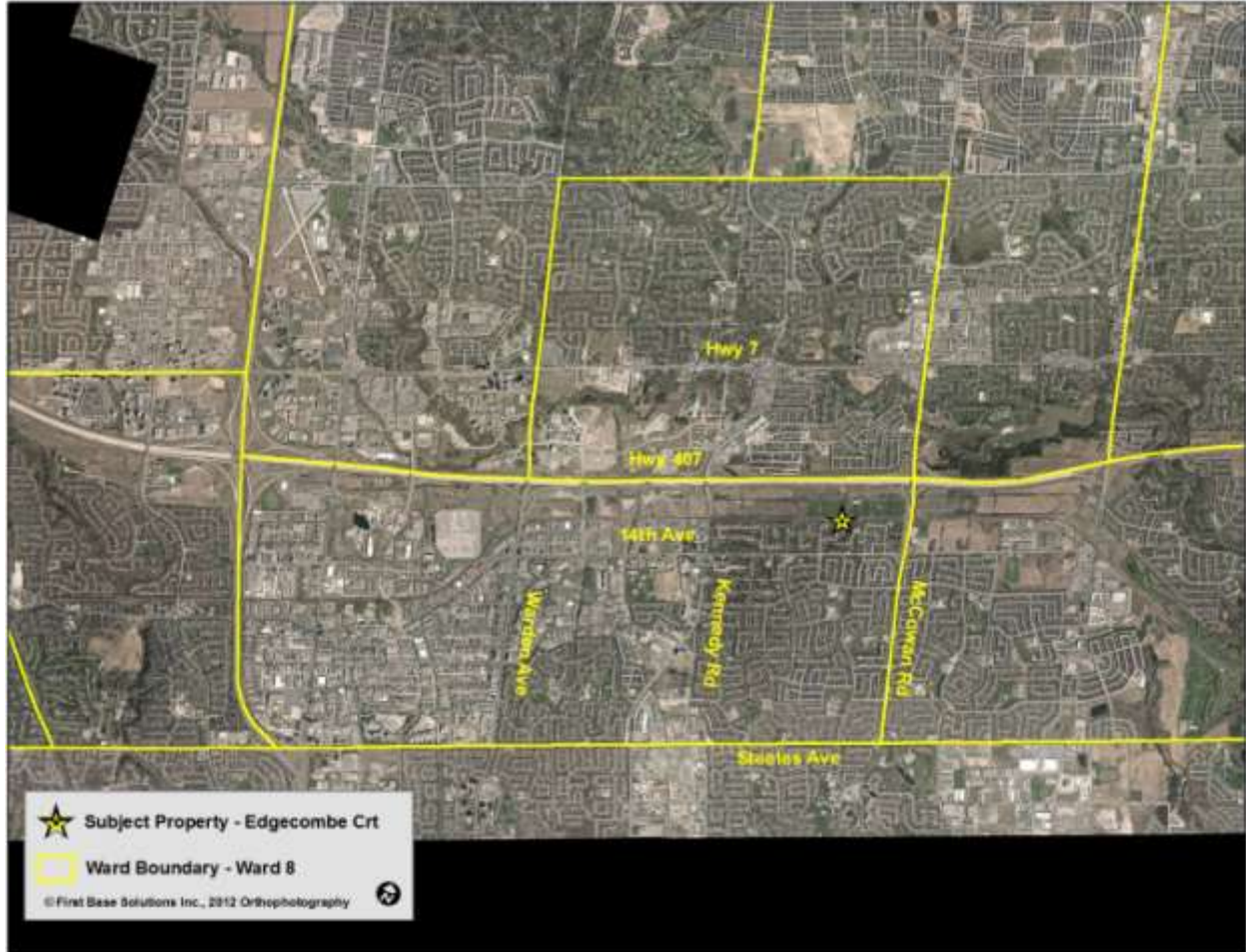
City finance staff will take action to contact MPAC to investigate whether they may allow a reduction in the property's future assessment, with consideration to the unique property circumstances, therefore mitigating the continued tax accrual. It is recommended that the Treasurer be authorized to write-off the taxes levied annually.

**Map 1 - 0 Edgcombe Crt.**





**Map 2 - 0 Edgecombe Crt.**





The figures below illustrate the categories and levying bodies that comprise the write-off amounts:

**Figure 1 – Write-Off by Levying Body**

<b>Levying Body</b>	<b>Tax Amount</b>
City Share	\$ 8,516
Region	\$ 16,528
Province	\$ 23,281
<b>Total Tax</b>	<b>\$ 48,325</b>

**Figure 2 – Write-Off by Category**

<b>Category</b>	<b>Tax Amount</b>
City Property	\$ 27,136
Crown Property	\$ 9,744
Property Vested by another Municipality	\$ 7,332
Unsuccessful Tax Sale	\$ 4,113
<b>Total Tax</b>	<b>\$ 48,325</b>
<b>Penalty/Interest</b>	<b>\$ 20,025</b>

**FINANCIAL CONSIDERATIONS:**

The amounts of taxes that require removal from the Tax Collector's roll total \$48,325 (excluding penalty and interest). Of this total, the City's share is \$8,516. The Region of York and Province's share of \$39,809 will be recovered from them accordingly.

**HUMAN RESOURCES CONSIDERATIONS:**

Not applicable.

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not applicable.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

*None.*

**RECOMMENDED BY:**

18/10/2013

X 

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Joel Lustig  
Treasurer

18/10/2013

X 

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Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

Appendix A – Summary of Tax Write-offs

**Appendix A: Summary of Tax Write-offs**

<b>Property</b>	<b>Ward</b>	<b>Roll Number</b>	<b>Property Address</b>	<b>No. of Years</b>	<b>Taxes</b> (Excluding Penalty and Interest)	<b>Reason</b>
1	1	02-0-110-18200	7755 Bayview Ave	9	\$23,540	City Property
2	4	03-0-234-22990	0 Roy Rainey Ave	4	\$3,596	City Property
3	5	03-0-266-58000	0 19th Ave	4	\$9,744	Crown Property
4	5	03-0-267-03400	0 Ninth Line	4	\$7,332	Property Vested to another Municipality
5	8	03-0-213-23150	0 Edgecombe Crt	1	\$4,113	Unsuccessful Tax Sale
	<b>Total</b>				<b>\$48,325</b>	