



Report to: General Committee

Report Date: October 25, 2011

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

PREPARED BY: Paul Wealleans, Director, Taxation

RECOMMENDATIONS:

THAT taxes totalling \$116,371 (excluding penalty and interest) as set out in this report be written off pursuant to the provisions of Section 354 of the *Municipal Act, 2001*, of which the Town's portion is \$31,113.

AND THAT the applicable penalty and/or interest charges (estimated at \$84,500) be adjusted accordingly;

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* allow for the write-off of taxes deemed uncollectible. This report recommends the write-off of \$116,371 of taxes of which the Town of Markham share is \$31,113.

BACKGROUND:

Under Section 354 of the *Municipal 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 that have been assessed incorrectly, properties vested in the Town of Markham, and a property that was the subject of an unsuccessful tax sale.

OPTIONS/ DISCUSSION:

Taxes being recommended for write off are from accounts that have gone through at least part of the Town's collection process. The tax collection process includes: Overdue Statements, Final Demand Letters, investigations, telephone calls, meetings and bailiff warrants. Properties for tax write-off have particular issues that may take time until finalization (due to interpretation of legislation, internal review, review by the Municipal Property Assessment Corporation (MPAC), etc). For example, land that becomes Town owned goes through an internal review to determine whether it is required by the Town. Once that decision is made, the land must change ownership and its tax status changed to exempt by the Municipal Property Assessment Corporation (MPAC). This process may

take some time following which it is recommended for tax write-off. Some properties have issues such as assessment errors that are reviewed, corrected and then taxes written-off.

The amount of taxes to be written off total \$116,371. Of this total, the Town's share is \$31,113. The balance of \$85,258 will be charged back to the Region of York and School Boards accordingly.

The following summarizes the categories and levying bodies for the write-offs:

<u>Levying Body</u>		
Town	\$	31,113
Region	\$	54,248
Education	\$	31,010
Tax Total	\$	116,371

<u>Reason</u>		
Town Property	\$	54,497
Unsuccessful Tax Sale	\$	45,804
MPAC Error	\$	16,070
Total	\$	116,371

There are ten separate properties listed for tax write-off.

Town Owned Properties

The first seven properties listed in Appendix A are all pieces of excess land from subdivisions that have now been transferred to the Town's ownership and have been made tax exempt by the Municipal Property Assessment Corporation (MPAC). The reason there are different tax amounts to be written off is due to different assessed values. The tax write-off for Property 6 (Kentview Cr) is very low because it is a very small piece of land with a low assessed value and was only for part of the year.

Edgecomb Court Property

The taxes of \$45,804 for the Edgecombe Court property (See Appendix B) are recommended for write 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 abutting railway tracks, with a steep slope making it undevelopable with no road frontage. The reason it has taken some time to this point for write-off is due to the 3 years period for it to go to tax sale, internal departmental review, negotiation with CNR which declined interest in acquiring it as well as deferral back to staff from committee for additional information. Taxes can only be written off for a tax sale property following an unsuccessful tax sale. It is therefore recommended that the taxes now be written off and removed from the Town's receivables. The annual taxes for the property are

approximately \$3,800 and the property has been in arrears since 1998. Taxes will continue to accrue for 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. The assessment of the property is \$413,000. Staff will contact MPAC to investigate whether a reduction in the property's assessment is warranted considering the property's circumstances.

9829 Ninth Line Property

The taxes of \$24,948 for the 9829 Ninth Line property (See Appendix C) must be written off as the property is leased by the Town, and the lease, executed when the Province was the owner, does not require payment of taxes. The property is farmland with a residence which was acquired by the Town in 2004 as part of Ontario Realty Corporation's (ORC) 226 acre Rouge Park North Valleyland conveyance to the Town. The Ninth Line home, circa 1862, is located in the floodplain and is designated under the Ontario Heritage Act. The existing tenants are carry-overs from ORC and have been in occupation since 1995.

31 Porterfield Crescent Property

The final property for tax write-off is a condominium located at 31 Porterfield Crescent and relates to a structure assessed in error by MPAC (when it should have been included in the condominium's common elements) which has since been rectified by MPAC. The condominium corporation has been paying taxes for the land.

FINANCIAL CONSIDERATIONS:

The amounts of taxes that require removal from the Tax Collector's roll total \$116,371 (excluding penalty and interest). Of this total, the Town's share is \$31,113. The Region of York and School Boards share of \$85,258 will be recovered from them accordingly.

HUMAN RESOURCES CONSIDERATIONS:

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Legal Services Department.

RECOMMENDED BY:

18/11/2011

X 

Joel Lustig
Treasurer/ Acting Commissioner

ATTACHMENTS:

Appendix A – Summary of Tax Write-offs

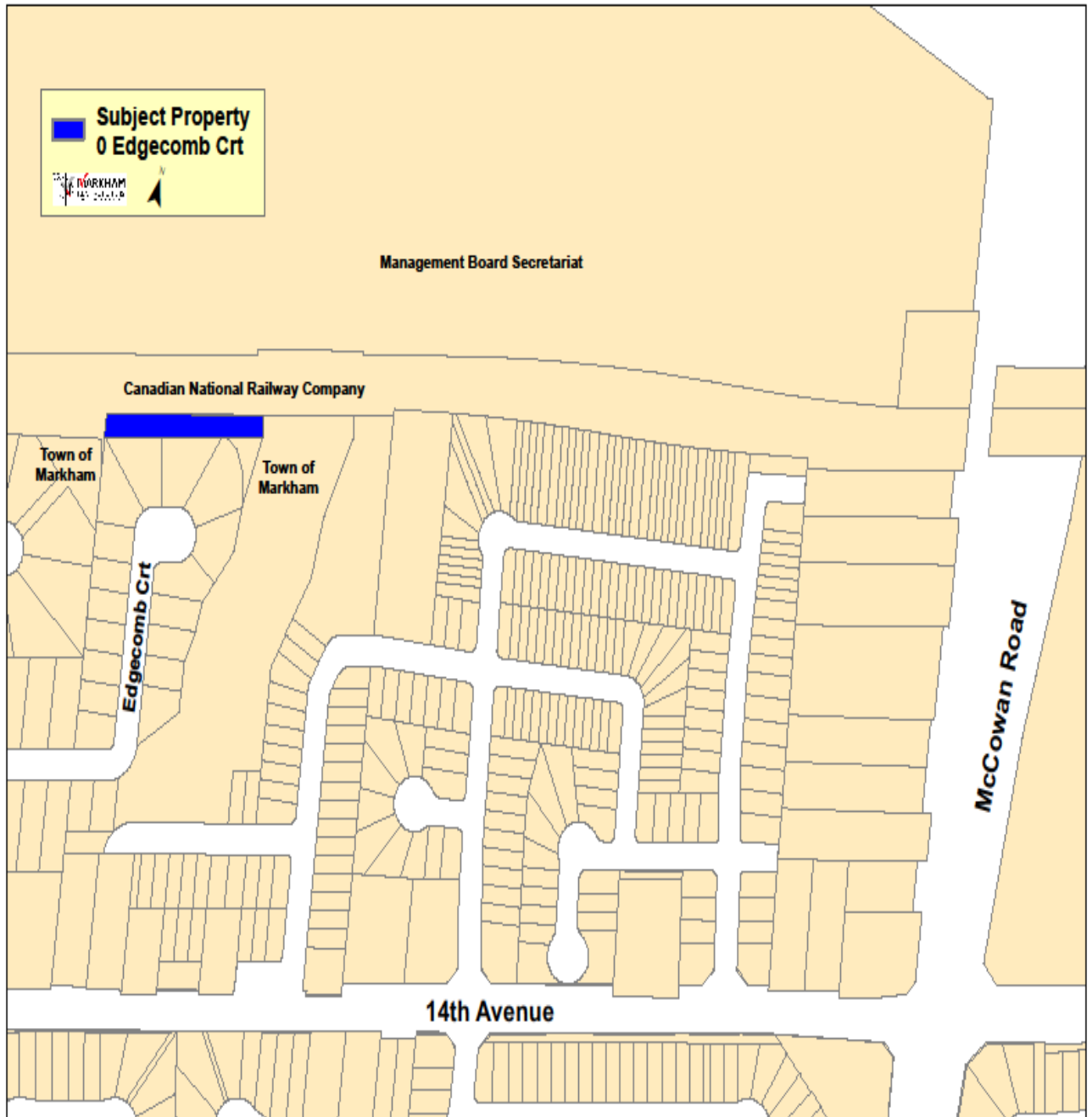
Appendix B – Map of Edgcomb Court

Appendix C – Map of 9829 Ninth Avenue

Appendix A: Summary of Tax Write-offs

Property	Ward	Roll Number	Address	Taxes	No of Years	Reason
1	2	020-110-92210	0 German Mills Rd	\$6,512	2	Town Property
2	2	020-110-92300	0 German Mills Rd	\$5,617	2	Town Property
3	2	020-110-92350	0 German Mills Rd	\$5,286	2	Town Property
4	2	020-110-92400	0 German Mills Rd	\$4,754	2	Town Property
5	2	020-110-92510	0 German Mills Rd	\$6,150	2	Town Property
6	7	030-252-66801	0 Kentview Cres	\$63	1	Town Property
7	7	030-252-31810	0 Ninth Line	\$1,167	1	Town Property
8	5	030-260-65500	9829 Ninth Line	\$24,948	3	Town Property
9	8	030-213-23150	0 Edgcombe Crt	\$45,804	14	Unsuccessful Tax Sale
10	1	020-110-10300	31 Poterfield Cres	\$16,070	3	MPAC Error
	Total			\$116,371		

Appendix B - 0 Edgecomb Court



Appendix C – Map of 9829 Ninth Ave

