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Date: October 11, 2017

To: Mayor and Council

Author: Linda Brohman, Tax Collector

RE: Uncollectable Property Tax Write Off Under Section 354 of the
Municipal Act, 2001

Report No.: FS-2017-16

AIM

Request council authorization to write off uncollectable tax receivable balances on properties for which the owner cannot be located and the tax sale process is inappropriate. These write offs will ensure accurate receivable balances are reported on financial statements.

BACKGROUND

Section 354 of the Municipal Act, 2001 allows for the write off of property taxes under certain circumstances.

Section 354.2(a) allows the Treasurer of a local municipality to remove taxes from the roll if the council of the local municipality, on the recommendation of the Treasurer, writes off the taxes as uncollectible.

Section 354.4(b) permits the local municipality to write off taxes without conducting a tax sale provided the Treasurer includes a written explanation of why conducting a tax sale would be ineffective or inappropriate.

DISCUSSION

The Assessment Act mandates all property be assessed. In some cases the Municipal Property Assessment Corporation (MPAC) is forced to place a nominal value of \$10,000 or less on small strips of vacant land that seem worthless. Neither the Town nor MPAC has the authority to change the assessed value to nil.

Assuming the abutting property owners would be interested in purchasing these parcels, the Town is not in a position to offer them for sale as the Town is not the legal owner. In order to offer property to abutting land owners the municipality would first have to conduct an unsuccessful tax sale to vest the property in the municipality's name. Considering the

high cost of conducting a tax sale (approximately \$3,000 per property) and the low value of the subject properties it is impractical to proceed with tax sales in these instances.

The tax rolls in question and the proposed write off are summarized in the table below.

Roll Number	Municipal Address	Municipal	County	School Boards	Total Write Off
130-000-07950	THORNCREST REAR	21.10	15.03	5.73	41.86
130-000-08110	THORNCREST REAR	25.05	17.84	6.80	49.69
180-000-01550	S/S ERIE ST	24.39	17.37	6.62	48.38
270-000-37401	CEDAR CREEK S/S	16.32	11.62	4.43	32.37
270-000-37901	CEDAR CREEK S/S	7.58	5.40	2.06	15.04
300-000-31501	COUNTY RD 34	10.22	7.28	2.77	20.27
300-000-31502	COUNTY RD 34	41.21	29.35	11.19	81.75
310-000-09901	ORCHARD BLVD	49.45	35.22	13.43	98.10
	TOTAL	195.32	139.11	53.03	387.46

LINK TO STRATEGIC PLAN

Not Applicable

FINANCIAL CONSIDERATIONS

The municipal portion of the write off expense is \$195.32, which is within the 2017 budget limits.

CONSULTATIONS

The Director of Financial Services was consulted and is in agreement with the write off of the uncollectable taxes listed in the table above.

RECOMMENDATION

It is recommended that Council authorize tax write offs totaling \$387.46.

Linda Brohman

Linda Brohman, BBA
Tax Collector

Sandra Zwiers

Sandra Zwiers MAcc CPA, CA
Director of Financial Services

Peggy Van Mierlo-West

Peggy Van Mierlo-West, C.E.T.
Chief Administrative Officer