

Subject: Uncollectible Taxes Under Section 354 of the *Municipal Act, 2001*

File Number: ACS2023-FCS-REV-0005

Report to Finance and Corporate Services Committee on 3 October 2023

and Council 11 October 2023

**Submitted on September 21, 2023 by Joseph Muhuni, Deputy City Treasurer,
Revenue Services**

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Ward: Citywide

**Objet : Impôts fonciers irrécouvrables en vertu de l'article 354 de la *Loi de
2001 sur les municipalités***

Numéro de dossier : ACS2023-FCS-REV-0005

**Rapport présenté au Comité des finances et des services organisationnels le 3
octobre 2023**

et au Conseil le 11 octobre 2023

**Soumis le 21 septembre 2023 par Joseph Muhuni, Trésorier municipal adjoint,
Recettes**

**Personne ressource : Krista O'Brien, Gestionnaire de programme, Évaluations
foncières et PERI**

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION

That the Finance and Corporate Services Committee recommend that Council approve taxes totalling \$75,822 be written-off from the tax roll in accordance with the provisions of Section 354 of the *Municipal Act, 2001*, plus any related interest

and fees for the properties listed on Document 1. The City has budget allocated for these write-offs in the tax remissions account.

RECOMMANDATION DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil d'approuver le retranchement des impôts totalisant 75 822 \$ du rôle de perception, en vertu de l'article 354 de la *Loi de 2001 sur les municipalités*, y compris tous les frais et intérêts connexes, pour ce qui est des propriétés inscrites dans le document 1. La Ville a des fonds alloués à ces radiations dans le compte de remises d'impôts.

BACKGROUND

In accordance with the provisions of section 354 of the *Municipal Act, 2001*, this report recommends that uncollectible outstanding taxes in the amount of \$75,822 be written-off and removed from the tax roll.

DISCUSSION

In 2023, the City invoiced approximately \$2.48 billion for municipal and education property taxes. About 99 per cent of all property taxes billed are collected and paid in the same year, with the remaining one per cent outstanding being paid in subsequent years. Revenue Services has implemented a rigorous collection process to follow up on outstanding property tax account balances. The Municipal Tax Sale Collection process is highly legislated and consists of activities that include a series of legislated collection notices at specific time frames. Collection phone calls are also made while unpaid accounts are sent to the final stage, which is a tax sale. The City of Ottawa typically holds two tax sales per year. Before a tax sale, the City must go through a prescriptive legislated process that could run up to two years and includes several legislated notices.

Section 354 of the *Municipal Act, 2001* allows the Treasurer to remove taxes from the tax roll where other provisions of the *Municipal Act, 2001*, provide authority to do so or following approval from Council.

Taxes may not be recommended to Council for write-off until after an unsuccessful tax sale under Part XI of the *Municipal Act, 2001*, except:

- If the property is owned by Canada, a province or territory or a Crown agency of any of them or by a municipality.

- If the recommendation of the Treasurer includes a written explanation of why conducting a tax sale would be ineffective or inappropriate.

Staff have determined that taxes billed on nine properties are uncollectible or no longer payable and should be written-off. Details of the properties, including the reason and the amounts that are being recommended for write-off, are provided in Document 1 on file with the Deputy City Treasurer, Revenue.

A breakdown of the corresponding amounts can be found in Table 1 below.

Table 1 – Breakdown of corresponding amounts

<i>Municipal Act Authority</i>	Municipal Tax	Education Tax
354(3) Unsuccessful Tax Sale	\$0.00	\$0.00
354(4)(a) Government Owned Property	\$60,158	\$15,664
354(4)(b) Tax Sale Ineffective or Inappropriate	\$0.00	\$0.00
Total	\$60,158	\$15,664

Government Owned Property

Section 354(4)(a) of the *Municipal Act, 2001*, allows Council to write off taxes without a tax sale if the property is owned by Canada, a province or territory or a Crown agency of any of them or by a municipality.

Section 349(2.1) of the *Municipal Act, 2001*, indicates that taxes that are levied on land that is vested in the Crown in right of Ontario because of escheat or forfeiture as a result of the dissolution of a corporation cannot be recovered as a debt due to the municipality from the Crown.

One of the nine properties was owned by an Ontario numbered company and on April 15, 2004, the company dissolved. The property then automatically forfeited to the Province as per the *Forfeited Corporate Property Act*. The Province sold the property to a new owner on May 20, 2021, and settled all taxes up to April 15, 2004 (dissolution date). Subsequently, the City cannot recover all taxes levied on the property from April 15, 2004, to May 20, 2021 (sale to new owner) from the Province or the new owner. Staff recommend that the taxes levied on this property from April 15, 2004, to May 20, 2021, totalling \$61,897, be written off as the City can no longer collect them.

The remaining taxes levied on eight government properties, totalling \$13,925, are due to issues and disputes related to tenanted space or incorrectly classified space in Federal or Crown-owned properties that date back to the pre-amalgamation period.

These taxes are outstanding on the taxable roll, cannot go to the Dispute Advisory Panel, and the properties cannot be sold for tax arrears as they are government-owned. Staff, therefore, recommend that the taxes levied on these properties be written off as the City can no longer collect them.

A total amount of \$75,822 representing the City and education portion of taxes is being submitted for approval to be removed from the taxes receivable pursuant to section 354 of the *Municipal Act, 2001*. Of this total, the City's share of the taxes is estimated at \$60,158. The City's remissions budget includes a provision for such adjustments.

The share of uncollectable taxes for the education tax portion is \$15,664 and is recovered from the Ottawa school boards in the year the accounts are deemed uncollectible.

FINANCIAL IMPLICATIONS

The City's share of uncollectible taxes is \$60,158 and has been provided for under the Property tax remissions budget. The share of uncollectable taxes for the education tax portion is \$15,664 and is recovered from the Ottawa school boards in the year the accounts are deemed uncollectible.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report.

CONSULTATION

The public consultation process is not applicable.

ACCESSIBILITY IMPACTS

Finance and Corporate Services Department adheres to the requirements of the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations, programs and initiatives. This report is administrative in nature and has no associated accessibility impacts.

TERM OF COUNCIL PRIORITIES

This report supports the City's ongoing commitments the current 2023-2026 Term of Council Priorities of: a city that has affordable housing and is more livable for all; a city

that is more connected with reliable, safe and accessible mobility options; a city that is green and resilient; and a city with a diversified and prosperous economy. The report also promotes the City's commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

These documents are "Confidential" as they contain information relative to personal matters about an identifiable individual.

Document 1 – 2023 Report # 1 Recommendation to Council under section 354 of the *Municipal Act, 2001*, held on file with the Deputy City Treasurer, Revenue.

DISPOSITION

Following consideration by the Finance and Corporate Services Committee, this report will be forwarded to Council for approval. Upon approval, Revenue Services will ensure all the necessary adjustments are applied to the property tax accounts.