

Property Tax Liens 2023

ISSUE

City Council approval is required in order to proceed to the next stage under *The Tax Enforcement Act (The Act)* for properties with 2023 liens.

RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that the City Solicitor be instructed to take the necessary actions under provisions of *The Tax Enforcement Act* with respect to properties with 2023 tax liens.

BACKGROUND

Collection of property tax arrears is guided by *The Act*, the purpose of which is to secure payment of tax arrears under the threat of loss of title to the property. The statute is not intended to act as a means for the acquisition of property by the City of Saskatoon (City). Each property owner (taxpayer) has certain fundamental rights concerning his/her land. The taxpayer must be kept fully aware of the proceedings being taken and be given a reasonable time frame during which arrangements can be made for payment of the outstanding amount.

DISCUSSION/ANALYSIS

The Tax Enforcement Act

The Act provides the City with an effective collection process. As indicated in Appendix 1, a total of 7,436 tax enforcement liens were placed between 2017 and 2023. Tax arrears have been paid in full on 6,547 of these and 889 tax enforcement liens remain. The City has assumed title to only nineteen of these properties.

The proceedings under *The Act* are scheduled as follows:

- Section 10: Allows the City to register a tax lien against a property where taxes have been due and unpaid after the 31st day of December of the year in which the taxes were originally levied.
- Section 22(1): Where the taxes remain unpaid and the lien has not been withdrawn, the City may apply to Council to commence proceedings to take title after the expiration of six months following the registration of the tax lien at Information Services Corporation of Saskatchewan (ISC) – Land Registry.
- Section 24: Final application for transfer of title to the City may commence six months after the first application. The City must, at this point in the proceedings, obtain consent of the Provincial Mediation Board to obtain the title. The Board may, subject to certain conditions being met by the taxpayer, put the proceedings on hold, even after this consent is granted.

2023 Tax Liens

With respect to the properties listed in Appendix 2, proceedings under *The Act* commenced on February 25, 2023. At that time, the City, in accordance with *The Act*, published in the Saskatoon StarPhoenix, the legal descriptions of all properties in arrears of property taxes subject to tax liens. The assessed owners were notified of the action being taken and were advised that if the taxes remained unpaid after 60 days following the date of the advertisement, a tax lien would be registered against the property on the official title held in ISC – Land Registry.

The City has made considerable effort to contact the assessed owners of the various properties to obtain payment or to negotiate reasonable payment schedules. However, as of the date of this report, the City has not received payment, and the property tax arrears are still outstanding, for 708 properties with a 2023 lien.

These properties are now subject to first proceedings pursuant to Section 22(1) of *The Act*. This action involves notification by registered mail to each registered owner, each assessed owner, and all others with an interest set out on the title to the property, that they have six months to contest the City's claim.

Pursuant to Section 24, the next stage of *The Act*, six months following service of notices, the City will be in a position to make final application for title of any properties for which the arrears have not been cleared.

As indicated above, *The Act* requires specific waiting periods to ensure that owners and interest holders are afforded a reasonable opportunity to redeem the property. In the typical case, Administration expects these proceedings will be carried out within the normal periods outlined in the legislation. However, where there is a credible and realistic plan by the owner or interest holder to make payments to redeem the property during enforcement proceedings, the prosecution of the enforcement proceeding should be suspended to allow the redemption plan to proceed. If the plan fails, enforcement proceedings should then be recommenced.

Since tax enforcement proceedings pursuant to Section 22 are initiated at City Council direction, it is City Council that can properly suspend and recommence the proceedings or direct Administration to do so. Accordingly, Administration requests that in those cases where there is a credible plan, as determined by Administration, City Council authorize Administration to suspend enforcement proceedings, and to restore enforcement proceedings where a redemption plan fails.

Administration now requests authorization to proceed regarding those properties which became subject to tax liens in 2023.

FINANCIAL IMPLICATIONS

If approval to proceed with tax enforcement proceedings is not granted, the ability to collect on tax arrears would be negatively impacted.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

While the current report does not raise any privacy concerns, the Administration has provided a response to address the 2023 motion, exploring the possible inclusion of names in the Lien Outstanding Summary report, presented later on the agenda as an information item.

NEXT STEPS

Pending City Council approval, Administration will proceed with tax collections as per *The Act*.

APPENDICES

1. Tax Enforcement Statistics as of January 15, 2024
2. Liens Outstanding Summary 2023

REPORT APPROVAL

Written by: Theresa Chapman, Collections and Customer Service Manager
Reviewed by: Mike Voth, Director of Corporate Revenue
Approved by: Clae Hack, Chief Financial Officer

Admin Report - Property Tax Liens 2023.docx