
Property Tax Liens 2018

Recommendation

That the Standing Policy Committee on Finance recommend to City Council that the City Solicitor be instructed to take the necessary action under provisions of *The Tax Enforcement Act* with respect to properties with 2018 tax liens.

Topic and Purpose

The purpose of this report is to obtain City Council approval to proceed to the next stage under *The Tax Enforcement Act* for properties with 2018 liens.

Report Highlights

1. *The Tax Enforcement Act* is a provincial statute that guides the collection of tax arrears.
2. City Council provides approval to proceed to the next stages of the process for properties with 2018 liens.

Strategic Goals

This report supports the long-term strategy of ensuring that the City of Saskatoon's (City) approach to citizen communications is proactive and professional, under the Strategic Goal of Continuous Improvement.

This report also supports the Strategic Goal of Asset and Financial Sustainability by being open, accountable and transparent, particularly when it comes to the resource allocation and collection decisions the City makes.

Background

Collection of property tax arrears is guided by *The Tax Enforcement Act (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. 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.

Report

The Tax Enforcement Act

The Act provides the City with an effective collection process. As indicated in Attachment 1, a total of 5,954 tax enforcement liens were placed between 2013 and 2018. Tax arrears have been paid in full on 5,031 of these and 923 tax enforcement liens remain where property owners have payment arrangements. The City has assumed title to only four 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- Section 22(1): Where the taxes remain unpaid and the lien has not been withdrawn, the City may apply to Council to commence proceedings to take title after the expiration of six months following the registration of the tax lien at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.

2018 Tax Liens

With respect to the properties listed in Attachment 2, proceedings under *The Act* commenced on February 24, 2018. 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.

The 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, the Administration expects that 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 the Administration to do so. Accordingly, the Administration requests that in those cases where there is a credible plan, as determined by the Administration, City Council authorize the Administration to suspend enforcement proceedings, and to restore enforcement proceedings where a redemption plan fails.

The Administration now requests authorization to proceed regarding those properties which became subject to tax liens in 2018.

Options to the Recommendation

City Council can choose not to instruct the City Solicitor to take the necessary provisions under *The Act*; however, the Administration does recommend this option as current, and future, tax enforcement proceedings are dependent on following these provisions.

Public and/or Stakeholder Involvement

The Administration has made every effort to contact the assessed owners of the properties in arrears subject to tax collection as per *The Act*.

Communication Plan

The City follows the processes required in *The Act*. Revenue Collections has made considerable effort to communicate with property owners of the properties in tax arrears subject to tax collection through reminder notices and direct contact.

Other Considerations/Implications

There are no policy, financial, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

The property tax lien report for 2019 will be tabled in February 2020.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachments

1. Tax Enforcement Statistics
2. Liens Outstanding 2018

Report Approval

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Approved by: Kerry Tarasoff, Chief Financial Officer

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