



**STAFF REPORT  
INFORMATION ONLY with  
Confidential Attachment**

**Largest Property Tax Debtors with Arrears Greater than  
\$500,000 as at June 30, 2007**

<b>Date:</b>	August 28, 2007
<b>To:</b>	Government Management Committee
<b>From:</b>	Treasurer
<b>Wards:</b>	All
<b>Reason for Confidential Information:</b>	A portion of this report deals with personal and financial information that relates to identifiable person(s). Limitations on the release of personal information under the <i>Municipal Freedom of Information and Protection of Privacy Act</i> prevent the public disclosure of this information.
<b>Reference Number:</b>	P:\2007\Internal Services\rev\gm07024rev (AFS #3346)

**SUMMARY**

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To provide information on property tax accounts with outstanding receivables of \$500,000 or more as at June 30, 2007.

This report contains two attachments. Attachment 1 is public information, and lists properties owned by a corporation with tax arrears of \$500,000 or more. Attachment 2 is confidential, and lists properties owned by individuals with tax arrears of \$500,000 or more. The *Municipal Freedom of Information and Protection of Privacy Act* prevents the public disclosure of the information contained in Attachment 2.

The confidential information contained in Attachment 2 should remain confidential, as it relates to personal information about identifiable individual(s), and as such may not be disclosed under the provisions of the *Municipal Freedom of Information and Protection of Privacy Act*.

**Financial Impact**

There are no financial implications as a result of this report.

## **DECISION HISTORY**

In accordance with previous Council directives, the Treasurer reports to Administration Committee (now Government Management Committee) twice a year identifying properties with tax arrears of \$500,000 or more, the assessed property owner, what efforts have been made to collect the tax arrears, and if a bailiff has been used in the collection efforts. For those properties that are owned by an individual (as opposed to a corporation) the listing is submitted *in camera* in accordance with privacy legislation. (Re: Clause 2 of Administration Committee Report No. 19 as adopted by Council at its meeting held October 3, 4, 5, 6, 10, 11 and 12, 2000; and, Clause 34 of Administration Committee Report No. 9 as adopted by Council at its meeting held November 30, December 1 and 2, 2004) and Clause GM3.16 as approved by Council at its meetings held on January 31, February 1 and 2, 2006.

The above mentioned reports can be viewed online using the website addresses provided below:

<http://www.toronto.ca/legdocs/2000/agendas/council/cc/cc001003/adm19rpt/cl002.pdf>

<http://www.toronto.ca/taxes/pdf/debtorsreport.pdf>

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060131/adm1rpt/cl018.pdf>

In addition, Council has previously approved procedures to be followed in cases where properties with tax arrears are known or suspected to be affected by environmental contamination, including the registration of a Tax Arrears Certificate against title to the property (re: Clause No. 18 (d) of Administration Committee Report No. 1 entitled “Revisions to Tax Sales Process Resulting from Brownfields Legislation,” approved by Council on January 31, February 1 and 2, 2006). This report can be viewed online using the website address provided below:

<http://www.toronto.ca/legdocs/mmis/2007/gm/agendas/2007-04-12-gm03-ai.htm>

## **ISSUE BACKGROUND**

Outstanding taxes receivable continue to be monitored and acted upon in a timely manner. The largest debtor accounts continue to be a priority for collection action.

Given that property taxes form a first priority lien on the property, the City’s tax receivables are secure with little or no risk of loss. The Revenue Services Division uses both internal collection procedures (e.g. the mailing of overdue notices, telephone contact and ultimately the municipal tax sale process) and bailiffs to collect on property taxes owing. In addition, the City charges 15% interest per year on overdue taxes. Penalties are applied at a rate of 1.25% on the first day of default and at the beginning of every month thereafter.

The use of municipal tax sale proceedings, as prescribed in the *City of Toronto Act, 2006*, is an effective and proven tool for the collection of outstanding property taxes, including all accumulated penalty/interest and costs. Once property taxes are three years or more in arrears, a municipality may register a tax arrears certificate on title to the property. The debtor has one year from the date of registration of a tax arrears certificate to pay the cancellation price (the total of all unpaid taxes, all accrued penalties/interest and any costs incurred by the municipality related to the property). Failing payment within that one-year period, or the entering into of an extension agreement, the Treasurer is required to proceed to a sale of the property through a public auction or public tender.

## **COMMENTS**

Attachment 1 to this report provides a list of properties owned by corporations with outstanding taxes of \$500,000 or more as at June 30, 2007. Attachment 2 (confidential information) provides a similar listing of properties owned by individuals with outstanding taxes of \$500,000 or more as at June 30, 2007.

In total, there are 24 properties with a tax receivable balance of \$500,000 or more, representing total receivables of approximately \$26.7 million:

- 22 properties owned by corporations, with a total receivable balance of approximately \$25.0 million; and,
- 2 properties owned by individuals, with total accounts receivable of approximately \$1.7 million.

The 24 properties include:

- Five (5) contaminated properties with tax receivables totalling approximately \$8.5 million (not including one City-owned property, and including one property owned by an individual). One (1) contaminated property has arrangements approved by Council that include environmental clean-up and payment arrangements. Three (3) contaminated properties have Tax Arrears Certificates registered against the title of the property in accordance with procedures approved by Council. A Tax Arrears Certificate is expected to be registered on the remaining contaminated property by December 31, 2007.
- Five (5) properties (approximately \$6.1 million) are owned by the City, City agencies or affiliated corporations. Revenue Services staff are working with other City divisional staff representatives to resolve the outstanding taxes.

- Four (4) properties with approximately \$3.9 million in outstanding taxes/interest were billed to tenants of federally owned crown corporations. Three (3) properties are the subject of pending appeals before the Assessment Review Board, and have proposed minutes of settlement that are expected to remove all taxes billed to the tenants. Based on information received, the tenant on the remaining federally owned crown corporation is bankrupt.
- Four (4) properties with a combined balance of approximately \$3.3 million representing 2007 interim levies only (includes a small 2006 outstanding fire charge of less than \$40). Based on past experience, the total taxes billed and interest charges are expected to be paid by December 31, 2007.
- The six (6) remaining properties have an approximate outstanding balance of \$4.9 million. A Tax Arrears Certificate was registered on title of one (1) property on November 17, 2006 and the one-year period provided to owners to submit full payment has not expired. Tax Arrears Certificates are expected to be issued on three (3) properties. The one-year period has expired from the date the Tax Arrears Certificates were registered on two (2) and discussions are underway with staff from Legal Services and Facilities and Real Estate to determine when and if these properties should be sold by public tender.

Chart 1, below, compares the outstanding receivables associated with the largest debtors from June 30, 2000 to June 30, 2007.

**Chart 1: Tax Debtors Greater than \$500,000**

<b>As at June 30:</b>	<b>Outstanding Tax Account Receivables</b>	<b>Number of Accounts</b>
2000	\$69.8 million	45
2001	\$43.3 million	36
2002	\$42.1 million	31
2003	\$26.8 million	22
2004	\$25.5 million	22
2005	\$24.5 million	23
2006	\$24.4 million	21
2007	\$26.7 million	24

In summary, the June 30, 2007 tax receivable for the City's largest tax debtors has decreased by \$43.1 million when compared to the report presented to Council in June of 2000.

With respect to Confidential Attachment 2, Corporate Access & Privacy has advised that the name of an individual property owner, together with their mailing address and the amount of tax arrears, constitutes personal and financial information of the affected individual, as defined under the *Municipal Freedom of Information & Protection of Privacy Act*. Personal information is subject to the privacy provisions of that *Act* and, accordingly, the name of individual property owners and their mailing addresses may not be disclosed. Attachment 2 provides the assessed addresses of individual property owners, together with the amount of the tax arrears.

Outstanding tax receivables will continue to be monitored and acted upon in a timely manner. The largest debtor accounts continue to be a priority for collection action.

## **CONTACTS**

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## **SIGNATURE**

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Cam Weldon  
Treasurer

## **ATTACHMENTS**

Attachment 1:  
Properties with Tax Arrears Greater than \$500,000 - Owned by a Corporation

Confidential Attachment 2:  
Properties with Tax Arrears Greater than \$500,000 - Owned by an Individual