

Write-off of taxes levied in error for 118 Enderby Road

Date:	August 20, 2007
To:	Government Management Committee
From:	Treasurer
Wards:	32 (Beaches-East York)
Reference Number:	P:\2007\Internal Services\rev\gm07022rev (AFS #4951)

SUMMARY

This report seeks Council authority to write off property taxes for the City-owned property located at 118 Enderby Road. These taxes were levied from 2003 to 2005 due to an error made by the provincial Land Registry Office.

Section 319 of the *City of Toronto Act, 2006* allows the City to write off taxes without conducting a tax sale if a tax sale would be inappropriate in the circumstances or if the property is owned by the City. In this case, it is inappropriate to conduct a tax sale given that the City has continuously owned this property since 1971 and the taxes levied are the result of an error made by the provincial Land Registry Office.

RECOMMENDATIONS

The Treasurer recommends that:

1. Council approve the write off of municipal and education property taxes for the years 2003 through 2005, including accrued interest and penalties, for the City-owned property located at 118 Enderby Road; and,
2. the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

Writing off the taxes for 2003 to 2005 would result in a reduction in the municipal portion of property tax revenue, including associated interest and penalty, of \$74,010, as

shown in Table 1. The \$74,010 write-off of municipal taxes, interest and penalty will be funded from the 2007 Non Program Tax Deficiency Account. The education portion totalling \$48,096 will be recoverable from the Province.

Table 1: Outstanding Property Taxes and Accrued Interest and Penalty Charges
118 Enderby Road – taxation years 2003 to 2005
(as at September 28, 2007)

Tax Year	Total Taxes Levied			Payment Received	Outstanding Balance as at September 2007				
	Municipal	Education	Total		Municipal	Interest & Penalty	Sub-Total: Municipal + Penalty	Education	Total Outstanding
2003	\$16,143	\$16,061	\$32,204	\$0	\$16,143	\$8,276	\$24,419	\$16,061	\$40,480
2004	\$16,354	\$16,042	\$32,396	\$0	\$16,354	\$8,324	\$24,678	\$16,042	\$40,720
2005	\$16,553	\$15,993	\$32,546	\$0	\$16,553	\$8,360	\$24,913	\$15,993	\$40,906
Total	\$49,050	\$48,096	\$97,146	\$0	\$49,050	\$24,960	\$74,010	\$48,096	\$122,106

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

COMMENTS

The property located at 118 Enderby Road has been continuously owned by the City of Toronto since 1971 and is exempt from taxation. The property is comprised of a lot area of 2,026 square metres. The former Metropolitan Toronto acquired the property in 1971 in connection with the Scarborough Transportation Corridor project. The property was previously occupied by Facilities Operations Maintenance staff. In 2002, the property was jurisdictionally transferred to Children's Services for the development of a child care facility. Effective November 1, 2006, the property was leased to Woodgreen Community Services for the operation of a day care centre.

In 2003, the Provincial Land Registry Office registered a change of title to this property to a private numbered company in error. In 2005, the Municipal Property Assessment Corporation (MPAC) issued omitted assessments for 2003, 2004 and 2005 converting this property from exempt to taxable, reflecting the ownership by a taxable business corporation. The City must levy taxes based on the assessments as returned by MPAC. In November 2005, the City of Toronto issued tax bills based on the 2003, 2004 and 2005 omitted assessments to the numbered company at the mailing address returned on the omitted assessment roll.

Normally, errors on the assessment roll are corrected by property owners by filing an appeal with the Assessment Review Board or a Request for Reconsideration with MPAC. The City, as the property owner, was not aware that MPAC had changed the assessment for 118 Enderby Road from exempt to taxable because the omitted assessments and resulting tax bills were mailed to the numbered company. Therefore, the City did not file appeals to have the assessment corrected. In November 2006, City staff discovered the error by the Land Registry Office. The Land Registry Office was notified and

retroactively changed the title to the property back to the City of Toronto. MPAC was also notified and is correcting the error for 2006 and 2007.

The deadline to appeal the assessments for 2003 to 2005 have expired. Therefore, the only way to cancel the taxes levied for the 2003 to 2005 tax years is through a tax write-off under Section 319 (4) (a) or (b) of the *City of Toronto Act, 2006*. Under this section, Council may approve the write off of taxes as uncollectible on the treasurer's recommendation if (a) the property is owned by a municipality, or (b) the treasurer provides a written explanation of why conducting a tax sale would be ineffective or inappropriate.

In this case, it is inappropriate to conduct a tax sale as the City has continuously owned this property since 1971 and the taxes levied are the result of an error made by the provincial Land Registry Office. In the Treasurer's opinion the 2003 to 2005 taxes on 118 Enderby Road are uncollectible because the taxes should not have been levied, given that the property was owned by the City and therefore exempt from taxation during this period.

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SIGNATURE

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