



**STAFF REPORT  
INFORMATION ONLY  
with Confidential Attachment**

**Largest Property Tax Debtors with Tax Arrears Greater than \$500,000 as at December 31, 2008**

<b>Date:</b>	March 27, 2009
<b>To:</b>	Government Management Committee
<b>From:</b>	Acting 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:\2009\Internal Services\rev\gm09012rev (AFS#9509)

**SUMMARY**

---

To provide information on property tax accounts with outstanding receivables of \$500,000 or more as at December 31, 2008.

This report contains three attachments:

- a) Attachment 1 is public information, and lists properties owned by a corporation with tax arrears of \$500,000 or more;
- b) 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; and,
- c) Attachment 3 identifies the tax receivable as at December 31, 2008.

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 arising from this report.

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

---

## **DECISION HISTORY**

In accordance with previous Council directives, the Treasurer reports to 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 whether a bailiff has been used in 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.

To view these previous Council decisions and reports online please follow the links below:

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

<http://www.toronto.ca/legdocs/2004/agendas/council/cc041130/adm9rpt/cl034.pdf>

<http://www.toronto.ca/legdocs/mmis/2007/gm/reports/2007-04-12-gm03-cr.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. To view this report online, please follow the link:

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

## **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 realty 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 the municipal tax sale proceedings, as prescribed in the *City of Toronto Act, 2006*, is a very effective and proven tool in 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 December 31, 2008. Attachment 2 (confidential information) provides a similar list containing a single property owned by an individual with outstanding taxes of more than \$500,000 as at December 31, 2008.

In total, there are 18 properties with a tax receivable balance of \$500,000 or more, representing total receivables of approximately \$20.2 million:

- 17 properties owned by corporations, with a total receivable balance of approximately \$19.4 million; and,
- 1 property owned by an individual, with total accounts receivable of approximately \$0.8 million.

The 18 properties include:

- Three (3) contaminated properties with tax receivables totalling approximately \$5.6 million (not including one City-owned property, and including one property owned by an individual). Of these three, one property has arrangements approved by Council that include environmental clean-up and payment arrangements. In the fall of 2008, one of these properties was included in a “Sale of Land by Public Tender”; however, there were no qualified tenders submitted. The remaining contaminated property has a Tax Arrears Certificate registered against the title to the property in accordance with procedures previously approved by Council.
- One (1) property owned by TEDCO at 242 Cherry Street is contaminated. Over the years, TEDCO had made payments up to March 2008 equivalent to the current year’s payment instalments; however in accordance with legislative requirements, the payment instalments were applied to the account’s oldest outstanding receivables. Assessment appeals are pending for the 2003-2007 taxation years, and once resolved, are expect to reduce or eliminate arrears from earlier years.
- Four (4) properties with approximately \$3.9 million in outstanding taxes/interest were billed to tenants of federally owned crown corporations. One (1) property is the subject of pending appeals before the Assessment Review Board, and has proposed minutes of settlement that are expected to remove all taxes billed to the tenants. Revenue Services staff are working with other City divisional staff representatives to resolve the outstanding taxes on two properties (1133 Sheppard

Avenue West and 39 John Street). The remaining one (1) property is under long term lease to the Toronto Convention Centre, and will likely be determined to be exempt from taxation.

- The ten (10) remaining properties have an approximate outstanding balance of \$9.0 million. Tax Arrears Certificates have already been registered on title to five (5) of these properties. Three of the above accounts are for various commercial condominium units for a single property (222 Spadina Ave.), with combined arrears totalling \$2.3 million. Of the remaining five (5) properties, one (1) property is the subject of an on-going court proceeding seeking tax relief for a portion of the building, one (1) account is currently with the bailiff, one (1) account has been mailed a Final Notice advising of pending bailiff action, one (1) property is owned by the Toronto Port Authority and one (1) property taxes were paid in full on February 3, 2009.

Table 1, below, compares the outstanding receivables associated with the largest debtors from December 31, 2000 to December 31, 2008.

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

<b>As at December 31:</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	\$30.0 million	24
2008	\$20.2 million	18

In aggregate, the December 31, 2008 tax receivable for the City's largest tax debtors has decreased by \$49.6 million when compared to the first report presented to Council in December 31, 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.

### **Taxes Receivable as at December 31, 2008**

The City bills approximately \$5.2 billion in property taxes for municipal and school purposes each year, of which approximately \$3.3 billion is for municipal purposes. Most property owners pay their taxes on time, with approximately 96% of the total taxes levied each year being paid within the year the taxes are billed.

Attachment 3 identifies outstanding tax receivables as at December 31, 2008 with comparable tax receivables for tax years 2005 to 2007 inclusive.

The outstanding tax receivables as at December 31, 2008 was \$219.2 million, representing an increase of \$14.3 million (or 7.0%) as compared to December 31, 2007. This is likely due to the declining economic conditions experienced in 2008.

### **CONTACT**

Casey Brendon, Acting Director, Revenue Services Division  
Telephone: 416-392-8065, Fax: 416-696-3778, [cbrendo@toronto.ca](mailto:cbrendo@toronto.ca)

Nick Naddeo, Manager, Revenue Accounting/Collections, Revenue Services Division  
Telephone: 416-395-6789, Fax: 416-395-6703, [nnaddeo@toronto.ca](mailto:nnaddeo@toronto.ca)

### **SIGNATURE**

---

Giuliana Carbone  
Acting Treasurer

### **ATTACHMENTS**

Attachment 1: Properties with Tax Arrears Greater than \$500,000 - Owned by a Corporation as at December 31, 2008

Confidential Attachment 2: Properties with Tax Arrears Greater than \$500,000 - Owned by an Individual as at December 31, 2008

Attachment 3: Summary of Tax Receivables as at December 31, 2008, Compared to December 31 Tax Receivables for Years 2005 - 2007