



**STAFF REPORT
INFORMATION ONLY
with Confidential Attachment**

Largest Property Tax Debtors with Tax Arrears Greater than \$500,000 as at June 30, 2009

Date:	October 28, 2009
To:	Government Management Committee
From:	Treasurer
Wards:	All
Reason for Confidential Information:	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.
Reference Number:	P:\2009\Internal Services\rev\gm09030rev (AFS#10656)

SUMMARY

To provide information on property tax accounts with outstanding receivables of \$500,000 or more as at June 30, 2009.

This report contains two attachments:

- a) Attachment 1 is public information, and lists properties owned by a corporation with tax arrears of \$500,000 or more; and
- 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.

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 20 properties owned by corporations with outstanding taxes of \$500,000 or more as at June 30, 2009. Attachment 2 (confidential information) provides a similar list containing a single property owned by individual with outstanding taxes of more than \$500,000 as at June 30, 2009.

In total, there are 21 properties with a tax receivable balance of \$500,000 or more, representing total receivables of approximately \$24.1 million:

- 20 properties owned by corporations, with a total receivable balance of approximately \$23.2 million; and,
- 1 properties owned by an individual, with total accounts receivable of approximately \$0.9 million.

The 21 properties include:

- Three (3) contaminated properties with tax receivables totalling approximately \$5.8 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 is contaminated with tax receivables totalling approximately \$1.6 million. 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 payments were applied to the accounts oldest outstanding receivables. Assessment appeals are pending for the 2003-2007 taxation years, and once resolved, are expected to reduce or eliminate arrears from earlier years.

- Four (4) properties with approximately \$4.0 million in outstanding taxes/interest were billed to a provincial agency or to tenants of federally owned crown corporations. One (1) provincially-owned property is the subject of pending appeals before the Assessment Review Board, and has proposed minutes of settlement that are expected to reduce or eliminate the outstanding taxes. Revenue Services staff are working with Legal Services and other City divisional staff representatives to resolve the outstanding taxes on two (2) other federally-owned properties. The remaining one (1) property is under long term lease to the Toronto Convention Centre. The Municipal Property Assessment Corporation, in consultation with Legal Services Division, is currently reviewing this property to determine whether it is exempt from taxation under the *Metropolitan Toronto Convention Centre Act*.
- The thirteen (13) remaining properties have a total outstanding balance of approximately \$12.7 million. The following provides a brief description of these properties.
 - Tax Arrears Certificates have already been registered on title to five (5) of these properties. Three (3) of these are for various commercial condominium units within a single property. The combined arrears for the five (5) properties with tax certificates already registered total \$5.6 million.
 - 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, and one (1) account has been mailed a Final Notice advising of pending bailiff action.
 - One (1) property owned by the Toronto Port Authority is the subject of ongoing discussions between representatives of the Toronto Port Authority, the Municipal Property Assessment Corporation and City Staff.
 - One (1) property is the subject of assessment appeals and an application to the Superior Court of Justice on the grounds that the property should be exempt. Both the former and current owner have been notified of the outstanding balance. The outcome of the pending appeals and/or the court application may affect the amount billed in those years.
 - On the remaining three (3) properties, one (1) property has secured payment arrangements; one (1) property has been sold under the Power of Sale by the private lender and all taxes and penalties have been paid in full; and one (1) provincially owned property has submitted a payment sufficient to cover the total outstanding taxes/interest included in this report of approximately \$0.989 million plus a significant portion of the 2009 final taxes levy was received in July 2009.

Table 1, below, compares the outstanding receivables associated with the largest debtors from June 30, 2000 to June 30, 2009.

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

As at June 30:	Outstanding Tax Account Receivables	Number of Accounts
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
2008	\$26.8 million	21
2009	\$24.1 million	21

In aggregate, the June 30, 2009 tax receivable for the City's largest tax debtors has decreased by \$45.7 million when compared to the first report presented to Council in June 30, 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 address of the individual property owner, together with the amount of the tax arrears.

This report identifies a total of 21 properties with outstanding taxes of \$500,000 or more as at June 30, 2009. As of October 23, 2009, when this report was finalized, 3 of the properties identified in this report have remitted payment in full for the tax amounts

owing, and so will be removed from future reports. 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.

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SIGNATURE

Giuliana Carbone
Treasurer

ATTACHMENTS

Attachment 1: Properties with Tax Arrears Greater than \$500,000 - Owned by a Corporation as at June 30, 2009

Confidential Attachment 2: Properties with Tax Arrears Greater than \$500,000 – Owned by an Individual as at June 30, 2009