



The Corporation of the
City of Sault Ste. Marie

COUNCIL REPORT

February 3, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Shelley J. Schell, CPA, CA Chief Financial Officer &
Treasurer
DEPARTMENT: Corporate Services
RE: Tax Sale Procedure Update and Delegated Authority

Purpose

The purpose of this report is to update Council on the process for the registration of tax arrears certificates, and to request the delegation of authority to enter into extension agreements after the registration of the tax arrears certificate and for other tax adjustments.

Background

The Municipal Act, 2001 sets out various sections regarding tax sales and tax write-offs. The sections below relate to this report.

Section 373(1) states that the municipality's Treasurer, unless otherwise directed by the municipality, may prepare and register a tax arrears certificate against the title to that land.

Section 378 provides that after registering a tax arrears certificate and before the expiry of one year following the date of registration, a municipality may authorize an extension agreement. Council may delegate their authority to enter into an extension agreement to extend the time before a tax sale occurs.

Section 357 allows the taxpayer, through an application to the Treasurer, to submit an application to cancel, reduce or refund all or part of the taxes levied on the the land in the year in respect of which the application is made as a result of a use change, damage to a property rendering it partially or totally unusable, or gross or manifest error that is clerical in nature.

Section 358 allows the taxpayer, through an application to the Treasurer, to appeal an assessment as supplied by the Municipal Property Assessment Corporation (MPAC) that they believe has been overcharged due to gross or manifest clerical error on the part of MPAC. They may appeal the current plus the prior two years in which the application is made.

Section 359 allows for appeals to increase taxes levied that are believed to be undercharged because of a gross or manifest error as confirmed by MPAC

Analysis

Historically, Council's approval has been sought to register all tax arrears certificates. Under section 373(1), the Treasurer can do this unless otherwise directed by the municipality. There is no direction to override the Treasurer's authority to register all tax arrears certificates.

Most properties with a registered tax arrears certificate are paid in full and never get to a tax sale position. Listing properties eligible for registration and seeking approval in a public meeting does not afford these taxpayers the privacy of their financial and personal circumstances. In addition, the list has been misconstrued as tax sale properties. This has led to many calls and emails requiring significant staff time. There have also been complaints from property owners on the list of individuals driving by and inspecting their property, sometimes even entering it.

Staff is advising Council that section 373(1) will be followed unless Council provides a direction otherwise. This will mitigate the concerns noted.

Staff is also requesting that Council delegate the authority to the Treasurer to enter into an extension agreement under section 378. By delegating the authority, staff will be able to work with property owners and expedite payment on tax arrears with the goal of stopping the tax sale process. It will also allow property owners some privacy regarding these matters.

The last extension agreement approved in an open Council meeting was in 2019. Though its use has been rare, staff anticipate a possible increase with the transition from a three-year arrears to a two-year arrears requirement for starting the tax sale process on January 1, 2025.

Staff also seek delegated authority to adjust property taxes under sections 357, 358, and 359. The delegation will enhance the timeliness of service delivery as taxpayers applying for the adjustments will no longer have to wait until a Council meeting to receive their adjustment. These sections are commonly delegated to staff in many municipalities. The delegation would be to the Treasurer or designate.

It should also be noted that current Council involvement in this process generally serves as a final step for staff recommendations, and typically, no adjustments are made to the recommendations. Staff are required to follow strict, legislated criteria for applications allowed under the Act. Calculations for any adjustments required are based on assessment changes provided by MPAC. There is little room for interpretation with the applications under these sections.

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The requirement of the Act to hold meetings where applicants may make representations regarding the application can be satisfied by staff. Notification to applicants of the decision, responding to questions, and discussion of disagreements already occur with staff. Further, if the applicant's dispute with the decision cannot be resolved, the applicant still has a final avenue of appeal available through the Assessment Review Board.

Financial Implications

There are no financial impacts from the tax processes and delegations.

Strategic Plan / Policy Impact / Climate Impact

The delegation of authority on the various tax processes is directly related to Focus Area 4: Service Delivery, Customer Service as it provides timely resolutions of tax appeals and fair treatment of all taxpayers.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Chief Financial Officer and Treasurer dated February 3, 2025 concerning tax sales procedure update and delegated authority be received as information.

The relevant By-law 2025-22 is listed under item 12 of the Agenda and will be read with all by-laws under that item.

Respectfully submitted,

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