



Presented To:	City Council
Presented:	Tuesday, Oct 08, 2013
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Type:	Managers' Reports

Request for Decision

Write-off of Property Taxes at 1014 Highway 17 East in the City of Greater Sudbury

Recommendation

That the City of Greater Sudbury write off property tax arrears at 1014 Highway 17 East in the amount of \$94,413.46 in accordance with Section 354 of the Municipal Act. This amount has been allowed for in the City's allowance for doubtful accounts and will have no impact on the 2013 budget.

Purpose

The purpose of this report is to seek direction from City Council regarding the property tax arrears at 1014 Hwy 17 East in the City of Greater Sudbury.

Background

The subject property is a former gas station measuring approximately one acre in size and is Zoned C-2 General Commercial. The property has a long history of property tax arrears and has been abandoned by the owner. On September 27, 2012, the property was part of a public tax sale under the authority of the Municipal Act and no bids were received.

To date, the property tax arrears remain as follows:

Taxes	\$51,801.48
Penalty/Interest	<u>\$42,611.98</u>
Total	\$94,413.46

The amount of \$94,413.46 has been allowed for in the City's allowance for doubtful accounts.

New Developments

The property owner has agreed to transfer the property to a proposed purchaser in return for consideration of \$1,000.00 with the cost of property transfer to be borne by the purchaser.

Signed By

Report Prepared By

Tony Derro
 Manager of Taxation
Digitally Signed Sep 24, 13

Recommended by the Department

Lorella Hayes
 Chief Financial Officer/City Treasurer
Digitally Signed Oct 1, 13

Recommended by the C.A.O.

Doug Nadorozny
 Chief Administrative Officer
Digitally Signed Oct 1, 13

The purchaser has agreed to accept the transfer of title to the property, conditional upon the City of Greater Sudbury accepting payment in the amount of \$5,000.00 towards the property taxes and writing off the remaining balance. In return, the purchaser intends to conduct an environmental clean up of the property and provide a letter of credit in the amount of \$50,000.00 to the City as a guarantee the property will be remediated. The letter of credit will be released when the remediation has been completed to an acceptable standard.

City Council's authority to write off the property taxes can be found in Section 354 of the Municipal Act, an excerpt of which states as follows:

**2. The treasurer of a local municipality shall remove unpaid taxes from the tax roll if,
(a) The council of the local municipality, on the recommendation of the treasurer, writes off the taxes as uncollectible;**

As well, Section 354 (3) reads:

A local municipality may only write off taxes under clause (2) (a) after an unsuccessful tax sale under Part XI and may at that point write off the taxes whether or not the property vests in the municipality under that part.

Recommendation

Finance staff is recommending that City Council allow this proposal to go forward and once the conditions of the transaction are met, Finance staff will write off the property taxes.