



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: May 25, 2020

Report No: CORS-023-20

Subject: Tax Write-off under Section 354 of the *Municipal Act, 2001*

Recommendation: **That the tax write-offs, under Section 354 of the *Municipal Act*, in the amount of \$8,280.04 be approved.**

REPORT

Background

Where the Treasurer ascertains that certain taxes are uncollectable, the Treasurer shall, under the provisions of Section 354 of the *Municipal Act*, recommend to Council that such outstanding taxes be removed from the Roll, and that Council direct the Treasurer to write-off the taxes as uncollectable. All of the related conditions outlined in Section 354 must be satisfied in order for the Treasurer and Council to make such a determination.

Discussion

1. Builder vs. Unit Owner Write-offs

A supplementary tax notice was issued (during 2019) to the property situated at 1200-1210 Main Street (roll number 090.100.57295) under the builder's name pertaining to taxation years 2018 and 2019. This supplementary tax notice was issued in a lump sum to account for structure/building value for all units that were occupied.

The Municipal Property Assessment Corporation (MPAC) issued the same supplementary notices directly to the individual unit owners in error, which resulted in a duplication of taxes billed for the 2019 taxation year. The individual properties affected are listed below:



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Roll#	Address	Total Billed	Town Portion
090.100.57864	1200 Main Street Unit 101	\$1,158.58	\$420.00
090.100.57875	1200 Main Street Unit 206	\$1,385.72	\$502.34
090.100.57876	1200 Main Street Unit 107	\$1,345.21	\$487.65
090.100.57943	1206 Main Street Unit 209	\$1,404.22	\$509.05
090.100.57944	1206 Main Street Unit 101	\$1,352.18	\$490.18
090.100.57951	1206 Main Street Unit 204	\$1,394.13	\$505.39
		\$8,040.04	\$2,914.61

Section 354 requires an unsuccessful tax sale under Park XI of the Act to occur prior to the write off of the uncollectible amount, unless certain conditions are met. For the properties above, these conditions are satisfied through Section 354 4(b) as a tax sale process would be an inappropriate method of resolving a duplication in billing.

2. Accounts Receivable Transferred to Tax Write-offs

In addition to the above, separate write-offs are recommended for charges that were added to the tax roll in relation to the Town's accounts receivable collection process in 2020. Section 398 of the *Municipal Act, 2001* allows for municipalities to add fees and charges to the tax roll and collect them as taxes when certain conditions are met. The Town of Milton uses this option as one of its tax collection tools once other collection methods have proven unsuccessful.

In addition to the outstanding accounts receivable balance, a fee of \$170 is also added to the tax roll in accordance with Schedule H of the Town's user fee by-law 071-2019. This charge was determined through the most recent comprehensive user fee study (approved through CORS-047-16), and is reflective of the costs that the Town incurs (inclusive of staff time) in administering the collection process and transferring the balance outstanding to property taxes.

The amount of the outstanding accounts receivable balance transferred to tax can vary greatly (from under \$100 to thousands). Of the Town charges added to the tax roll, the largest volumes are in fire prevention fees and property standards enforcement. For smaller dollar value charges, concern has been raised with respect to the size of the \$170 fee relative to the original balance outstanding.



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Although the \$170 is reflective of the efforts involved in the collection process, staff are recommending the introduction of tiered fee structure such that for any balances that are transferred to tax that are below \$500 (including accrued interest), a fee of \$50 will be imposed. For any balances that are transferred at \$500 or greater, the \$170 charge would continue to be applied. A similar adjustment would also be made in the Town's user fee for accounts receivable balances that are transferred to a collection agency.

A formal recommendation to amend the user fee by-law will be made as part of the next schedule update to that by-law (expected in the summer of 2020). In the meantime, through CORS-023-20 staff are recommending write-offs of \$120 for each of the two properties for which accounts receivable balances under \$500 were transferred to property taxes in the year 2020.

Roll #	Write-off Value*
010.001.55529	\$120
090.100.25285	\$120
Total	\$240

* Write-off value is entirely related to the Town portion of the tax bill and represents the difference between the existing \$170 charge and the \$50 proposed charge.

Similar to the write-offs recommended above, Section 354 4(b) is applicable as a tax sale process would be an inappropriate method of resolving the situation described herein.

As the Town has suspended the transfer of accounts receivable balances to either collection agency or property taxes during COVID-19, the update to the user fee by-law is expected in advance of any further charges being applied that may have required similar consideration otherwise.

Financial Impact

Subject to Council approval, the supplemental property taxes that were billed to the individual unit owners will be written off as well as the \$120 amounts for the other two properties. The property owners will retain the credit on their account in the value of any payments that were made against these amounts. Each property owner will be notified by mail with the results of the credit adjustment. Where applicable, the Region and School board's proportionate shares of property tax revenue collection will be adjusted to reflect the write off.

Should the proposed two-tier structure for the Town's user fee related to accounts receivable transfer to either property taxes or collection agency be approved, the Town can expect a reduction of \$120 in revenue for each related transaction going forward. Based on the volume of transfers that occurred in 2018 & 2019, and subject to the success



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of collection agency efforts, an annual revenue loss of approximately \$4,500 can be expected.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Brandi Schiele, Assessment Phone: 905 878-7252
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Attachments
None

CAO Approval
Andrew M. Siltala
Chief Administrative Officer