



Committee of the Whole Report For the Meeting of July 2, 2020

To: Committee of the Whole
From: Chris Coates, City Clerk
Subject: Tax Sale Process – COVID-19

Date: June 16, 2020

RECOMMENDATION

That Council direct staff to bring forward Tax Sale Deferral Bylaw to the July 9, 2020 Council meeting for introductory readings and adoption.

EXECUTIVE SUMMARY

Local Governments are required to hold annual tax sales on the last Monday in September each year for any properties that have three years of taxes owing. The tax sale process is regulated under sections 645-672 of the *Local Government Act*. After a property is sold for taxes, the registered owner may redeem it within the subsequent one-year redemption period prescribed in the legislation.

On May 15, 2020, The Minister of Public Safety and Solicitor General approved Ministerial Order M159 that contains the Local Government Finance (COVID-19) Order attached as Appendix A. Among the Order's regulations, is the ability to waive the holding of the 2020 tax sale and to extend the redemption period for properties sold for taxes during the 2019 tax sale.

Consistent with Council's direction in relation to bringing forward tools to alleviate financial burden on tax payers due to the COVID-19 pandemic, staff are proposing that Council consider waiving the 2020 tax sale and extending the redemption period for any properties that were sold for taxes in 2019 that have yet to be redeemed, for one year in accordance with the Ministerial Order. To achieve that result, the draft Bylaw attached as Appendix B would implement these changes for 2020. In order to have effect, a bylaw must be adopted by August 31st this year. It is important to note that the costs are not relieved but rather would be moved a further year forward without the accumulation of penalties and fees that are required to be added when a property actually goes to tax sale. In the case of a 2019 property sold for taxes, this approach would provide the property owner a further year to redeem the property.

Related to this, Council has extended the due date for residential properties to August 4, 2020 and the Province has delayed the penalty addition date for Commercial properties to October 1, 2020. The Alternative Tax Collection Scheme Bylaw adopted by Council, staggered the additions of the mandatory 10% penalty to 2% for each month for the 5 months following the due date for residential properties, and 6%, 2% and 2% for commercial properties in the 3 months following the penalty date. The result of these extensions could be that the taxes may not be paid before the tax sale took place if it were held this year, resulting in a property going to tax sale ahead of the final payment date to avoid a penalty.

Respectfully submitted,



Jennifer Lockhart
Manager of Revenue



Chris Coates
City Clerk



Susanne Thompson
Deputy City Manager/CFO



Report accepted and recommended by the City Manager: _____

Date: June 23, 2020

List of Attachments:

Attachment A – Ministerial Order M159

Attachment B – Draft Tax Sale Deferral Bylaw