

STAFF REPORT TO COUNCIL

1100 Patricia Blvd. | Prince George, BC, Canada V2L 3V9 | www.princegeorge.ca

DATE: July 14, 2020

TO: MAYOR AND COUNCIL

NAME AND TITLE: Kris Dalio, Director of Finance

SUBJECT: 2020 Tax Sale Deferral Bylaw No. 9142

ATTACHMENT(S): None

RECOMMENDATION(S):

That Council:

1. GIVES FIRST THREE READINGS to “City of Prince George Tax Sale Deferral Bylaw No. 9142, 2020”; and
2. GRANTS FINAL READING AND ADOPTION to “City of Prince George Tax Sale Deferral Bylaw No. 9142, 2020”.

PURPOSE:

This report has been prepared to recommend the deferral of the 2020 tax sale for Council’s consideration and approval.

POLICY/REGULATORY ANALYSIS:

On May 15, 2020, the Minister of Public Safety and the Solicitor General, under the Emergency Program Act, passed Ministerial Order No. M159. This order enables municipalities, by bylaw, to delay the statutory date of property tax sales and/or redemption by one year. A municipality may choose to delay neither, one, or both the tax sale and redemption. Any delinquent taxes would remain delinquent for 2021, with the applicable interest charges.

The delay of the tax sale and extension of the redemption period may be done by a single bylaw, or by two separate bylaws (one for tax sale and the other for redemption). A municipality cannot single out individual properties for delay of tax sale or extension of the redemption period. The municipality must provide this to all eligible properties or to none.

If a bylaw is not adopted in accordance with the terms of the order, the municipality must proceed with the 2020 tax sale in accordance with the *Local Government Act*, and redemption period for the 2019 tax sale will end in September 2020.

FINANCIAL CONSIDERATIONS:

The total delinquent taxes on the parcels currently proceeding to tax sale is \$941,771. Staff continue collection efforts up to the tax sale auction which significantly reduces the number of properties that advance to auction. If the 2020 tax sale is delayed, the incentive for people to pay the delinquent portion of their properties will not be there. Assuming no collection of those

delinquent funds, one year's interest on that amount is estimated to be \$6,000. This amount is not deemed material given the other considerations below.

OTHER CONSIDERATIONS:

The City must offer for sale by public auction every parcel with unpaid taxes that have been delinquent for a period of two years. For 2020, unpaid taxes levied in 2017 on parcels meet that criterion and would normally be subject to the tax sale process.

While the approximately 360 parcels currently proceeding to the 2020 tax sale did not become delinquent as a result of the current COVID-19 pandemic, the owners' ability to pay sufficient delinquent property taxes to avert the tax sale may be further hampered by its effects.

As per Section 645 of the *Local Government Act*, the annual tax sale takes place at 10am, on the last Monday in September, in Council Chambers. Over the past five years, an average of 11 properties have sold at the auction annually. Maintaining physical distancing between available seats in the Council Chambers limits capacity to 11 people. There is currently no authority under the *Community Charter* to allow for telephone or Internet based bidders. If the number of participants is limited to this capacity, or even if employing additional rooms or electronic bidding were options, there could still be a negative impact on attendance and the fair value of bids. As a result, the delinquent owners may suffer significant financial damage, which could lead to legal challenges to the tax sale process, and possibly the overturning of a sale.

Ministerial Order No. M159 also provides Council with the authority to extend the redemption deadline for properties which were auctioned during the 2019 tax sale. Administration is not in favour of this extension as successful bidders from the 2019 auction expected to either be repaid with interest for a period up to one year or to take possession of the property at the one year point. A one year extension changes the terms of the tax sale for the successful bidder and some may feel they have been forcibly required to wait for a second year before receiving their funds or the property.

SUMMARY AND CONCLUSION:

In the interest of conducting a safe, fair and open tax sale auction, Administration recommends adoption of Bylaw No. 9142 to delay the 2020 tax sale by one year.

RESPECTFULLY SUBMITTED:

Kris Dalio, Director of Finance

APPROVED:

Kathleen Soltis, City Manager

Meeting Date: 2020/07/27