



INFORMATION ONLY COUNCIL REPORT
Financial Services
For the October 8, 2019 Council Meeting

DATE: September 30, 2019
TO: Paul Gipps, CAO
FROM: Lisa Siavashi, Financial Services Manager/Deputy CFO
RE: 2019 Property Tax Sale - Results

EXECUTIVE SUMMARY:

To provide Council with an update on the 2019 Annual Property Tax Sale

BACKGROUND:

The *Community Charter* and *Local Government Act* require an Annual Property Tax Sale to be held on the last Monday of September involving any properties that have three years of unpaid property taxes.

As of August 13th of this year, outstanding taxes amounted to \$4,031,771 of which \$214,529 were “delinquent” (outstanding from 2017). Staff issued notices to the owners of 74 delinquent properties advising of the impending tax sale. By September 12th, 36 properties remained on the delinquent list and were advertised in the local paper as required by the *Local Government Act*.

By 10:00 a.m. on Monday, September 30th, the appointed time for the annual tax sale, 5 properties remained with delinquent taxes outstanding and were offered for sale by auction. 5 mobile homes remained with delinquent taxes (total delinquent of \$1,117, total outstanding of \$2,710). It is not recommended to sell these properties at tax sale, but instead they will have liens registered on the mobile homes. Approximately 10 members of the public attended the tax sale, with 2 different bidders purchasing all of the available properties. The total value of the purchase prices for the 5 properties was \$510,000 with \$50,178.24 paying off outstanding taxes and tax sale costs and \$459,821.76 (tax sale surplus) being held in trust pending the final outcome of the tax sale proceedings. The City of West Kelowna was not deemed purchaser for any of the properties.

Within 4 days of the tax sale, the required “certificates of tax sale” will have been remitted to Land Title Office in Kamloops for registration and staff is currently in the process of sending “notices of tax sale” by registered mail to all the owners and lien holders on title. Based on historical precedent, it is expected that all 5 properties sold at tax sale will be redeemed within the one-year redemption period.

During the month of September, approximately \$380,000 in overall taxes were collected (through direct payments and the tax sale process) thereby eliminating all of the 2017 taxes (except for the

5 mobile homes), reducing 2018 arrears to \$616,778 and increasing current year tax collections to 97% of the 2019 levy. It is anticipated that the City's collection rate will reach 98% by year-end, which is in line with previous years in West Kelowna as well as collection rates in similarly sized municipalities throughout the province.

FINANCIAL IMPLICATIONS:

2017 taxes are now all collected, with the exception of \$2,710 from the mobile homes. For 2018 \$616,778 remain in taxes collectable and a further \$1,883,069 for 2019 is still outstanding as of September 30th. Interest earned on taxes in arrears is retained by CWK and accrues at a rate set quarterly by the province (currently 6.95%). Because unpaid taxes take priority over all other claims against property other than the Crown's, CWK's exposure to loss is minimal and rare.

REVIEWED AND APPROVED BY:

Warren Everton, Director of Finance/CFO
Tracey Batten, Deputy CAO/Corporate Officer
Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒

Attachment: Public Notice of Tax Sale