



Corporation of the Township of Brock

Staff Report to the Mayor and Members of Council

From: Trena DeBruijn
Position: Treasurer/Director of Finance
Title / Subject: Tax Sale Extension Agreement – Amendment to 2024 Tariff of Fees
Date of Report: November 29, 2023
Date of Meeting: December 4, 2023
Report No: 2023-FI-027

1.0 Issue / Origin

This report is recommending a new fee to be added to the Tariff of Fees Schedule for 2024, relating to recovering staff time expended in authorizing, executing and monitoring a tax sale extension agreement.

2.0 Background

When property taxes are outstanding, one of the last efforts for a municipality to recover outstanding tax arrears involves a tax registration and potential property tax sale.

Once a property has been registered for tax sale, the property owner has one year from the date of the agreement to settle the outstanding account in full. Once registered, the homeowner is required to pay the full outstanding balance and no partial payments can be made.

Notwithstanding the above, the property owner can request a property tax sale extension **before** the expiry date of the one-year period.

A municipality may enter into an extension agreement with any of the following:

- Any owner of the land
- Spouse of any owner
- Any mortgagee
- Any tenant in occupation of the land
- Any person the Treasurer is satisfied has an interest in the land

3.0 Analysis

An extension agreement “freezes the clock” on the one-year period and provides conditions that much be met for the extension agreement to remain valid. If any of the conditions/agreements are not met, it ceases to be a subsisting agreement on the day that the Treasurer notified the parties by registered mail.

If it ceases to be a subsisting agreement, the clock starts ticking again where it left off previously (i.e. the one year before expiry date).

Municipalities are **not** obligated to enter into a tax sale extension agreement.

The process of a tax sale is quite involved and requires considerable staff time (and costs). While the Township does charge a fee for tax sale registration, there is no fee currently in the Tariff of Fees for authorizing, executing and monitoring a tax sale extension.

Entering into a tax sale extension agreement is a lengthy process and will require considerable staff time. The agreement needs to be continually monitored and there may be fees involved in setting up the agreement.

Given this, it is recommended that a new fee be added to the Tariff of Fees By-Law authorizing the Township to charge a fee for authorizing, executing and monitoring a tax sale extension. From reviewing neighbouring municipalities, the fee for this appears to be approximately \$500 to \$600.

Accordingly, staff recommend that the following be added to the fees and charges Tariff of Fees as of January 1, 2024:

- Tax Sale Extension Agreement - \$550 per agreement plus any associated costs

The cost of the tax sale extension agreement is to be paid upfront, not added to the roll, as a way of ensuring that the property tax owner is committed to maintaining the conditions of the tax sale extension agreement.

4.0 Related Policies / Procedures

2024 Tariff of Fees

5.0 Financial / Budget Assessment

The fee for the tax sale extension agreement will be added to the 2024 Tariff of Fees.

5.1 Asset Management

N/A

6.0 Climate Change Impacts

N/A

7.0 Communications

N/A

8.0 Conclusion

That the 2024 Tariff of Fees be amended to include a fee of \$550 per agreement, plus associated costs, for authorizing, executing and monitoring a tax sale extension agreement.

9.0 Recommendation

That this resolution be brought forward to the Council meeting on December 4, 2023.