

CITY OF FORT SASKATCHEWAN

Public Auction of Land in Tax Arrears

Motions:

1. That Council approve the reserve bid for the property on the Tax Arrears List as outlined in Schedule "A" and as attached to the June 14, 2016 report to Council.
2. That the terms and conditions of sale for the tax arrears public auction be set as follows:
 - a) Public auction date be set for September 8, 2016 at 10:00 A.M.;
 - b) Property is sold on an "as is, where is" basis;
 - c) No warranty is made regarding the said property;
 - d) No consideration of pre-sale or post-sale conditions;
 - e) No GST will apply on sales of residential property;
 - f) Non-refundable deposit of 20% of the accepted bid at the time of sale, with the balance of the accepted bid due within 15 days of the date of sale of property; and
 - g) Payments by cash, bank draft, or certified cheque only.
3. That all costs associated with tax recovery proceedings be applied to the property's tax roll.

Background:

The City of Fort Saskatchewan has a tax recovery process in place to collect taxes on properties in arrears. This process is described in detail in Schedule "B" attached to this report.

Section 418(1) of the *Municipal Government Act* (MGA) states that each municipality must offer for sale at a public auction any parcel of land shown on its tax arrears list if the tax arrears are not paid.

Any property that is in arrears for 2 or more taxation years is eligible to become part of the tax arrears list. A tax sale via public auction is the method used by the City to recover taxes in arrears.

Section 419 of the MGA states that Council must set:

- a) for each parcel of land to be offered for sale at a public auction, a reserve bid that is as close as reasonably possible to the market value of the parcel, and
- b) any conditions that apply to the sale.

No property can be sold at less than its market value, which the reserve bid is based on. The reserve bid has been established by an independent real estate appraisal firm with designated and licensed appraisers.

To date, tax arrears remain outstanding on the property and, according to the MGA, tax recovery proceedings continue until such time as full payment of the tax arrears is received. Typically, property owners or mortgage companies will make arrangements to settle the tax arrears prior to the date of the auction. If full payment of the tax arrears is received prior to the auction date, then the property will be removed from the public auction list.

The property owner, and those parties having a registered interest as recorded on the Certificate of Title, will be notified of the impending sale. The property owner has been sent notices on a regular basis informing them of arrears outstanding, additional penalties that have been applied to their account, and encouraging them to enter into payment arrangements to avoid tax sale proceedings.

Section 553(1) of the MGA states that Council may add costs associated with tax recovery proceedings related to the property to the appropriate tax roll.

Proceeds from the sale of the property will be administered by the City and distributed according to Sections 427 and 428 of the MGA.

External Communications:

Subsequent to Council's decision, Administration will proceed with the required advertising in the Alberta Gazette and a local newspaper.

Recommendation:

That Council approve the motions as prepared and presented in this report.

Enclosures:

1. Schedule "A" – Tax Arrears List
2. Schedule "B" – Tax Recovery Process

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| Prepared by: | Grace Pesklevis Property Tax Clerk | Date: May 24, 2016 |
| Approved by: | Jeremy Emann Chief Financial Officer | Date: May 26, 2016 |
| Reviewed by: | Kelly Kloss City Manager | Date: June 8, 2016 |
| Submitted to: | City Council | Date: June 14, 2016 |