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**Item No. 09**  
**Halifax Regional Council**  
**June 21, 2016**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed by Director

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Amanda Whitewood, Director of Finance & ICT, CFO

**DATE:** May 24, 2016

**SUBJECT:** Minimum Reserve Bid Tax Sale – May 3, 2016

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### **INFORMATION REPORT**

#### **ORIGIN**

This report originates from the HRM minimum reserve bid tax sale which took place on May 3, 2016.

#### **LEGISLATIVE AUTHORITY**

##### **HRM Charter Section 158(4) states:**

(4) Where no bid is received for any land sufficient to satisfy the full amount of the taxes, interest and expenses due in respect of the land and the Municipality does not purchase the land, the Municipality may, without further notice to the owner and encumbrancers, again advertise the property and

- (a) sell it at auction for the best price that may be obtained; or
- (b) call tenders for the property and sell it for the highest tender,

and the Council may direct the Treasurer as to what constitutes an acceptable minimum bid or tender price.

##### **Administrative Order 18, The Revenue and Collections Policy section 4.2.3(h)(3) states:**

Where the property has been put up for tax sale three times in the past with no satisfactory offer staff will then proceed, as per section 158 (4) of the HRM Charter, and without further notice to the owner and encumbrances, to again advertise the property and sell it at either public auction or tender starting with the minimum reserve bid as set by Council resolution.

Any remaining arrears after the tax sale will be adjusted to the allowance for tax account (G/L 2521). Staff will then advise Council of the results, including any adjustments within 30 days of the tax sale via an information report.

**BACKGROUND**

On May 22, 2012 Council approved the above-mentioned amendment to Administrative Order 18 (sec 4.2.3(h)(3)), The Revenue and Collections Policy, with respect to tax sale action for properties taken to tax sale 3 times and received no bids.

Staff has tried 3 previous times to sell this property as listed in schedule 1 at tax sale. Taxes continue to accrue and bad debt allowances must be held against this receivable. Staff believe that it is in the best interests of all rate-payers that these tax accounts once again become active by getting parcels into interested parties' hand thereby ensuring increasing development, and ultimately revenue for HRM, rather than abandonment and unpaid tax accounts. Through this process, staff is hopeful that the properties under new ownership will become less of a collection risk, be re-capitalized or developed, which in the long run would add taxable value to future assessment rolls.

**DISCUSSION**

On May 3rd, staff held the fourteenth tax sale using the minimum reserve bid provision of Administrative Order 18. The properties offered at this tax sale are listed in schedule 1. The overall tax recovery rate for this sale was 34%. The recovery rates for the reserve bid sales previously held are summarized in the below table:

<b>Tax Sale Date</b>	<b># of Properties Sold</b>	<b>Recovery Rate</b>
July 17, 2012	18	28%
October 2, 2012	8	23%
March 12, 2013	3	8%
November 5, 2013	2	34%
March 11, 2014	2	38%
July 8, 2014	1	75%
August 19, 2014	1	9%
October 7, 2014	3	29%
December 2, 2014	5	29%
February 24, 2015	8	29%
September 8, 2015	3	80%
November 24, 2015	4	34%
January 26, 2016	1	28%
May 3, 2016	1	34%

**FINANCIAL IMPLICATIONS**

Each year the provision for losses on accounts is budgeted in the operating fund as mandated by the HRM Charter.

The HRM Charter section 93(1) – (2b) requires that:

93 (1) The Council shall make estimates of the sums that are required by the Municipality for the fiscal year.

(2) The estimates shall include the probable revenue from all sources other than taxes for the fiscal year and make due allowance for

(a) the abatement and losses that might occur in the collection of the taxes; and

(b) taxes for the current fiscal year that might not be collected.

This provision is accumulated each year in the valuation allowance account in order to offset on the balance sheet the value of the receivables recorded in the books of account. In this way, and in accordance with legislation and with generally accepted accounting practices, there is recognition that not all accounts billed will be collectible.

The amount of \$1,495 proposed for write-off in this report has been 100% provided for in the annual valuation allowance for taxes. The current allowance for taxes per g/l 2521 is \$1,999,837.

**COMMUNITY ENGAGEMENT**

N/A

**ATTACHMENTS**

Schedule 1: May 3, 2016 Minimum Reserve Bid Tax Sale Summary

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Milvena Rose, Collections Supervisor, 490-8440

Report Approved by: \_\_\_\_\_  
Jerry Blackwood, Manager of Revenue, Treasurer, 490-6470

Original Signed

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**SCHEDULE 1: May 3, 2016 Minimum Reserve Bid Tax Sale Summary**

AAN	Name	Legal Description	Taxes O/S	By-Law Chgs O/S	Expenses O/S	Interest O/S	Total Liens Due	Taxes/Liens Recovered	% Taxes/Liens Recovered	Amount for Write off	Amount to Surplus
01816683	Chester Grimm	Highway #7 Spry Harbour - Land	\$ 489	\$ -	\$ 1,073	\$ 703	\$ 2,265	\$ 770	34%	\$ 1,495	\$ -
			<b>\$489</b>	<b>\$0</b>	<b>\$1,073</b>	<b>\$703</b>	<b>\$2,265</b>	<b>\$770</b>	<b>34%</b>	<b>\$1,495</b>	<b>\$0</b>