

September 25, 2024

Heather Wood
Deputy Minister of Finance
Secretary to Treasury Board
PO Box 9417 Stn. Prov. Govt
Victoria, BC V8W 9V1

Dear Deputy Minister Wood,

RE: Burden of Delinquent Taxes

On behalf of the City of Merritt Council I am writing to highlight the impact of the *Community Charter* allowance for taxpayers to become delinquent on their property taxes over a period of three years.

Property tax arrears significantly impact the operating capability of small municipalities, which are then forced to significantly increase taxes or limit essential services.

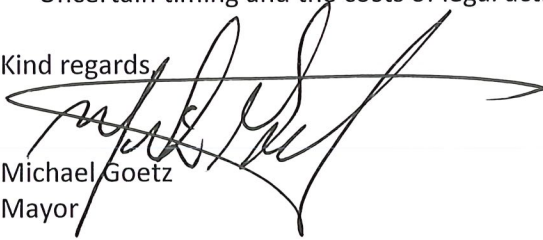
During our meeting with the Minister and staff at UBCM, it was expressed that the ministry was unaware that property owners use the strategy of paying off one year of arrears to remove the property from the tax sale and that they do this year after year to avoid paying the total outstanding amount. To help broaden the ministries understanding of this issue and the impact it has on communities, we have polled other communities and heard from over 20 municipalities across the province including, Burnaby, Prince Rupert, Township of Langley, Hope, Metchosin, Comox, Mission, Golden and Rossland. These communities all report a similar systemic issue of repeat offenders who carry balances owing on their property taxes to the detriment of the greater community. Small municipalities like the City of Merritt cannot continue to subsidize non-payment of property taxes. At year end 2023, the City of Merritt was owed \$893,711 in outstanding taxes and penalties, this equates to 8% on our tax levy. The cost to a community is compounded when you factor in the 100's of hours of staff time required to contact property owners, conduct follow up calls and serve notice of the tax sale by small Finance departments that are often operating with minimal staff and limited resources. This impact will increase significantly with the upcoming implementation of enhanced requirements for notice of tax sales that will require municipalities to bare the cost of bailiff services without the ability to recover full costs.

We request that the Provincial government review and revise the *Community Charter* to relieve this unfair burden. Following are three potential tactics:

1. Reduce the number of years a property can be in arrears on their property tax or allow municipalities to run a deficit.

2. Assign a dedicated contact for municipalities to assist in dealing with properties that have escheated to the Crown and help remove them from property tax rolls expeditiously. Currently they linger on the rolls, accumulating tax levies that will ultimately have to be written off by the Ministry.
3. Implement a province-wide, cost-effective solution for municipalities to recover taxes owed by mobile homes. While we place liens through the registry, the property still needs to be sold or moved legally. Uncertain timing and the costs of legal action make future net recovery uncertain and challenging

Kind regards,



Michael Goetz
Mayor

