

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



February 10, 2025

Dear Deputy Minister Wood,

RE: Burden of Delinquent Taxes to Municipalities

On behalf of the District of Barriere 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 and the burden on municipalities to disburse these unpaid funds to the other taxation authorities. Exasperating this burden significantly are delinquent property taxes outstanding on mobile homes in which municipalities cannot recoup using the tax sale model.

Property tax arrears significantly impact the operating capability of small municipalities, which are then forced to significantly increase taxes or limit essential services. In the case of mobile homes and without any traditional means of recouping unpaid taxes through a tax sale process due to the Local Government Act, unpaid utility fees and fines that are transferred to the outstanding property tax arrears, often remain unpaid; continuing to accumulate year over year. In these cases, the outstanding balances far surpass a debt balance manageable by the mobile home owner and even more so, far past the value of the mobile home itself. In fact, many of these mobile home values are considered a liability as the cost of their transfer or disposal exceeds any market value.

It is the District of Barriere's understanding that during a previous meeting at UBCM with the City of Merritt, 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, Merritt 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 and we'd like to add our name to this list.

Extremely small, rural municipalities like the District of Barriere cannot continue to subsidize non-payment of property taxes. At year end 2023, the District of Barriere was owed \$344,754.97 in outstanding taxes and penalties, this equates to roughly 13.5% on our total tax levy. The municipal portion of current property taxes owed by the taxpayers in the District of Barriere in 2023 totalled

\$1,012,188.00 in 2023. Therefore, the total outstanding tax amount of \$344,754.97.00 equals 34% of Barriere's billed 2023 tax revenue. 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, trying to negotiate reasonable payment plans, and serve notice of the tax sale by small Finance departments that are often operating with minimal staff and limited resources. For context, the District of Barriere's entire town hall office staff totals six (6) individuals with two (2) of those individuals in the Finance Department.

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 and Local Government Act to relieve this unfair burden. Following are four 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 system for municipalities to track outstanding property taxes owed to other jurisdictions (Regional District, School/Police/Hospital, MFA, & BC Assessment) to distribute once successfully collected by the municipality to relieve the burden on municipalities having to act as a lending agency.
4. 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, often at a cost higher than the value of the mobile home itself. Uncertain timing and costs of legal action make future net recovery uncertain, challenging and likely impossible.

Respectfully,



Scott Kershaw
Acting Mayor
District of Barriere

Cc: Ward Stamer, MLA for Kamloops North-Thompson