



# Corporate Report

NO: R283

COUNCIL DATE: November 29,

2004

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## REGULAR

TO: Mayor & Council      DATE: **November  
16, 2004**

FROM: **General  
Manager,  
Finance,  
Technology  
& HR**      FILE: 1970-17

SUBJECT: **Section 315.3 - Property Tax Write Off - Emror  
Holdings Ltd - \$174,660.96 (City Portion  
\$80,152.50)**

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## RECOMMENDATION

That Council pass a resolution requesting the Minister of Community, Aboriginal and Women's Services issue an order pursuant to Section 315.3 of the *Local Government Act*, for authorization to write off property taxes for Emror Holdings Ltd in the amount of \$174,660.96 (City portion \$80,152.50).

## BACKGROUND

The Semiahmoo Indian Band (the 'Band') with assistance from Indian and Northern Affairs Canada ('INAC') leases their land to individuals and businesses. Properties owned by the Band are exempt from property taxation. However, once the land is leased to non-band members the lands are no longer exempt as stated in Section 339 (1) (e) of the Act.

Emror Holdings Ltd.(Emror) leased the building located at 15782 – 8<sup>th</sup> Avenue from INAC and became responsible for paying annual property taxes to the City and the lease fees to the Band. Emror managed the property and sub-leased the units to several businesses including the Old Mill Restaurant.

## DISCUSSION

In 1990 Emror Holdings Ltd did not pay their property taxes. Over the next several years they made a few sporadic payments but at no time did they ever bring their account up-to-date. Similarly, they fell behind in their lease payments to the Band. In the year 2000, due to non-payment of both the property taxes and to the City and the monthly lease fees to the Band, INAC cancelled the lease with Emror Holdings Ltd.

In an attempt to recover the lost revenues, the City looked to collect the outstanding balance through a collection agency. Unfortunately, the agency's investigation revealed that the company had insufficient assets to pursue collection and that the Principals from Emror had disappeared.

The attached schedule outlines the distribution of the outstanding taxes totalling \$174,660.96, of which \$80,152.50 is the City's portion. The normal remedies available to the City for collecting outstanding taxes, such as tax sale, are not available for lands owned by the Band. Staff has exhausted all other traditional methods. The remaining balance is now considered to be uncollectable. Council may elect to apply to the Minister of Community, Aboriginal and Women's Services to write off the outstanding balance. If this election were chosen, the City would be re-imbursed for the outstanding portion of the taxes levied from and already remitted to other levels of government (\$94,508.46).

The funds required to write off these outstanding taxes were set aside in previous years as it became doubtful that the balance would be paid by Emror.

## CONCLUSION

Emror Holdings Ltd. leased the building located at 15782 – 8<sup>th</sup> Avenue from INAC and became responsible for paying annual property taxes. In 1990 Emror began to fall behind in the payment of their property taxes. In 2000 INAC cancelled their lease with Emror. The City has been unsuccessful in recovering the outstanding taxes and the Principals from the Company have disappeared.

It is recommended that Council apply to the Minister of Community, Aboriginal and Women's Services to write off the outstanding balance (\$174,660.96). This would allow the City to recover the outstanding portion of the taxes levied from and already remitted to other levels of government (\$94,508.46). There is no financial impact on 2004 expenditures.

Vivienne Wilke, CGA,  
General Manager, Finance,  
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