

*Attachment 2*  
*2004 Public Consultation – Synopsis of Tax Policy Workshop Comments*

In order to engage stakeholders towards the development of property tax policies for 2005/2006 and beyond, four public tax policy workshops were held during the summer months of 2004. These meetings were promoted by way of advertisement in community newspapers across the City, and through advertisement in the Toronto Star. Direct mailings were also made to Councillors and numerous business and industry associations. A fifth public tax policy workshop was added in late July, 2004, which included a direct mailing to approximately 540 residential ratepayers and tenant groups. A link to information on this initiative is also available on the City of Toronto's main web page at [www.toronto.ca/finance/tax\\_policies.htm](http://www.toronto.ca/finance/tax_policies.htm). Over 150 participants and stakeholder representatives attended at these workshops, representing a good cross-section of the City's taxpayers. In addition to this, staff have also had a number of meetings with interested business and industry associations.

A City staff team coordinated by the Chief Financial Officer and consisting of representatives from Corporate Finance, Revenue Services, Economic Development Culture, Planning, and Shelter, Housing and Support participated in the individual and public meetings. Senior representatives from the Ontario Ministry of Finance and the Ontario Municipal Property Assessment Corporation (MPAC) were also present at each of the meetings to observe, and assisted with questions where appropriate. The Province has indicated a willingness to consider additional or alternate measures that may be put forward by stakeholders to address specific concerns regarding the stability, fairness, flexibility and simplicity of the property tax assessment system.

The format of these meetings involved a staff presentation providing background information and highlighting the key longer-term tax policy issues. This was followed by a facilitated round-table discussion where participants were asked to consider and offer their opinions on six questions related to the key longer-term tax policy issues, which repeated Council's approved position from June 2004. A workbook summarizing the issues and questions was also provided to each participant to assist in this regard. Comments were transcribed, which participants were asked to review to ensure there were no inaccuracies. The written submissions are attached to this report.

Chart 1 on the following page captures some of the concerns and comments that were most often expressed by the public and other stakeholders.

**Chart 1 – Synopsis of Tax Policy Workshop Comments**

<b>Question:</b>	<b>Frequent Response:</b>
<b>Business Tax Competitiveness:</b>	
<p><b>Q1. Tax Rates:</b>            Toronto’s businesses pay property taxes at a rate of 4 times higher than the residential tax rate for each dollar of assessed value. This is significantly higher than in the surrounding GTA municipalities, and is partly due to the higher costs of running the City as compared with the surrounding areas.</p> <p><i>How would you suggest correcting the problem to keep business taxes in Toronto competitive?</i></p>	<ul style="list-style-type: none"> <li>• There was unanimous recognition that Toronto’s commercial, industrial and multi-residential tax ratios must be reduced.</li> <li>• Business representatives acknowledged that business tax rates will be higher than residential; most participants felt a ratio of 2 to 2.5 times residential was an appropriate target.</li> <li>• In the absence of new funding sources, participants acknowledged this would require a shift of tax burden from non-residential to residential. Other suggestions included: using ‘new deal’ money to reduce non-residential tax rates; reduce expenditures.</li> <li>• With respect to time frame to get there, business opinions ranged from immediately, to 5-10 years; residential participants also acknowledged the inequity and suggested redressing the tax imbalance over 10-20 years.</li> </ul>
<p><b>Q2. Restrictions on Business Tax Increases:</b>            The current provincial rules surrounding tax rates do not allow Toronto to pass any tax increases onto the business classes even when the City needs more money to fund its programs and services. This means that residential tax increases will always be higher than if all property classes shared in budgetary tax increases.</p> <p><i>Should all property classes in Toronto pay the same portion of any necessary tax increases, even if this means that business taxes remain higher than residential taxes?</i></p>	<ul style="list-style-type: none"> <li>• Businesses acknowledged their acceptance and willingness to pay their fair share of tax increases, but only once equity is restored in the tax ratios.</li> <li>• Majority of participants suggested that there be no non-residential tax increases until ratios reach 2-times residential or some other appropriate target.</li> </ul>

<b>Question:</b>	<b>Frequent Response:</b>
<p><b>Q3. Business Education Taxes:</b>                      The Province annually sets business education tax rates for each municipality. The rates set by the Province for Toronto are significantly higher than those set for businesses in the surrounding municipalities.</p> <p><i>Should the Province be requested to reduce the business education tax rates to that of the average for the municipalities in the GTA?</i></p>	<ul style="list-style-type: none"> <li>• Unanimous that the Province reduce Toronto’s non-residential education tax rates.</li> <li>• Time frame ranged from immediately to phasing-in the reduction recognizing they too inherited inequity in Toronto’s non-residential education tax rates.</li> </ul>
<b>Making Progress to CVA Taxation:</b>	
<p><b>Q4. Capping &amp; Clawback Mechanisms:</b>                      The current tax rules state any reassessment-related increase in taxes for businesses cannot be higher than 5%. This also means that businesses that would otherwise be entitled to a tax decrease are only allowed a small portion of the decrease, in order to pay for the protection against those business that have tax increases. Under current tax capping rules, full Current Value taxation will take many decades to achieve in Toronto.</p> <p><i>Should Toronto look at ways to accelerate the progress to full Current Value taxation, even if this means that some businesses will have to pay greater annual tax increases?</i></p>	<ul style="list-style-type: none"> <li>• Most participants felt that progress to CVA-taxation needs to be accelerated to achieve equity in taxation level between the different business property types; within 5 years was frequently suggested.</li> <li>• Some of the smaller business representatives felt that the current capping mechanism should be left in place; one suggest reducing cap to 2.5%.</li> <li>• Participants appeared indifferent to options of 10% cap on prior years tax or 5% of CVA-destination tax; suggested staff determine most appropriate option</li> <li>•</li> </ul>
<p><b>Q5. Small Businesses:</b>                      Any accelerated phase-out of the current capping mechanism may result in significant tax increases on Toronto’s small retail/strip retail businesses.</p> <p><i>Should small neighbourhood businesses pay less taxes, even if this means that other businesses, or perhaps other property classes, would pay more?</i></p>	<ul style="list-style-type: none"> <li>• This issue was most divisive with no general consensus.</li> <li>• Some participants voiced that businesses compete against one another, and that one property type should not be required to subsidize another; income taxes rather than property taxes is a more appropriate medium.</li> <li>• Others offered that neighbourhood retail contributes to the vitality of the City and are most vulnerable, and should receive some property tax relief.</li> <li>• Defining eligibility criteria was problematic.</li> </ul>

<b>Question:</b>	<b>Frequent Response:</b>
	<ul style="list-style-type: none"> <li>• Almost unanimous that, should some form of relief be provided for neighbourhood retail, however it may be defined, it be funded from the residential class and not by increasing the already high taxes on other businesses.</li> </ul>
<b>Heritage Tax Rebate Program:</b>	
<p>Q6. Toronto has not implemented a Heritage Tax Rebate Program which would allow a partial rebate of property taxes to owners of designated heritage properties, because the tax caps on commercial and industrial properties do not permit all the costs of this program to be borne by these classes, even though they would receive the most benefit.</p> <p><i>Should levy restrictions on business be amended to allow a Heritage Tax Rebate Program to be funded within the non-residential tax classes rather than requiring the residential taxpayers to cover rebates that will be paid to commercial and industrial property owners?</i></p>	<ul style="list-style-type: none"> <li>• There was a general acknowledgement that the preservation of heritage properties is important, costly and encumbering, and of the need for entitlement for some offsetting relief.</li> <li>• Mostly unanimous that the residential class is the beneficiary of heritage and culture, and should fund or contribute to the cost of any relief.</li> <li>• Unanimous that the program proceed in 2005 in the absence of any legislative change requiring funding be from within the respective benefiting class.</li> </ul>

The following persons and organizations have also provided written submissions in regards to the Tax Policy for 2005 Consultative Framework. These written submission have been distributed to Members of Council and are on file and available for viewing at the City Clerk's Office.

1. Mike Hyde, Chair Toronto Industry Network (March 24, 2004)
2. Lionel Miskin, Chairman, Property Tax Committee, Toronto Association of Business Improvement Areas (May 10, 2004)
3. Mike Chopowick, Policy Advisor, Toronto Board of Trade newsletter (July, 2004)
4. Sonny Lee, Tridel Triumph Retail Unit Representatives (July 7, 2004)
5. Marcia Cuthbert (July 9, 2004)
6. Rhona Swarbrick (July 12, 2004)
7. Max Moore, Community Commonwealth Association (July 14, 2004)
8. Luois & Donalda Badone (July 14, 2004)
9. John Scheffer, Chair, Lakeshore Village BIA (July 18, 2004)

10. You-tan Tong (July 18, 2004)
11. Sheldon Godfrey, Barrister & Solicitor (July 20, 2004)
12. Tony Stapells, President, Toronto Historical Association (July 28, 2004)
13. Daniel S. Perlitz, President, 573849 Ontario Limited (August 4, 2004)
14. Phil Gillin, The Toronto Office Coalition (August 9, 2004)
15. David Carefoot, Director, Real Estate Assessment HBC (August 11, 2004)
16. S. Michael Brooks, Executive Director, Canadian Institute of Public and Private Real Estate Companies (August 17, 2004)
17. Diana Dahnz-Jochheim, Dahnz Trade Services (August 17, 2004)
18. David Grains, David Grains Ent. Inc. (August 17, 2004)
19. Victoria Foley, President, Belladonna Communications (August 17, 2004)
20. Ian Hutson, Owner, Comden Spa (August 17, 2004)
21. Ralph T. Oosterhuis, Décor Grates Incorporated (August 17, 2004)
22. Darryl Dioso, Owner, Resource Management Solutions Group (August 17, 2004)
23. Dave Crisp, (August 17, 2004)
24. Maureen Marquardt, Executive Director, Federation of Painting and Decorating Contractors of Toronto (August 18)
25. Shane Hashemi, General Manager, The Westin Prince Hotel (August 19, 2004)
26. Rick Lustri, Senior Vice President, CNA Canadian Operations (August 19, 2004)
27. Bruce Smellie, Tenant at the Old Milltowers
28. Steven Scott, Access Self Storage
29. Vito Vacarelli, Etobicoke-York Reservation Panel
30. James Cowan, (August 23, 2004)
31. Francisco Gomez, Regional Vice President & General Manager, Fairmont Hotels and Resorts (August 23, 2004)
32. John D. Bailie, Director Public Affairs & Community Relations, Kodak Canada Inc (August 23, 2004)
33. Colm K O'Shea, V. P. General Manager, House of Horvath Inc. (August 23, 2004)
34. Jane Beecroft, President, Community History Project (August 23, 2004)
35. Wendy Hopper, Global Prime Office Network (August 24, 2004)
36. Dermot McKeown, General Manager, Radisson Admiral Toronto (August 24, 2004)
37. Gary Blokhuis, Vice Chair of Kingsway BIA, The Kingsway Friendly Merchants & Real Neighbours (August 25, 2004)
38. Mitch Patten, Aecon Group Inc (August 25, 2004)
39. Walter Oster, Pier 4 Store House Restaurant (August 25, 2004)
40. Walter Oster, Canadian National Sportsmens Shows (August 25, 2004)
41. Dan McIntyre, Program coordinator, Federation of Metro Tenants' Association (August 25, 2004)
42. Philip R. Evans, Chair, The Toronto Board of Trade (August 27, 2004)
43. Edward J.J. Scheck, Partner, Hogg Shain & Scheck LLP (August 27, 2004)
44. Gordon Dreger, Chair, Bloor-Yorkville BIA (August 27, 2004)
45. Michael B Cruickshank, York Heritage Properties (August 31, 2004)
46. Brad Butt, Executive Director, Greater Toronto Apartment Association (August 31, 2004)
47. Frank Vree, Fund SERV Inc. (August 31, 2004)
48. Robert Levitt, Ontario Tenants (August 31, 2004)
49. Douglass Jure, Vice President, Yonge- Bloor- Bay Business Association (August 31, 2004)

50. Diana Osler-Zortea, President, BOMA (Building Owners and Managers Association) Greater Toronto (August 31, 2004)
51. Phill Gillin, Chair, Toronto Office Coalition (August 31, 2004)
52. Charles Foster, Campaign Director, Tax Income Not Housing (September 3, 2004)
53. David Walsh, Owner, Carrot Common (September 3, 2004)
54. David Fleet, Poole Milligan LLP (September 3, 2004)
55. John Adams, Heritage Act, Community Bulletin (September 7, 2004)
56. Scott Valens, President, Architectural Conservancy of Ontario (September 9, 2004)
57. Jeffrey D. Steiner, President & CEO, City of Toronto Economic Development Corporation (TEDCO), (September 16, 2004)
58. Toronto Financial Services Alliance (September 16, 2004)
59. Ron Abraham, President, Toronto Real Estate Board (TREB) (September 29, 2004)
60. Mike Hyde, Chair Toronto Industry Network (October 25, 2004)