

June 25, 2007

The City of Toronto's Potential New Tax Measures

Under the *City of Toronto Act*, 2006, the City of Toronto is provided with limited taxation powers and the following possible new options were reviewed:

- Motor Vehicle Ownership
- Land Transfer Tax
- Alcohol (stores and licensees – restaurants and bars)
- Tobacco (cigarettes)
- Entertainment (movies, sporting events and live entertainment)
- Parking Lot Tax
- Billboard Tax
- Road Pricing

In March 2007, the Executive Committee directed staff to seek input from the public and provide further information and recommendations on these potential new tax measures.

Consultation Process

The City held consultations giving the public an opportunity to share their ideas and options about the possible new taxes. Public consultations were held on the following dates:

Monday, May 7- Harbourfront Centre
Tuesday, May 15- Etobicoke Collegiate Institute
Thursday, May 17- Memorial Hall, North York
Wednesday, May 23- Scarborough Civic Centre

In addition, four stakeholder meetings were also held with representatives from both business and industry. Six ward meetings were also hosted by City councillors.

New Tax Measurements Report

In response to the Executive Committee directive, the report summarizes the input collected at all consultations and makes recommendations on the City's potential new tax measurements under the City of Toronto Act.

The report recommends:

- Land Transfer Tax at the following rates:
 - 0.5% for values of consideration on sales up to and including \$55,000
 - 1.0% for values of consideration on sales exceeding \$55,000 up to and including \$250,000

- 1.5% for values of consideration on sales exceeding \$250,000
- if the value of consideration on sales exceeds \$400,000 for lands containing 1 and/or 2 single family residences, an additional 0.5% on the value exceeding \$400,000

Estimated net annual revenue \$300 million.

If adopted, to be implemented as soon as possible in 2008.

- Personal Vehicle Ownership Tax at the following rates:
 - \$60 per personal vehicle per year
 - \$30 per personal motorcycle or moped per year
 - \$0 for commercial vehicles, personal motorized snow vehicles and historical vehicles

Estimated net annual revenue \$56 million.

If adopted, to be implemented as soon as possible in 2008.

Administration & Implementation

In both instances, the DCM & CFO and City Solicitor will negotiate the necessary agreements for the collection of the taxes.

The report also requests the Province to work co-operatively with the City, as required by the City of Toronto Act, to collect the personal vehicle tax.

Where the money will go

Revenues from taxes will be applied to core municipal services and not to fund Provincial downloaded services. City Council will consider and approved allocation of funding to such services. However, portions of the new tax revenues may be directed to bridge the budget shortfall pending the long-term funding solutions from the other orders of government.

Further Recommendations:

- Further consultation on the impacts of an alcohol (stores sales to non-licensed consumers) and further consideration of a billboard tax.

Estimated net annual revenue of alcohol- \$44 million, billboard- \$3 million

- Road pricing and parking tax options may be considered in the future as part of a GTA wide strategy.
- No other taxing options are recommended.

Background information is available on http://www.toronto.ca/finance/revenue_tools.htm

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