

July 2007

Property Taxes

Property taxes pay for the services residents and business rely upon the most to ensure a safe, liveable and prosperous city.

The overwhelming majority of property tax dollars are dedicated to paying for services such as police, fire, transit, roads, waste collection and recycling, libraries, social services, emergency medical services, daycare, public health and homes for the aged.

The City's 2007 operating budget is \$7.79 billion of which \$3.2 billion comes from property taxes. Property taxes only make up 42% of the revenues needed to pay for the services the City delivers. The rest comes from the province of Ontario which pays part of the cost of delivering provincially required programs, federal government grants, user fees and the use of reserve and other funds. User fees make-up 15% of all City revenues.

The day-to-day operation of City services is paid for from the City's operating budget – the money dedicated to salaries and operating expenses such as rent, fuel, electricity, equipment, etc. The City, like everyone else, must pay the increased costs of fuel and electricity and other services when these costs rise.

Property taxes are also used to pay the cost of the interest on the City's debt. The cost of paying the interest on the City's debt is the second largest expense (after policing) that the City pays for from property taxes. The City borrows money to pay for capital projects such as roads, bridges, buildings and other facilities with long-term funding requirements.

The City's revenues for operations have not kept pace with the financial requirements of the City. A significant pressure on the City's budget continues to come from the City having to pay the cost of provincially mandated programs which are inadequately funded.

The City continues to address these issues with a long-term funding strategy that includes:

1. a source of revenue that grows with the economy, such as one cent of the Goods and Services Tax
2. new sources of revenue through new forms of taxation under the City of Toronto Act
3. the proper funding of provincial programs
4. the creation of a national program that support transit infrastructure
5. a culture of continuous improvement and cost control.

The City's 2007 capital budget is \$1.4 billion and is part of a five-year capital budget plan. In 2007, the capital budget includes the cost of buses, streetcars, subways and other transit vehicles. In addition, the capital budget includes several environmental, public safety, road and bridge projects, recreation facilities and public service improvements.

For more information on the operating budget visit:

http://www.toronto.ca/budget2007/pdf/op_bckgrd.pdf

For more information on the capital budget visit:

http://www.toronto.ca/budget2007/pdf/cap_bckgrd.pdf