

**MINUTES OF THE COUNCIL
OF THE
CITY OF TORONTO
SPECIAL MEETING**

THURSDAY, FEBRUARY 12, 1998

City Council met at 2:12 p.m., in the Council Chamber, Metro Hall, Toronto.

Mayor Lastman took the Chair and called the Members to order.

190 Members present at the first session of this Special Meeting:

Mayor: Lastman.

Councillors: Adams, Altobello, Ashton, Augimeri, Balkissoon, Berardinetti, Berger, Bossons, Brown, Bussin, Cho, Chong, Chow, Davis, Disero, Duguid, Faubert, Feldman, Filion, Flint, Fotinos, Gardner, Giansante, Holyday, Jakobek, Johnston, Jones, Kelly, Kinahan, King, Korwin-Kuczynski, Layton, Lindsay Luby, Li Preti, Mammoliti, McConnell, Mihevc, Miller, Minnan-Wong, Moeser, Moscoe, Nunziata, O'Brien, Ootes, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Shiner, Silva, Sinclair, Tzekas, Walker - 56.

191 Councillor O'Brien, seconded by Councillor Holyday, moved that:

"WHEREAS the Members of City Council are deeply saddened to learn of the passing of the Honourable Nicholas George Leluk, former Progressive Conservative Member of the Provincial Parliament, on Monday, February 9, 1998; and

WHEREAS Mr. Leluk was first elected to the Legislature in 1971, representing the Riding of York West, and served continuously until his retirement from public office in 1987; and

WHEREAS, at various times during political career, Mr. Leluk was Minister of Correctional Services, and Minister of Citizenship and Culture;

NOW THEREFORE BE IT RESOLVED THAT the Clerk be directed to convey, on behalf of the Members of City Council, an expression of sincere sympathy to Mrs. Helena Leluk and the Leluk family."

192 Councillor Moscoe, seconded by Mayor Lastman, moved that:

“**WHEREAS** the Members of City Council are deeply saddened to learn of the passing of Mr. Joseph B. Salsberg, on Sunday, February 8, 1998; and

WHEREAS Mr. Salsberg was a beloved member of Toronto’s Jewish Community, and was affectionately known as the ‘Godfather of Spadina’ for his tireless efforts to help garment trade workers achieve decent wages and working conditions; and

WHEREAS Mr. Salsberg was elected to City of Toronto Council in 1938, and served for two terms; and

WHEREAS Mr. Salsberg went on to serve in the Provincial Legislature for 12 years, having been elected in the Riding of St. Andrews in 1942, and had the distinction of being the only Communist Member of the Legislature; and

WHEREAS throughout his political career, Mr. Salsberg was held in high regard by all political parties, and was admired by Conservative Premier Leslie Frost, who named Salsberg Township, near Thunder Bay, in his honour; and

WHEREAS following his retirement from politics, Mr. Salsberg was active in several Jewish organizations, including the Canadian Jewish Congress;

NOW THEREFORE BE IT RESOLVED THAT the Clerk be directed to convey, on behalf of the Members of City Council, an expression of sincere sympathy to the Salsberg family.”

Leave to introduce the foregoing Motions was granted and the Motions were carried unanimously.

Council rose and observed a moment of silence in memory of the Honourable Nicholas George Leluk and Mr. Joseph B. Salsberg.

193 The City Clerk, at the request of Council, read the following Notice of Special Meeting:

“Pursuant to the authority granted under Section 5 of the Council Procedural By-law, Mayor Lastman has directed that a Special Meeting of Council be held on Thursday, February 12, 1998, in the Metro Hall Council Chamber, 55 John Street, Toronto, at 2:00 p.m., for the following purposes:

- (a) to consider a staff report on Commercial and Education Taxes;

- (b) to resolve in Committee of the Whole to permit the hearing of deputations with respect to this matter; and
- (c) to consider and enact a bill to confirm the proceedings of this Special Meeting.”

194 At this point in the proceedings, and with the permission of Council, Mayor Lastman requested the Members of the Provincial Government who had been invited to attend this Special Meeting of Council and were present in the Council Chamber, to acknowledge their presence by rising as their name was announced.

The Honourable Chris Stockwell, Speaker of the House, acknowledged his attendance at this Special Meeting.

Councillor Johnston requested that Council also acknowledge the presence of Mr. Alvin Curling, M.P.P. for Scarborough - North and Mr. Tony Ruprecht, M.P.P. for Parkdale, present at this meeting.

Council concurred in the foregoing request.

195 At this point in the proceedings, and at the request of Council, Ms. Wanda Liczyk, Chief Financial Officer and Treasurer, gave a presentation on Education Tax Rates in Toronto.

At this point in the proceedings, Councillor Balkissoon, with the permission of Council, moved that Council now resolve itself into Committee of the Whole for the purpose of hearing deputations from the public regarding the business education rates in the City of Toronto, which was carried.

At this point in the proceedings, Council resolved itself into Committee of the Whole.

Mayor Lastman took the Chair.

196 Members present in Committee of the Whole:

Mayor: Lastman.

Councillors: Adams, Altobello, Ashton, Augimeri, Balkissoon, Berardinetti, Berger, Bossons, Brown, Bussin, Cho, Chong, Chow, Davis, Disero, Duguid, Faubert, Feldman, Filion, Flint, Fotinos, Gardner, Giansante, Holyday, Jakobek, Johnston, Jones, Kelly, Kinahan, King, Korwin-Kuczynski, Layton, Lindsay Luby, Li Preti, Mammoliti, McConnell, Mihevc, Miller, Minnan-Wong, Moeser, Moscoe, Nunziata, O'Brien, Ootes, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Shiner, Silva, Sinclair, Tzekas, Walker - 56.

197 The following persons appeared in deputation:

- Ms. Louise Verity, Toronto Board of Trade, and filed a submission with respect thereto;
- Mr. Fareed Khan, Toronto Real Estate Board, and filed a submission with respect thereto;
- Mr. Mike Colle, MPP for Oakwood, and filed a submission with respect thereto;
- Mr. Robert Sniderman, Toronto;
- Mr. Tony Silipo, MPP for Dovercourt;
- Mr. Gary Lee, Senior Analyst, CB Commercial Real Estate Group;
- Ms. Marilyn Churley, MPP for Riverdale;
- Mr. Rosario Marchese, MPP for Fort York;
- Mr. Robert Dobson, Etobicoke Chamber of Commerce;
- Ms. Pam Shapiro, President, North York Chamber of Commerce; and
- Mr. John Anderson, President, Yonge Street Small Business Association.

At this point in the proceedings, Mayor Lastman, with the permission of Council, moved that Council vary the order of its proceedings to permit him to now speak to this matter, which was carried.

Mayor Lastman gave the Chair to Deputy Mayor Ootes, and vacated the Chair.

Committee of the Whole resumed its hearing of depositions.

The following persons appeared in deputation:

- Mr. Mike Laframme, Director, Scarborough Chamber of Commerce;
- Mr. Paul Beatt, President, Winkpak Technologies;
- Mr. Myron Swartz, Chair, West Toronto Industrial Co-ordinating Committee;
- Mr. Alexander Oolo, Spokesperson for Municipal Citizen Alliance;
- Mr. Jack Gurvich, Toronto;
- Mr. John Combs, Vice Chair, Toronto Association of Business Improvement Areas;
and
- Mr. Alan McPherson, Toronto Independent Committee.

4:27 P.M.

The Committee of the Whole rose.

Deputy Mayor Ootes took the Chair and called the Members to order.

198 Members present at the second session of this Special Meeting.

Mayor: Lastman.

Councillors: Adams, Altobello, Ashton, Augimeri, Balkissoon, Berardinetti, Berger, Bossons, Brown, Bussin, Cho, Chong, Chow, Davis, Disero, Duguid, Faubert, Feldman, Filion, Flint, Fotinos, Gardner, Giansante, Holyday, Jakobek, Johnston, Jones, Kelly, Kinahan, King, Korwin-Kuczynski, Layton, Lindsay Luby, Li Preti, Mammoliti, McConnell, Mihevc, Miller, Minnan-Wong, Moeser, Moscoe, Nunziata, O'Brien, Ootes, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Shiner, Silva, Sinclair, Tzekas, Walker - 56.

199 **Joint report dated February 11, 1998, from the Chief Administrative Officer and the Chief Financial Officer and Treasurer, entitled "Business Education Tax Rates in Toronto."** (See Attachment)

Council also had before it, during consideration of the foregoing joint report, the following:

- (i) (undated) from Mr. Mike Colle, MPP, submitting a graph showing the Provincial rate changes of business education property taxes for businesses valued at \$500,000.00 from City to City;
- (ii) (February 12, 1998) from Mrs. Louise Verity, Director of Policy, The Toronto Board of Trade, forwarding a written submission entitled "Commercial and Industrial Education Tax Inequity";
- (iii) (February 12, 1998) from Mr. Fareed Khan, Policy Advisor for Government and Legislative Affairs, Toronto Real Estate Board forwarding a written submission entitled "Provincial Education Tax Rates for Business; and a written submission entitled "Education Property Tax Reform" from TREB/Political Action Committee;
- (iv) (February 9, 1998) newspaper article which appeared in The Globe and Mail, titled "How to turn Toronto into a business ghost town," by John Bossons, which was submitted by Councillor Bossons; and
- (v) (February 12, 1998) from Bob Rollwagen, Vice-President and C.F.O., Maksteel Inc.

Upon the question of the adoption of the foregoing joint report, without amendment, Deputy Mayor Ootes reported that the following motion had been moved in Committee of the Whole:

- (a) Mayor Lastman, seconded by Councillor Davis, moved that Council adopt the following recommendations:

“It is recommended that:

- (1) the joint report dated February 11, 1998, from the Chief Administrative Officer and the Chief Financial Officer and Treasurer, entitled ‘Business Education Tax Rates in Toronto’, embodying the following recommendations, be adopted:

‘It is recommended that:

- (1) Council strongly urge the Province to set a single, uniform education tax rate for business across the province, and failing that, set a GTA-wide tax rate for business or provide assistance to areas with higher than average business taxes with changes to be considered for a phase-in period;
 - (2) if a single uniform province-wide or GTA-wide tax rate for business is not established, the Province should maintain its commitment to ensuring that business property taxes raised in a local community like Toronto are retained for education purposes in the communities where they are generated;
 - (3) the Province ensure that the new education funding model provides adequate funding for Toronto’s special school needs to avoid funding potential shortfalls from the municipal tax base and that the funding model be introduced as expeditiously as possible; and
 - (4) the appropriate officials be authorized to take the necessary action to give effect thereto.’;
- (2) Council demand the Province of Ontario to stop discriminating against the City of Toronto and to treat the City the same as the rest of the Province by implementing a fair, uniform education tax rate for businesses; and
 - (3) a copy of the foregoing joint report be immediately forwarded to the Premier of Ontario, the Minister of Finance and all Toronto area MPPs.”

Deputy Mayor Ootes called for further motions in this regard.

- (b) Councillor Moscoe, in amendment, moved that the foregoing joint report be amended by adding thereto the following:

“It is further recommended that:

- (1) notwithstanding any Provincial legislation, the Chief Financial Officer and Treasurer amend the form of the tax bill to include a line which reads ‘New Mike Harris Property Tax’, such tax bill to be prepared and submitted to the Corporate Services Committee for approval; and
 - (2) without spending any additional money, the Chief Administrative Officer be requested to review with each Department, Agency, Board and Commission their existing advertising budgets, and secure an appropriate contribution toward a billboard, radio and other advertising campaign to enlist the support of the public in fighting the provincial tax grab that targets the City of Toronto.”
- (c) Councillor Silva, seconded by Councillor Balkissoon, in amendment, moved that the foregoing joint report be amended by adding thereto the following:

“It is further recommended that Council:

- (1) request the City Solicitor to review the Constitutional issues arising from this inequitable and discriminatory collection of commercial education taxes and advise Council on the appropriate legal challenge;
 - (2) authorize the City Solicitor to report on what action the City of Toronto can take to ensure that the City is not responsible for the collection of an inequitable tax;
 - (3) authorize the Chief Financial Officer and Treasurer to include those reasons for the monumental tax increase as a part of the final property tax bill (notice) or as an additional insert; and
 - (4) undertake a public information campaign, including but not limited to newspaper, TV and radio advertising, that clearly explains the changes in property taxes.”
- (d) Councillor King, in amendment, moved that the foregoing joint report be amended by adding thereto the following:

“It is further recommended that Council strongly urge the Province of Ontario to set a single uniform education tax rate for businesses across the Province, urge them to phase in the decreases to businesses, in the 47 municipalities which have a higher than average tax rate, over a 5-year period, and that they provide funding and timing, to the businesses which will receive increases, so that no business will experience more than a 10% tax increase for education annually.”

- (e) Councillor Johnston, in amendment, moved that the foregoing joint report be amended by adding thereto the following:

“It is further recommended that:

- (1) a Committee of Council be established to advise the Mayor on strategies to deal with this awesome task of fighting the downloading by the Province, including the increase in business property education tax rates in Toronto, so that the Tories can be the ‘Toast of the Town’, not ‘Toast in the Town’; and
- (2) ‘**WHEREAS** the taxpayer is entitled to a full explanation of taxes: “taxes should be transparent”; and

WHEREAS by Provincial legislation, we are prevented from giving such an explanation on the tax bills; and

WHEREAS taxes will be rising drastically due to downloading, sideloaded, an inequitable business tax rate and current value assessment;

NOW THEREFORE BE IT RESOLVED THAT the appropriate Civic officials prepare an overprinted envelope with a clearly spelled out explanation of what portion of their taxes is directly attributable to Premier Harris and his Government, and which are attributable to normal delivery of services;

AND BE IT FURTHER RESOLVED THAT the Mayor be requested to call a further meeting of Council to discuss the business education tax rates in Toronto;

AND BE IT FURTHER RESOLVED THAT personalized, hand delivered invitations be sent to the Regional Chairs of the GTA, the 29 GTA Mayors, but in particular, Mayors Hazel McCallion of Mississauga, Peter Robinson of Brampton, Don Cousens of Markham, who are welcome to advise us what services we are delivering they would advise us to cut, and who appear to be very acquainted with our budgets; and especially, to the MPPs of the Government Party from Toronto, who, with the exception of Mr. Chris Stockwell, appear to need a more formal invitation, and also to the Members of the Opposition Parties.’ ”

- (f) Councillor Miller, in amendment, moved that:

- (1) the foregoing motion (d) by Councillor King be referred to the Chief Financial Officer and Treasurer for a further report to Council, through the Strategic Policies and Priorities Committee; and

- (2) Part (1) of the foregoing motion (a) by Mayor Lastman be amended by adding thereto the words “subject to Recommendation No. (1) being amended by deleting all of the words after the second reference to the word ‘business’.”
- (g) Councillor Kinahan, in amendment, moved that the foregoing joint report be amended by adding thereto the following:
- “It is further recommended that:
- (1) Council demand that any excess between the taxes raised for education in Toronto and the funding formula allocations for the City of Toronto School Boards be refunded back to the business property taxpayers in the City of Toronto; and
- (2) the City Clerk be requested to report to the Strategic Policies and Priorities Committee on any action taken by the former Metropolitan Chairman, Alan Tonks, on the motion that was referred to him by Metropolitan Toronto’s former Intergovernmental Affairs Committee, on the holding of a Constitutional Conference with the Cities of Vancouver and Montreal.”

Councillor Walker, having spoken to the matter for a period of five minutes, as provided for in Section 24 of the Council Procedural By-law, Councillor Kinahan, seconded by Councillor Rae, moved that such Section be waived, and that Councillor Walker be granted a further period of five minutes in order to permit the conclusion of his remarks, more than two-thirds of Members present having voted in the affirmative.

- (h) Councillor Davis, in amendment, moved that the foregoing joint report be amended by adding thereto the following:
- “It is further recommended that the Mayor be requested to strike a Committee comprised of himself and five other Members of Council to meet and negotiate with the Members of the Provincial Government caucus in Toronto on this particular issue.”
- (i) Councillor Saundercook, seconded by Councillor Silva, in amendment, moved that the foregoing joint report be amended by adding thereto the following:

“It is further recommended that:

WHEREAS Public Assessment Information Meetings will be held by provincial assessors for Toronto residents starting on February 23, 1998; and

WHEREAS preliminary assessment information released to Councillors can help them guide their constituents through this process; and

WHEREAS Council has to authorize the release of this data; and

WHEREAS the next regularly scheduled meeting of City Council is March 4, 1998; and

WHEREAS Finance staff may be ready to release preliminary data to Council before March 4, 1998;

NOW THEREFORE BE IT RESOLVED THAT the Chief Financial Officer and Treasurer be instructed to release preliminary assessment data to Council at the earliest possible instance after the analysis is complete.”

- (j) Councillor Cho, in amendment, moved that the foregoing report be amended by adding thereto the following:

“It is further recommended that the Mayor be requested to form a ‘Let’s Save Toronto Action Committee.’ ”

Councillor Cho, having spoken to the matter for a period of five minutes, as provided for in Section 24 of the Council Procedural By-law, Councillor Brown, seconded by Councillor Filion, moved that such section be waived, and that Councillor Walker be granted a further period of five minutes in order to permit the conclusion of his remarks, more than two-thirds of Members present having voted in the affirmative.

Mayor Lastman resumed the Chair.

- (k) Councillor McConnell, in amendment, moved that the foregoing joint report be amended by adding thereto the following:

“It is further recommended that the Chief Administrative Officer be requested to develop a poster using the chart submitted by Mr. Mike Colle, MPP, with a slogan such as ‘Our Kids Count - Mike Harris Doesn’t’, such poster to be posted in all community centres, arenas, libraries, and bus shelters owned by the City, and circulated to BIAs and Chambers of Commerce, with the proposed poster to be submitted to the Strategic Policies and Priorities Committee.”

- (l) Councillor Pantalone, in amendment, moved that the foregoing joint report be amended by adding thereto the following:

“It is further recommended that the Chief Administrative Officer be requested to develop a media information plan, and to report thereon to the Strategic Policies and Priorities Committee for its meeting on February 24, 1998, on how best to achieve such a plan.”

- (m) Councillor Gardner, in amendment, moved that the foregoing joint report be amended by adding thereto the following:

“It is further recommended that the Mayor be requested to invite the Premier of Ontario and the Toronto MPP’s to attend a less formal meeting of City Council to discuss this issue.”

- (n) Councillor Bossons, in amendment, moved that the foregoing joint report be amended by adding thereto the following:

“It is further recommended that the Chief Financial Officer and Treasurer be requested to provide each Member of Council, immediately, with a printout of the new property tax assessments, property by property.”

Upon the question of the adoption of the foregoing motion (b) by Councillor Moscoe, the vote was taken as follows:

Yeas: Mayor: Lastman.
Councillors: Adams, Altobello, Augimeri, Berardinetti, Bussin, Cho, Chow, Disero, Faubert, Fillion, Fotinos, Giansante, Johnston, Jones, Kelly, Kinahan, King, Korwin-Kuczynski, Layton, Mammoliti, McConnell, Miller, Moeser, Moscoe, Nunziata, Ootes, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Shiner, Silva, Sinclair, Tzekas, Walker - 38.

Nays: Councillors: Bossons, Brown, Chong, Davis, Flint, Jakobek, Minnan-Wong - 7.

Decided in the affirmative by a majority of 31.

Upon the question of the adoption Parts (1), (2) and (3) of the foregoing motion (c) by Councillor Silva, seconded by Councillor Balkissoon, the vote was taken as follows:

Yeas: Mayor: Lastman.
Councillors: Adams, Altobello, Augimeri, Berardinetti, Bossons, Brown, Bussin, Cho, Chong, Chow, Davis, Disero, Faubert, Fillion, Fotinos, Gardner, Giansante, Jakobek, Johnston, Jones, Kelly, Kinahan, King, Korwin-Kuczynski, Layton, Mammoliti, McConnell, Miller, Moeser, Moscoe, Nunziata, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Shiner, Silva, Sinclair, Tzekas, Walker - 43.

Nays: Councillors: Flint, Minnan-Wong, Ootes - 3.

Decided in the affirmative by a majority of 40.

Mayor Lastman, having regard to the foregoing decision of Council, declared Part (4) of the foregoing motion (c) by Councillor Silva, seconded by Councillor Balkissoon, redundant.

Upon the question of the adoption of Part (1) of the foregoing motion (f) by Councillor Miller, it was carried.

Upon the question of the adoption of Part (1) of the foregoing motion (e) by Councillor Johnston, the vote was taken as follows:

Yeas: Mayor: Lastman.
Councillors: Altobello, Augimeri, Berardinetti, Bossons, Brown, Bussin, Cho, Chow, Disero, Faubert, Filion, Fotinos, Giansante, Jakobek, Johnston, Jones, Kelly, Kinahan, King, Korwin-Kuczynski, Layton, Mammoliti, McConnell, Miller, Moeser, Moscoe, Nunziata, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Shiner, Silva, Tzekas, Walker - 38.

Nays: Councillors: Adams, Chong, Davis, Flint, Gardner, Minnan-Wong, Ootes, Sinclair - 8.

Decided in the affirmative by a majority of 30.

At this point in the proceedings, Councillor Johnston, with the permission of Council, withdrew the second Operative Paragraph of her foregoing motion (e), viz.:

“AND BE IT FURTHER RESOLVED THAT the Mayor be requested to call a further meeting of Council to discuss the business education tax rates in Toronto;”.

Upon the question of the adoption of Part (2) of the foregoing motion (e) by Councillor Johnston, the vote was taken as follows:

Yeas: Mayor: Lastman.
Councillors: Adams, Altobello, Augimeri, Berardinetti, Brown, Bussin, Cho, Chow, Disero, Faubert, Filion, Fotinos, Jakobek, Johnston, Jones, Kelly, Kinahan, King, Korwin-Kuczynski, Layton, Mammoliti, McConnell, Moscoe, Nunziata, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Shiner, Silva, Sinclair, Tzekas, Walker - 36.

Nays: Councillors: Bossons, Chong, Davis, Flint, Giansante, Miller, Minnan-Wong, Moeser, Ootes - 9.

Decided in the affirmative by a majority of 27.

Upon the question of the adoption of Part (2) of the foregoing motion (f) by Councillor Miller, it was carried.

Upon the question of the adoption of the foregoing motion (g) by Councillor Kinahan, it was carried.

Upon the question of the adoption of the foregoing motion (h) by Councillor Davis, the vote was taken as follows:

Yeas: Councillors: Altobello, Augimeri, Bossons, Bussin, Chong, Davis, Flint, Johnston, King, Korwin-Kuczynski, Layton, Miller, Saundercook, Silva, Sinclair, Tzekas - 16.

Nays: Mayor: Lastman.
Councillors: Adams, Berardinetti, Brown, Cho, Chow, Disero, Faubert, Filion, Fotinos, Gardner, Giansante, Jakobek, Jones, Kelly, Kinahan, Mammoliti, McConnell, Minnan-Wong, Moeser, Moscoe, Nunziata, Ootes, Pantalone, Prue, Rae, Sgro, Shaw, Shiner, Walker - 30.

Decided in the negative by a majority of 14.

Upon the question of the adoption of the foregoing motion (n) by Councillor Bossons, the vote was taken as follows:

Yeas: Mayor: Lastman.
Councillors: Adams, Altobello, Augimeri, Berardinetti, Bossons, Brown, Bussin, Cho, Chong, Chow, Davis, Disero, Faubert, Filion, Flint, Fotinos, Gardner, Giansante, Jakobek, Johnston, Jones, Kelly, King, Korwin-Kuczynski, Layton, Mammoliti, McConnell, Miller, Minnan-Wong, Moeser, Moscoe, Nunziata, Ootes, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Silva, Sinclair, Tzekas, Walker - 44.

Nay: Councillor: Shiner - 1.

Decided in the affirmative by a majority of 43.

Mayor Lastman, having regard to the foregoing decision of Council, declared the foregoing motions (i) and (j) by Councillors Saundercook and Cho, respectively, redundant.

Upon the question of the adoption of the foregoing motion (k) by Councillor McConnell, it was carried.

Upon the question of the adoption of the foregoing motion (l) by Councillor Pantalone, the vote was taken as follows:

Yeas: Mayor: Lastman.
Councillors: Adams, Altobello, Augimeri, Berardinetti, Bossons, Brown, Bussin, Cho, Chong, Chow, Davis, Disero, Faubert, Filion, Flint, Fotinos, Gardner, Giansante, Jakobek, Johnston, Jones, Kelly, Kinahan, King, Korwin-Kuczynski, Layton, Mammoliti, McConnell, Miller, Minnan-Wong, Moscoe, Nunziata, Ootes, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Shiner, Silva, Sinclair, Tzekas, Walker - 45.

Nays: Nil.

Decided in the affirmative, without dissent.

Mayor Lastman, having regard to the foregoing decision of Council, declared the foregoing motion (m) by Councillor Gardner, redundant.

Upon the question of the adoption of the foregoing motion (a) of Mayor Lastman, as amended, the vote was taken as follows:

Yeas: Mayor: Lastman.
Councillors: Adams, Altobello, Augimeri, Berardinetti, Bossons, Brown, Bussin, Cho, Chong, Chow, Davis, Disero, Faubert, Filion, Flint, Fotinos, Gardner, Giansante, Jakobek, Johnston, Jones, Kelly, Kinahan, King, Korwin-Kuczynski, Layton, Mammoliti, McConnell, Miller, Minnan-Wong, Moeser, Moscoe, Nunziata, Ootes, Pantalone, Prue, Rae, Saundercook, Sgro, Shaw, Shiner, Silva, Sinclair, Tzekas, Walker - 46.

Nays: Nil.

Decided in the affirmative, without dissent.

In summary, Council adopted the following recommendations:

“It is recommended that:

- (1) the recommendations embodied in the joint report dated February 11, 1998, from the Chief Administrative Officer and the Chief Financial Officer and Treasurer, entitled ‘Business Education Tax Rates in Toronto’, be adopted, subject to Recommendation No. (1) being amended by deleting all the words after the second reference to the word ‘business’, so that the recommendations, as amended, read as follows:

- (1) Council strongly urge the Province to set a single, uniform education tax rate for business across the province, and failing that, set a GTA-wide tax rate for business;
 - (2) if a single uniform province-wide or GTA-wide tax rate for business is not established, the Province should maintain its commitment to ensuring that business property taxes raised in a local community like Toronto are retained for education purposes in the communities where they are generated;
 - (3) the Province ensure that the new education funding model provides adequate funding for Toronto's special school needs to avoid funding potential shortfalls from the municipal tax base and that the funding model be introduced as expeditiously as possible; and
 - (4) the appropriate officials be authorized to take the necessary action to give effect thereto.';
- (2) a copy of the foregoing joint report be immediately forwarded to the Premier of Ontario, the Minister of Finance and all Toronto area MPPs;
 - (3) Council demand the Province of Ontario to stop discriminating against the City of Toronto and to treat the City the same as the rest of the Province by implementing a fair, uniform education tax rate for businesses;
 - (4) Council demand that any excess between the taxes raised for education in Toronto and the funding formula allocations for the City of Toronto School Boards be refunded back to the business property taxpayers in the City of Toronto;
 - (5) **WHEREAS** the taxpayer is entitled to a full explanation of taxes: 'taxes should be transparent'; and

WHEREAS by Provincial legislation, we are prevented from giving such an explanation on the tax bills; and

WHEREAS taxes will be rising drastically due to downloading, sideloaded, an inequitable business tax rate and current value assessment;

NOW THEREFORE BE IT RESOLVED THAT the appropriate Civic officials prepare an overprinted envelope with a clearly spelled out explanation of what portion of their taxes is directly attributable to Premier Harris and his Government, and which are attributable to normal delivery of services;

AND BE IT FURTHER RESOLVED THAT personalized, hand delivered invitations be sent to the Regional Chairs of the GTA, the 29 GTA Mayors,

but in particular, Mayors Hazel McCallion of Mississauga, Peter Robinson of Brampton, Don Cousens of Markham, who are welcome to advise us what services we are delivering they would advise us to cut, and who appear to be very acquainted with our budgets; and especially, to the MPPs of the Government Party from Toronto, who, with the exception of Mr. Chris Stockwell, appear to need a more formal invitation, and also to the Members of the Opposition Parties;

- (6) a Committee of Council be established to advise the Mayor on strategies to deal with this awesome task of fighting the downloading by the Province, including the increase in business property education tax rates in Toronto, so that the Tories can be the 'Toast of the Town', not 'Toast in the Town';
- (7) the City Solicitor be requested to:
 - (a) review the Constitutional issues arising from this inequitable and discriminatory collection of commercial education taxes and advise Council on the appropriate legal challenge; and
 - (b) report on what action the City of Toronto can take to ensure that the City is not responsible for the collection of an inequitable tax;
- (8) the Chief Financial Officer and Treasurer:
 - (a) amend the form of the tax bill to include a line which reads 'New Mike Harris Property Tax', such tax bill to be prepared and submitted to the Corporate Services Committee for approval;
 - (b) be authorized to include those reasons for the monumental tax increase as a part of the final property tax bill (notice) or as an additional insert; and
 - (c) be requested to provide each Member of Council, immediately, with a printout of the new property tax assessments, property by property;
- (9) the Chief Administrative Officer be requested to develop a poster using the chart submitted by Mr. Mike Colle, MPP, with a slogan such as 'Our Kids Count - Mike Harris Doesn't', such poster to be posted in all community centres, arenas, libraries, and bus shelters owned by the City, and circulated to BIAs and Chambers of Commerce, with the proposed poster to be submitted to the Strategic Policies and Priorities Committee;
- (10) the Chief Administrative Officer be requested to develop a media information plan, and to report thereon to the Strategic Policies and Priorities Committee for its meeting on February 24, 1998, on how best to achieve such a plan; and

without spending any additional money, the Chief Administrative Officer be requested to review with each Department, Agency, Board and Commission their existing advertising budgets, and secure an appropriate contribution toward a billboard, radio and other advertising campaign to enlist the support of the public in fighting the provincial tax grab that targets the City of Toronto;

- (11) the City Clerk be requested to report to the Strategic Policies and Priorities Committee on any action taken by the former Metropolitan Chairman, Alan Tonks, on the motion that was referred to him by Metropolitan Toronto's former Intergovernmental Affairs Committee, on the holding of a Constitutional Conference with the Cities of Vancouver and Montreal; and
- (12) the following motion be referred to the Chief Financial Officer and Treasurer for a further report to Council, through the Strategic Policies and Priorities Committee:

Moved by Councillor King:

'That Council strongly urge the Province of Ontario to set a single uniform education tax rate for businesses across the Province, urge them to phase in the decreases to businesses, in the 47 municipalities which have a higher than average tax rate, over a 5-year period, and that they provide funding.'

200 Councillor Adams, seconded by Councillor Bossons, moved that the absence of Councillor Mahood be excused from today's Special Council Meeting, which was carried.

201 Councillor Nunizata, seconded by Councillor Giansante, moved that leave be granted to introduce:

"Bill No. 41 To confirm the proceedings of the Council at its Special Meeting held on the 12th day of February, 1998.",

which was carried.

Upon the question, "Shall this Bill, prepared for this Special Meeting of Council, be passed and hereby declared as a By-law?", as follows:

"By-Law No. 41-1998 To confirm the proceedings of the Council at its Special Meeting held on the 12th day of February, 1998.",

the vote upon which was as follows:

Yeas: Mayor: Lastman.
Councillors: Adams, Altobello, Augimeri, Berardinetti, Bossons, Brown, Bussin, Cho, Chong, Chow, Davis, Disero, Faubert, Filion, Flint, Fotinos, Gardner, Giansante, Jakobek, Johnston, Jones, Kelly, Kinahan, King,

Korwin-Kuczynski, Layton, Mammoliti, McConnell, Miller, Minnan-Wong, Moeser, Moscoe, Nunziata, Ootes, Pantalone, Prue, Rae, Saundercook, Shaw, Shiner, Silva, Sinclair, Tzekas, Walker - 45.

Nays: Nil.

Decided in the affirmative, without dissent.

Council adjourned at 6:38 p.m.

MEL LASTMAN,
Mayor

NOVINA WONG,
City Clerk

(Joint Report dated February 11, 1998 from
the Chief Administrative Officer and the Chief Financial Officer and Treasurer
entitled, "Business Education Tax Rates in Toronto")

Purpose:

This report provides a context for the main issues relating to business property education tax rates in Toronto.

Financial Implications and Impact Statement:

The recent Provincial announcement not to implement a single Province-wide education tax rate for business fails to level the playing field and provide property tax relief to Toronto businesses.

Recommendations:

It is recommended that:

- (1) Council strongly urge the Province to set a single, uniform education tax rate for business across the Province and, failing that, set a GTA-wide tax rate for business or provide assistance to areas with higher than average business taxes with changes to be considered for a phase-in period;
- (2) if a single uniform Province-wide or GTA-wide tax rate for business is not established, the Province should maintain its commitment to ensuring that business property taxes raised in a local community like Toronto are retained for education purposes in the communities where they are generated;
- (3) the Province ensure that the new education funding model provides adequate funding for Toronto's special school needs to avoid funding potential shortfalls from the municipal tax base and that the funding model be introduced as expeditiously as possible; and
- (4) the appropriate officials be authorized to take the necessary action to give effect thereto.

Background:

On February 5, 1998, the Minister of Finance announced that the Province would not be establishing a single uniform education tax rate across Ontario. The Minister stated that the Province would set one commercial tax rate and one rate for industries in each of the school districts. This essentially continues the existing education tax burden on businesses in Toronto. The Minister stated that the impact of a single tax rate would be too detrimental to most communities across Ontario. Appendix 1 demonstrates the impact of a uniform rate across selected Ontario municipalities.

As a significant policy statement, the Province has already announced the setting of a single uniform residential education tax rate across Ontario. Accordingly, a single business education tax rate would be a fair and equitable means to equalize education taxes among commercial and industrial properties across Ontario. The following outlines the compelling reasons for a single uniform education tax rate for business:

- (i) The Education Quality Improvement Act - Bill 160, establishes education as a Provincially funded and controlled system. Every other Provincial program responsibility, such as health care and social services, is financed through geographically uniform rates of income, sales, payroll and capital taxation.
- (ii) Other Provinces that fund education from the property tax base have one uniform tax rate for residential properties and one rate for business.
- (iii) A uniform education tax rate for business has been repeatedly proposed. The Business Education Tax Review Panel, which was appointed by the Province last spring to advise the government on a fair and reasonable means of setting education tax rates for business properties, recommended a single tax rate and emphasized the importance of a level playing field for business. In its report (see Appendix 2), the Panel recommended a phase-in period towards a single tax rate of up to five years to help businesses adjust to any tax increases.
- (iv) Non-uniform rates create artificial incentives for business relocation, particularly in the GTA, where in the highly competitive marketplace businesses seek lower taxed jurisdictions. All Ontario business, regardless of location, benefit equally from the education system.

Discussion:

- (i) The Uniform Education Tax Rate (Province/GTA)

Education tax rates for business in Toronto are estimated to be approximately 90 per cent higher than GTA rates. One approach to leveling the playing field is to consider moving all areas to an average rate - either across the GTA or the Province. One GTA education tax rate for business would eliminate this difference and level the playing field. However, taxes on commercial and industrial properties in the rest of the GTA would increase up to an estimated \$320 million or 34 percent. Similarly, equalization of tax rates across the Province could see business taxes increase by an estimated \$400 million. Under this approach, 562 municipalities' businesses would face increases in their taxes, while 47 would see decreases. The Finance Minister's announcement last week effectively maintains the tax burdens for business at their current levels, thereby perpetuating unfairly high tax rates in Toronto. The following tables outlines the tax and dollar impact of either the Province-wide rate or GTA-wide rate.

The Impact of Uniform Education Tax Rates (%)

	Today	Province-wide Rate	GTA-wide Rate	\$ Change Province-wide Rate	% Change GTA-wide Rate
Toronto	4.48%	3.18%	3.44%	29%	23%
905	2.37%	3.18%	3.44%	37%	34%
GTA	3.44%	3.18%	3.44%		
Rest or Province	2.88%	3.18%	2.88%		

The Impact of Uniform Education Taxes (\$)		
	Province-wide Rate	GTA-wide Rate
Toronto	-\$400M	-\$320M
905	+\$244M	+\$320M
Rest of Province	+\$154M	0

(ii) Assistance to High Tax Areas

The Minister of Finance announced that the “Province is willing to work with municipalities with higher than average business property taxes, to identify local solutions to what are in fact local problems.” Another approach to ‘leveling the playing field’ is to consider providing assistance to the businesses in the 47 municipalities where education tax rates are higher than the Province-wide rate. Such assistance could be provided outright or phased-in over a period of time (five years as per the Province’s Panel or eight years as per the Province’s phase-in provisions for current value assessment).

Education Funding and the Tax Gap

The variance in Provincial education transfers has contributed greatly to the tax gap that exists between Toronto and the surrounding 905 municipalities. The former Metropolitan Toronto School Board did not receive grants for the past several years and the Metropolitan Separate School Board has received the lowest grants per student in the GTA. School boards in the 905 municipalities have continued to benefit from Provincial transfers.

Provincial Transfers to GTA School Boards (1994)

	Transfers (\$Millions)		Transfers Per Pupil	
	Public	Separate	Public	Separate
Toronto	\$0	\$241	\$0	\$2368
Peel	\$84	\$233	\$948	\$3414
York	\$54	\$108	\$781	\$2720
Halton	\$57	\$57	\$1420	\$3753
Durham	\$137	\$84	\$2511	\$3211

Source: Ministry of Education, School Board 3 Year Statistics

As a result, businesses in Toronto have been paying a higher rate of tax for education than businesses in the 905 area. The GTA Task Force recognized this discrepancy and its impact on the competitiveness of the central city and recommended a uniform education tax rate for business in the GTA.

Equalized Education Services and Unequalized Tax Rates

If the Province does not equalize taxes then business tax revenues from Toronto should not be used elsewhere to equalize school spending. Business property taxes raised in Toronto should remain in Toronto to fund education needs here, and not be exported to other school districts. This is consistent with the Provincial Government's 'mega week' announcement in January 1997, whereby the then Education Minister stated that, "Business will continue to contribute to the cost of education and revenues raised locally will be spent in the community for which they were generated". The formula for determining how much our school boards will receive in funding has not yet been announced. It is speculated that Toronto school boards may receive between \$100 to \$300 million less in 1998 than received in 1997.

It is important to recognize the concentration of the special needs of many Toronto students and the impact this has on property taxes. Included among these needs are language training, learning disabilities associated with low-income families and old schools with high capital needs. Other large mature urban centres also experience similar problems. Businesses in places like Toronto must not be saddled with these relatively higher costs when the benefits of the education system are shared Province-wide. The Province must provide adequate funding to meet Toronto's special education needs as part of its yet to be released education funding model. The Province should introduce the funding model so that the proposed funding levels can be reviewed.

With service levels equalized, a policy that supports the exporting of business taxes elsewhere in the Province is not sustainable. A Greater Toronto Coordinating Committee study, "Rethinking the Fundamentals: Provincial-Local Finances in the GTA", showed that \$2,400.00 per household more

in Provincial revenues is taken out of the GTA than is spent by the Province here. Toronto's share would likely represent more than 50 per cent of this estimate. Any further removal of revenues from the public finance system in Toronto will further impair the competitiveness of the Toronto economy and erode the capacity to provide services effectively.

Municipal Financial Management

The high level of business tax for education purposes has no direct link to actions taken by Toronto municipal councils. The linkage suggested by the Province is unwarranted. In his statement, the Minister of Finance referred to purportedly high spending in Toronto. The perception that the former Municipal Governments in Toronto have been irresponsible in their management of expenditures is unfounded. Over the past five years, municipalities have held the line on mill rate increases. Welfare pressures and funding for the Sheppard subway accounted for the tax increases under the former Metropolitan Government. Comments like those in the announcement about spending in Toronto as well as statements about the need for some municipalities to be more efficient in order to make the downloading of responsibilities revenue neutral, do not reflect the challenges of fiscal restraint throughout the public sector that municipalities have faced and are continuing to experience.

The "Tax Gap"

The difference in business property taxes between Toronto and other communities has been thoroughly reviewed over the past few years. The analysis (see Appendix 3) indicates that the factors primarily responsible for the variation in property taxes include:

- (i) unique services - services which represent special or enriched levels beyond what may be provided conventionally;
- (ii) level of service - services whose expenditures are tied to relatively larger-sized client groups or population;
- (iii) level of Provincial transfers - comparable amounts of Provincial funding for municipal services and to school boards vary; and
- (iv) other factors - for example, discrepancies within the assessment system and different capital financing policies.

The difference in taxes is not caused by one factor alone, but results from a combination of factors. Actions taken by the Province as part of the "Who Does What" process will mitigate that part of the tax gap attributed to Provincial transfers to municipalities (e.g., ambulance, public health and transit services), as well as some of the difference accounted for by relatively higher levels of service in Toronto (i.e., primarily the pooling of social assistance across the GTA), or items (ii) and (iii) above. Unique services and other factors or items (I) and (iv), many of which represent investments in the cultural and attractions sector of the Toronto economy and other enhanced programs, will be the responsibility of Council to manage.

The level of Provincial transfers for education funding has been the significant factor in any analysis of the 'tax gap'. Previous analysis has shown that based on a sample of properties in selected cities in the GTA, the portion of the tax gap attributed to varying levels of education transfers ranges from 23 to 54 per cent. This portion of the tax gap would be eliminated if there were, at a minimum, a GTA education tax rate for business. As a result, the total tax gap would be reduced by the same amounts. When coupled with changes to municipal transfers and funding of social assistance, the tax gap narrows considerably - by 53 to 71 per cent. The remaining portion of the tax gap would be more manageable for Toronto to address as part of any taxation reforms and restructuring. Listed below is a preliminary analysis that demonstrates the difference in taxes between Toronto and the surrounding 905 regions that has evolved since 1994.

"The Tax Gap" Between Toronto and 905 Businesses			
	1994	No Education 'fix'	With Education 'fix'
Durham	80%	66%	23%
York	80%	57%	37%
Peel	17%	9%	6%
Halton	27%	22%	13%

Source: Adapted from May 2, 1994 Metropolitan Chief Administrative Officer report

The Fair Municipal Finance Act, 1997 requires Council to decide on a number of tax changes affecting the taxation of business properties. These include replacing revenues as a result of the elimination of the business occupancy tax, setting tax burdens for the commercial and industrial property classes, and setting graduated tax rates for commercial properties.

Conclusions:

Despite the fairness of a single Province-wide education tax for business, the Province has to date announced that it would not equalize education taxes and instead would set separate tax rates for commercial and industrial properties that vary by school district. The announcement does not provide relief to Toronto businesses.

Business property taxes generated for education purposes in Toronto should be used for spending in the Toronto school system.

Contact Name:

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(Appendixes 1, 2 and 3, referred to in the foregoing report are on file in the office of the City Clerk.)