

Executive Committee

Meeting No.	13	Contact	Patsy Morris, Committee Administrator
Meeting Date	Monday, October 29, 2007	Phone	416-392-9151
Start Time	9:30 AM	E-mail	pmorris@toronto.ca
Location	Committee Room 1, City Hall		

Additional Communications/Reports

7a New Taxation Measures - Report on Design Features and Implementation Authorities

(October 26, 2007) Report from the City Manager and the Deputy City Manager and Chief Financial Officer

Recommendations

The City Manager and the Deputy City Manager and Chief Financial Officer recommend that:

1. Council adopt the administrative design features for the MLTT mirroring the existing provincial land transfer tax (including all provincial rebates and exemptions), as set out in Appendix A of this report, with the following key distinctive features unique to the MLTT:
 - i. The MLTT will have rates and rate thresholds unique to the MLTT, as adopted by Council at its meeting of October 22 and 23, 2007;
 - ii. The MLTT includes exemptions for the Crown, Crown agents and various other public bodies as required by the *City of Toronto Act, 2006* (COTA) which differ from the Crown exemptions from the provincial land transfer tax;
 - iii. The MLTT will include various rebates and exemptions adopted by Council at its meeting of October 22 and 23, 2007 and set out in Appendix A which are unique to the MLTT;
 - iv. As an interim measure, until an appropriate amendment to COTA is made, the City's appeal and dispute resolution mechanism under the MLTT by-law will operate through the Government Management Committee to Council;
 - v. The MLTT will attract interest rates and penalties which may differ from those imposed on the provincial land transfer tax, as set out in Appendix A; and
 - vi. The City may use collection and enforcement mechanisms in the collection of the MLTT that may differ from the *Land Transfer Tax Act* as set out in Appendix A;

2. Council authorize and direct appropriate City officials to enter into any necessary agreements with Teranet Inc. and the Province, pursuant to which Teranet would be named the City's exclusive authorized MLTT collection agent for all electronically registered transactions, develop systems to apply appropriate MLTT exemptions and rebates for the City, and temporarily assist with manual MLTT rebates administration until such time as they can be handled electronically through the Teraview system, all in accordance with the terms and conditions set out in Confidential Attachment 1 and in a form acceptable to the City Solicitor; and the Province would share information relevant to the MLTT and/or to collect the MLTT on behalf of the City in respect of land transfer transactions which are handled outside the Teranet system;
3. Council request the Province to make regulations under the *City of Toronto Act, 2006* allowing the City to add any outstanding MLTT pertaining to a property to the property tax roll for that property and collect it in the same manner as property taxes;
4. Council request the Province to amend the *City of Toronto Act, 2006* to allow the City:
 - a. priority lien status on uncollected MLTT; and
 - b. to incorporate the current *Land Transfer Tax Act* appeal right to the Superior Court of Justice;
5. Council request the Province to make any necessary legislative or regulatory amendments to allow the Minister to refuse the issuance and validation of personal vehicle permits unless the City's PVT is paid in full;
6. The Deputy City Manager and Chief Financial Officer report back to Council in early 2008 on the progress of discussions with the Province on an agreement to collect and administer the PVT;
7. Deputy City Manager and Chief Financial Officer be granted authority to recruit and hire the necessary staff required for the implementation and on-going administration of the MLTT;
8. Council request the Federal Government to amend any federal regulations necessary to extend the GST exemption, which is currently in place for the provincial land transfer tax and land transfer taxes imposed by municipalities outside of Ontario, to the MLTT and PVT;
9. The Deputy City Manager and Chief Financial Officer report directly to Council on outstanding items contained in this report; and
10. The City Solicitor be authorized to introduce the necessary bills to give effect to the MLTT and the appropriate officials be authorized and directed to take necessary actions to give effect thereto.

Financial Impact

The administrative programs required for MLTT rebate processing, compliance audits, enforcement, dispute resolution mechanisms and customer service would cost the City an estimated \$1.7 million per year, and \$2.5 million in 2008 until certain rebate functions are automated. Details of these costs will be included in the 2008 operating budget. The immediate portion of these costs in the 2007 fiscal year is expected to be nominal and any impacts will be reported through the normal variance process.

Allowances for annual administration costs are included in the gross proceeds estimates below, which also summarize the financial impacts of the decisions made by Council at its October 22, and 23, 2007 meeting as follows:

Tax	Description	Estimated Revenues (2008)	Estimated Revenues (fully phased-in)
Municipal Land Transfer Tax	Gross proceeds net of admin fees & costs	\$290.0	\$300.0
	Less: Grandfathering – Residential	<\$40.0>	<\$0>
	- Non-residential	<\$35.0>	<\$0>
	: Extended 1 st Time Home Buyers Rebate	<\$40.0>	<\$40.0>
	: Extend 1% rate to \$400K	<\$17.0>	<\$17.0>
	: Reduce \$40M+ rate to 1%	<\$ 3.0>	<\$ 3.0>
	Net Revenues	\$155.0	\$240.0
Personal Vehicle Tax	Estimated Net Revenues (net of administration costs)	\$20.0	\$55.0
	Total New Revenues	\$175.0	\$295.0

The figures above are based on the Council's decision to implement the MLTT effective February 1, 2008, and the staff estimate for a feasible implementation date for the PVT.

The fully phased in figures relate to the 2008 revenues on a fully annualized basis, after the impact of grandfathered transactions has run its course, which is expected to occur over about a year for commercial transfers and up to three years for residential (specifically new condominium purchases) transfers. The impact of potential changes in market volumes and prices over this period are not taken into account.

Estimates of the revenue impact are shown for the incremental impact of Council's various decisions. For example, the Extended First Time Home Buyer's Rebate is the estimated cost of extending the program to purchases of existing homes (from just newly constructed) and raising the potential amount to \$3,725 from \$2,000 under the provincial program. The cost of the rebate under the provincial program is already incorporated in the gross proceeds figure. Rebates and or exemptions with nominal impact (such as the minimum consideration exemption) are not included in the chart.

Summary

This report is submitted in accordance with the decisions of Council from its meeting of October 22 and 23, 2007 in regard to EX10.1 (including a report, dated June 11, 2007 entitled "New Taxation Measures – City of Toronto Act, 2006" and a supplemental report, dated

July 12, 2007 entitled “New Taxation Measures Supplemental Report – City of Toronto Act, 2006”).

The purpose of this report is to seek all necessary authorities to implement a municipal land transfer tax (MLTT) early in 2008 and a personal vehicle tax (PVT) as early as possible, including authority to enter into a municipal land transfer tax administration and collection agreement with Teranet, and to recommend tax design features for the proposed MLTT.

The name ‘vehicle ownership tax’ used in the July 12, 2007 report has been changed to the name ‘personal vehicle tax (PVT)’ in this report, to reflect more accurately the process of issuance/ validation of permit for utilization of a vehicle on the road.

Background Information

New Taxation Measures - Report on Design Features and Implementation Authorities
(<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-7913.pdf>)

8a New Taxation Measures - Results of Further Consultations Respecting Alcohol Tax on Store Sales

(October 24, 2007) Report from the City Manager and Director, Corporate Finance

Recommendation

The City Manager and the Director of Corporate Finance recommend that the City not pursue the implementation of an alcohol tax.

Financial Impact

There is no financial impact from the recommendations in this report.

In an earlier report, a moderate alcohol tax of 5% on purchases by non-licensed consumers in Toronto liquor beer and wine stores was estimated to generate approximately \$44 million annually, after consideration of typical market reaction and administrative costs.

Potential collateral impacts on property tax revenue due to changing consumer patterns caused by such a tax, as discussed in this report, could partially offset this revenue.

Summary

This report provides the results of further consultations regarding a potential City alcohol tax on store sales, in accordance with the decisions of Council from its meeting of October 22 and 23, 2007 in regard to EX10.1 (including a report, dated June 11, 2007 entitled “New Taxation Measures – City of Toronto Act, 2006” and a supplemental report, dated July 12, 2007 entitled “New Taxation Measures Supplemental Report – City of Toronto Act, 2006”).

Council directed the Deputy City Manager and Chief Financial Officer to undertake further consultations in respect of alcohol tax on store sales to non-licensed consumers with Toronto-based liquor, wine and beer retailers, and government taxing authorities, and report back to the Executive Committee in the Fall of 2007 with the results.

Background Information

New Taxation Measures - Results of Further Consultations Respecting Alcohol Tax on Store Sales

<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-7873.pdf>

11a Upgrade of the Time Resource Management System

(October 18, 2007) Briefing Note from the Toronto Police Service

Summary

Briefing Note on the Upgrade of the Time Resource Management System.

Communications

(October 26, 2007) letter from the Toronto Police Service (EX.Supp)

<http://www.toronto.ca/legdocs/mmis/2007/ex/comm/communicationfile-4095.pdf>

19a Interactive Web-based Carbon Calculator

(October 26, 2007) Report from Mr. Richard Butts, Deputy City Manager

Recommendations

The Deputy City Manager, Richard Butts, recommends that:

1. City Council authorize the execution of an agreement with Zerofootprint Inc. substantially in the form attached and otherwise on terms and conditions satisfactory to the City Manager and in a form satisfactory to the City Solicitor, which endorses the use of a web-based customized carbon calculator, provided by Zerofootprint Inc., by Toronto residents at no charge to the City of Toronto or its residents.

Financial Impact

There are no financial impacts to the City of Toronto or its residents resulting from the adoption of the recommendation in this report. The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact statement.

Summary

A major component of the City of Toronto's Climate Change, Clean Air and Sustainable Energy Action Plan is Live Green Toronto, which will engage residents in projects on a neighbourhood basis to reduce their greenhouse gas emissions. One component of Live Green Toronto is to provide residents with an internet based tool that measures an individual's greenhouse gas emissions based on consumption and lifestyle and encourages residents and community groups to take action on the City's climate change objectives.

A company that specializes in the provision of this type of carbon calculator is Zerofootprint Inc., a Toronto-based firm now operating internationally. Zerofootprint has developed an interactive tool that allows participants to measure and understand the impact of their lifestyles on the environment and compare their behaviour with other individuals or groups through the carbon calculator.

Zerofootprint has approached the City and offered to provide a customized carbon calculator to Toronto residents at no charge to the City or its residents.

This report recommends that staff be authorized to enter into an agreement with Zerofootprint. The agreement would endorse the use of the carbon calculator by Toronto residents and provide data to the City for use in its greenhouse gas reduction initiatives.

Background Information

Interactive Web-based Carbon Calculator

<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-7915.pdf>

Draft Agreement

<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-7916.pdf>