



STAFF REPORT ACTION REQUIRED

A Discussion of Public Policy Revenue Tools under the *City of Toronto Act, 2006*

Date:	March 12, 2007
To:	Executive Committee
From:	Shirley Hoy, City Manager; Joseph P. Pennachetti, Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2007\Internal Services\CF\Ec07012Cf – wo (AFS #4298)

SUMMARY

The purpose of this report is to provide information and initiate public consultation regarding the new taxation options under the *City of Toronto Act, 2006*, including the key results of a study on the potential revenues, economic impacts and comparable tax regimes in other jurisdictions.

RECOMMENDATIONS

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

1. the Executive Committee direct the Deputy City Manager and Chief Financial Officer to:
 - (a) consult with appropriate stakeholders about the potential tax measures as identified in the discussion paper attached to this report; and
 - (b) report back to the Executive Committee following stakeholder consultations with results and options for consideration of potential implementation of tax measures, estimation of net revenues and economic impacts; and
2. the Executive Committee authorize appropriate officials and direct them to take necessary actions to give effect thereto.

FINANCIAL IMPACT

There are no financial implications arising out of the discussion paper. Final consideration of new revenues under the Act, including allocation of the proceeds, will determine the ultimate financial impact on the City.

ISSUE BACKGROUND

The *City of Toronto Act, 2006* (COTA) was proclaimed as law on January 1, 2007. The COTA provides statutory recognition of Toronto's economic role and its government, and provides a broad and permissive approach to Council's powers within certain statutory limits, such as new power to impose taxes.

The Act also commits the Government of Ontario to cooperate with the City to explore and exercise the City's powers under the Act. Under the Act, the City has power to impose, by by-law, a direct tax in the City, subject to prescribed limitations. The City intends to examine the appropriate use of these powers to further the City's public policy objectives.

COMMENTS

A. Scope of Potential Measures under Review

The discussion paper provides a comparison (relative ranking) of the following eight potential new revenue tools: Vehicle Registration tax, Land Transfer tax,

Alcohol tax, Tobacco tax, Billboards tax, Parking tax, Entertainment tax and Road Pricing/tax (congestion and road tolls).

It will be up to the Executive Committee and Council to decide whether, and to what extent, any new powers will be used, giving consideration to the potential impact of any new taxes on the City's citizens and businesses, the quantum of revenue that may be generated and practical implementation issues.

B. Stakeholder Consultations and Public Communications

If the City continues to explore the potential and rationale for implementing new taxation options, City staff would undertake stakeholder consultations regarding the potential tax measures and develop a public communication plan.

CONTACT

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SIGNATURES

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ATTACHMENTS

Paper entitled "A Discussion of Public Policy Revenue Tools under the *City of Toronto Act, 2006*".