

Ref: 2008-M16.7

February 4, 2008

EXECUTIVE COMMITTEE:

City Council on January 29 and 30, 2008, referred the following Motion to the Executive Committee:

M16.7 Report Request – Feasibility of a “Gaming Tax” in the City of Toronto
Moved by Councillor Palacio, seconded by Councillor Moscoe

SUMMARY:

Slot machines, lottery tickets, bingos and other forms of gambling are major sources of revenue for governments in Canada, of which Cities, such as Toronto get only a tiny share. Although a great deal of the revenue derived from these gaming enterprises goes to charities, such as the Ontario Trillium Fund, the lion share is swallowed by senior government coffers.

At Woodbine for example, at present the City of Toronto receives only a paltry 2.7 percent of slot machine revenue raised in the City of Toronto, while over 97.2 percent goes to other sources including Horse Breeders who receive 10 percent, Provincial Problem Gambling Strategy who receive 2 percent, owners who receive 10 percent, with the remaining 75 percent+ going to Provincial revenue, a portion of which is given to the Ontario Trillium Fund. This despite the fact that the City provides immense capital and operating support to these facilities, essentially subsidizing these operations.

The City of Toronto Act, 2006, gives the City the authority to implement entertainment taxes. A Gaming Tax might be a palatable way for the City to raise revenue without having to call upon other more controversial revenue tools.

The administrative challenges to implementing a broader entertainment tax would likely not be as onerous, if limited strictly to Gaming.

The revenue secured from such a tax could be used to strengthen the City's social infrastructure.

RECOMMENDATIONS:

1. That the City Manager, in consultation with the Deputy City Manager and Chief Financial Officer, report to an upcoming meeting of the Executive Committee on the feasibility of establishing a “Gaming Tax” in the City of Toronto.
2. That this report specifically consider the feasibility of implementing a tax on slot machines and other forms of gambling.

for City Clerk

M. Toft/cd