



REFERRAL OF MEMBER MOTION BY CITY COUNCIL

Request for amendment to the Municipal Elections Act to permit a Referendum question on the Harmonized Sales Tax (HST) - 2010 Municipal Election

Date:	October 7, 2009
To:	Executive Committee
From:	City Council
Wards:	All

City Council Decision

City Council on September 30 and October 1, 2009, referred Motion MM40.2 to the Executive Committee.

Recommendations

Councillor Walker, seconded by Councillor Jenkins, recommends that:

1. City Council request the Province of Ontario to amend the Municipal Elections Act to permit the City to ask a referendum question during the 2010 municipal election about the repeal (or amendment) of the Harmonized Sales Tax (HST) .

Summary

The Provincial government will be harmonizing the Provincial Sales Tax (PST) with the Federal Goods and Services Tax (GST) effective July 1, 2010. After implementing the largest single tax increase in Ontario's history with the Health Tax several years ago, this Provincial government is now going ahead with an even bigger tax increase with the Harmonized Sales Tax (HST). It amounts to a 160% tax increase.

Currently, Ontario's economy is still very unstable and it is debatable whether it is truly experiencing an upswing after the recession trends of the last year. Whatever economic recovery we are experiencing, many people still are out of a job; many are subsisting very close to the poverty line and cannot accommodate an increase in the cost to purchase everyday items. The rate of unemployment in Toronto is 10% - one in ten people do not have a job.

The Provincial government states the revenue from this tax will go toward creating jobs for Ontarians. The Federal government is giving the Provincial government \$4.6 billion to ease the transition to this tax harmonization.

Many items we purchase are only subject to the 5% Federal Goods and Services Tax (GST); starting next year, these will now be subject to an additional 8% Provincial Sales Tax, (PST) for a total of 13% in taxes.

This new tax will increase the cost of everyday items such as new home sales; gasoline; energy/tenant utility costs; labour costs of construction; fees for lawyers, accountants and architects; prepared foods under \$4.00; audio books for the legally blind; nicotine replacement therapy; personal services such as hair cuts; used car sales and car repairs; real estate commissions; fitness club memberships; newspapers and magazines; taxi and limousine fares; internet access fees; live theatre admissions; and vitamins, to name just a few.

Top economists say that “the tax burden will shift from businesses to consumers, who will now pay the flat HST on a broader array of goods and services than before... and the overall price level will increase by 0.7%... [this] impact will lead to a permanent 0.4% increase in Canada’s average annual consumer price level relative to where it would have been without harmonization... we have estimated that Ontario consumers will experience an 8% increase in the posted tax rate on approximately 19% of their expenditures.” Nearly one in every five purchases will go up by 8% resulting in “2.5 – 3 billion in additional costs that households will be paying” under this new tax scheme.

It will be the cumulative effect of this new tax that impacts us most. No matter how many income tax offsets the government implements – and the federal government is effectively paying Ontario to support this new tax – we will be paying out more than we were. It is wrong for this government to impose this tax on Ontarians at time when so many are losing their jobs and making due with less. It will further raise the cost of living for many who are on the edge already.

The HST is very controversial with Torontonians and Ontarians. Many are not convinced that it will be fair, equitable or effective in creating jobs.

City Council has an opportunity to ask Torontonians whether they favour this new tax or not by including a plebiscite question to that effect on the 2010 municipal election ballot. The City of Toronto has the power to include any question on its election ballot provided that the Provincial government approves the wording of the question asked on the ballot.

City Council now has the duty to provide Torontonians with a voice on this important issue, albeit after the tax comes into effect.

(Submitted to City Council on September 30 and October 1, 2009 as MM40.2)