EX30.6.5

LABOUR
TORONTO & YORK REGION
COUNCIL

Deputation, Executive Committee, January 24, 2018

Review of the Imagination, Manufacturing, Innovation and Technology Property Tax Incentive Program (Tax Incentive Equalization Grants)

Good morning Councillors and City staff.

My name is Susan McMurray and I am Executive Assistant at the Toronto and York Region Labour Council. Labour Council is the collective voice of labour for over 205,000 union members in the Toronto area.

By 2036, the IMIT or TIEGs program will cost the city an estimated $538 million in foregone tax revenue. Much of that is already promised to big developers for offices they are building downtown.

This is at a time when key approved initiatives like Transform TO, Toronto's plan for action on climate change; TO Prosperity, our City's poverty reduction strategy; and equity and inclusion activities are unfunded in the 2018 Toronto budget or struggle to get funding, being squeezed in at the very end of the budget process, like birds looking for leftover crumbs.

To make up for the missing money, the burden of funding these and other important Toronto programs will rest on residential property taxes paid by Toronto home owners.

The driver for the TIEGs program was originally job growth through development in key sectors of industrial and commercial workspaces that otherwise would not have been built in Toronto. In 2012, there was a big expansion of TIEGs to include other sectors that need no help to develop in Toronto.

As Councillors you need to understand that under the current rules the bar is set very low for "proof" that the development would otherwise have gone elsewhere; likewise, little attention is paid to the jobs that are promised. We are giving away millions of dollars to reward development, for instance to office construction in the downtown core, that most likely would have occurred anyway and which results in vague job outcomes. Example: First Gulf, whose anchor tenant at 351 King Street East is the Globe and Mail, will receive more than $12 million in grants for development there. Initially, the Globe had planned to build its own tower at Front west of Spadina.

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Our basic recommendation is to return to the original focus of the TIEGS program and reduce the level of grants that are paid out. As part of that, we call on you to enhance the recommendations as follows:

- We appreciate removal of offices in expanded financial district and that office developments will need to meet Tier 2 of Toronto Green Standard but we recommend that no offices be eligible for TIEGS
- We appreciate focus on key sectors of manufacturing, food and beverage wholesaling, and film studio complexes and to align with goals in the Transform TO initiative, we recommend adding green enterprises as a key sector
- We appreciate a ceiling for TIEGs but would first recommend that the grants rates be reduced to align more with Toronto's nearby comparators. Then the ceiling should be lowered further, e.g., to $18 million.
- We appreciate that a floor may be necessary because of the administrative burden and low return to the applicants but we would like to see the floor adjusted lower to allow for smaller manufacturing, either through an exemption or by dropping the floor to a lower level.
- We appreciate that a more rigorous "but for" justification is recommended for transformative projects, but we recommend a more robust "but for" justification be required of smaller projects as well.
- We recommend the City consult broadly to improve the employment requirements, including with Toronto Community Benefits Network, unions, and employment specialists, in order to make good jobs part of the focus of that improvement.

In summary, Toronto and York Region Labour Council recommends that the City of Toronto return to the original intent of the TIEGS program. Otherwise, Torontonians will know that big developers are getting richer while homeowners make up for the missing money through their residential property taxes.

Thank you.

Susan McMurray

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