

**Executive Committee - Communication for EX30.1 - April 15, 2013 - 9:30 AM - Meeting 30 (Special)**

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**From:** "Matthew McGuire" <matthew@torontotaxpayer.ca>  
**To:** <exc@toronto.ca>  
**Date:** 4/12/2013 3:48 PM  
**Subject:** Communication for EX30.1 - April 15, 2013 - 9:30 AM - Meeting 30 (Special)  
**Attachments:** FundingRapidTransit-2013Jan.pdf

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Hello,

Please include our policy report *Funding Rapid Transit* as a communication to this item. The report is attached to this email.

Thank you.

Sincerely,

Matthew McGuire  
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# **FUNDING RAPID TRANSIT**

## **TORONTO TAXPAYERS COALITION PLAN FOR A WORLD CLASS CITY**

How gaming revenue can provide Toronto the funds to build an ongoing, extensive subway network without increasing the burden on taxpayers.

# FUNDING RAPID TRANSIT

## TORONTO TAXPAYERS COALITION PLAN FOR A WORLD CLASS CITY

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**Toronto  
Taxpayers  
Coalition**

### ABOUT US

The Toronto Taxpayers Coalition is a non-partisan advocate for the municipal Taxpayer. We are committed to lower taxes, less waste, and holding government to account with respect to how they spend your hard earned money.

## 1.0 EXECUTIVE SUMMARY

The ongoing discussion about whether or not to accept a casino in Toronto should recognize two key truths. First, this is not a discussion about whether or not to allow gambling. Ontario currently hosts 10 casinos, 17 slot machine facilities, and four e-bingo centres. Additionally, Ontario Lottery and Gaming Corp. (OLG) operates nine draw-style games, sports games, and numerous scratch-and-win tickets <sup>(1)</sup>. Further, gambling is accepted widely among the public with many residents gambling during card games at private residences, or online. There are very good arguments to be made about why Ontario should not allow gambling, but these arguments are not relevant to the discussion at hand. As such, anti-gambling arguments cannot be included as part of a discussion about where to locate a casino. The question of allowing casinos has already been answered. The question in front of us now is where to locate them.

Second, OLG is committed to putting a casino inside of the GTA <sup>(2)</sup>. This determination means that whether a casino is located inside the 416 or just outside of it, Toronto will be subjected to all of the social problems and societal-ills associated with gambling. However, Toronto is uniquely positioned to leverage the OLG's desire for a casino inside of Toronto to reap a significant windfall, which some estimates have put at close to \$200 million annually. This estimate is significant in itself, and we believe Toronto could see as much as \$400 million annual revenue if city council is able to show leadership on this issue.

To secure the greatest amount of revenue possible, the city must negotiate aggressively in the best interest of taxpayers for hosting fees, for online gaming revenue, and must explore licensed gaming tables in the hospitality industry.

\$400 million in new revenue through the new and innovative funding sources outlined in our Transit Funding Trifecta will fund 1Km of new subway tunnel and a new station annually, providing an answer to the question that nobody else has been able to answer: 'How do you come up with a sustainable funding model for transit expansion that doesn't automatically increase the unsustainable burden on taxpayers?'.

1. "OLG - About OLG." Ontario Lottery and Gaming Corporation. <http://www.olg.ca/about/index.jsp> (accessed November 17, 2012).
2. "OLG wants to build casino in GTA, expand slot machines." CP24. <http://www.cp24.com/olg-wants-to-build-casino-in-gta-expand-slot-machines-1.780554> (accessed November 17, 2012).

## FACT

*A casino located just outside of the city means Toronto taxpayers will face all of the social problems related to gambling while reaping none of the financial benefit we are uniquely positioned to inherit.*



## 2.0 OTHER REVENUE OPTIONS

A number of funding models have been put forth by city staff, consultants, and politicians. There is a common theme to each of them: a dramatic increase on the burden taxpayers' face.

City Manager's options for funding transit <sup>(3)</sup>		
Suggestion	Revenue	Who Pays?
Personal Income Tax	\$1.40B	Everyone
Sales Tax	\$1.30B	Everyone
Payroll Tax	\$500M	Business
Highway Tolls	\$1.50B	Drivers
Fuel Tax	\$500M	Drivers
Vehicle Tax	\$300M	Vehicle Owners
Property Tax	\$90M	Property Owners
Parking Levy	\$1.08B	Drivers
Land Transfer Tax	\$600M	Real Estate Buyers
Development Charges	\$200	Developers

Additionally, a number of other funding models have been put forward from other sources:

Other suggestions for funding transit	
Suggestion	Who Pays?
Zone based tolls <sup>(4)(5)</sup>	Drivers
High-occupancy toll lanes <sup>(4)(5)</sup>	Drivers
Vehicle Kilometers traveled <sup>(4)</sup>	Drivers
Parking sales tax <sup>(4)</sup>	Drivers
Utility Bill Levy <sup>(5)</sup>	Everyone
HST Revenue from Gas/Diesel Sales Tax <sup>(5)</sup>	Fed. Government
Value Capture Levy <sup>(5)</sup>	Property Owners
Property tax uplift <sup>(5)</sup>	Property Owners

While every idea should be encouraged and discussed for its merits, all of these ideas simply act to increase the burden on taxpayers without engaging any sort of innovating thinking. Toronto needs to look beyond the old way of doing things. Toronto needs to examine the 'new economy' for new revenue sources.

3. "Toronto – Transportation Funding Strategy." Cam Weldon, Toronto Deputy City Manager & Chief Financial Officer. <http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-50609.pdf> (accessed November 17, 2012).
4. "Sheppard Subway Extensions: Analysis of Funding Options for TTIL and the City of Toronto." KPMG. <http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-45207.pdf> (accessed November 17, 2012).
5. "Long Term Transportation Plan and Funding (Investment) Strategy." City of Toronto Executive Committee. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX23.1> (accessed November 17, 2012)

## FACT

*City council should put an emphasis on exploring funding models and revenue sources that are not new or increased taxes, tolls, fees, and levies.*

### 3.0 OUR SOLUTION: AN INNOVATIVE MODEL

Toronto Taxpayers Coalition believes a world class city should engage the new economy to come up with creative funding sources that do not look to the tax base for funding. In the context of the ongoing casino debate, Toronto's influence gives the city a unique opportunity to do just that.

Toronto's influence gives the city a unique opportunity to capitalize on OLG's desire for a Toronto casino. We believe this opportunity presents a 'Transit Funding Trifecta' that can bring in as much as \$400 million in annual revenue without an increase in taxes.

- 1. Hosting fees for hosting a casino in Toronto**

Toronto should negotiate aggressively in the best interest of taxpayers for maximum hosting fees for a destination casino entertainment complex.

- 2. Licensed gaming tables in the hospitality industry**

Gaming tables will help bars and nightclubs to remain competitive and provide a source of revenue to the city through licensing fees.

- 3. Revenue from online gaming**

Toronto should aggressively seek revenue from persons playing online OLG games from within Toronto city limits

The result is an additional \$400 million in revenue that will allow the city to build 1Km of new subway tunnel and a new subway station annually without any increase in cost to taxpayers.

This is our preferred revenue model that will allow the city to generate revenue & spread the economic benefits across the hospitality industry.

OLG is determined to put a casino in the GTA. By welcoming a casino in Toronto, the city will retain control of the situation and create a permanent source of revenue to fund subway expansion. By saying no to a casino, Toronto will still face any and all negatives associated with gambling as one or more neighbouring municipalities will likely agree to place a casino minutes from our border.

## FACT

*Toronto cannot afford to pass up an opportunity for a \$400 million annual source of revenue that does not increase the burden on taxpayers.*

*This revenue can build more 1Km of new subway and a new subway station annually.*

*With this setup, Toronto wins.*