

TORONTO FINANCIAL DISTRICT BIA
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November 23, 2015

Councillor Michael Thompson
 Chair, Economic Development Committee
 100 Queen Street West, Suite B24
 Toronto, ON M5H 2N2

Dear Councillor Thompson:

**RE: REDUCING THE 416/905 COMPETITIVENESS GAP FOR TORONTO BUSINESSES
 ED 8.3 – Deputy Mayor’s Economic Development Advisory Bodies: Update**

The Toronto Financial District BIA would like to commend the work Councillor Norm Kelly began in his role as Deputy Mayor last term creating the Economic Development Advisory Bodies. City Staff have done an excellent job pulling together these reports from diverse groups. The Staff Report is a very thorough look at the competitiveness gap faced by Toronto businesses, small and large.

As seen on the next page, Toronto businesses are clearly disadvantaged in comparison with the surrounding 905 municipalities. A commercial property worth \$1 million in Toronto pays \$3500 more per year in provincial education tax than it would in Halton for no additional service. Our commercial-to-residential tax ratio in Toronto is double that of York, Peel, Halton or Durham.

To create a more competitive Toronto tax environment that attracts and retains employers long-term, we strongly endorse the ED 8.3 proposals found in the Staff Report:

- 1) Uphold City of Toronto’s commitment to report back on a proposed long-term strategy to reduce commercial tax ratios from its current level and further assess how the City of Toronto can achieve a 2 times rate by the year 2025.
- 2) Continue to work with the Province of Ontario on ensuring the Business Education Tax rate ceiling is reduced to 1.22% from the current 1.29% assessed value of a property and report back on its implementation plans.

The goal of this work must be to provide stability and predictability for businesses. When making their decisions as to where they should locate, businesses must calculate long-term costs. A commitment to continuing to create a more competitive tax balance for Toronto will go a long way in attracting employers to Toronto, and also retaining the employers we have.

Should you have any questions, please contact me at ghumes@torontofinancialdistrict.com.

Best regards,

A handwritten signature in black ink, appearing to read "GHUMES".

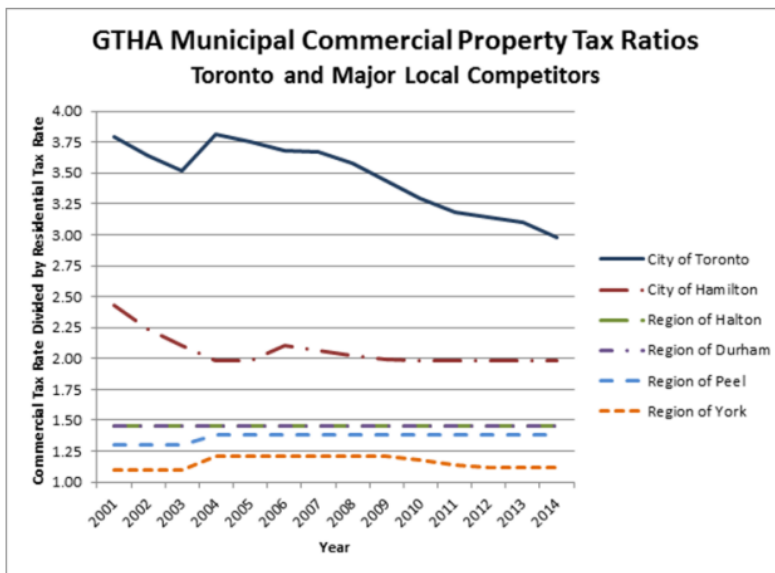
Grant Humes
 Executive Director

cc: Councillor Carroll Michael Williams, General Manager, Economic Development and Culture
 Councillor Cho Chris Rickett, Manager, Entrepreneurship Services
 Councillor Crisanti Nancy Martins, Secretariat, Economic Development Committee
 Councillor Fragedakis
 Councillor Kelly

COMPARISON OF TORONTO BUSINESS TAX BURDENS IN RELATION TO SURROUNDING 905 MUNICIPALITIES

COMMERCIAL TAX RATIOS

While the current regime of tax ratio reductions is encouraging for Toronto businesses, we will need to continue beyond 2020 to match the competitive position of businesses in 905 municipalities.



SOURCE:

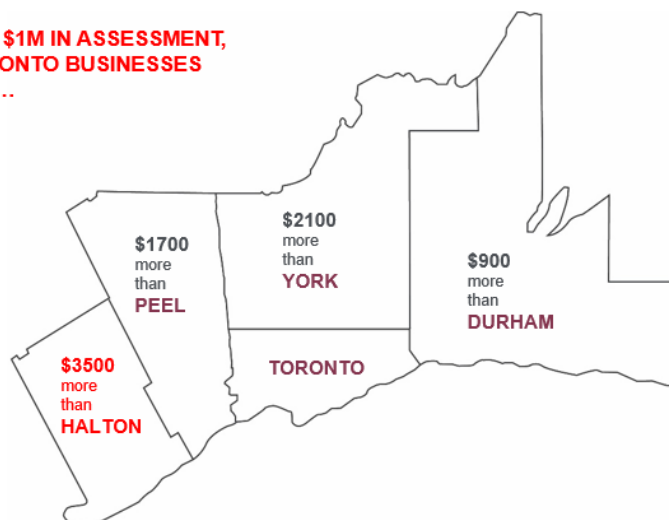
City of Toronto Property Tax Policy: A Backgrounder, March 2015, a report prepared for the Downtown Core BIA Alliance by economists Peter Tomlinson of the University of Toronto and Adam Found of Trent University

ONTARIO BUSINESS EDUCATION TAX

Toronto businesses are currently paying more than 905-area businesses *for no added benefit in service*.

(SOURCE: 2015 Ontario Tax Rates <http://www.ontario.ca/laws/regulation/980400#BK9>)

**PER \$1M IN ASSESSMENT,
TORONTO BUSINESSES
PAY...**



SOURCE:

2015 Ontario Tax Rates
<http://www.ontario.ca/laws/regulation/980400#BK9>