

Ward 27, Toronto Centre-Rosedale    Tel: 416-392-7903  
City Hall, 100 Queen Street West    Fax: 416-696-4300  
2<sup>nd</sup> Floor, Suite A5    Councillor\_wongtam@toronto.ca  
Toronto, Ontario M5H 2N2

July 16, 2018

Mayor John Tory and Members  
Executive Committee

**Amendment for EX 36.7**  
**"Additional Property Tax and Legislative Change Options to Support Business"**

Toronto City Council, in December 2017, supported my motion MM35.16 - Saving Toronto's Small Businesses and Character Streets with Intelligent Tax Reform, and directed the Interim Chief Financial Officer to undertake a review of various tax policy tools that can be used to provide relief to small business owners facing unsustainable Current Value Assessment-related tax increases. Specifically, this direction included an examination of four options:

1. the creation of a small business tax classification for independently owned, non-franchise businesses operating in a low-rise built-form context;
2. changes to commercial graduated tax rate bands to lessen the burden on small businesses by either adjusting the graduated rates or creating a third band;
3. a capping mechanism for properties experiencing Current Value Assessment-related tax increases substantially higher than average; and
4. examining the frequency of Municipal Property Assessment Corporation's reassessment of Ontario property values to mitigate significant changes in assessment values.

As a result of this motion, at its January 31, 2018 meeting, City Council adopted EX30.5: Tax Policy Tools to Support Businesses, with amendments. This recommended the adoption of new tax policy options for 2018, including a 10% cap over the previous year's annualized taxes that applied to commercial properties. Staff were also directed to continue their policy and legislative options review with a request for a report-back in July, 2018.

This month the Interim Chief Financial Officer released the report Additional Property Tax and Legislative Change Options to Support Businesses, detailing a series of policy options being explored to resolve the challenges facing small businesses, as well as the responses to consultations undertaken by Revenue Services. There has been broad engagement by small businesses and property owners that is very promising. However, significantly more work needs to be undertaken to reach a final set of recommendations. In particular, the adverse impact of over-simplifying 'highest and best use' affect in Current Value

Assessment (CVA) determinations need to be kept central to ensure that City Council's final decisions are grounded in the reality of land speculation and the mismatch between development applications and actual City Council-endorsed planning policies.

**Recommendations:**

City Council direct the Interim Chief Financial Officer, as part of their ongoing review of Additional Property Tax and Legislative Change Options to Support Businesses, give consideration and review to the adverse impact on adjacent and other proximity sites of over-simplifying 'highest and best use' evaluations when using the direct comparison approach by the Municipal Property Assessment Corporation (MPAC) to determine Current Value Assessment (CVA).

Respectfully submitted,

Councillor Kristyn Wong-Tam  
Ward 27, Toronto Centre-Rosedale