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2021 OPERATING BUDGET BRIEFING NOTE

Options to Aid the Taxicab Industry

Issue/Background:

- At its meeting of December 16, 17 and 18, 2020 City Council considered a report titled Vehicles-for-Hire and COVID-19 Related Financial Hardship and directed the Chief Financial Officer and Treasurer and the Executive Director, Municipal Licensing and Standards (MLS) to report to the Budget Committee on options to aid the taxicab industry, including, but not limited to the following, for consideration in the 2021 budget process:
 - a. significantly reducing or eliminating 2021 renewal fees and annual fee increases; and
 - b. amending City of Toronto Municipal Code Chapter 441, Fees and Charges, to temporarily reduce the regulatory charges for the Vehicle-for-Hire Accessibility Fund Program by 75 percent for the year 2021 and reinstating the fees to their 2020 levels in 2022.

Key Points:

- The financial impact of COVID-19 has not been limited to the taxicab industry and a substantial number of licensed businesses in Toronto have been forced to close and/or had severe limitations placed on their ability to operate or customer base as a result of emergency orders.
- Examples of licensed businesses which have faced actual closures include all personal services settings such as tattoo parlours, barbers and hairdressers, nail salons, holistic centres and body rub parlours, bars and restaurants, and driving school operators.
- Due to the lack of data from the taxicab industry, it is difficult to accurately quantify the impact of the pandemic on their operations.
- Taxicabs represent one group of providers in the licensed Vehicle-for-Hire industry, and any consideration of a 2021 licensing fee reduction should also consider other providers such as limos and Private Transportation Companies.
- City Council has temporarily extended the vehicle age limits for taxis and limos so that owners/drivers do not need to purchase new vehicles in 2021 or 2022.
- All MLS business licence and permit fees are on a cost-recovery basis and were assessed by an independent third party in 2018 as to reasonableness. Fees cover the cost of administration and enforcement of the Bylaws and fully support the 2021 MLS Divisional budget. Any reduction in licensing fees for one or more categories would result in negative budget pressures, and would need to be offset through other revenue sources, or through expenditure control measures.

- The 2021 Operating Budget includes an adjustment to reverse the annual inflationary fee increase, ensuring fees remain at 2020 levels, despite \$0.5 million in inflationary increases in associated MLS costs.
- MLS has reduced licensing requirements to assist with all licence and permit renewals, waived late fees and provided additional grace periods for non-payment during the first phase of the shutdown. All licence and permit applications and payments can now be done online.
- In 2020, a Vehicle-for-Hire Accessibility Fund Program (AFP) was created. This program was seeded with a \$6M initial contribution in 2019 and now relies on an additional regulatory charge collected at the time of new/ renewing applications and trip fee payment from the vehicle-for-hire industry not providing wheelchair accessible services. Reducing this regulatory charge by 75% in 2021 and reinstating the fees to their 2020 levels in 2022 is feasible and would provide some support for the vehicle-for-hire industry, and will not impact current or future access to the AFP by applicants, and will not have an impact on the delivery of accessible vehicle-for-hire service.

Highlight of Impacts:

- As noted, the 2021 Budget includes an adjustment to reverse the annual fee adjustment of \$0.5 million for inflationary increase. This adjustment is applied to taxicab user fees and to all MLS user fees as approved in City of Toronto Municipal Code Chapter 441, Fees and Charges.
- Eliminating 2021 vehicle-for-hire licensing renewal fees would result in a \$10.8 million negative financial budget pressure.
- A reduction in vehicle-for-hire licensing renewal fees by 25, 50 or 75 percent would result in a negative budget pressure of \$2.7, \$5.4 or \$8.1 million, respectively.
- Reductions in one class of business licence are likely to lead to similar requests from other licence classes, resulting in further negative budget pressures on the city's budget.
- A 75% reduction in the Vehicle-for-Hire regulatory charge would save a standard taxicab owner approximately \$93.99, a vehicle-for-hire driver would save approximately \$46.99, and a PTC driver would save \$5.42 a year based on 2020 user fees.

Attachment: Current Vehicle-for-Hire Licensing Fees and Regulatory Charges, and Feasibility of 75 Percent Reduction to Regulatory Charges.

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