

Attachment 2: Summary of Stakeholder Consultations and Online Survey

At its meeting on 2021, City Council adopted item [EX20.5: Property Tax Policies for 2021](#) directing staff to conduct stakeholder consultations for a prospective small business property tax subclass. The consultations requested feedback from stakeholders regarding how they think the City should structure the small business property tax subclass.

The consultation process was comprised of four phases consisting of a meeting with experts in the field of assessment and taxation, a meeting with business and professional business associations, public consultation sessions open to all interested parties, and an online survey available through the City's website. Feedback was received from a wide range of stakeholders including commercial property owners, tenants/business owners, representatives from the City's Business Improvement Areas, representatives from business associations, tax/legal consultants, and residents of the City.

Expert Panel and the Business & Professional Business Associations Panel

During the two separate consultation sessions, stakeholders provided their feedback on two main topics: the qualification criteria and possible funding options. The general consensus among those in attendance at both consultations was that a small business property tax subclass is a good first step in protecting businesses and in reducing the commercial property tax rate. The following is a breakdown of the feedback from the Expert Panel, and Business & Professional Business Associations Panel.

Qualification Criteria Feedback:

- Should be considering a hybrid model with qualification criteria and an application process for those businesses that fall just outside of the qualification criteria.
- Alternatively, an application process is administratively burdensome for both sides and businesses may not see it or consider an application process to be too complicated and not bother applying.
- It is possible to split the Current Value Assessment where part of a property qualifies but other parts do not (ex. a property that is both industrial and commercial).
- Lower the commercial tax rate – that would help all businesses.
- Must ensure that the relief is passed to the tenants.
- There needs to be a strong educational piece so businesses/tenants understand the criteria and the type of lease they have.
- Small businesses in malls and strip plazas would be excluded based on the suggested qualification criteria. Could have a separate definition for these types of businesses.

- It states "small business subclass" not small business commercial property subclass. Can't define by property aspects alone, must consider attributes beyond CVA, lot size, location, etc.
- Consult the City's official plan for definitions already in place (ex. lot size).

Funding Options Feedback:

- It should not be large businesses that pay for this, it should be funded by all that benefit from the use of small businesses. Large business was hurt by Covid too.
- There is no justification in passing on the financial burden to large businesses. Large business will not like funding the landlords business in situations where the benefit is not passed on to the tenant.
- Residential taxpayers are the ones that benefit from having small businesses in their communities, they should assist in the funding.
- The small business property tax subclass should be funded across all classes. A small tax increase to the residential tax class is palatable and City should be in favour of that to support business. This would also continue Council's policy of reducing commercial ratio to 2.5 by 2023.
- Have a conversation with the Province to see if there are different ways to provide relief.
- If subclass is funded across all classes the educational tax savings should also be shared across all classes.
- Application process may be administratively and financially burdensome. Increased staff will increase the cost to administer program.
- Consider making this a temporary tax relief for Covid with a five year horizon.

Public Consultations and Online Survey

Throughout the three public consultation sessions and in the online survey, stakeholders provided their feedback on two main topics: the qualification criteria and possible funding options. Responses were received from a wide range of stakeholders including commercial/industrial/multi-residential/retail property owners, small business owners, business association members, non-profit groups, and residents of the City. The general consensus among those that responded to the online survey is that a small business property tax subclass is an essential measure in protecting and promoting business in the City. The following is a brief breakdown of the responses received from the public consultation Slido questions and the online Survey. For full details of the public consultation Slido questions see attachment 3 and for the online survey results see attachment 4.

Qualification Criteria Feedback:

- The majority of stakeholders believe that the criteria should be based on a combination of geographic location, lot size and/or gross floor area and Current Value Assessment.
- The majority of stakeholders think that it critically important that the City reduces the tax rate for small businesses.

- The majority of stakeholders think that there should be options available that would allow businesses that fall just outside of the qualification criteria, to request to be added to the small business tax subclass.
- The majority of stakeholders think that corporate retail stores, large coffee/fast-food franchises and bank branch offices should be excluded from a small business tax subclass.
- Current Value Assessment under one million is unreasonable as most Main Street properties are worth more than that. Three to five million might be a better estimate to account for future increases in property value.
- It's critical that this not be limited to the downtown core, or to key avenues.
- For mixed use buildings, only the commercial portion should qualify.
- Large firms/businesses and large national/international retail chains should not get a break, but franchisees/small business operators should.
- Commercial tax rates in the City should be reduced.
- There is concern that small businesses like auto wrecking yards/salvage, warehouses, etc. along the avenues will benefit from tax breaks and this will slow the creation of new commercial and residential space.
- Revenue is a good indicator of what could be deemed a small business versus size of a space.

Funding Options Feedback:

- Of the stakeholders that responded to the Slido questions during the public consultations, 37.2% would support a small business tax subclass funded solely within the commercial class, 39.5% would not support a small business tax subclass funded solely within the commercial class, and 23.3% were undecided.
- Nearly half of the stakeholders that completed the online survey think that the small business tax subclass should be funded across all classes.
- 91.0% of stakeholders believe that the City should continue to reduce non-residential tax rates to make Toronto's businesses more competitive.
- 45.1% of residential stakeholders that completed the online survey would be willing to pay more in residential property taxes in order to support small businesses/neighbourhood retail in their communities.
- The small business property tax subclass should not be funded entirely by the commercial class.
- Toronto residents underpay property taxes in comparison to many other cities in the province. Residential taxes are too low which puts an unfair burden on businesses to support the City. The residential areas are benefactors of vibrant commercial districts that help to increase property value, they should share the tax burden.