

February 3, 2023

Dear Mayor Tory and Members of Toronto City Council,

Re: MM3.5 – Reviewing Revenue Tool Options for Toronto

I am writing to express the Toronto Financial District Business Improvement Area's (FDBIA) concern that the City of Toronto is considering a parking levy. Toronto businesses understand that the City is facing a significant revenue shortfall and is taking actions to address these financial challenges, including implementing a significant tax rate increase. We appreciate the City's need to develop more sustainable revenue sources; however, the parking levy is a poor choice given the post-pandemic economy.

While the levy appears to be a simple solution to the City's financial challenges, it is instead a complex tax that will negatively impact economic development and job growth. It is important to remember that a parking levy is not the same as a parking sales tax. It will not change driving behaviour. A levy is a fee paid on a commercial parking area (paid or unpaid) that is already subject to commercial property taxes, whereas a parking sales tax is an additional tax paid on the sale of paid parking spaces and payable by the driver. Parking sales taxes are very common – Vancouver, Pittsburgh, Miami, Seattle, Los Angeles, and New York all use paid parking sales taxes. There is very little precedent for a parking levy in North America.

After studying the parking levy twice, including a third-party KPMG report in 2016, the previous Council agreed with staff's conclusion that the levy is inequitable, inefficient, a bad policy fit, and does not minimize negative economic impacts¹. Post-pandemic, the levy could be an even worse revenue tool option for the City and its businesses who are still reeling from the pandemic.

Office worker occupancy in Toronto's central business district has had a slow climb post pandemic with the daily average number of workers in the area at 42% of pre-pandemic levels. This has a significant impact on the viability of an entire ecosystem of small business that support the downtown office economy. The international competitive dynamics of our central business district must be a number one priority for Toronto, and adding additional burden when commercial properties already incur a disproportionately high level of taxation will work against the city's efforts for Toronto to remain the location of choice.

If the City moves forward with a feasibility study of the levy, I request that the FDBIA be included in the review and consultations.

Sincerely,



Grant Humes
Executive Director

¹ City Manager's Presentation on EX20.1, EX20.2, and EX20.3 ("LTFD Update," "Revenue Strategy," and "Asset Optimization" Reports). Executive Committee – December 1, 2016