

February 3, 2023

Mayor Tory and City of Toronto Councillors
Office of the Mayor
City Hall, 2nd Floor
100 Queen St. W.
Toronto, ON M5H 2N2

Transmitted as via email to mayor_tory@toronto.ca, and clerk@toronto.ca.

Retail Council of Canada expressing concern over parking levy as a potential new revenue tool

Dear Mayor Tory and Councillors:

On behalf of retail businesses in the City of Toronto, Retail Council of Canada (RCC) is writing to express trepidation and grave concern around the consideration that is currently being given to imposing a parking space levy within the City of Toronto as a revenue generation tool.

Our retail members, representing businesses all sizes and formats, appreciate the City's need to develop a more sustainable revenue source and support the idea of a feasibility study to analyze and review alternative revenue sources. We continue to believe, as we did in 2016 and 2007, that a parking levy is not a fair and equitable method to raise tax revenue.

Toronto's parking bylaws place minimum parking space requirements on retail businesses and retailers have little flexibility in removing spaces for environmental considerations or other reasons. This is in part why previous Councils, after considering the levy on two past occasions, agreed that a parking levy would be an unfair tax – and more to the point, an unacceptable measure as it would fall disproportionately on specific business subsectors like retailers, while allowing other business enterprises to escape unaffected.

Using the previous rates from the 2016 KPMG report on the proposed parking levy, a cost between \$0.50 per day per space and \$1.50 per day per space is a significant increase, especially in the current environment where our retail members – small, mid and large, and particularly those in the downtown core – continue to teeter on the brink, having been shut down by Toronto Executive-supported Public Health Orders for an extended period of time. And who are now, a year or so later, coping with rampant inflation from suppliers and other input costs.

Not only will merchants suffer, but also their customers, i.e., *all Torontonians*, at what is absolutely the worst time to add further to the rise in prices for groceries and other necessities. Let's be clear, this doesn't just hit at those who drive because it is not a tax on driving or even on parking as such, but on anyone who shops at any retailer with a parking space, meaning that it will hit low income and carless Torontonians as well.

Assuming the goal of this levy is two-fold, generating additional revenue for the City of Toronto while simultaneously encouraging more sustainable transport options like transit, we would respectfully remind Council that a 'parking levy' is not the same as a 'parking tax'. A levy is a fee paid on a commercial parking area – paid or unpaid – whereas a parking sales tax is an additional tax paid on the sale of paid parking spaces. A parking sales tax, particularly if it features a visible environmental tax, has a greater impact on driver behaviour versus a commercial tax on unpaid parking.

When looking to best practices from other jurisdictions, 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.

If City staff proceed with conducting a feasibility study on a parking levy, we encourage them to also seek more information on a parking sales tax as an alternative. Further, if the secondary outcome of this proposed revenue generation tool is to encourage drivers to switch to sustainable transport alternatives, we suggest Council ask staff to expressly speak to that in the report as it will be important to consider which of a parking levy or parking sales tax is likely to have a deeper impact on driver behaviour.

Retailers welcome a robust debate, both about needed investments within the City and on the funding required to make those investments. At the outset, however, retailers demand that certain principles be established, among which are that any revenue measures should be equitable, properly thought out and modelled and be subject to strict sunset provisions.

As Council discusses moving forward with a feasibility study, we request that Retail Council of Canada be included in the consultation process. We thank you in advance for your attention to matters that affect the health and wellbeing of the retail businesses we represent across the City of Toronto and look forward to being part of the consultation process.

Sincerely,



Diane J. Brisebois.
President & CEO, Retail Council of Canada