
2024 OPERATING BUDGET BRIEFING NOTE

Billy Bishop Toronto City Airport (BBTCA) – Feasibility for a Potential Tax Levy Per Passenger

Issue:

- At the September 6, 2023 special meeting of City Council to review and approve “[EX7.1: Updated Long-Term Financial Plan](#)”, City Council requested the Chief Financial Officer and Treasurer investigate the feasibility for a potential tax levy to be applied on a per passenger basis for the Billy Bishop Toronto City Airport (BBTCA) payable to the City of Toronto, and report back to the Executive Committee during the Budget Consultation process.

Background:

- Prior to 2013, payments-in-lieu of taxes (PILTs) for Billy Bishop Toronto City Airport (BBTCA) were calculated using the assessed value returned by the Municipal Property Assessment Corporation (MPAC), multiplied by the applicable tax rate.
 - PILTs are payments made to the City of Toronto by federal, provincial and municipal governments and agencies to compensate the City for municipal services it delivers to their properties.
- At its meeting of October 8-11, 2013, City Council adopted a recommendation in the report entitled “[CC39.1 - Payments in Lieu of Taxes for Billy Bishop Toronto City Airport](#)” approving a settlement between the City and the Toronto Port Authority (PortsToronto) where PortsToronto agreed to make PILTs for the BBTCA based on passenger counts.
 - The per-passenger method was mutually agreed on as the fairer and more predictable approach rather than being based on the airport’s assessed value multiplied by the applicable tax rate.
 - This revised approach aligns with the same rate as paid by the Greater Toronto Airports Authority (GTAA) for Toronto Pearson International Airport.
 - In 2018, [Ontario Regulation 282/98](#) was amended to add the BBTCA to the list of Ontario airports that make PILTs on a per passenger basis, thereby entrenching this method for the calculation of payments-in-lieu of taxes for BBTCA in law.
- The BBTCA already makes an annual payment in lieu of tax for its property that is based on a per passenger basis. An additional or duplicate levy amount for an existing levy, charge or tax that is already payable to the City would constitute double taxation.

Key Points:

- Prior to 2013, PILT requests from the BBTCA were based on MPAC's returned assessed values multiplied by the applicable tax rate.
- PILT requests from the BBTCA since 2013 have been based on a per passenger basis, in accordance with the 2013 agreement and since 2018, in accordance with Ontario Regulation 282/98.
- The per passenger rate used for PILTs requested from the BBTCA is \$0.94029 which is the same rate used for Pearson International Airport.
- The breakdown of the amount requested for the years 2019 – 2023 based on the per passenger rate is outlined in Table 1 below.

Table 1: BBTCA – Amounts Requested for 2019-2023

Taxation Year	Total Number of Passengers (Enplaned and Deplaned)	Total Amount Requested
2019	2,765,761	\$2,325,200
2020	2,807,208	\$2,441,460
2021	2,774,175	\$2,563,533
2022	389,413	\$366,161
2023	282,368	\$265,508
Total	9,018,925	\$7,961,862

- As per the regulation, the passenger total is the total number of enplaned and deplaned passengers for the year that is two years prior to the relevant taxation year.
- The total number of enplaned/deplaned passengers for 2022 and 2023 are significantly lower than previous years because of the COVID-19 pandemic-related airport shutdown of 2020 and 2021.
- The PILTs to be paid in 2024 will be based on passenger volumes for 2022 and 2023, which saw a return to air travel. As a result, the City expects a gradual return of PILT revenues to pre-pandemic levels, starting in 2024. City staff understand that the airport is currently operating at 70% to 80% of pre-pandemic levels.
- Since 2013, PortsToronto has made PILTs to the City for the BBTCA on time and consistent with its obligations under the 2013 settlement and the regulation. There are no unpaid PILTs for the BBTCA owing by PortsToronto to the City.

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