



CITY COUNCILLOR

Shelley Carroll 高雪莉

WARD 17 DON VALLEY NORTH



Toronto City Hall
100 Queen Street West, Suite A3
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February 5, 2026

Re: CC38.1 - Budget Implementation Including Property Tax Rates, User Fees and Related Matters - Strengthening Support for Small Businesses through the Small Business Property Tax Subclass

Colleagues,

One of the four central pillars of Toronto's 10-Year Economic Development Plan, Sidewalks to Skylines, is Strong Main Streets. This pillar reflects a simple truth: when small businesses succeed, Toronto succeeds.

Small businesses are foundational to the economic, social, and cultural life of our neighbourhoods. They animate our streets, create inclusive local employment opportunities, and are often the first rung on the employment ladder for young people and newcomers. These enterprises help define the character of communities across the city and play an outsized role in sustaining a resilient local economy.

The City has made important progress in supporting small businesses through tools such as the Small Business Property Tax Subclass (SBSC). Since its introduction in 2022, the SBSC has provided broad-based tax relief to small businesses located across Toronto – including those outside traditional Business Improvement Areas (BIAs), which remain unevenly distributed city-wide. This is particularly important for small enterprises located in neighbourhood plazas, mixed-use buildings, and employment areas that do not benefit from BIA programming or marketing supports.

Council has also taken steps to expand eligibility for the SBSC in line with Sidewalks to Skylines, ensuring that more small enterprises – including those in strip plazas – can benefit from this targeted relief. These efforts reflect a recognition that not all small businesses operate on main retail avenues, yet still face the same cost pressures.

Despite these measures, global economic conditions continue to apply significant pressure on small businesses. Ongoing tariff uncertainty, higher input costs, and changing consumer patterns have narrowed margins and increased operating risk for many local firms. In this context, property tax relief remains one of the most direct and effective tools available to Council to support business retention and stability.

At this Special Meeting of Council, I will be moving that Council approve an increase to the Small Business Property Tax Subclass municipal rate reduction from 15 per cent to 20 per cent, beginning in the 2026 taxation year. This measure would provide



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meaningful, broad-based relief to tens of thousands of small businesses across Toronto, while maintaining overall fiscal balance through a revenue-neutral adjustment within the commercial property tax class.

To that end, I am requesting that staff prepare the following for Council's consideration:

RECOMMENDATIONS

1. City Council authorize an increase in the rate reduction from 15 to 20 percent for the Small Business Property Tax Subclass of the Commercial Property Tax Class, effective for the 2026 taxation year, and further direct that the incremental 5 percent reduction be funded through a 0.76 percent increase to the balance of the commercial property tax class, and authorize the Chief Financial Officer and Treasurer to make any necessary amendments to implement the 20 percent Small Business Subclass reduction for the 2026 taxation year.
2. City Council request the Chief Financial Officer and Treasurer to initiate in 2026 a review of the eligibility criteria for inclusion in the Small Business Property Tax Subclass.

This proposed adjustment aligns squarely with the goals of Sidewalks to Skylines: preserving and strengthening Toronto's main streets, supporting local employment, and ensuring that our economic growth strategy works for neighbourhood businesses as well as global firms. It is a practical, targeted step to help small businesses weather continued economic uncertainty while keeping Toronto competitive and inclusive.

I look forward to Council's consideration of this matter.

Sincerely,

Councillor Shelley Carroll
Chair, Budget Committee
Mayor's Economic Development & Culture Champion