TORONTO

REPORT FOR ACTION

Advancing Implementation of the Long-Term Financial Plan – Revenue Opportunities

Date: November 17, 2026
To: Executive Committee
From: Chief Financial Officer & Treasurer
Wards: All

SUMMARY

As the economic engine of Canada, the City of Toronto delivers services, initiatives and projects that far exceed the traditional role of municipal government, and which substantially benefit the region and other orders of government. In addition, the City is faced with growing demands for services and infrastructure, for which the City is not able to capture the benefits of growth. This is unlike the provincial and federal governments whose funding tools are indexed with the growth of the economy, such as income and sales taxes. Rather, the City is unable to keep up with the costs of delivering both the upfront infrastructure requirements associated with growth and the ongoing and sustained demand for services.

This structural fiscal challenge facing the City is further strained by increasing infrastructure requirements associated with state-of-good-repair and emerging financial challenges arising from market conditions, legislative impacts imposed by other orders of government and cost escalations. As further detailed in the Operating Variance Report as of September 30, 2026, the City will be required to take a series of actions to address both current and longer-term financial pressures.

In 2023, City Council adopted the Updated Long-Term Financial Plan (LTFP) which identified a variety of measures to improve the City's long-term financial sustainability (Item EX7.1). This included expenditure-related actions, a need to prioritize capital investments, and laid the groundwork for intergovernmental discussions resulting in the New Deal Agreement. The LTFP also recommended exploring additional revenue tools within the City's existing authority.

The majority of recommended LTFP actions have since been implemented, however, Toronto continues to face significant financial pressures with an over-reliance on property taxes to balance the budget each year. While further actions will be considered during the 2027 budget process including expenditure reviews, reductions and offsets, annual adjustments to user fees, and other property tax related measures, this report recommends immediately advancing the implementation of three revenue opportunities consistent with previous recommendations:

- Reinstating the Municipal Accommodation Tax rate at 8.5% as of March 1, 2027;

- Introducing a Next Generation 911 monthly fee to support investments in emergency services, with a target implementation date of October 1, 2027; and

- Initiating all required steps to introduce a Commercial Parking Levy effective for January 1, 2029.

Revenue generated from these three funding options will be required to sustain existing investments that, to date, have been funded by one-time measures. The intent is, as these actions are implemented and revenue is received, sustainable funds will replace temporary one-time bridging actions that have been included in annual operating budgets. The recommended measures, which are in place in other cities across North America, further diversify the City's revenue base and alleviate the financial pressure that would otherwise need to be addressed through property taxation, further expenditure reductions, service level changes or other actions.

Staff are seeking immediate direction and approval from City Council to proceed with the options identified in this report to ensure that they can be implemented in a timely manner and reduce the City's reliance on one-time and bridging actions. However, in the implementation and development of the Next Generation 911 fee and the Commercial Parking Levy in particular, staff acknowledge that additional engagement and technical consultations may further inform the recommended approach. Should additional authorities or direction be required, staff will report to City Council as needed, and, at minimum, will provide an update on all revenue tools during the 2028 budget process.

RECOMMENDATIONS

The Chief Financial Officer & Treasurer recommends that:

Municipal Accommodation Tax:

1. City Council approve an increase to the Municipal Accommodation Tax rate from 6 percent to 8.5 percent effective March 1, 2027, and direct the Chief Financial Officer and Treasurer to include the additional revenue in the 2027 Budget for the Mayor's consideration.

2. City Council authorize the City Solicitor to introduce the necessary Bills in Council to give effect to City Council's decision by amending City of Toronto Municipal Code Chapter 758, Taxation, Municipal Accommodation Tax.

Next Generation 911 Fee:

3. City Council authorize the City Manager to formally engage telecommunications carriers to negotiate and execute agreements for the collection and remittance of a Next Generation 911 (NG911) Service Fee, on

terms and conditions satisfactory to the City Manager and in a form satisfactory to the City Solicitor.

4. City Council approve a Next Generation 911 (NG911) Service Fee of $2 per wireless (mobile) subscriber per month, inclusive of an amount to be retained by the telecommunications carriers for the administration and remittance of the NG911 Service Fee to the City, effective October 1, 2027, subject to the execution of the agreements in Recommendation 3.

Commercial Parking Levy:

5. City Council approve the implementation of a commercial parking levy on property classified as commercial for property tax purposes in the City of Toronto, and on revenue generating parking areas owned or operated by the City or its agencies, at an annual rate of $12.00 per square metre of space used for parking for Zone A (Downtown Core and Central Waterfront) and $6.00 per square metre of space used for parking for Zone B (all other areas of the City), exempting the first 450 square metres, effective January 1, 2029, in accordance with the proposed tax design for the commercial parking levy set out in Attachment 1, subject to the execution of the agreement outlined in Recommendation 6.

6. City Council authorize the Chief Financial Officer and Treasurer to negotiate and execute an extension of the City's agreement with the Municipal Property Assessment Corporation (MPAC), or to negotiate and execute a new agreement with an alternative supplier, (the “Service Provider”) to support the collection and administration of the commercial parking levy and resolving disputes, with such an agreement to allow the Service Provider to exercise the power of entry under the *City of Toronto Act,* providing the Service Provider representatives comply with the *City of Toronto Act* requirements when exercising the power of entry.

7. City Council pass a by-law to provide for the power of entry as outlined in section 376(1) of the *City of Toronto Act*, 2006, to enable the City to enter commercial land at any reasonable time for the purpose of carrying out inspections, specifically in support of administering the commercial parking levy.

8. City Council designate the Service Provider as the City’s agent to exercise the power of entry under the *City of Toronto Act* for the purpose of measuring eligible parking area for the administration of the commercial parking levy and requesting information from the property owner or authorized agent for the purpose of administering the commercial parking levy in order to obtain information to assist in the accurate measure/calculation of lot and exempt area, subject to execution of the agreement outlined in Recommendation 6 above.

9. City Council appoint the Controller and Chief Accountant as the Appellate Authority for the Commercial Parking Levy and delegate to the Controller and

Chief Accountant the authority to exercise the powers of the Appellate Authority under the Commercial Parking Levy By-law, including the authority to hear and determine appeals related to the application of the levy to a property.

FINANCIAL IMPACT

While final estimates will be confirmed as part of the 2027 budget process, the three measures recommended in this report are expected to result in incremental gross revenue of $67.5 million in 2027 which, for illustrative purposes, is the equivalent to a 1.27% property tax increase. This will reach a total annual revenue potential of $272.6 million in 2029 following full implementation, as outlined below in Table 1.

Revenue generated from these three funding options will be leveraged to sustain existing investments that have otherwise been addressed through one-time measures and are not intended to be directed towards new or enhanced initiatives. As they are implemented and revenue is received, funds will replace temporary one-time bridging actions that have been included in the annual operating budget and are no longer available. The recommended measures further diversify the City's revenue base and reduce the amount of financial pressure that would otherwise need to be addressed through property taxation, further expenditure reductions or other measures.

Table 1: Estimated Accumulated Gross Revenue Potential ($ millions)

Annual Incremental Revenue	**2027**	**2028**	**2029**
Municipal Accommodation Tax *Incremental rate increase to 8.5%, effective March 1, 2027*	$51.2 M	$6.2 M	$ -
Next Generation 911 Fee *$2 monthly fee, targeted implementation October 1, 2027*	$16.3 M	$48.8 M	$ -
Commercial Parking Levy *Effective Jan 1, 2029*	$ -	$ -	$150.0 M
Total Incremental Revenue	**$67.5 M**	**$55.0 M**	**$150.0 M**
Total Annual Revenue	**$67.5 M**	**$122.6 M**	**$272.6 M**
Total Accumulated 3 Year Revenue:			**$462.6 M**

Municipal Accommodation Tax:

Reinstating and maintaining the Municipal Accommodation Tax (MAT) rate at 8.5% effective March 1 is expected to generate an additional $51.2 million in gross revenue in

2027, which represents the earliest feasible implementation date based on a December 2026 Council approval.

Going into 2028, the rate increase is expected to generate a further $6.2 million associated with the annualized impact of being in effect for a full year. Over a three-year period, reinstating the MAT rate at 8.5% is anticipated to generate a total of $165.9 million in incremental gross revenue, specifically associated with the 2.5% rate increase. This excludes any volume-related changes associated with hotel or short-term occupancy, as well as average room rates.

The total 2027 budgeted MAT revenue amount will be included in the 2027 budget process following refinement based on the latest 2026 data. The 2027 Operating Budget will also identify contributions to eligible tourism initiatives and organizations, which may include existing planned investments in the sector. The Province has recently filed amendments to the MAT regulatory framework (O. Reg. 349/26), which staff understand are intended to harmonize revenue-sharing requirements across municipalities, and ensure a minimum share of MAT revenue for one or more eligible non-profit tourism entities.

Next Generation 911 Fee:

The Next Generation 911 (NG911) service fee is proposed to be a monthly $2 fee ($24 annually) applied per wireless (mobile) line within Toronto. Based on the population in the City of Toronto where 92% of people are estimated to have a mobile phone, coupled with estimated business-related mobile accounts, staff anticipate that the NG911 fee could generate up to $65.1 million in annual revenue. Based on a target implementation date of October 1, 2027, subject to agreements with telecommunications carriers, this represents $16.3 million in 2027, with an additional $48.8 million in 2028. Following implementation, it’s expected this revenue would be relatively stable with minor year-over-year revenue fluctuations based on annual changes to mobile phone usage.

If the NG911 fee were to also apply to landlines, it could generate up to $17.2 million in further revenue potential each year. This would be expected to decline over time as landline usage is reduced. Staff are recommending proceeding with wireless (mobile) lines only at this time to alleviate added financial burden on users who may have both a wireless and landline and therefore would be subject to multiple charges; businesses such as the hospitality and health sectors who maintain landlines; and older populations.

The above estimates consider a small portion of the NG911 fee to be retained by telecommunication companies, who would be required to collect and remit on behalf of the City, for modelling purposes. This estimate has been informed by a jurisdictional scan of existing provincial NG911 fees in place across Canada, however, as staff consult with the relevant organizations, this estimate may adapt based on scale or complexity associated with applying to a municipality.

The NG911 fee is not designed to generate revenue for new initiatives. Funding received through a NG911 monthly fee will support existing operating and/or capital investments in next generation emergency services. This will include offsetting

operating, technology and training costs associated with delivering and maintaining NG911 services, such as call answering, dispatch, or equipment required across Toronto Police Services, Fire Services and Paramedic Services.

The City has significantly increased its investments in emergency services to respond to growing service demands and improve response times. For example, the Net Operating Budget for emergency services combined, including police, fire and paramedics, has grown from $1.8 billion in 2023 to $2.2 billion in 2026, or 24% over a three-year period. This excludes added investments of $37.2 million in 2026 to deliver a fourth emergency service: the Toronto Community Crisis Service. Added investments have included funds for the City to become the first municipality in the Greater Toronto Area (GTA) to fully transition all emergency services to NG911 digital network. Ongoing annual funding from a NG911 fee will help to mitigate sustained financial pressures associated with delivering these services.

Commercial Parking Levy:

A commercial parking levy is an annual charge on the amount of parking area, including surface lots, underground parking and parking garages, on commercially classified properties. As was reported in February 2024 to Executive Committee, initial projections estimated the annual revenue potential of the commercial parking levy to be between $100 million and $150 million. Following additional analysis and proposed design, staff continue to assume an annual revenue potential of up to $150 million, after considering high-level costs to implement and administer. This revenue estimate is subject to revision as a comprehensive parking inventory is developed and verified throughout 2027 and 2028. Staff will continue to provide updates during the annual budget process.

Proposed Rate Structure

Staff previously proposed that the commercial parking levy be applied based on a two-tiered rate structure centred around geographic zones, including a downtown and central waterfront zone and the remainder of the City (see Attachment 2). This rate structure acknowledges the availability of alternative travel modes in the downtown area and considers the relative cost of parking and its impact on businesses.

While the commercial parking levy will be applicable to parking area (rather than applied on a per-space basis), Table 2 below outlines the estimated annual and daily impacts per parking space in Zones A and B, for illustrative purposes only. Staff are proposing an annual rate of $12 per square metre in Zone A and $6 per square metre in Zone B. Assuming 30m² is equal to one parking space, this would result in the equivalent of a charge of $1.00 per space per day in Zone A, and $0.50 per space per day in Zone B.

Table 2: Proposed Rate per Square Metre by Zone

Zone	Annual Rate ($/m²)	Equivalent Estimated Annual Impact per Parking Space* *For illustrative purposes*	Equivalent Estimated Daily Impact per Parking Space *For illustrative purposes*
Zone A (Downtown and Central Waterfront)	$12.00	$360	$1.00
Zone B (Entire city excluding Zone A)	$6.00	$180	$0.50

**Assumes that one parking space is the equivalent of ~30 square metres (including a portion of access lanes, ramps and driveways). This provides the estimated impact for parking spaces beyond the first 450 square metres which will be exempt.*

While the proposed rates are higher than initially contemplated in earlier reports, staff are recommending expanding the exemption for all commercial parking areas to be 450m², an increase over the 300m² first proposed. This means commercial property owners will not pay any levy on the equivalent to their first 15 parking spaces, which will provide financial relief of up to $2,700 to $5,400 annually depending on the geographic zone. This exemption is anticipated to mitigate financial burden on small businesses and account for spaces typically dedicated to accessibility and bike parking.

Parking Area and Revenue Potential

In 2024, the City developed a preliminary inventory, which estimated approximately 22 million square metres of surface parking area. When considering the proposed 450m² exemption for all properties, it's expected the commercial parking levy would apply to approximately 19 million square metres of surface parking area, which could generate up to $116.5 million annually. This does not consider that some properties may be subject to a 20% discount under the Small Business Property Tax Subclass, consistent with the treatment of their regular tax bill.

In addition to refining and verifying the above estimate, as a next step, the selected Service Provider will need to comprehensively capture all commercial parking lots within Toronto, including underground and above-grade parking garages, which will increase the current estimates of total parking area in the City. It is expected these parking areas could generate up to an additional $50 million in revenue. After considering potential administration and implementation costs, which will be further refined and finalized during the budget process, staff continue to assume a total revenue potential of $150 million annually.

Revenues from the commercial parking levy are intended to be collected corporately to replace one-time bridging actions in support of existing investments in transit services. The commercial parking levy is expected to be a sustainable and reliable source of revenue, which can support the City in addressing existing budget pressures. As an example, in recent years, the City has significantly increased its investment in transit, increasing the TTC's Net Operating Budget from $1.3 billion in 2024 to $1.5 billion in

2026, or an increase of $179 million (14%) over two years. The commercial parking levy will provide added financial benefit in mitigating annual pressures on the remainder of the property tax base to fund municipal services.

Impacts to Commercial Properties

In February 2024, staff estimated that 23,000 commercial properties have some amount of parking area, including City-owned and operated parking facilities. The total number of properties that will be subject to the commercial parking levy is currently unknown, as it will only apply to parking area that exceeds 450m². In a suburban context, 450 m² of parking area would support a retail store approximately 350m² in floor area. The vast majority of small businesses are expected to be below this threshold; therefore a stand-alone small business property is likely to be fully exempt from the commercial parking levy.

In a situation where multiple businesses are located within a single property with a shared parking area, the exemption would apply to the first 450m² of parking area and the remainder would be subject to the levy. For example, when reviewing available parking data, the average strip plaza in Toronto contains between seven and eight businesses, has 50 parking spaces (approximately 1,500 m^2 of parking area), and is almost always located in Zone B. In this situation, a strip plaza would be subject to a levy on 1,050 m^2 of parking area for a total annual levy impact of $6,300. This amount would be further reduced by 20% if the strip plaza is included in the Small Business Tax Subclass to $5,040. The average business would be subject to an annual average levy of approximately $630, or $1.73 a day. Further examples are outlined in the Comments section of the report.

City and Agency Parking Area

Staff recommend that the commercial parking levy apply to all private and publicly owned and operated parking area, with the exception of legislatively exempt properties, including properties owned or operated by the City and its agencies, to ensure fairness and market efficiency among parking operators. Examples of applicable properties include Toronto Parking Authority's off-street surface parking lots, parking garages and Toronto Transit Commission's commuter parking lots.

The proposed approach also extends to revenue generating parking areas owned by the City and its agencies, with the specific property types subject to the levy to be confirmed prior to implementation. It is expected that there is approximately 450,000m² of parking area owned by City agencies. Assuming an average blended rate of the two-zone structure, this would result in an annual financial impact of approximately $4.0 million across applicable City parking areas. These impacts will be incorporated into future year budget submissions for applicable City divisions and agencies. Revenues collected from City entities will ultimately be re-invested in critical city operations.

Implementation Costs

Unlike MAT and NG911, which have minimal implementation costs, the commercial parking levy will require added investment and ongoing maintenance. In order to

effectively implement and administer the commercial parking levy, the City will be required to make upfront one-time investments of approximately $15 million - $20 million which will be refined and provided to City Council once an agreement with a Service Provider has been drafted. Upfront investments include the following actions expected to be delivered by a Service Provider:

- Develop and verify a comprehensive parking inventory for all parking area, including surface parking, parking garages and underground parking;
- Develop technology upgrades for tax billing software;
- Work with the City of Toronto to develop and then maintain audit, request for reconsideration (RFR), and appeal processes; and
- Develop a communications plan with the City to proactively communicate to impacted commercial properties.

Annual investments are expected to be $5 million – $7 million, reflecting combined costs for City resources and expected deliverables from the Service Provider. It will be required to maintain data, process annual billings and conduct RFR and appeal processes, with higher costs anticipated in earlier years due to the expected volume of appeals. Further, additional staffing will be required in Revenue Services to support assessment analysis, tax billing appeals, and customer service; and enhanced resources will be required for communications including notification letters for the impacted commercial properties and additional buck slips included in property tax bill mailouts.

Should City Council approve the implementation of the commercial parking levy, staff recommend that immediate funding needs, including upfront one-time requirements and any operating costs, be considered through the 2027 budget process. Once the levy is implemented in 2029, it is recommended that revenues both replenish funding sources and support ongoing operational requirements.

DECISION HISTORY

On September 6, 2023, City Council adopted the Updated Long-Term Financial Plan which directed staff to complete a series of actions aimed at improving the City's long-term financial sustainability, including the development of an implementation plan for a commercial parking levy and a Next Generation 911 levy.
Item EX7.1: https://secure.toronto.ca/council/agenda-item.do?item=2023.EX7.1

On February 29, 2024, Executive Committee considered the Implementation of a Commercial Parking Levy, which set out guiding design principles for the levy, and referred the item back to the Chief Financial Officer and Treasurer to report on stakeholder engagement, refined estimates and an implementation plan, and to undertake a comprehensive parking inventory.
Item EX12.3: https://secure.toronto.ca/council/agenda-item.do?item=2024.EX12.3

On November 14, 2024, City Council adopted a temporary increase to the Municipal Accommodation Tax rate to 8.5%, to be in effect from June 1, 2025, to July 31, 2026.
Item EX18.17: https://secure.toronto.ca/council/agenda-item.do?item=2024.EX18.17

On January 28, 2025, Executive Committee received the report 'Update on the Implementation of a Commercial Parking Levy', which deferred consideration of an implementation plan while engagement continued.
Item EX20.7: https://secure.toronto.ca/council/agenda-item.do?item=2025.EX20.7

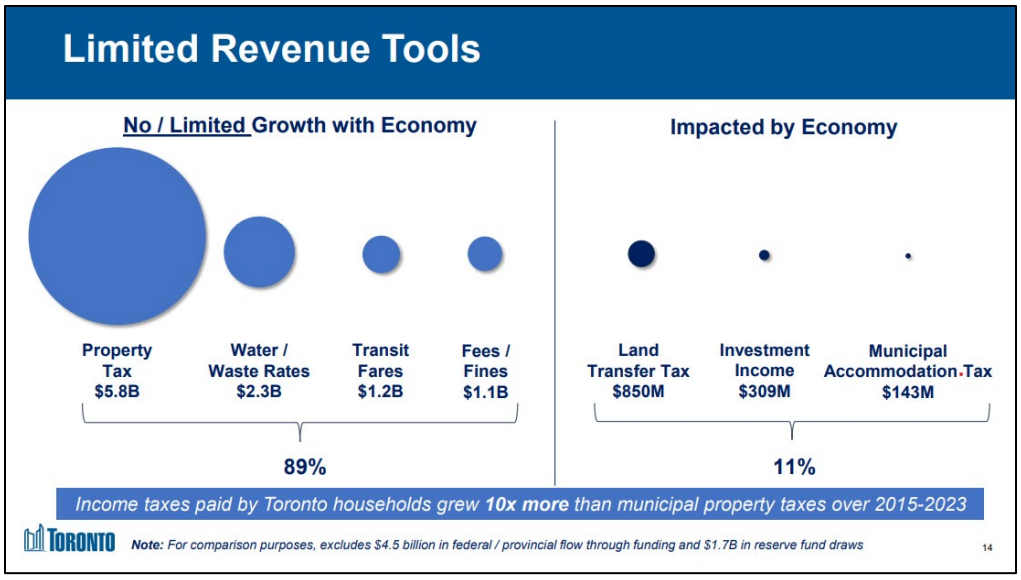
COMMENTS

Municipal Fiscal Context and the LTFP

Municipalities in Canada have limited funding tools available to respond to increasing service demands, population growth, legislative changes and aging infrastructure. For every tax dollar paid in Canada, municipalities only receive about nine cents. Like other cities, Toronto has historically relied heavily on property taxes and rate-supported revenues. Unlike income or sales taxes, which are available to the provincial and federal governments, these revenues do not automatically provide the City with a proportionate share of economic growth. Rather, they require intentional rate-based changes to affect revenues.

During the 2026 budget process, staff highlighted that, of the City's current revenue tools, only 11% of current municipal revenues are impacted by economic activity including Municipal Land Transfer Tax (MLTT), investment income and the MAT. This is despite Toronto being the largest city in Canada, drawing in more than 26 million visitors annually and accounting for one in every five jobs in Ontario.

Screenshot from 2026 Budget Presentation (link):



The Updated Long-Term Financial Plan, considered by City Council in 2023, identified the growing fiscal gap between the City's operating and capital requirements and the tools available to address them, ultimately recommending a range of options to improve the City's long-term financial sustainability including reviewing operating expenditures, introducing new and existing revenue tools, prioritizing capital investments, and securing sustainable intergovernmental funding. Since the LTFP was adopted, the City has made significant and tangible progress, including:

- Identifying over $2.0 billion in reductions and offsets over 2024-2026 as part of annual budget processes, including $449 million specific to budget reductions;
- Introducing and, since then, further increasing graduated MLTT rates on high-value residential properties;
- Initiating a Municipal Non-Resident Speculation Tax on foreign buyers of residential property;
- Increasing the Vacant Home Tax rate as a policy measure to increase housing supply;
- Increasing dividends from the Toronto Parking Authority following the removal of the on-street parking rate cap;
- Introducing a Capital Prioritization Framework to ensure effective allocation of the City's limited capital resources; and
- Securing a New Deal Agreement with the Province of Ontario which provided $1.2 billion in provincial operating support and $3.0 billion in capital financial benefits over a three-year period: 2024-2026.

Despite this progress, the City's structural fiscal challenges remain. As described further in the Operating Variance Report as of September 30, 2026, the City is currently facing a projected operating deficit in 2026, with challenges expected to continue into 2027. Existing corporate revenue tools that were introduced or enhanced through the LTFP, such as the MLTT, remain volatile and sensitive to economic conditions.

While further actions will be required and considered during the 2027 budget process, including expenditure reviews, reductions and offsets, annual adjustments to user fees, and other property tax related measures, this report recommends immediately advancing implementation of three revenue opportunities to accelerate expected timing of financial benefits. All three measures help to further diversify the City's revenue base and reduce reliance on property taxes and one-time measures to bring forward a balanced operating budget. Seeking Council's approval in advance of the 2027 budget process will help to reduce risk and provide guidance to staff in the final preparation stages of the budget process.

Municipal Accommodation Tax

Background

The Municipal Accommodation Tax (MAT) is one of the few revenue tools the City has access to which captures economic activity and growth. It applies to the purchase price of the room portion of hotel accommodation and registered short-term rental accommodation. Hotels and short-term rentals collect and remit MAT on behalf of the City. Enabled by the *City of Toronto Act*, the City first introduced an MAT on January 31, 2018, at a rate of 4%, before increasing it to 6% on May 1, 2023.

To support delivery of the FIFA World Cup 2026, City Council approved a temporary 2.5% increase to MAT during the 14-month period from June 1, 2025, to July 31, 2026. This was expected to generate an incremental $56.6 million. Despite concerns that an increase in rate would have a negative impact on Toronto's competitiveness, MAT has performed favourably over the period, ending 2025 with a positive year-end revenue variance of $13 million. As of September 2026, the City is projecting to receive $21.9 million more in MAT revenue than budgeted by year-end, a 15% favourable gross revenue.

The temporary increase provided an opportunity to assess the accommodation sector's response to a higher MAT rate. Generally, staff find that demand for accommodation is relatively inelastic. While 2026 activity is still being analyzed, no significant or material changes to the average rates or number of rooms rented have been observed when comparing the overall 14-month period to the period of time directly prior to the rate increase. While the rate increase was implemented in June 2025, hotel demand continued to grow in Toronto in the second half of the year, as was noted in Destination Toronto's 2025 Annual Report (link).

Rate Increase and Revenue Estimates

Staff recommend permanently reinstating the MAT rate to 8.5% effective March 1, 2027. This would apply consistently to hotels and short-term rental accommodation, with no other changes to existing processes. Like the temporary increase implemented in 2025, it is recommended that any accommodation purchased and paid for in full prior to March 1, 2027, be subject to the rate in effect at that time (for example, if a hotel was booked and fully paid for on December 1, 2026, the MAT rate in effect would be 6%). Assuming an average daily room rate of $260, the additional 2.5% rate results in an added cost of $6.50 per night which is not expected to have a material impact on demand.

MAT is one of the few tools available to the City that is borne primarily by visitors rather than residents, and reflects Toronto's role as a major tourism, business and events destination. As visitors make use of municipal infrastructure, public spaces, transportation networks and City services during their stay, MAT helps ensure that a portion of those costs are supported by visitors rather than solely by the property tax base. Reinstating the 8.5% rate on an ongoing basis would provide a stable, growing funding source to help address 2027 and future year budget pressures and ease reliance on the property tax base. It is estimated that the increase would generate

approximately $57.4 million in incremental revenue on a full-year basis, with $51.2 million expected as a partial-year amount in 2027.

A version of a municipal accommodation tax, such as a tourism tax, hotel tax, major events tax, or destination marketing fee has been implemented in many cities globally. Overall, Toronto remains comparable and competitive with other major destinations. In Canada, Vancouver also implemented a 'major event' tax increase to support funding the FIFA World Cup 2026, with their temporary 2.5% increase to be in place for seven years: from 2023 to 2030. Chicago, as another example, applies a variety of tourism related taxes which vary according to area and type, including a base hotel accommodation tax and a tourism improvement district surcharge.

Revenue Sharing

Revenue from MAT is collected in the City's corporate accounts and provides funding support for programs and services used to promote tourism in the City, such as events, festivals, cultural events, recreation, and public realm improvements, as well as contributions to Destination Toronto which directly supports the local tourism industry.

The Province has recently filed amendments to the MAT regulatory framework (O. Reg. 349/26), which staff understand are intended to harmonize revenue-sharing requirements across municipalities, and ensure a minimum 50% share of MAT revenue with one or more eligible non-profit tourism entities. This is a change to the previous formula which prescribed a specific amount to be shared with Destination Toronto based on Ontario tourism receipts.

During the 2027 budget process, staff will finalize revenue assumptions for the year and assess and confirm eligible contributions to tourism initiatives and organizations, which may include existing planned investments in the sector. In advance of implementation, staff will also engage with the Greater Toronto Hotel Association (GTHA) to provide added communications support to them and their members.

Next Generation 911 Fee

NG911 Service Upgrades

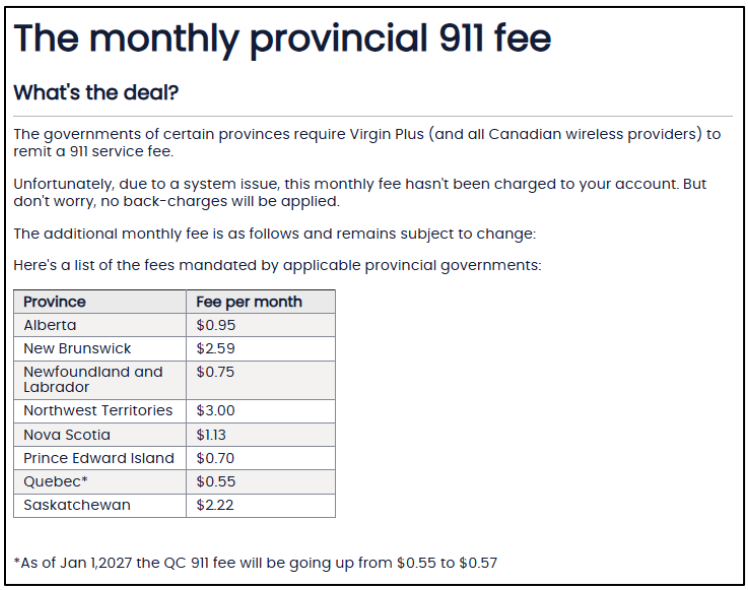
In 2017, the Canadian Radio-Television and Telecommunications Commission (CRTC) mandated a country-wide update to a "Next Generation" 911 system. The CRTC directed telecommunications providers and 911 authorities across Canada to replace older voice-only 911 systems with NG911, an internet-based platform intended to support features such as real-time text, more accurate caller location, and the ability to share multimedia with emergency call-takers. To enable these features, the City has had to upgrade call-handling systems, networks, cybersecurity, training and staffing across its Public Safety Answering Points. As of November 2025, the City of Toronto has fully migrated all three of its emergency communication services to the NG911 digital network, making it the first municipality in the GTA to complete full implementation.

911 Fees

911 monthly fees have been in place in most provinces for many years, except for Ontario, British Columbia and Manitoba. Provinces use funds collected towards 911 call centres, including operating and capital costs associated with administration, required technology upgrades, modifications to equipment and training staff.

Telecommunication providers currently collect and remit these fees to government by applying a monthly fee to wireless and/or landline connections and deducting a portion to cover administrative costs. For example, the screenshot below from Virgin Plus explains to customers that they are required to collect and remit a 911 service fee, along with the applicable rates to be charged.

*Screenshot from Virgin Plus with Monthly Provincial 911 Information (*link):



The monthly provincial 911 fee

What's the deal?

The governments of certain provinces require Virgin Plus (and all Canadian wireless providers) to remit a 911 service fee.

Unfortunately, due to a system issue, this monthly fee hasn't been charged to your account. But don't worry, no back-charges will be applied.

The additional monthly fee is as follows and remains subject to change:

Here's a list of the fees mandated by applicable provincial governments:

Province	Fee per month
Alberta	$0.95
New Brunswick	$2.59
Newfoundland and Labrador	$0.75
Northwest Territories	$3.00
Nova Scotia	$1.13
Prince Edward Island	$0.70
Quebec*	$0.55
Saskatchewan	$2.22

*As of Jan 1,2027 the QC 911 fee will be going up from $0.55 to $0.57

City Council has previously considered introducing a NG911 fee: in 2023, as part of the Updated LTFP, City Council directed staff to report back with an implementation plan to introduce a 911 levy dedicated to fund Next Generation 911 costs (EX7.1). Before that, the City's Auditor General had also recommended that the Toronto Police Services Board engage with the City on the collection of a 911 levy given the fiscal sustainability challenges with the implementation of mandated NG911 requirements, acknowledging this was common practice in most provinces across Canada (link).

While the City of Toronto has legal authority to introduce a 911 fee under the *City of Toronto Act*, the City would welcome a province-wide approach that brings the same fee to all Ontario municipalities. Following the LTFP, staff have engaged with the Ontario Ministry of the Solicitor General (SOLGEN) to discuss this matter. At this time, staff understand the Province is not planning to introduce a provincial approach, and therefore this report recommends engaging with telecommunication carriers with the intent of executing agreements with them to collect and remit a municipal NG911 fee.

Fee Structure and Revenue Estimates

Provincial 911 fees currently range from $0.55 to $2.59 monthly and may be applied to wireless and landline phone users. Staff are recommending an initial monthly NG911 fee of $2 applied to all wireless (mobile) lines in Toronto. Existing provincial fees generally are applied broadly to all users, with no general exemptions provided.

Based on CRTC data, staff estimate that 92% of the City of Toronto's population have a mobile phone, which equates to approximately 2.8 million people. Coupled with estimated business-related mobile accounts, a NG911 fee could generate up to $65.3 million in annual funding to partially offset costs associated with delivering NG911 services. Based on a target implementation date of October 1, 2027, this could represent $16.3 million in 2027, with an additional $48.8 million in 2028.

Leveraging ISI Markets data, staff also anticipate there to be approximately 742,000 landline subscribers in the City of Toronto, with an annual decline rate of 2.9% (link). Should the NG911 fee also apply to landlines, it could generate up to $17.2 million in further revenue potential each year. This would be expected to decline over time as landline usage is reduced. At this time, staff are recommending proceeding with a fee applied to mobile lines only, to alleviate added financial burden on users who may have both a wireless and landline and therefore would be subject to multiple charges; businesses such as the hospitality and health sectors who maintain landlines; and older populations.

While a new monthly fee represents an added cost to Torontonians, it also alleviates added pressure on the property tax base to fund NG911 services. The total annual revenue potential of $65.3 million represents an equivalent to a 1.23% property tax increase. A NG911 fee is expected to be a relatively stable funding source with minor year-over-year revenue fluctuations based on annual changes to mobile phone usage.

The above estimates consider a small portion of the NG911 fee being retained by telecommunication companies, who would be required to collect and remit on behalf of the City, for modelling purposes. This estimate has been informed by a jurisdictional scan of existing provincial NG911 fees in place across Canada, however, as staff consult with the relevant organizations, this estimate may adapt based on scale or complexity associated with applying the NG911 fee to a municipality.

Use of Funds

A NG911 fee is intended to support investments in next generation emergency services, including offsetting existing operating or capital costs associated with the acquisition, installation or operation of equipment, facilities or technology, or costs for training, call answering or dispatch across Toronto Police Services, Fire Services and Paramedic Services.

As indicated in the Financial Impact Section, the 2026 Net Operating Budget for these three emergency services total a combined $2.2 billion, which excludes added investment in the Toronto Community Crisis Service. While staff will refine specific costs

associated with NG911 services in advance of the target implementation date, based on the final 2027 Operating and Capital Budgets, the total expected eligible costs far surpass the revenue anticipated from the proposed fee.

Next Steps

It should be noted that engagement and consultation is required with telecommunication carriers to confirm participation and technical aspects of implementation, including remittance structure and system criteria to capture target users. City Council approval will enable staff to formally engage with telecommunication companies to refine implementation details. This will include confirming participation, finalizing the fee structure, which staff currently expect to be applied to all mobile lines based on an attribute such as postal code of the billing address, as well as the cost of remittance and administration fees, reporting schedules, audit processes, and the establishment of legal agreements. Through this process, staff will also look to refine the estimated number of wireless subscribers and update revenue assumptions.

Where possible, the City would like to build on the models that carriers already have in place for the collection and remittance of provincial 911 fees, however staff acknowledge that this would represent the first municipal application and understand there may be additional considerations or challenges in the collection process including system requirements or customer communications. As such, the target implementation date of October 1, 2027, is intended to provide sufficient time to resolve any considerations. Should additional authority or updates be required prior to implementation, staff will report to City Council accordingly.

Commercial Parking Levy

Background

During consideration of the City's Updated Long-Term Financial Plan (LTFP), City Council directed staff to develop an implementation plan for a commercial parking levy, in direct response to the City's financial needs. Staff reported back to Executive Committee in February 2024 with proposed guiding design principles for a levy (EX12.3). The item was referred back to staff to refine estimates, undertake a parking inventory, and develop a final implementation plan in consideration of any additional revenue tools secured through intergovernmental negotiations.

In January 2025, Executive Committee received a report for information from the Chief Financial Officer & Treasurer, which recommended deferring implementation while engagement continued with potential supports for the administration of a levy (EX20.7). During this time, staff also continued to advocate for access to permanent sustainable funding sources that grow with the economy, such as a portion of the sales tax.

In the absence of new tools, this report recommends that City Council re-establish its intent to proceed with a commercial parking levy and authorize staff to proceed with agreements that would allow for the development of a comprehensive parking inventory in the City of Toronto as an immediate step. It is expected that all requirements could be

completed by 2028, which would allow the commercial parking levy to be in effect as of January 1, 2029.

Upon adoption of this report, the City of Toronto will look to enter into an agreement with a Service Provider to first establish a comprehensive inventory of all commercial parking area in the City. The preferred Service Provider is MPAC based on their extensive foundation in property tax assessment, data management, and existing agreements with the City of Toronto. The complexity of gathering and analyzing comprehensive parking lot data requires a significant amount of time, and will need sufficient system updates and testing, which is why the recommended implementation date of January 1, 2029, is required. Should an agreement with the preferred Service Provider not be executed, proposed timelines may be impacted, depending on availability of applicable and required skillsets among potential alternative suppliers.

Revenue Potential

As the largest City in Canada, the City of Toronto requires access to ongoing sustainable funding sources. A commercial parking levy is one of the few material revenue tools available under the *City of Toronto Act, 2006* that the City can implement on its own authority. It would provide a stable, recurring source of revenue that could help reduce pressure on residential property taxes and support critical municipal services, including transit.

While intended to be a revenue measure for the City of Toronto, to the extent that a commercial parking levy encourages alternative modes of transportation, it also supports other City goals including climate action and managing congestion, which has evolved as a key priority for the City since the parking levy was first recommended back in 2023. Congestion continues to rank highly as a key concern for Torontonians among conducted polling, including the 2026 Listening to Toronto Survey.

The recommendations outlined in this report have attempted to limit the financial burden on commercial businesses as much as possible, by introducing a minimal rate spread across a larger tax base. Annual revenues of up to $150 million will significantly contribute to the City’s multi-year budgeting strategy. Revenues from the commercial parking levy are intended to be collected corporately to replace one-time bridging actions in support of existing investments in city services. The parking levy is expected to be a sustainable and reliable source of revenue, which can support the City in addressing existing budget pressures.

For example, transit is one of the largest pressures on the City's Operating Budget. The City's net operating funding for the TTC, including conventional and Wheel-Trans services, has increased from $1.3 billion in 2024 to $1.5 billion in 2026, an increase of about $179 million or 14% over two years. City funding now covers almost half of the TTC’s operating costs. Key drivers include lower than expected ridership growth and fare revenue, particularly as various measures have been introduced to maintain fares as affordable, including freezing fares and fare capping. With these pressures expected to continue, a stable, recurring revenue source such as the commercial parking levy would help the City sustain municipal services.

Engagement

Due to the current financial context and immediate pressures faced in 2026 and 2027, staff are recommending Council immediately authorize implementation of a commercial parking levy, however, staff acknowledge that there have not been recent opportunities for engagement on this subject. In advance of implementation on January 1, 2029, the City will reflect on previous feedback and engagement outcomes to ensure that these still represent the key considerations from stakeholders previously engaged with and, should any clarifications or adjustments to design be required, will seek Council authority as applicable.

During summer 2024, staff conducted a series of focused stakeholder engagement sessions with impacted organizations and property owners who reflected a variety of perspectives. The engagement sessions asked participants to provide feedback on the proposed guiding design principles presented to Executive Committee in February 2024. Overall, staff engaged with a variety of sectors and representatives including:

- Commercial property owners
- Industry, hotel, restaurant, and motel representatives
- An assortment of Business Improvement Areas (BIAs)
- Mixed-use commercial and industrial property owners
- Subject matter experts and advocacy groups regarding accessibility, climate, transit and municipal finance

Overall, the results of the stakeholder engagement sessions resulted in proposed changes to the design and implementation plan, which are further detailed below.

Application of a Commercial Parking Levy

For the purposes of a commercial parking levy, “parking area” refers to any designated off-street commercial parking space or facility, whether on the surface, underground, or within a structure, which is intended for the parking of vehicles. This includes, but is not limited to, surface parking lots, parking garages, and underground parking facilities. The parking area is measured by the total square metres used for parking purposes, excluding areas directly associated with business operations, such as vehicle storage (e.g., a car dealership) or fuel bays. A full list of exclusions to refine the definition of ‘parking area’ is included in Attachment 1.

The commercial parking levy will apply to properties classified in the commercial category, as well as identified revenue generating parking areas owned or operated by the City or its agencies, including TPA and TTC facilities. Other properties, including those exempt from property taxes and mixed-use properties (where only part of the property is classified as commercial) will not be subject to the levy. Feedback received during prior engagement indicated a concern that applying a commercial parking levy on mixed-use properties would result in increased manufacturing costs, making products less competitive both locally and globally. This has become increasingly more relevant given the current economic climate and US-Canada trade relations.

Applicable properties are determined based on their state and condition as of January 1st of the previous year. This means that the parking levy applied in 2029 will be based on the status of the property as it was on January 1, 2028.

While the *City of Toronto Act* provides the authority to impose a parking levy, Section 268 of the Act also prohibits a parking levy from being applied to specific types of properties such as federal and provincial agencies, school boards, universities and post-secondary institutions, hospitals and licensed long-term care homes. Section 3 of the *Assessment Act* specifies which properties are exempt from property taxes and therefore will also be exempt from the parking levy, with the exception of identified revenue generating parking areas owned or operated by the City or its agencies, including TPA and TTC facilities. This list includes religious or municipal cemetery land, places of worship, childcare centres, charitable institutions and conservation lands. For a full listing of these statutory exemptions, as well as other exemptions that define parking areas, please refer to Attachment 1.

Updated Design Principles

A summary of the recommended design principles are noted below and have been informed by prior engagement. These recommendations form the basis for the implementation of the commercial parking levy:

- *Apply a commercial off-street parking levy to the entire City of Toronto:* will ensure no one geographic area in the City of Toronto is at a competitive disadvantage compared to others

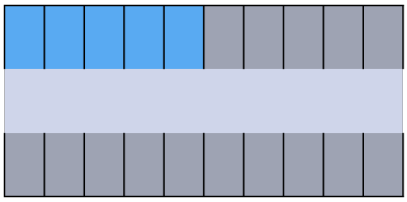
- *Include both private and publicly owned or operated commercial properties* - identified revenue generating parking areas owned or operated by the City of Toronto or its agencies will also be subject to the levy, ensuring fairness and market efficiency among parking owners/operators. Should, for any reason, a City entity with paid parking be deemed as exempt from the commercial parking levy, staff will review the rate structure at that specific location to ensure that they do not have an unfair competitive advantage over nearby privately-owned parking area.

- *Include unpaid and fee-paid parking facilities, including surface parking, underground parking, and parking garages* - parking-related costs (such as road infrastructure) and parking benefits are city-wide, regardless of whether parking is paid for by a user. Applying the levy to all parking area allows the associated cost burden to be distributed over the largest possible base of eligible properties, minimizing impacts on any one business. Currently available data indicates just 15% of parking area in the City is operated as paid parking, most of which is located downtown.

- *Include a minimum area threshold, which provides an automatic exemption for the first 450m² for all properties* – based on feedback from engagement sessions, increasing the exemption from 300m² to 450m² will fully exempt smaller parking

areas (i.e. businesses with the estimated equivalent of 15 spaces or less). This amount also considers the provision of accessible and bicycle parking spaces.

As an example, in a 600 m² parking lot (~20 spaces), the levy would only apply to 150 m² (~5 spaces), reflected by the blue area:



- *Apply levy rate reductions to properties classified in the small business subclass (20%)* – engagement sessions highlighted the need to support small businesses. Should properties in the small business subclass be subject to the parking levy, they will receive a rate reduction consistent with those provided for annual property taxes.

- *Apply a two-zone rate structure based on geographic area* – as discussed in the Financial Impact Section, a two-tier rate structure ensures equitable application across Toronto. Zone A, covering the downtown and Central Waterfront, will have a higher rate of $12 per square metre, while Zone B, encompassing the rest of the City, will have a rate of $6 per square metre. This approach aims to balance revenue generation with minimal financial burden on businesses, particularly in less dense or suburban areas, ensuring a fairer distribution of the levy's impact. Applying a lower rate for outside of the downtown core recognizes that these areas may have a higher volume of parking, more unpaid parking options, and fewer alternatives to modes of transportation. A higher rate in the downtown core may also support deterring congestion. Attachment 2 displays the designated zone map.

As more information becomes available from the ongoing refinement of the parking inventory and through monitoring the levy's implementation, the guiding design principles, including the rate structure may be reviewed and adjusted to align with existing and emerging policy objectives.

Impact to Commercial Properties

Table 3 below illustrates the potential impact of a commercial parking levy on various commercial property types. These figures account for the exemption of the first 450m² of parking area.

Table 3: Illustrative Example of Annual CPL by Property Types

Commercial Property Type	Parking Area	Zone A – Annual Rate* $12 / m²	Zone B – Annual Rate* $6 / m²
Large Office Building	42,600 m^2	$505,800	$252,900
Neighbourhood Shopping Centre	4,800 m^2	$52,200	$26,100
Local Grocery Store	1,200 m^2	$9,000	$4,500
Small Medical / Legal Office Building	360 m^2	$0	$0

**Incorporates revised exemption of first 450 square metres in parking area, does not reflect further rate reductions applied to the Small Business Subclass (20%).*

While the commercial parking levy represents an added cost for businesses, the proposed approach looks to minimize the financial burden on any one property by applying it to a broader base. As noted above, the City also understands the potential impact of the commercial parking levy on small businesses and recommends a discount be provided. Further consideration will be given to targeted relief concurrent with program implementation.

Upon completion of property assessments, a notification letter will be sent to all applicable commercial property owners in advance of implementation, which will include the parking area attributed to their property, zone rate, and the estimated levy amount that will be applied to their 2029 final property tax bill. Upon receiving notice, the commercial parking levy is applicable to their property, owners will have a period of time to submit an RFR to the City. If the property owner disagrees with the determination, they will be able to file an appeal. Specific timelines and processes will be finalized in advance of the implementation date and upon agreement with the Service Provider.

The billing and collection of this levy will be integrated into the existing property tax billing system and cycle, ensuring a streamlined process for billing and collection. Any unpaid amounts will be subject to the same penalties and enforcement measures as property taxes, although the commercial parking levy does not have priority lien status. The proposed timelines, assuming timely execution of the agreement with a Service Provider, will provide sufficient time for staff to successfully implement the commercial parking levy on the final property tax bill in 2029.

Parking Data

In 2024, the City generated a preliminary dataset for surface area parking. As noted in the Financial Impact Section, it estimated that there is 22 million square metres of applicable surface parking area in the City of Toronto, of which 19 million square metres would be subject to the levy following minimum exemptions.

The parking inventory will be continuously maintained, with data being refined and adjusted over time to ensure accuracy. Site inspections are required for certain properties, particularly for underground and above-grade parking garages, as their current data does not capture the necessary parking area information. The Service Provider will also need to be aware of the City's requirements to ensure certain properties such as mixed-use sites or commercial areas used for vehicle storage, for example, are omitted from the parking levy. As such, this report recommends that MPAC, or an alternative Service Provider, be granted authority as the City's agent to enter on to commercial land for the purposes of verifying appropriate parking area for the levy.

Upon development of the parking inventory, staff will be able to confirm the specific properties subject to the commercial parking levy and will update and confirm the estimated annual revenue potential of $150 million.

Jurisdictional Scan

Many cities worldwide have implemented a parking tax or levy to generate revenue, fund transportation infrastructure, reduce carbon emissions and traffic congestion, or promote the use of eco-friendly modes of transportation. Within Canada, Montréal and Vancouver have already implemented a parking tax or levy.

Montréal currently has a levy on non-residential surface and parking garages in portions of its downtown, and outdoor parking lots in excess of 5,000 m² elsewhere in the City. The levy is a flat rate based on the size of the parking area, with the first 390 m² of parking space being exempt, except for vacant lots where parking businesses are operated. Outdoor parking is charged at a higher rate than indoor parking: the 2026 annual levy ranges from $2.75 per m² to $57.50 per m² for outdoor parking, and $7.20 per m² to $14.25 per m² for applicable indoor parking depending on the geography. Montréal is projected to generate $38.1 million in 2026 from the levy.

Metro Vancouver (through the authority of TransLink) implements a 29% tax on the purchase of parking. The tax is levied on commercial, institutional and visitor off-street parking rights purchased in the region, including hourly, daily, and monthly rates. The Parking Sales Tax is budgeted to generate $115.3 million for TransLink in 2026.

Parking levies can also be found elsewhere globally. For example, Melbourne, Australia has implemented a 'congestion levy' which is an annual charge on off-street parking spaces in inner Melbourne. For 2027, Melbourne's annual parking levy will be $2,230 or $3,140 depending on the area. This is approximately $2,156 to $3,036 per space in Canadian dollars.

Planning and Congestion

While the City is introducing a commercial parking levy as a revenue tool, it may also indirectly positively support other City goals identified in Toronto's Official Plan including climate action, encouraging public transit and active forms of mobility, supporting green infrastructure, and managing congestion.

The City of Toronto is required to apply a levy based on parking area (i.e. m²), rather than on a per space basis. However, this also may help to address inefficiencies in land use by encouraging reduction in excess space taken up by driveways, access lanes and ramps in parking lots. Over the long term, it may encourage some properties to be intensified by supporting new commercial and residential development.

The City of Toronto has removed minimum parking requirements for new commercial properties and has previously considered removing minimum parking minimums for existing buildings (Item PH18.3). In addition, the City is no longer permitted to require parking within approved Major Transit Station Areas.

Since staff last reported on this topic, managing congestion has become a top City priority. In 2025, City Council created the City's first Chief Congestion Officer, and in April 2026 it adopted an updated Congestion Management Plan. A commercial parking levy will complement this and serve as another tool deployed by the City in managing congestion, by influencing travel demand over a longer term. By putting a price on the land used for commercial parking, calibrated to reflect levels of congestion, the levy can encourage more efficient use of parking and support shifts to transit, walking and cycling. The Office of the Chief Financial Officer & Treasurer will continue to engage with the Chief Congestion Officer on further potential opportunities that have the dual benefit of mitigating congestion and raising revenue for the City.

Additional Revenue Opportunities

While further actions will be considered during the 2027 budget process including expenditure reviews, reductions and offsets, annual adjustments to user fees, and other property tax related measures, this report recommends immediately advancing implementation of the three revenue opportunities outlined in this report to accelerate expected timing of financial benefits, reducing the reliance on one-time or bridging actions to fund significant investments made in emergency services and transit. Should additional authorities or direction be required as implementation advances, staff will report to City Council as needed, and, at minimum, will provide an update on all revenue tools during the 2028 budget process.

The *City of Toronto Act* provides limited mechanisms to generate revenue, particularly that which grows with the economy. The City has pursued almost all available revenue tools permitted under existing legislation, as reflected in the Long-Term Financial Plan, while advocating for expanded legislative authority for longer-term sustainable funding. Other new revenue tools generally require provincial approval, added authority and/or legislative or regulatory changes, or support during implementation. This includes tools such as road pricing, motor vehicle registration tax, entertainment and amusement taxes, or a right-of-way delivery tax (i.e. a “click tax”).

The Office of the Chief Financial Officer & Treasurer will, however, continue to engage with City divisions across the organization to determine further financial opportunities within the municipal authority in an effort to continue to improve Toronto’s long-term financial sustainability.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Recommended Commercial Parking Levy Design
Attachment 2: Commercial Parking Levy: Designated Zone Map