

Deputation: Economic Development Committee

Re: Proposed Parking Levy

What is before the committee is a proposal for introducing a levy on parking spaces located on commercial property. Such levy would in effect be a form of property tax imposed on top of the existing property tax. These parking spaces are included in the assessment which MPAC does, and hence are taxed as part of the overall property. In effect we would have double taxation. TABIA sees the proposal as counter-productive, and inconsistent with other policies of the City.

You will recollect that former Mayor David Miller introduced a program to reduce the ratio between commercial and residential property tax rates. That program was approved by Council when it was realized that the very onerous tax burden on Toronto commercial property was driving business out of the City, to the extent that the commercial tax base was apt to erode. That program continues today and has proved to be beneficial. Adding a new tax solely onto commercial property will negatively impact the program.

His Worship John Tory has acknowledged that it is difficult to attract new business to Ontario, and even more difficult to attract it to Toronto. More tax will only exacerbate that problem.

TABIA has previously pointed out that the provincial Business Education Tax, that is the Province's property tax, discriminates against Toronto business because the province sets the rates annually with different rates for different municipalities. Unfortunately, Toronto commercial property is consistently taxed at significantly higher rates than the surrounding municipalities. The disproportionate tax burden that Toronto property bears makes Toronto business less competitive. To now introduce a new levy on Toronto business which will have no effect on surrounding municipalities will handicap Toronto businesses even more.

A report prepared by the Altus Group in 2013, comments on a parking levy previously introduced in the Greater Vancouver area. That levy was ultimately removed, basically for two reasons: one is that it was widely unpopular, and secondly the administration proved to be much more onerous than expected, so onerous in fact that the net revenue was far less than anticipated. Even identifying the number of spaces proved difficult, assessing them was costly, and dealing with appeals was costly. Of the 29,600 assessment notices, up to some 5,100 were appealed. The provincial government eventually introduced legislation in November 2007 to completely scrap the idea of a parking levy.

Conclusions:

1. parking levy would be counter-productive and inconsistent with existent policy
2. parking levy makes Toronto business even less competitive in relation to surrounding municipalities
3. parking levy makes Toronto business even less competitive in relation to online retailing, with consequent reductions in mainstreet retailers and corresponding reduction in property tax revenue
4. administrative costs are very high
5. more intensive study required to determine actual gross revenue and administrative costs.

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