

## FOR IMMEDIATE RELEASE:

## **Ontario Budget: Toronto Business Still Penalized**

**TORONTO March 23, 2006** - President of the Toronto Association of Business Improvement Areas (TABIA), John Wakulat, expressed disappointment that, after numerous appeals to the province on behalf of their 22,000 small businesses, the Ontario budget failed to address a major tax inequity.

Ever since Current Value Assessment (CVA) was introduced in Ontario in the 90's, Toronto business has laboured under a disproportionately high property tax rate. Approximately half of that tax is imposed by the provincial government to fund education. But a huge amount of the provincial levy is used to subsidize education in other parts of Ontario. Particularly troublesome is the discrepancy between the rate imposed on Toronto business and the corresponding rate in adjoining municipalities. For example, the 2005 rate in Toronto on commercial property was 2.22%, as compared to 1.74% in Peel, 1.68% in York, 1.65% in Durham and 1.53% in Halton. For a small Toronto retailer, the differential can easily run into thousands of dollars. The result is the extraction of approximately 120 million dollars of revenue from Toronto business for use elsewhere.

The tax discrepancy has caused an alarming outflow of business from the City to the suburbs, leaving Toronto with a flat or even shrinking commercial tax base at a time when its revenue needs are ballooning. Ironically these revenue needs have been immensely inflated by the downloading of provincial responsibilities to the City.

The tax load on much of Toronto's commercial property has been increasing at an accelerating rate ever since the institution of CVA. Initially increases on commercial property were capped at 2.5 percent of the prior year's taxes. That was soon increased to five percent, and the City has been imposing additional 1.5 percent increases for total annual increases of 6.5 percent. For those businesses which have not yet reached their full CVA level, and there are many, the situation will worsen as the city is poised to take advantage of the Province's new cap rules which permit increases of five percent of the full CVA tax level.

"The small retailer is particularly damaged by this tax regime. Already struggling for survival in a world of big-box stores, a small retailer paying tax of many thousands of dollars on modest size premises is facing extinction", says Mr. Wakulat.

There are various areas from which relief could be provided. The most obvious is leveling out the tax rates across the Province, or at least in the GTA. Another is a re-thinking of CVA which has caused hardship and inequities all across the Province, to home owners, cottage owners, businesses and industry. And the third route to relief could be reduction in government spending.

"Toronto's welfare will remain under serious threat as long as the present tax regime stays in place", says Mr. Wakulat.

## **About TABIA**

TABIA (Toronto Association of Business Improvement Areas) is an umbrella organization for all Toronto Business Improvement Areas (BIA's), with an aggregate membership of over 25,000 businesses, most of which are small retailers, boutiques, restaurants or cafes.

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