

January 9, 2017

To: The Honourable Charles Sousa, Minister of Finance

Re: 2017 Budget

Minister: Thank you allowing us this opportunity to express our concerns. I will start with the Business Education Tax (BET).

Business Education Tax

I don't know of any other tax in Canada which discriminates against a geographical area. It negatively affects a number of municipalities in Ontario, but has a severe negative effect on Toronto businesses. This may be in part because competition in the GTA is possibly more intense than in other parts of the Province, but also because the discrepancy in actual tax levied is so wide within the GTA, amounting to thousands of dollars annually. The fact that assessments are much greater in Toronto already imposes a serious disadvantage on Toronto business, but when you add a discriminatory tax rate to that, it becomes punishing, and in many cases, especially small business, unsustainable. While the Liberal government has promised on numerous occasions to level this playing field, those promises so far have appeared to be lip service only. So we urge you to assume correction of this inequity in a sincere and serious manner, and create a single commercial rate for the entire province.

Assessment Methodology

The method which is used is "highest and best use". In Toronto that has proved fatal for many businesses, especially small businesses. The price a developer is prepared to pay for a maternity shop which he or she can replace with a high rise condo drives up the assessments of all other shops in the area. So property owners are really forced to sell out if they can. Continuation of a regular retail shop becomes out of the question. We have for long time advocated assessing such businesses on the basis of current use. Those words have so far fallen on deaf ears.

Construction

We say that there needs to be structure put into place to enable businesses to survive long term infrastructure construction.

- a) Firstly, accommodation of existing businesses should be built into the entire scheme from the onset of planning the construction;
- b) Secondly those businesses badly affected should be granted a property tax holiday during the period of construction; and
- c) Thirdly, compensation for those businesses which will inevitably be injured should be factored into the cost of construction.

While we understand that this is a municipal issue, as you know only too well, on all municipal issues the ultimate stop for the buck is at Queens Park; and some of the remedial action we suggest would require legislative changes.

A huge burden has been thrust on those Toronto businesses located on main streets, in the form of long term construction. Many businesses closed during the reconstruction of St. Clair, and not re-opened. The same is happening on Eglinton Ave. Roncesvalles proved very onerous on small businesses. The problem is compounded by the lack of accommodation by the organizations doing and supervising the work.

How the issues above are resolved, if they are resolved, will determine in large part what kind of shopping streets we have, or whether in the long run we will have any shopping streets as we know them now.

It's odd, but when a large employer threatens to close down, governments at all levels line up to throw money at it. It is believed that when the sugar refinery on Toronto's waterfront threatened to move because of a high property assessment, the refinery got to negotiate its own assessment. I cannot document that but it is believed that this was done quietly and not in accordance with the Assessment Act. Now the government proposes to, in effect, legalize the process, using the term "special purpose business", by granting a favoured few the same right to negotiate their own property assessment. This will be done behind closed doors with the information kept from the public. But it's well known that small business employs many more people than big business. Each small retailer may employ anywhere from a few persons to twelve or more. When a number of those businesses close, the job losses add up, and it's not only the business owners, but their families, their employees and the employees' families that suffer. Your budgets are peppered with the word "fair", but Minister, our members ask why does that word not apply to Toronto's small business community.

Again, thank you for this opportunity.

(Signed)

Lionel Miskin

TABIA Vice-President and Property Tax Committee Chair

Note: Any response should be to:

If by phone: (416) 222-4582

If by email: lionelmiskin@gmail.com