

# RUNNING A BUSINESS IN TORONTO IS ALREADY EXPENSIVE



A new parking levy in Toronto would hurt small business, negatively impact economic development and job growth, has failed to produce meaningful results in other cities, and does not meet the basic principles of good taxation.

TORONTO ALREADY HAS ONE OF THE HIGHEST COMMERCIAL TAX RATES IN NORTH AMERICA.



In its report “*Enhancing Toronto’s Business Climate – It’s Everybody’s Business*”, City Council highlighted the need to reduce commercial taxes to level the playing field with other municipalities and to help make Toronto’s businesses more competitive globally.

## REALITY

Commercial parking spots are already explicitly valued by MPAC, so a new parking levy would represent **double taxation** which would flow-through to tenants, including small businesses. A new parking levy of the scale being considered could be equal to a **44% increase in commercial property tax\***.

\*Toronto Real Estate Coalition, Response to Revenue Tool Options Report, June 28, 2016

PARKING LEVIES HAVE PROVEN TO BE INEFFICIENT REVENUE GENERATION TOOLS, AND HAVE FAILED IN OTHER JURISDICTIONS.



Identifying legitimately taxable parking spaces, many of which would be subject to appeals for exemption, is a manual process that requires significant and ongoing time, effort and cost - making parking levies administratively burdensome and inefficient revenue tools.

## REALITY

Costly to establish and administer, a new parking levy would not provide an efficient or predictable revenue stream.

**PRECEDENT:** In 2005, the City of Vancouver delivered 29,600 assessment notices for parking spaces of which 5,100 (17%) were appealed in the first year at a great administrative cost to the municipality. **As a result, they abolished the levy in 2007.**

PARKING LEVIES DO NOT CHANGE DRIVER BEHAVIOUR BECAUSE THEY ARE NOT A SALES TAX.

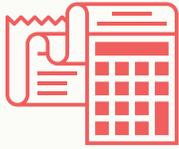


There is a false narrative that a parking levy would discourage driving, encourage transit use and reduce traffic congestion.

## REALITY

The actual effects of the levy on driver behaviour would be negligible. The levy is charged to business owners and/or tenants, not to drivers.

PARKING LEVIES FAIL ON THE BASIC PRINCIPLES OF GOOD TAXATION.



Some of the basic principles of good taxation are that the tax is: Simple and understandable, aligned to beneficiaries, a predictable and durable source of revenue, and fair.

REALITY

A parking levy fails on the basic principles of good taxation.

- *Not simple or understandable. Vancouver experienced difficulty compiling an accurate database of parking spaces and was challenged administratively when faced with appeals. Additionally, there continues to be confusion between levies and taxes.*
- *Not a predictable or durable source of revenue. Revenue projections are estimates and not yet based on accurate inventory and data.*
- *Not Fair. A levy would negatively impact business competitiveness and economic development, especially for small businesses, and serves as double taxation.*
- *Additionally, the parking levy is purported to be to raising revenues to fund transit infrastructure, a broad public good and not one exclusively aligned to the business owners who would be paying the levy.*

MORE MONEY ON TOP OF PROPERTY TAXES MEANS GREATER STRESS ON BUSINESS.



High property tax is one of the most commonly cited reasons for lower job creation rates in Toronto versus surrounding regions, according to the City of Toronto Report on Business Climate.

REALITY

A new parking levy would add a significant bottom line cost to businesses without adding any discernible value. It is a myth that parking levies would be paid for by “big business”.

CASE STUDIES\*

**Ward:** 43 – Scarborough East  
**Business:** Small business plaza  
**# Parking spaces:** 230  
**Additional cost/year:** \$125,925  
**Business implication:** Roughly the cost of 4-5 part-time employees



**Ward:** 11 – York South - Weston  
**Business:** Grocery store  
**# Parking spaces:** 387  
**Additional cost/year:** \$211, 882  
**Business implication:** Increased overhead leading to even more inflated food prices



**Ward:** 16 – Eglinton Lawrence  
**Business:** Pharmacy  
**# Parking Spaces:** 23  
**Additional cost/year:** \$12,590  
**Business Implication:** Roughly the cost of one casual employee



\*Case studies from Toronto Real Estate Coalition, Response to Revenue Tool Options Report, June 28, 2016.

QUESTIONS OR CONCERNS?

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