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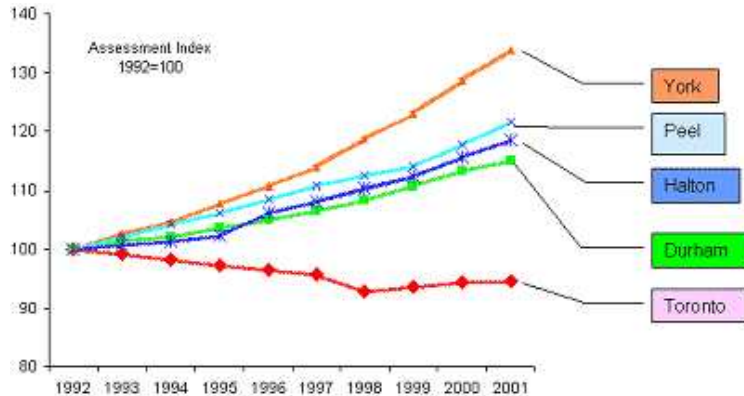
City of Toronto 2002 budget information

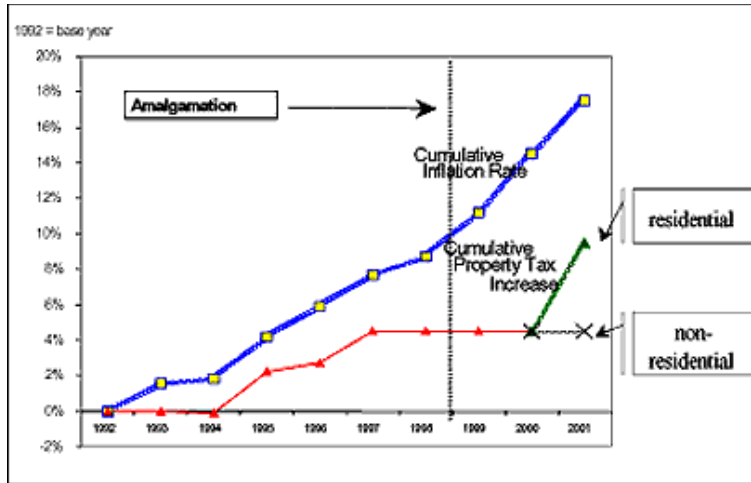
**Why is Toronto facing a tax increase?
How can Toronto remain competitive?**

As the economic hub of Canada, Toronto's population continues to grow, but Toronto's revenues have not grown at the same rate. Unlike the way other levels of government are funded, Toronto's revenue does not grow as a result of increases in population. Actually, the growth in our population has meant higher demand for services. A City's revenue growth comes from increases in the number of properties and businesses that are assessed for taxes, not the number of people that live or work in the City. Taxes need to rise to maintain services for our growing population, while growth in the number of taxpayers is less than it was 10 years ago.

The 2002 recommended budget included a potential 4.8 per cent tax increase for 2002 as a result of the provincial requirement that Toronto only apply tax increases to homeowners and not the business tax base. The recommended increase in taxes paid by homeowners would be reduced to 1.7 per cent, less than the rate of inflation, if the City had the ability to look at the commercial/industrial sector when considering an increase in municipal taxes. Toronto's actual recommended increase of only 1.7 per cent is actually less than the increase other municipalities have recommended be applied to the entire tax base.

Unlike the 905's sizable assessment growth, Toronto is still behind 1992





Toronto's tax increases have been below the cumulative rate of inflation for 10 years and there were no tax increases from 1992-1994 and 1997-1999.

When considering any increase in taxes the City must consider how best to remain competitive. There is a myth that the City has a disproportionate amount of the commercial/industrial assessment in the GTA. In fact, the proportion of assessment represented by these two types of activity are virtually the same - 20 per cent for Toronto and 19 per cent for the rest of the GTA. There are two pieces to the commercial tax rate. One is the City rate which has not increased for the business sector for the past four years. The other is the education rate which is set by the province. **One-third of the gap between Toronto's business tax rate and the 905 average is because the province charges business more than it does other 905 municipalities.**

