

NEWS BRIEF



BUREAU OF
MUNICIPAL
RESEARCH

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April, 1967 - #106

SOURCES OF CURRENT REVENUE--TORONTO AND SIX MAJOR CANADIAN CITIES

Considerable attention is being directed to reducing the reliance upon the property and business tax in Metro Toronto municipalities. Recent suggestions have included assumption by the province of all or most of local education costs, a hotel tax, and a locally remitted sales tax. This News Brief sets forth the current revenue patterns in the major city of each non-Maritime province and in Halifax. The amount and percentage distribution of tax, non-tax, and grant and subsidy revenue is presented for Toronto, Montreal, Vancouver, Edmonton, Winnipeg, Regina, and Halifax. The table shows that these city-to-city variations are considerable as a result of differences in provincially allowed local taxing and revenue-raising authority, in tax rates and non-tax charges in force, and in senior-level grants and subsidies.

Toronto relies upon the property and business tax to a considerably greater extent than the other cities--80.43% of total revenue compared to an average of 62.55% for the other six, with the range being from 53.89% in Edmonton to 71.92% in Winnipeg. As a result, Toronto must obtain \$148 million from its \$1.9 billion taxable assessment, while Montreal need realise only \$145 million from its \$4.5 billion assessment.

In terms of revenue from special levies and other taxes, Toronto receives a total of only 1.82%, compared to 19.37% in Montreal, 9.62% in Edmonton, 6.44% in Winnipeg, 5.69% in Halifax, 5.64% in Regina, and 1.96% in Vancouver. Regina and Halifax obtain the highest percentages of non-tax revenue, 18.32% and 13.07% respectively, with Toronto and the remaining four cities being in the 8% to 10% range.

It is in the grant and subsidy category that Toronto suffers most, receiving but 8.44% of its total revenue. This compares to an average of 17.75% for the other six, with the range being from 26.25% in Edmonton to 11.48% in Regina.

These revenue distribution figures indicate clearly that grant and subsidy assistance is used directly by a city to offset its reliance upon the property and business tax, with non-tax sources remaining relatively constant.

Montreal offers an example of how reliance upon the property and business tax can be reduced by supplemental revenue sources. Its \$38.9 million in "Other" tax revenue is comprised of: a General Water Service Tax of 6.25% of annual rental value (12.5% for hotels, inns, and restaurants)--\$35.3 million in 1965 revenue; an Amusement Tax of 10% of admission price--\$2.1 million; and a Telephone Apparatus Tax of 25¢ for each line and 10¢ for each extension--\$1.4 million.

Also, \$36 million of Montreal's \$41.5 million in grants and subsidies comes from a remitted provincial sales tax (2% of the 6% sales tax is returned to the municipality as an unconditional grant). If one percent of the Ontario retail sales tax had been remitted in 1965 on a population basis, Toronto would have received \$7 million of a Metro total of \$19.4 million. Remission to the point of collection would have resulted in substantially more revenue to Toronto and about \$24 million to all of Metro.

SOURCES OF CURRENT REVENUE--TORONTO AND SIX MAJOR CANADIAN CITIES
(Amounts in \$ Millions)

	TORONTO		MONTREAL		VANCOUVER		EDMONTON		WINNIPEG		REGINA		HALIFAX	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Property & Business	\$148.05	80.43	\$145.30	56.49	\$54.36	65.80	\$34.78	53.89	\$32.33	71.92	\$15.05	64.56	\$10.83	62.65
Special Levies &	0.23	0.13	10.94	4.25	1.62	1.96	6.21	9.62	2.31	5.15	1.25	5.37	0.06	0.34
Local Improvement	3.10 ^a	1.69	38.89 ^b	15.12					0.58 ^c	1.29	0.06 ^d	0.27	0.93 ^e	5.35
Other	82.25		75.86		67.76		63.51		78.36		70.20		68.34	
Total %														
NON-TAX														
Licenses, Fees, Permits, etc.	2.73	1.49	6.07	2.36	3.57	4.32	2.87	4.45	0.79	1.75	0.93	3.99	0.22	1.26
Rents & Concessions	0.57	0.31	2.88	1.12	0.82	0.98	1.26	1.95	0.08	0.18	0.05	0.21	0.45	2.61
Interest, Fines, & Penalties	1.71	0.93	6.53	2.54	3.00	3.64	1.41	2.18	0.93	2.06	0.45	1.91	0.41	2.36
Contributions from Funds & Recoveries	11.31	6.15	3.68	1.43	0.37	0.45			1.79	3.97	0.21	0.91	0.52	3.02
Miscellaneous	0.71	0.39	1.35	0.52	0.55	0.67	1.08	1.67	0.83	1.85	2.64	11.30	0.66	3.82
Total %	9.27		7.97		10.06		10.25		9.81		18.32		13.07	
GRANTS & SUBSIDIES^f	15.51	8.44	41.54	16.15	18.32	22.17	16.94	26.25	5.32	11.83	2.68	11.48	3.22	18.61
TOTALS	\$183.92	100%	\$257.18	100%	\$82.61	100%	\$64.55	100%	\$44.96	100%	\$23.32	100%	\$17.30	100%

^a Utilities Tax
^b Water Service Tax--\$35.3 million; Amusement Tax--\$2.1 million; Telephone Tax--\$1.4 million.
^c Utilities Tax
^d Amusement Tax
^e Fire Protection Tax--\$369,000; Poll Tax--\$330,000; Utilities Tax--\$117,000; Deed Transfer Tax--\$109,000.
^f Includes minor amounts from Federal government and from other municipalities.

SOURCES: Prepared from current budgets and financial reports of municipalities.

NOTES: Figures are for fiscal year ending nearest to December 31, 1965 (with exception of 1964 for Winnipeg) and are final (with exception of revised estimates for Montreal). Different revenue classifications required some transferring to achieve uniformity. Unplanned surpluses excluded where possible.