

## REALTORS® Remind City Council that Land Transfer Tax is Unpredictable Revenue Stream

Toronto, October 14, 2011 – In a letter to Mayor Ford and City Councillors, the Toronto Real Estate Board is reminding City Council that the Toronto Land Transfer Tax is an unpredictable revenue stream, and that the only fair solution to the City's financial challenges is a combination of responsible fiscal management and fair revenues, like property taxes and user fees.

REALTORS® comments were in response to a recent City Finance staff report indicating that the Toronto Land Transfer Tax is expected to generate higher revenue than what was budgeted for 2011.

“What goes up, also comes down. For years, REALTORS® have been warning the City that the Land Transfer Tax is an unpredictable revenue stream because it is based on the number, and value, of real estate transactions, which are very difficult to predict in any given year,” said Richard Silver, President of the Toronto Real Estate Board. “City staff's recent budget variance report proves how difficult it is to budget based on unpredictable revenue like the Land Transfer Tax. The unpredictability of the Land Transfer Tax might not be a problem when times are good, but what will the City do if real estate markets cool in the middle of its budget cycle and the tax brings in less than expected?”

REALTORS® believe that responsible fiscal management is the only long-term solution to the City's financial challenges.

“The Toronto Land Transfer Tax is not part of the solution; it is part of the problem. It is a crutch that has delayed the true solutions to the City's financial challenges, which are a combination of reducing costs and using fair revenue sources, like property taxes and user fees” said Silver

REALTORS® believe that the Land Transfer Tax is an unfair tax because it targets one segment of Torontonians, those purchasing a home or business property, to pay for services provided to all citizens. The Toronto Land Transfer Tax costs the average Toronto home buyer about \$6,000 up front. When added to the provincial version of this tax, average Toronto home buyers face over \$12,000 in land transfer taxes.

“The first requirement for any tax should be that it is fair. The Land Transfer Tax is far from fair. It forces someone buying a home or business property to pay thousands of dollars more to receive the same services that others receive without paying this tax. That is simply unfair,” said Silver. “On the other hand, property taxes and user fees are much fairer because they are paid by everyone who benefits from, or uses, City services. Property tax and user fee revenue is also predictable and reliable, unlike Land Transfer Tax revenue. Toronto residents also enjoy a very low property tax rate.”

REALTORS® are urging City Council to continue to move forward with reviewing all fair options for getting the City's finances in order including cost reductions, user fees, property taxes, and efforts to grow its assessment base.



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“One of the best ways for City Council to address its budget challenges is to grow the City’s property tax base. Toronto is the only GTA municipality with a second land transfer tax, which puts the City at a competitive disadvantage. Furthermore, the City’s business tax rates, which are much higher than the City’s residential tax rates, are uncompetitive compared to other GTA municipalities. The Toronto Land Transfer Tax and high business property taxes create a double whammy that discourages growth in the City’s property assessment base. Eliminating the Land Transfer Tax and making business property taxes competitive will help to attract new development and keep businesses in the City. Maintaining and growing the City’s property tax assessment base provides long-term, sustainable and reliable tax revenue.”

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