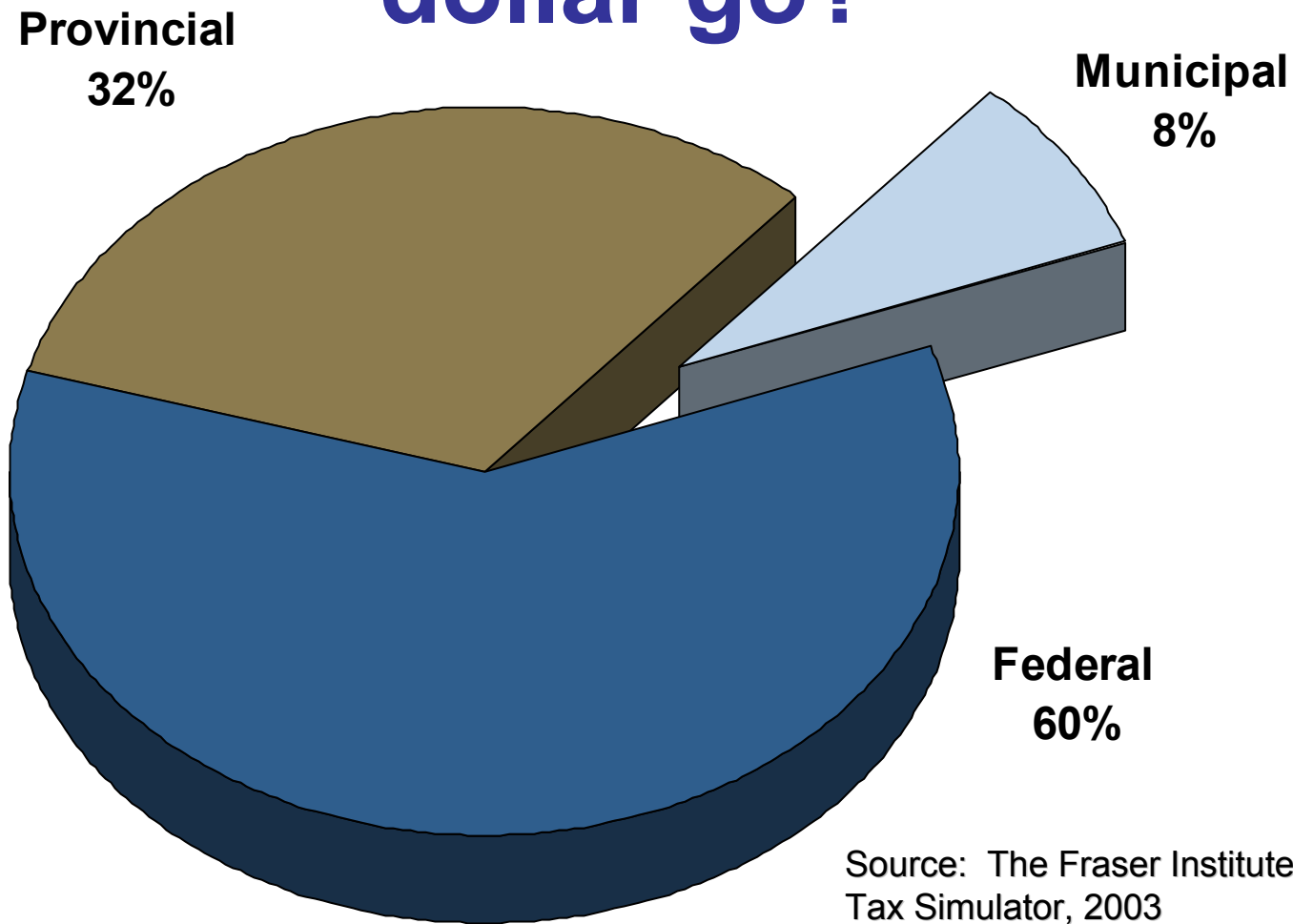


# Federal Government's priorities are wrong

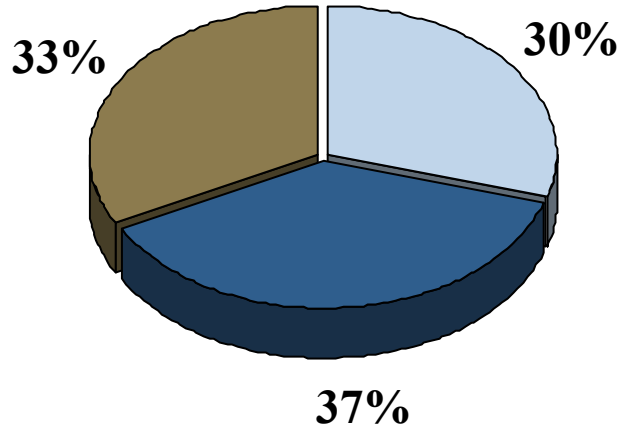
# Where does the Canadian tax dollar go?



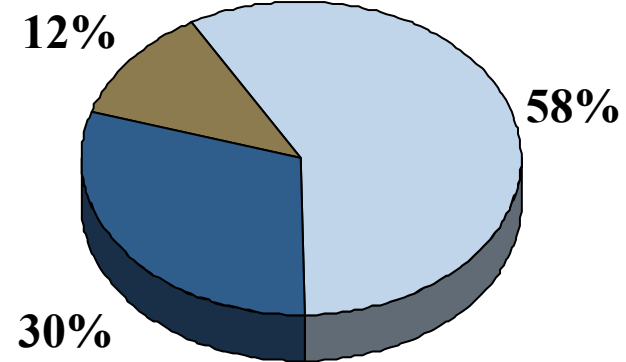
Source: The Fraser Institute Canadian Tax Simulator, 2003

# Change in Municipal Infrastructure Ownership

1961



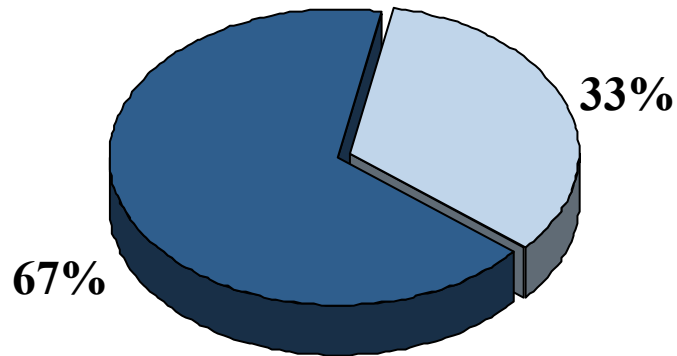
2005



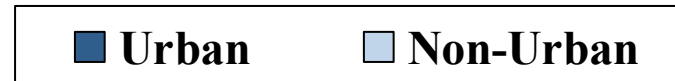
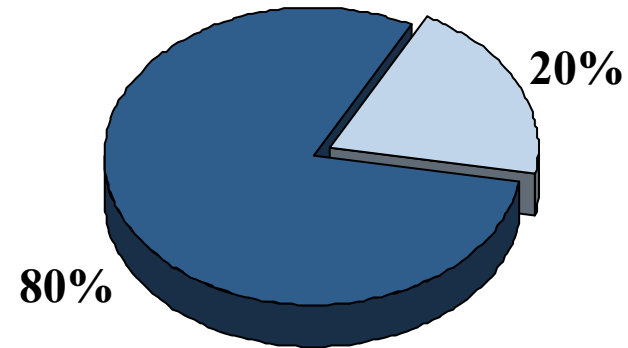
Source: Municipal Finance Officers Association, October 2007

# Proportion of Canadian Population Living in Urban Areas

1956



2006



Source: Statistics Canada, censuses of population 1956 to 2006

THURSDAY, NOVEMBER 1, 2007 • TORONTO STAR • A15

## COYLE « COURT « **GREATER TORONTO**

If Tories  
not for cities  
now, when?



JIM COYLE

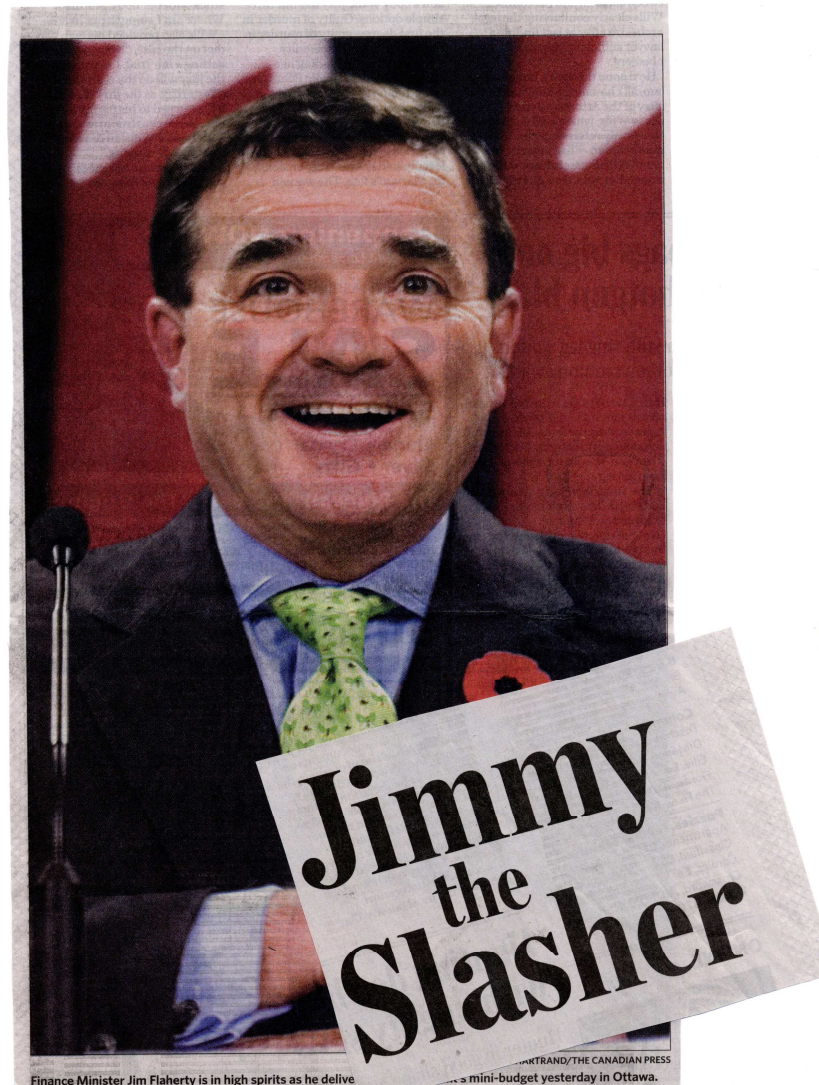


**MISSISSAUGA**

Leading today for tomorrow

Toronto Star October 31, 2007

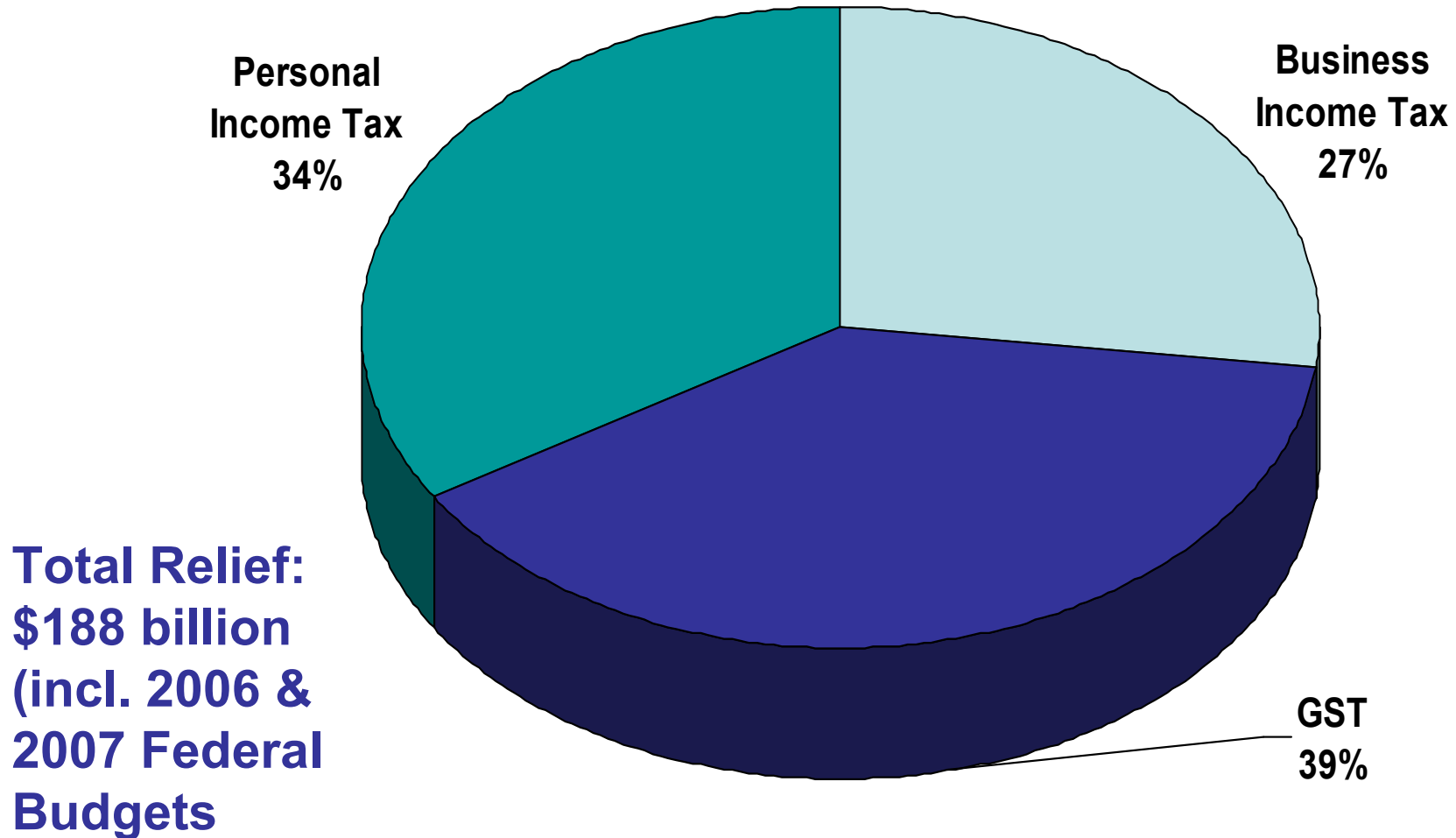
“Finance Minister Jim Flaherty’s Halloween mini-budget cuts taxes left and right, but offers little for social programs, cash-strapped cities or struggling manufacturers”.



# 2007 Federal Economic Statement

- **FCM: Cities are economic engine of country - across Canada municipalities face an Infrastructure Deficit:**
  - **\$60 to \$100 billion & growing**
- **Missed opportunity:**
  - **\$65 billion in Underlying Budget Surpluses between 2006-2013**
- **Cuts taxes and pays down financial debt**
- **No new funding for capital investments**
- **Ignores infrastructure deficit**

# Distribution of Tax Relief, 2007/08 to 2012/13





**BROAD BASED TAX RELIEF FOR INDIVIDUALS,  
BY FAMILY INCOME GROUP, 2008 <sup>1</sup>**

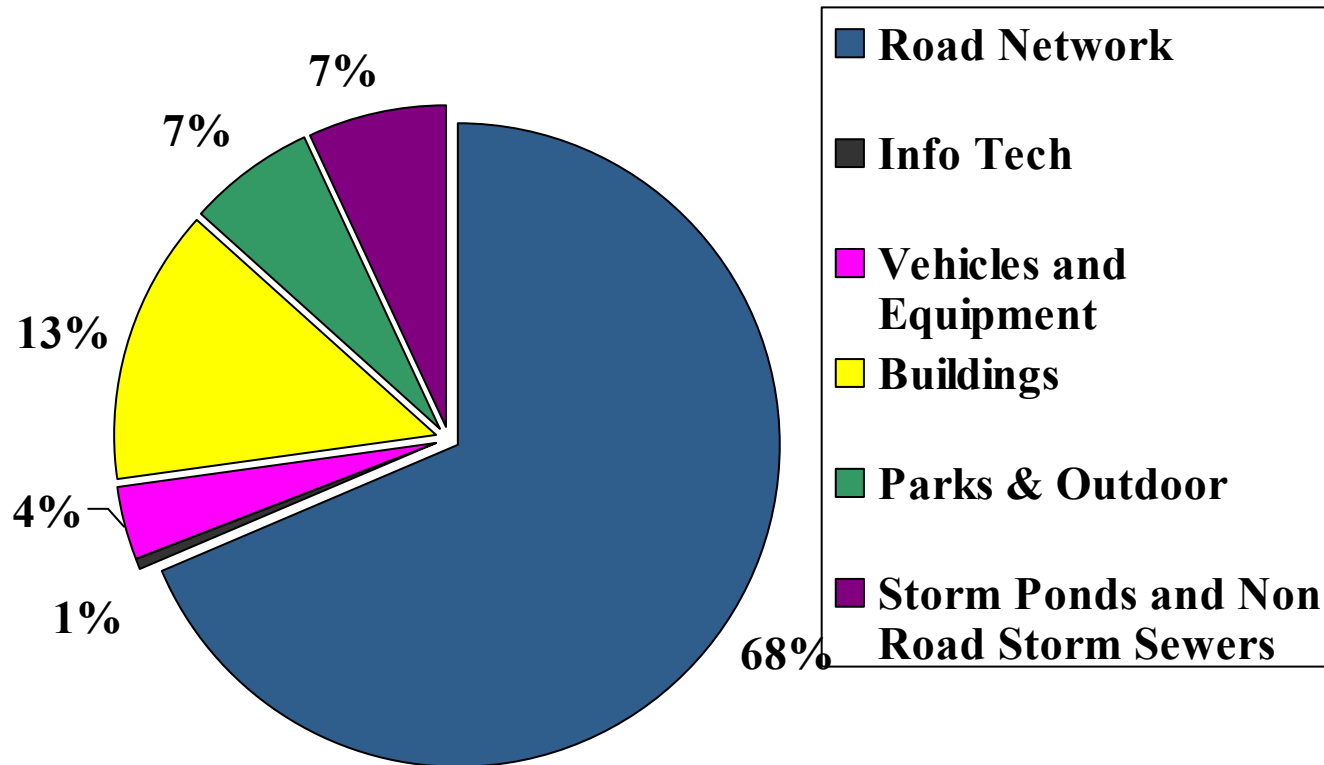
Total family income	Average tax relief in 2008		
	To date <sup>2</sup>	Economic Statement	Total
(\$)	(\$)	(\$)	(\$)
Less than 15,000	145	70	215
15,000 – 30,000	331	179	510
30,000 – 45,000	608	314	922
45,000 – 60,000	796	408	1,204
60,000 – 80,000	988	508	1,496
80,000 – 100,000	1,149	602	1,751
100,000 – 150,000	1,354	714	2,068
Over 150,000	2,144	1,121	3,265

<sup>1</sup> Does not reflect additional relief from targeted tax relief measures such as the Children's Fitness Tax Credit and the Transit Pass

<sup>2</sup> Budget 2006, the Tax Fairness Plan and Budget 2007.

<sup>3</sup> Net tax paid equals federal personal income tax plus GST minus federal tax credits (mainly the GST credit) prior to Budget 2006.

# Mississauga's Infrastructure



Total City Assets \$7.7 billion (estimated 2008)

# Our Reputation





# Our Future ?





November 1, 2007

### **Giant sinkhole makes chaos in London**

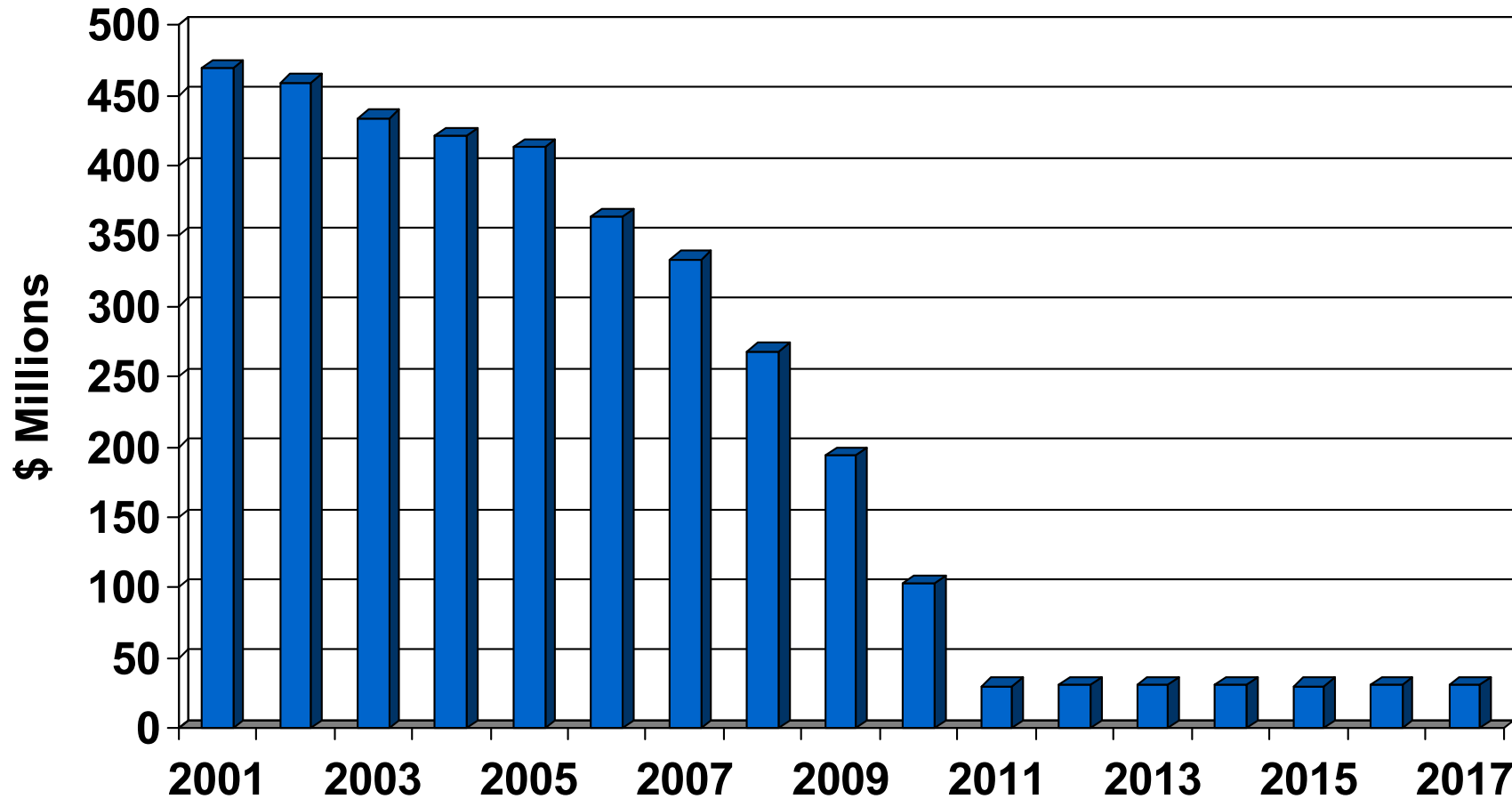
Thousands of workers forced out of downtown, big bucks in business lost after watermain break, sinkhole and power outage

By PATRICK MALONEY -- Sun Media

# Infrastructure Deficit In Mississauga

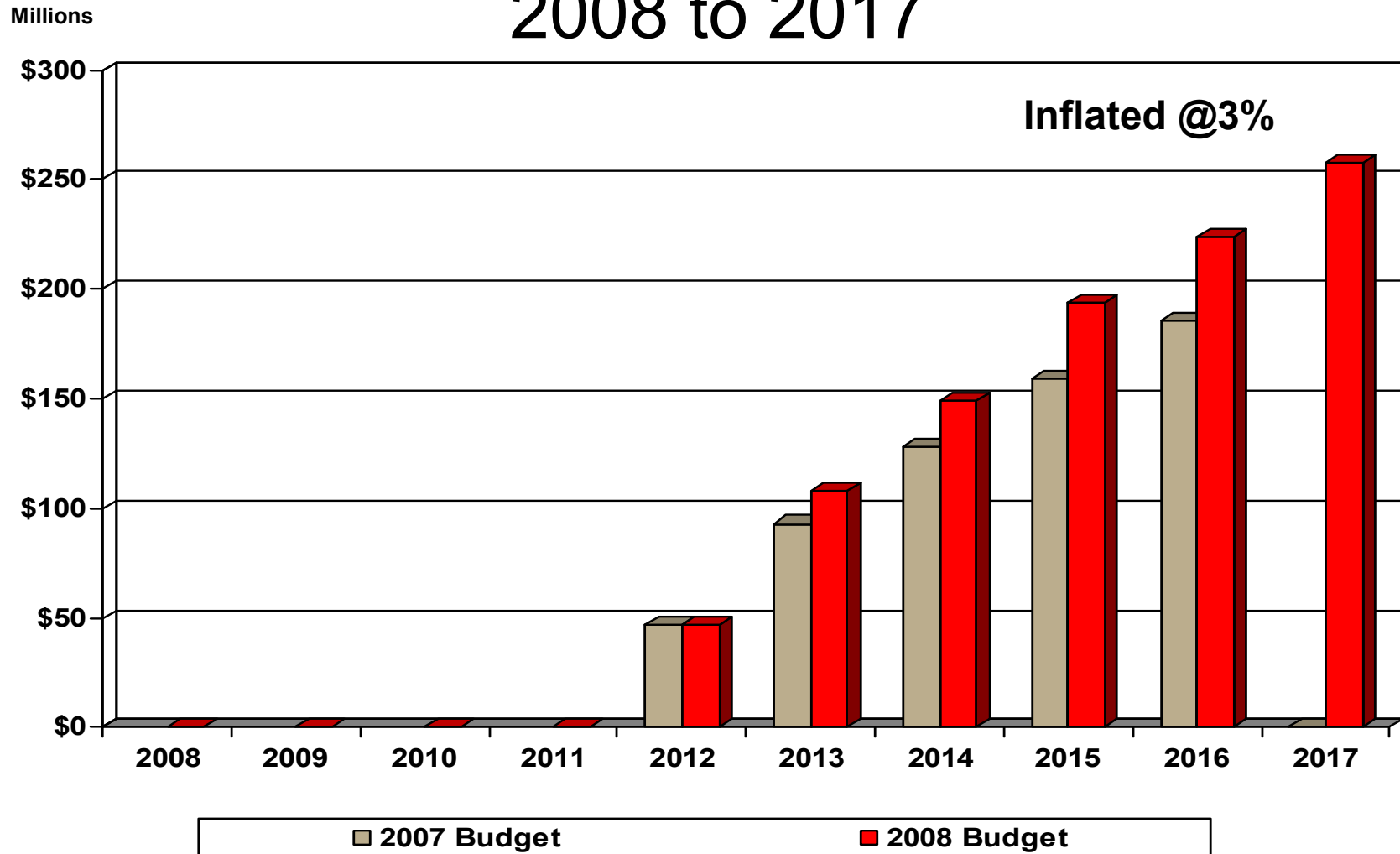
- **Mississauga's infrastructure deficit is estimated at \$1.5 billion over next 20 years:**
- **Need an additional \$75 million more per year to eliminate the infrastructure deficit**

# Running Out of Money: Tax Capital Reserve Fund Balances 2001 to 2017



\* Does not include year end surplus and interest allocations

# External Debt Balances 2008 to 2017





## MUNICIPAL FINANCING

# Increasing the PST by one point is a political game no one wants to play



**JOHN BARBER**

jbarber@globeandmail.com

moon. And the McGuintys, once so keen to see that same amount passed on to Ontario municipalities, have closed their eyes, pretending it isn't even there.

The simplest way for the provincial government to get what it once said it wanted would be



**The City of Toronto would receive an additional \$400-million a year from this initiative...**

“Despite it all, one faint hope remains: Instead of taking the tax room itself, the province could permit cities to take it themselves in the form of a new municipal sales tax. Once again, the tax load would remain the same. The difference is that municipalities would have to take the initiative – and the blame – for the alleged increase.”

November 01, 2007 The Globe and Mail

# Options for Tax Capital Budget

- Not all capital projects are being funded and backlog continues to grow
- Feds & Province won't use their tax capacity to help with infrastructure deficit
- Use Federal Government “tax room” to re-invest in City infrastructure:
  - Do the job the Feds didn't do !!

# Federal Tax Savings

<b>Federal Economic Statement Savings 2008</b>	
Residential -Mississauga <sup>1</sup>	\$ 602
Small Business <sup>2</sup>	\$ 1,000
Corporate Business <sup>3</sup>	\$ 10,000

1-Mississauga average annual household income \$90,600

2-Net income \$100,000

3-Net income \$1 million

# Special Infrastructure Levy: Tax Impacts

Special Infrastructure Levy:	1%	5%
Residential -Mississauga <sup>1</sup>	\$ 10	\$ 50
Small Business <sup>2</sup>	\$ 19	\$ 97
Corporate Business <sup>3</sup>	\$ 194	\$ 974

Special Capital Infrastructure Levy equates to: (millions)	\$ 2.55	\$ 12.75
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1-Mississauga average assessment of \$365,000

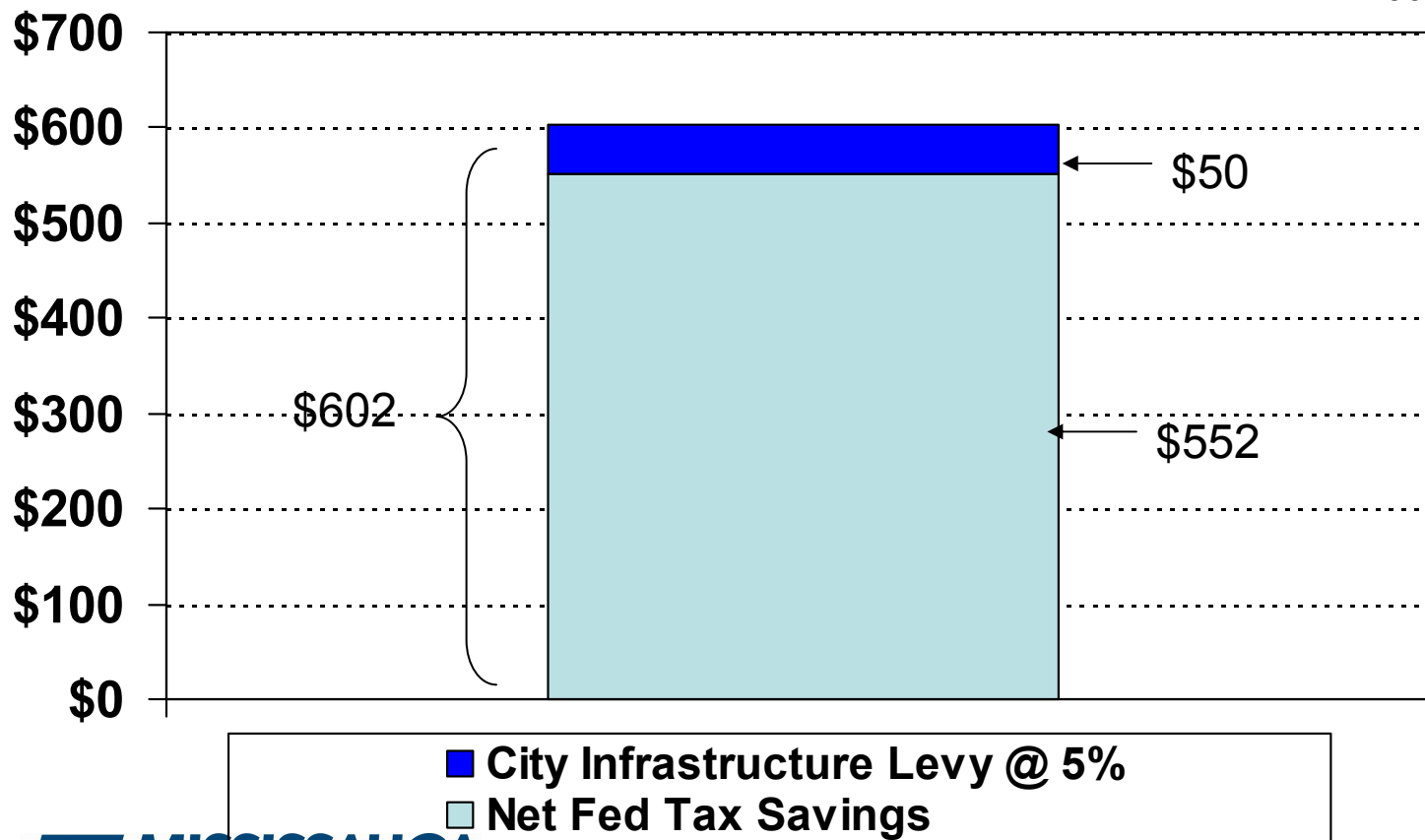
2-Property assessment of \$500,000

3-Property assessment of \$5 million

# Net Residential Savings from Federal & City Tax Changes

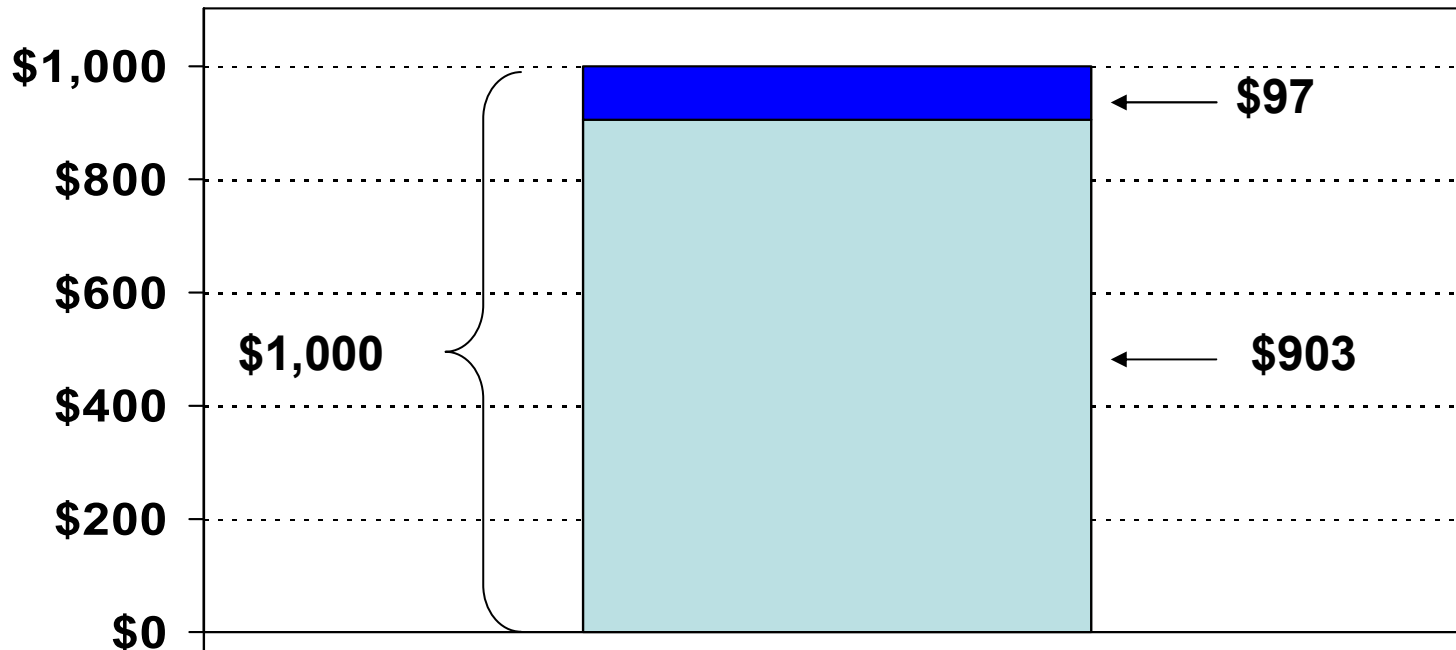
Mississauga Average Annual Household Income \$90,600\*, Average assessment \$365,000

\*2007 estimate



# Net Small Business Savings from Federal & City Tax Changes

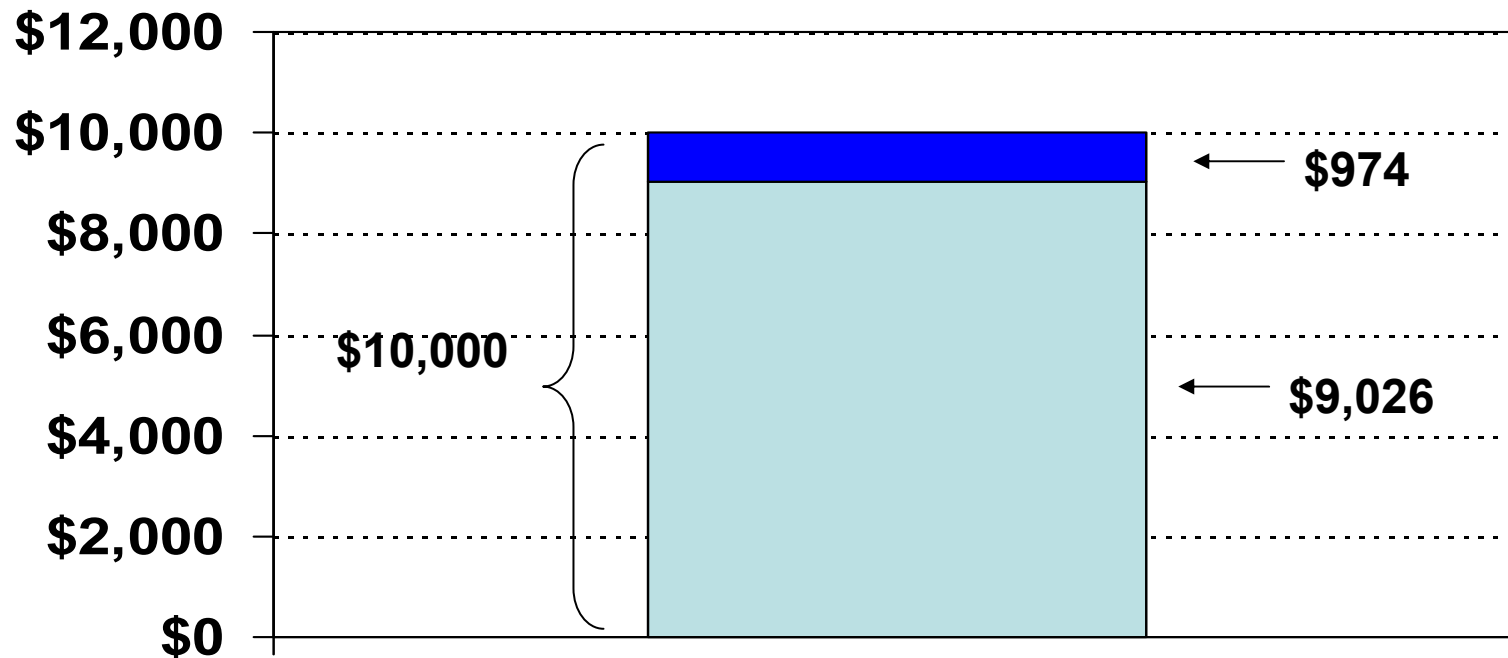
Small Business Net Income \$100,000, property assessment value \$500,000



**■ City Infrastructure Levy @ 5%**  
**■ Net Fed Tax Savings**

# Net Corporate Savings from Federal & City Tax Changes

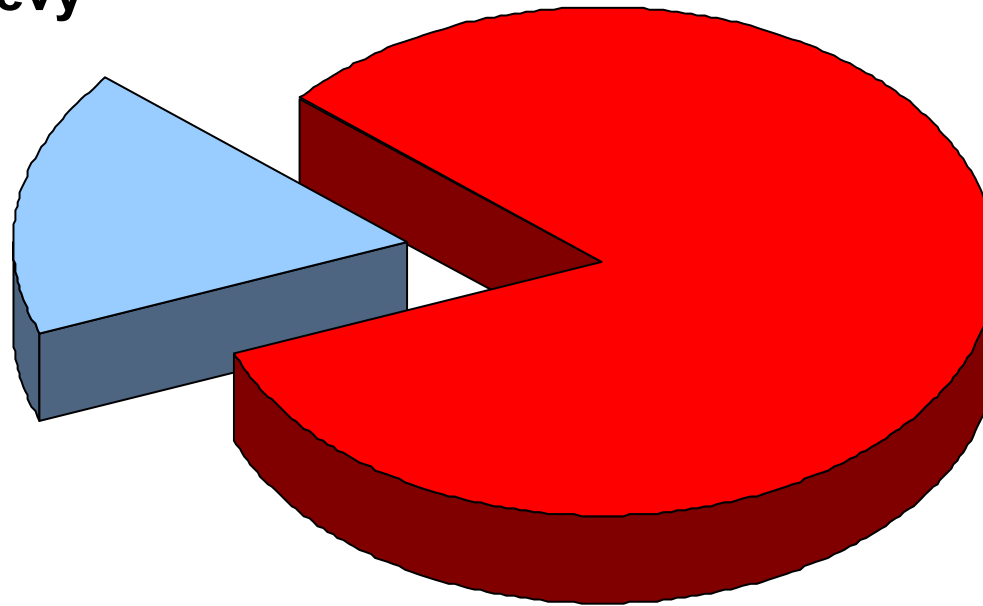
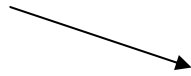
Corporate Business Net Income \$1,000,000, property assessment value \$5,000,000



■ City Infrastructure Levy @ 5%  
■ Net Fed Tax Savings

# Infrastructure Deficit Remaining After 5% City Infrastructure Levy (20 year 2008-2027 average annual)

Infrastructure Levy  
\$12.75 million



**\$75 million**  
**Annual**  
**Infrastructure**  
**Deficit**

**Remaining**  
**Infrastructure**  
**Deficit**  
**\$62.3 million**



# The Strategy

- Redirect tax room to close infrastructure deficit of \$1.5 billion
- Need to carefully manage the impacts
- Balance between:
  - Property tax increases
  - Future capital spending
  - Debt management
- Recommend a 5% Special Infrastructure Levy

# Mechanisms for collection

# *Cities* **NOW!**

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**MISSISSAUGA**

*Leading today for tomorrow*

# Goal

- To influence the Federal Government and other key stakeholders towards long-term and sustainable funding of municipal infrastructure
- To inform our taxpayers about the Federal Government's decision to abandon cities like Mississauga , resulting in a special infrastructure levy on property taxes to maintain Mississauga's public infrastructure in a state of good repair and maintain the quality of life of our citizens.

# Tactics including

- key strategic partnerships (LUMCO, BCMC, FCM, AMO, Region of Peel, National Trade Associations, Businesses)
- Special meeting with MPPs
- Special meeting with MPs
- Insert with property Tax Bill
- Mayors Newsletter
- Special meeting of BCMC

# Tactics including (cont'd)

- citizen information campaign including
  - website
  - pledge cards
  - on street presence

# *Cities* **NOW!**

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