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To tax or not to tax, that is the question

Close vote expected today on land-transfer, vehicle levies

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Home buyers and motorists find out today whether they'll soon be paying out more to the city.

With a close vote anticipated, Toronto council will consider imposing a controversial land transfer tax and a \$60-a-year vehicle registration fee.

Councillor Paul Ainslie, a member of Toronto's budget committee, said yesterday that the city should be looking for cost-cutting alternatives, such as seeking wage concessions from its unionized workers, before hammering residents with new taxes.

"I think there's lots of areas where we can be trimming the fat to make that happen," argued Ainslie.

CONCERNS

When surveyed by the Sun last week, many councillors who oppose the new levies expressed concerns over what the city could do to cut its costs.

In a bid to deal with such criticism, Mayor David Miller, who supports imposing the new taxes, drafted heavyweights from the worlds of business, labour and academia to sit on a panel that will examine Toronto's operations with an eye to making savings.

He also endorsed an 11th-hour compromise for the land transfer tax, hoping to increase support for the levies.

When compared to the original proposal, the compromise would take less from those buying homes valued up to \$400,000. Those buying more expensive homes would be hit harder.

It would also exempt first-time home buyers from having to pay any land transfer tax on the first \$400,000 of their purchase of new or re-sale homes.

NEW FIGURES

When unveiled earlier this year, municipal finance officials figured the two taxes would bring in \$356 million annually. An official with the mayor's office estimated the compromise proposal would shave about \$50 million off that amount.

Councillor Peter Milczyn said yesterday the compromise is not enough to make him waiver in his opposition to the land transfer tax.

He noted that if council adopts the compromise it will collect less land transfer tax, meaning cuts will have to be made elsewhere.

"Why couldn't we have done that in the first place and come out with a proposal to take less money in taxes?" said Milczyn, who added he has never "had trouble" in supporting the vehicle registration tax.

Councillor Glenn De Baeremaeker argued the new taxes are the "least painful" option available to council.