



February 19<sup>th</sup> 2007

MPPs Chris Bentley, Deb Matthews, Khalil Ramal, Steve Peters  
Queens Park  
Main Legislative Building  
Toronto, Ontario  
M7A 1A4

Dear London and area MPPs:

**Re: Business Education Tax system unfair**

---

Business Education Tax (BET) rates are disproportionately high compared to residential rates and are inhibiting investment, job creation and business development in our community.

I have brought this issue to your attention on several occasions and I know that you will be aware that, on average, businesses across Ontario pay six times more than residential property owners for education taxes and in some cases, more than 10 times the residential rate?

You will also know that prior to 1998 education tax rates were set by local school boards. Once current value assessment was introduced by the provincial government in 1998, education tax rates were set by the province. All homeowners in Ontario are charged the same education tax rate of 0.30 per cent, yet our commercial and industrial businesses are charged rates that vary widely across the province.

These varying business education tax rates drive capital out of the high-tax jurisdictions into relatively low-tax jurisdictions, and disadvantage businesses in high-tax jurisdictions in relation to their competitors in other areas.

For example, here in London, our commercial property owners pay a rate of 2.44% of assessed value, while our industrial businesses pay a rate of 2.88%. As you can see, these rates are significantly higher than the residential rate of 0.30%. In fact they are 8.13 times and 9.60 times higher respectively.

When compared to Barrie at 1.56% and 1.64%, or Hamilton at 1.79% and 1.79%, or Ottawa at 1.81% and 2.15% or York at 1.49% and 1.66% and even Toronto at 1.98% and 2.06% - the business community in our municipality is being charged disproportionately higher rates for an education system that is supposed to benefit all Ontarians equally.

The London Chamber of Commerce fails to see the reason or the logic behind such disparate and grossly unfair property tax rate application.

**Re: Business Education Tax system unfair** **continued...**

There is no justification for two similar business properties in different municipalities to be charged different provincial tax rates for a uniform education system.

The education tax is the only tax in Ontario that is collected locally but set by the province. The provincial government distributes the education tax revenues to local school boards across Ontario based on a single formula. So in reality, the amount of education tax raised locally does not affect the funding of any particular school, nor the quality of the education that our students are receiving.

The London Chamber of Commerce and the Ontario Chamber of Commerce have recommended the government establish an Expert Property Tax Review Panel, involving business representatives and professionals to recommend a comprehensive property tax reform.

As part of such reform, the OCC and the London Chamber have recommended the province implement a uniform ceiling BET rate at the lower end of the commercial/industrial urban range by 2009, and by 2015 equalize the business and residential property tax rate for education.

Halton Region currently has the lowest urban business education tax rate of 1.37 per cent for commercial properties. Therefore, the London Chamber is asking that all business education tax rates that are higher than Halton's be lowered to that rate, thereby creating uniformity for our commercial and industrial sectors. We would then like to see the province establish a singular education tax rate for all residential, commercial and industrial properties by 2015.

We believe in fairness in our tax system. The London Chamber believes that comprehensive property tax reform, in addition to increased economic development and investments in human capital, production and equipment realized from a standardized, lower rate, will mitigate any costs to the provincial treasury associated with a reduced education tax rate.

A fair and uniform education funding formula must be backed by a fair and uniform education tax system. We are asking you, as our local MPPs to assist us in establishing true fairness by reforming the business education tax rate structure in Ontario. We need your help to ensure Ontario's unfair BET rates are addressed in this spring's provincial budget.

Thank you very much for your time and consideration on this important matter.

Sincerely,

Gerry Macartney, CEO and General Manager  
London Chamber of Commerce

Pam Waeland, President  
The Board of Directors

cc: Ontario Chamber of Commerce