



ONTARIO BUSINESS IMPROVEMENT AREA ASSOCIATION



**PERL – Planning, Environment,  
Resources, Labour**  
5 IMMEDIATE PRIORITIES

# **ROUNDTABLE**

October 1<sup>st</sup> 2014

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## INTRODUCTION

In 2013, the City of Burlington created their [Core Commitment: Downtown Vision and Action Plan](#). Their Plan identified the many strengths of Downtown. Their message relates to all of Main Street Ontario.

### Downtowns Matter. They...

- 1 Represent sustainable development, intensification & maximizes existing infrastructure.
- 2 Provide hundreds of jobs, and have the potential for more.
- 3 Represent 55,000 small businesses through more than 280 BIAs.
- 4 Celebrate community heritage and historic connections to the origins of the community.
- 5 Provide opportunities for local and incubator business.
- 6 Are a community hub for festivals & celebrations; a partnership of culture & commerce.
- 7 Reflect a positive image of the entire city; a healthy core = healthy city.
- 8 Provide for diversity of choice in housing forms and employment opportunities.
- 9 Have a symbolic significance as the centre of civic life.
- 10 Reinvest in Ontario. OBIAA member budgets in 2014 totalled \$45,000,000. Money that goes back to support our local Main Street economies.

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## SURVEY RECAP – RESEARCH SUMMARY

### SURVEY OVERVIEW

In July of 2014, OBIAA conducted a survey that presented a list of identified issues for the express purpose of determining which of the 12 issues would be presented to the PERL Deputies Committee on October 1. The survey provided us with opportunities to gather data and anecdotal stories about the issues and how they affect our BIA members and their businesses. The issues we set out in the survey were:

### ISSUES PRESENTED

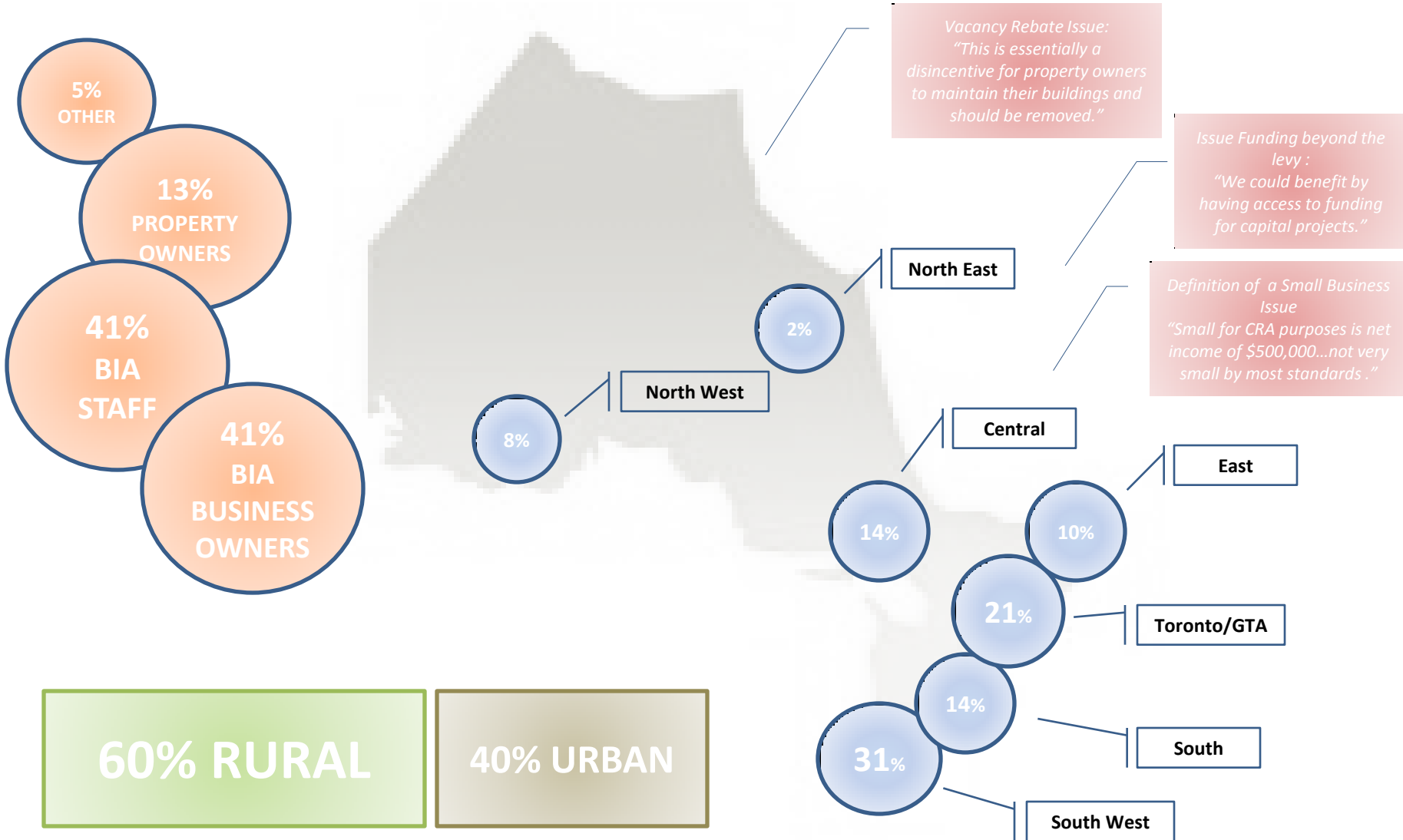
- |   |   |
|---|---|
| <b>1</b> Ontario’s Business Education Tax (BET)           | <b>7</b> Sustainable Funding for OBIAA              |
| <b>2</b> Municipal Property Assessment Corporation (MPAC) | <b>8</b> Definition of Small Business               |
| <b>3</b> Accessibility (AODA)                             | <b>9</b> Municipal Act                              |
| <b>4</b> Vacancy Rate Rebate                              | <b>10</b> Non-Assessed Buildings within BIAs        |
| <b>5</b> Employee Health Tax (EHT) - BIAs                 | <b>11</b> Importance of Government Agency locations |
| <b>6</b> BIA Funding beyond the Levy (Grants etc)         | <b>12</b> Utility Rates                             |

### SURVEY RESULTS AND BOARD ANALYSIS

- |  |   |
|--|---|
| <b>1</b> VACANCY RATE REBATE                       | <b>3</b> BIA FUNDING BEYOND THE LEVY (GRANTS ETC) |
| <b>2</b> DEFINITION OF SMALL BUSINESS              | <b>4</b> EMPLOYEE HEALTH TAX (EHT) - BIAS         |
| <b>5</b> IMPORTANCE OF GOVERNMENT AGENCY LOCATIONS |   |

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## DETAIL OF SURVEY RESPONDENTS (131)



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## PRIORITY #1 – VACANCY RATE REBATE

**1**

### ISSUE(S)

Vacant properties, within our BIAs, sometime exist. These buildings can be owned by absentee property owners or are owned by property owners planning future investments. The owners of these vacant properties are entitled to receive a Vacant unit rebate [364. \(1\)](#). Often these vacant properties deteriorate and impact the visual appearance of our main streets. The current rebate has no limitations or motivation for a property owner to invest in the building because they are receiving this Vacant unit rebate - [364. \(1\)](#) for an indefinite period of time

**2**

### CHALLENGES

- Vacant and deteriorating buildings deter from the beautification of a Downtown and promotes the ‘broken window theory’; can result in a decrease in the marketable lease rates or the overall ‘lease-ability’ of a BIA;
- Contradicting strategies between BIAs and Provincial vacancy rebate: BIAs build programs and invest funds to promote vacant property to prospective lessees and focus on achieving full occupancy, whereas the provincial incentives assist property owners to remain vacant;
- Once a property owner is accepted there is nothing to encourage seeking property occupancy;
- Property owners purchasing property for purely financial reasons (tax write offs) and not for positive investment;
- This is a challenge for both large and small Downtowns.

**3**

### POSSIBLE SOLUTIONS

- Adopt a property standards policy to coincide with the rebate. Property owners must maintain proper property standards while receiving rebate;
- Coordination of highest and best use through the Municipalities Planning strategies (Official Plan, Community Improvement Plan, Master Plans, etc.);
- A joint strategy between BIAs and the province should be established to promote tenantable property within a Downtown;
- Update policy to include a sunset clause so it ends at a pre-determined time or graduated rebate (Example: year 1 - 50%, year 2 - 25%, year 3 - 10%, etc.);
- Update policy to include a clause stating that property owner must be actively marketing the vacant building in order to receive the Vacant Unit Rebate;
- “Attraction Rebate” rather than Vacant Unit Rebate.

**4**

### FIELD QUOTE

*“This is a huge concern for Welland because real estate is relatively inexpensive and definitely a good price against Toronto standards, too many are buying properties for tax right offs and don’t want to do maintenance because it would not be tax efficient...a by-law to prevent this would be great news.”*

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## PRIORITY #2 – IMPORTANCE OF GOVERNMENT AGENCY LOCATIONS

1

### ISSUE(S)

In many places Government Agencies are a large employer and they also attract people seeking the services they offer. Decisions to relocate outside of a BIA can have a significant negative economic impact.

2

### CHALLENGES

- These institutions add shoppers (government employees) to the community Monday to Friday; and are a significant loss if removed;
- These institutions attract a resident and customer base to the downtown that would be lost if removed;
- When a Government Institution leaves a downtown it leaves a void and often an un-tenantable building.

3

### POSSIBLE SOLUTIONS

That a Policy Statement be developed for communication to all government assets/agencies that addresses:

- Social, economic and environmental impact of relocating government assets/agencies outside of a ‘downtown/core historical area’;
- Engagement of the local BIA;
- That all government assets/agencies are encouraged to make a conscious decision to locate in their downtowns to support the vibrancy of downtowns;
- Government assets/agencies be encouraged to locate, or justify why they can’t locate, in downtowns to improve the social, economic and environmental conditions on Downtowns.

4

### FIELD QUOTE

*“Government organizations should make contributing to healthy downtowns a priority. Consider it an investment in our communities”.*

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## PRIORITY #3 – BIA FUNDING BEYOND THE LEVY

**1**

### ISSUE(S)

The BIA levy contributed by independent businesses and property owners, invests millions of dollars annually in community and tourism focused events and festivals, beautification of the public spaces, maintenance and infrastructure projects and general marketing efforts. Many of these initiatives are accomplished by partnerships with municipalities and upper levels of government, non-profit organizations and community arts and culture organizations. Unfortunately BIAs are restricted by regulations that prevent them from applying solely to programs that would allow them to initiate projects that would have broad community benefit – such as Ontario Trillium Fund and programs that focus on arts and culture.

**2**

### CHALLENGES

- Lack of access to funding programs – Festivals, Events and Arts & Cultural Initiatives;
- Lack of access to infrastructure/capital project funding.

**3**

### POSSIBLE SOLUTIONS

- Review status of BIAs as potential funding applicants;
- Separate stream for BIAs for small infrastructure projects;
- Access to funding as a primary applicant;
- OBIAA become a granting body and/or a resource of funding programs for BIAs.

**4**

### FIELD QUOTE

*“...BIAs do much of the work in beautifying and other similar types of projects downtown, however there is virtually no place to apply for infrastructure funding for small projects...there needs to be separate Municipal and BIA funding streams.”*

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## PRIORITY #4 – EMPLOYEE HEALTH TAX

1

### ISSUE (S)

- EHT is a payroll tax on remuneration paid to employees and former employees. EHT remittance is a requirement of all business;
- Businesses in Ontario are exempted from paying the EHT remittance on the first \$475,000 of company payroll. In 2014 the EHT exemption increased to \$475,000 from \$450,000 of Ontario payroll;
- BIAs are ABCs (Agencies, Boards or Commissions) of Ontario Municipalities;
- In most cases, the Municipality that the BIA is a part of claims the \$475,000 EHT exemption and applies it to their payroll. There is no allowable exemption remaining to be applied to BIA payrolls, or to any of the other ABCs of the Municipality;
- Additional taxes paid by BIAs is money that is not available to re-invest in their communities and economies.

2

### CHALLENGES

- BIAs, as small employers, believed their annual payrolls were well within the allowable exemption amount. In 2013, the Ministry of Finance began contacting BIAs, advising that they were to register for EHT with the province;
- EHT payments were being asked for from BIAs, for current years, and retroactive back to the first payroll made by the BIA. The retroactive assessments included penalty and interest charges;
- Unlike other small employers there was no exemption amount available to be applied to BIA payrolls. In most instances, BIAs cover their own payrolls and are not included in the payroll of the Municipality. According to the Ministry of Finance, BIAs were not able to apply any of the payroll exemption amounts as the Municipality claimed that exemption. BIAs are ABCs of the Municipality.

3

### POSSIBLE SOLUTIONS

- BIAs be exempt completely from EHT as saved funds will be directed back to the local economy / community by the BIA
- An amnesty period should be granted on back assessments. Penalty charges and past year payments be waived. Request EHT payments to be effective beginning from 2014.
- An allowable exemption amount should be applicable separately to BIA payrolls.

4

### FIELD QUOTE

*"...BIAs should be considered independent employers for EHT purposes."*



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## PRIORITY #4 – EMPLOYEE HEALTH TAX EXAMPLES

1

### URBAN BIA #1

Year	Total Payroll	EHT payable
2013	505,869.	9611.
2012	482,371.	9165.
2011	472,852.	8984.
	<b>Total</b>	<b>27,760.00</b>

2

### URBAN BIA #2

Year	Payroll N/A	EHT payable	Interest
2013		4464.56	
2012		4361.60	479.78
2011		3876.02	659.84
2010		3881.43	823.64
2009		3638.91	1054.10
2008		3099.71	1169.10
2007		2951.20	1496.22
2006		2241.01	1493.04
2005		2236.57	1863.74
2004		1952.41	1918.96
2003		1876.75	1929.62
2002		1810.01	2173.46
2001		1649.57	2261.54
2000		1526.79	2467.04
1999		1482.21	2828.74
1998		1595.14	3517.84
	<b>Total</b>	<b>42,643.89</b>	<b>26,136.66</b>

3

### URBAN BIA #3

Year	Total Payroll	EHT payable
2012	103,665.92	1015.93
2011	100,388.03	983.80
2010	94,148.84	922.66
2009	83,842.44	821.66
2008	63,525.00	622.55
2007	57,750.00	565.95
2006	57,750.00	565.95
2005	57,750.00	565.95
2004	45,821.99	449.06
2003	39,583.30	387.92
2002	29,166.70	285.83
	<b>Total</b>	<b>7,187.24</b>

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## PRIORITY #5 – DEFINITION OF A SMALL BUSINESS

1

### ISSUE (S)

While it is acknowledged that small business is the engine of the economy, the definition of small business is not clearly defined. Different levels of government define small business differently. A unified definition of small business is critical for government in order to capture the economic contribution and value of small business. Additionally, within the unified definition of small business; a subset with a specific definition of ‘Main Street’ business would provide a better understanding of the size, scope, challenges and differences of these types of businesses.

2

### CHALLENGES

- When is a business small? Net revenue ranges from \$0 - \$1,000,000; Number of Employees ranges from 5 – 500;
- Other evaluators that involve a large variance of qualification include: value of assets, quantity of shipments, annual sales;
- “Main Street” businesses are different from other types of small businesses, because of the environment they are in and the type of business they tend to be. “Main Street” businesses typically are local, independent, non-franchised and one location.

3

### POSSIBLE SOLUTIONS

- “Main Street” businesses are different from the industry standards and should be defined separately and differently;
- In cooperation with other levels of government and jurisdictions, develop a consistent definition for small business and create a class/definition that clearly defines “Main Street” type businesses;
- Establish a methodology to effectively ascertain the economic and employment impact that local Small Business have on local, provincial and national economies.

4

### FIELD QUOTE

*“Small for CRA income tax purposes is net income of \$500,000...not very small by most people’s standards...”*

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## CONCLUSION

Main Street Ontario grew organically beginning when Canada was Upper Canada. It grew from the pioneering need for community building and economy building, and businesses grew to strengthen survival initially and not for economic growth. Survival is still a basic need and that need is apparent in “Main Street” Ontario.

Our community cores need to be vibrant and be given the tools to position themselves for the new economy. Working together, alongside and at the table with our Provincial Ministries will encourage understanding and recognition of the paradigms facing “Main Street” Ontario.

This is the first time that “Main Street Ontario”, through the collective voice of the Ontario BIA Association has been heard by the PERL Deputies Committee.

We applaud and thank you for this opportunity to submit this report to you for your consideration.