



OBIAA Submission to 2023 Provincial Budget Consultations

OBIAA Submission to 2023 Provincial Budget Consultations

Supporting Main Street Ontario

Ontario's small businesses are an important part of the province's economy and communities. They create jobs and help make main streets across the province exciting and vibrant. There have been significant impacts on main street businesses due to the economic downturn caused by COVID-19, and many have not yet recovered. This is why Ontario is continuing to help main street small businesses recover and thrive by cutting taxes to support their growth. In addition, the government's actions to cut red tape will further lower the cost of doing business, ease financial burdens and remove overly complex processes that frustrate business owners.

OBIAA's Additional Solutions

- 1. Safety Concerns and Perceptions:** Main streets are public spaces and thus often the epicentre for those in need. We recommend additional support (directly to and through BIAs) in order to help cover the increased maintenance costs of these public spaces. This will enable BIAs to:
 - implement marketing campaigns to change safety perceptions
 - invest in the public spaces in order to safely hold community events
 - enhance safety in our main streets through enhanced lighting, place-making and small infrastructure (cameras, public washrooms).

We appreciate the impactful and much needed work that service providers are doing but ask that BIA representatives also be at the table when discussions take place regarding our main streets. Additionally appropriate support would include more visible "on the street" and wrap-around support by trained professionals. BIAs have been participating in Community Health and Homelessness Summits with various social service agencies. That said, many have had to "elbow" their way into these meetings. We ask that BIAs and the other business and economic development community partners be invited to ensure there is also a business and economic development lens as part of these summit discussions. The input that BIAs can provide at these discussions is invaluable in creating partnerships and relationships between the local business community and those in need. We need to ensure that all impacted are also part of the solution.

- 2. Opioid Crisis:** Increased funding for additional front-line staff providing resources and training that integrates 24-hr wrap-around services to reduce the burden on BIAs. Expand access to low barrier treatment. Declare an opioid crisis that focuses on proactive solutions such as reducing prescribed opioids.

3. **Commercial to Residential Conversion on Main Street:** While OBIAA supports intensification and building in the core, the unique character of the area must be maintained. Additionally, as commercial spaces are transitioning to residential, there will be a significant impact on the commercial assessment, negatively impacting the municipality and the business improvement areas budgets, while at the same time increased services will be required by the new residents (parks, public washrooms, garbage, etc.). In order to adequately support the increase in residential in our downtowns we recommend access to funding to support infrastructure improvements to support this (i.e. increase maintenance or improvements to garbage infrastructure, public washrooms, public spaces).
4. **Vacancies on Main Street:** We applaud the province giving the Municipalities the ability to opt out of the Vacant Unit Rebate. Chronically vacant properties are a blight on our main streets. We are asking the province to revisit the vacancy tax rates providing the municipality the option to charge higher tax rates for chronically vacant properties (including vacant land).
5. **Return on Investment of Main Streets:** In 2017-2018 OBIAA partnered with the Ministry of Municipal Affairs and Housing to create the Return on Investment of BIAs Report.
 - OBIAA is requesting further funding to update and study the impacts of residential conversion.
 - Main Streets have many vacant second floors that could be added to an affordable housing inventory, which could be identified in a ROI Part II project and report.
 - While we support the AODA, many second floors are not compliant and grant funds to retrofit second floors, and above, are needed. Conversions must be a provincial priority.

OBIAA, through a partnership with OMAFRA, has been developing a customer relationship management system “MainStreetRM” which will provide the data on the economic impact of Ontario’s main streets. Not only will this project assist the BIAs in qualifying and quantifying their local areas, it will provide aggregate provincial reporting. The barrier to growth on this project is the capacity of the BIAs in onboarding and maintaining their database.

Core investment is needed to maintain cost stability and affordability to our BIAs. Data would help us understand the state of Ontario’s main street businesses, identify chronic vacancy areas, businesses that are in crisis (through social issues or other) or those who are looking towards succession planning. This data gathering, we anticipate, would help the Province understand and mitigate the effect of red tape on small businesses, while furthering the understanding of the economic impact of small businesses in Ontario. We are grateful for the partial funding Ontario has provided this program but it will need additional support in order to support the successful onboarding of all BIAs.

Supporting Small Business Growth

In 2020, the government delivered on its promise to cut the small business Corporate Income Tax (CIT) rate from 3.5 per cent to 3.2 per cent. This preferential small business CIT rate delivers annual tax relief of over \$3 billion to Ontario's small businesses.

In the *2022 Ontario Economic Outlook and Fiscal Review*, the government now proposes to provide this rate to more small businesses to encourage them to grow.

Ontario's small business CIT rate is currently subject to a small business limit of \$500,000 of income that phases out between \$10 million and \$15 million of taxable capital employed in Canada. The government is proposing to extend the phase-out range to between \$10 million and \$50 million of taxable capital. This would mirror the federal government's extension of its phase-out range for the federal small business CIT rate, supporting small businesses.

This measure would provide \$185 million in Ontario income tax relief over the next three years and benefit about 5,500 small businesses. An eligible corporation could receive more than \$36,000 in Ontario income tax relief each year, which could be used to invest in the business, its workers and in the community.

OBIAA's Additional Recommendations

OBIAA applauds the above noted small business tax relief. Our small businesses are still climbing out of the impacts to their business of the pandemic, additional debt load and staffing shortage. Additional support to small businesses through innovation and succession planning is requested.

- 1. Advocate for CEBA repayment relief:** OBIAA has requested, to the Federal Government, consideration of a waiving of the CEBA loan for small businesses. The Federal Government recently extended the interest-free repayment period (i.e., the qualifying period for partial loan forgiveness) for CEBA loans and RRRF loans to December 31, 2023. OBIAA asks the Government of Ontario to work with the Federal Government for CEBA repayment relief for small businesses. The pressure to repay the CEBA loan may cause some small businesses to close, resulting in a decrease in the commercial tax.

Quote from an Ottawa area small business:

"I am anticipating sales to decline this year. I will have to stop spending on inventory (and in fact reduce inventory) this year to bring in cash. This repayment will hurt cash flow which everyone knows is critical to a thriving business. What I don't understand about this repayment, is that they are treating it like it was a business as usual loan, when in fact it was a temporary stop gap for a total drop in sales because of the pandemic. Business as usual really only started by mid 2021. A year and a half to dig out of 30k is not realistic and

**A BIA IS INTEGRAL TO ADVANCING A DISTINCT, LIVABLE,
VIBRANT AND RESILIENT BUSINESS DISTRICT WITHIN THEIR LOCAL COMMUNITY.**

I suspect many will suffer through this. I will definitely be spending much less this year and at least the following 2 years if I have to pay the 30k. If others are in the same boat as me, it will affect my sales and make the recovery period even longer. We rise and fall together in small business. This will undoubtedly create opportunities for bigger companies to enact predatory practices to take more market share from small businesses that will not be able to compete without the cash flow. With the internet, this will happen as it is an opportunity. Big company management are undoubtedly going to target the 2023 loan repayment date to make moves. It is naive to think otherwise.”

- 2. Micro-grants for entrepreneurs:** Prioritise creating programs which match new entrepreneurs with retiring businesses. Provide funding to BIAs and Municipal Partners specifically aimed at filling vacancies, creating succession training, planning and matchmaking with entrepreneurs, such as the award winning “Win This Space” program. These programs would include micro-grants direct to new entrepreneurs. OBIAA is well positioned to design, package and implement the program through funding model(s) as invested in by the Province.

Transforming Business with the Digital Main Street Program

Digital Main Street Program

Since 2020, the Digital Main Street program has helped more than 41,000 businesses across the province to increase their digital presence, including almost 17,000 independent businesses and artists who received support to create online stores and just over 5,900 businesses that received grants to help with the costs of digital adoption. It is expected that an additional 18,000 businesses will receive support through this program in 2022 and 2023.

During the COVID-19 pandemic, many of Ontario’s small businesses had to find alternative ways of doing business, such as online platforms and digital sales. The government has helped small businesses reach more customers through the Digital Main Street program, which provides grants for the implementation of digital strategies, offers technical training for workers to reach more customers in person and online, and helps businesses open online stores with support from the ShopHERE program. The government enhanced the Digital Main Street program in fall 2021, investing \$40 million over 2022–23 and 2023–24 to further help Ontario’s businesses increase their digital presence.

OBIAA Recommendation

OBIAA is requesting that funding for Digital Main Street be a core program within the Provincial budget. We further request that the Province of Ontario enter into a Memorandum of

**A BIA IS INTEGRAL TO ADVANCING A DISTINCT, LIVABLE,
VIBRANT AND RESILIENT BUSINESS DISTRICT WITHIN THEIR LOCAL COMMUNITY.**

Understanding (MOU) with the Ontario BIA Association for the continuation of this impactful program.

Supporting Ontario’s Business Improvement Areas

Business Improvement Areas (BIAs) play a critical role in the promotion of main street businesses in their respective communities. As part of the government’s ongoing commitment to reduce unnecessary red tape, Ontario will work together with its municipal partners and other stakeholders to explore changes to the *Municipal Act, 2001* and *City of Toronto Act, 2006* that could provide the BIA with greater access to grants and funding resources.

OBIAA Recommendation

This is a key priority for OBIAA and we have already begun work towards the Municipal Act refresh as it pertains to BIAs. BIAs are Local Boards of Council, however they are also a unique private-public partnership that raises funds, through a special tax levy, for the betterment of the public realm. However, they are limited in grant funding due to their status as a “corporation of the municipality”. In 2020, OBIAA engaged Professor Ben-Ishai to create a document that outlined the strengths and weaknesses of the Municipal Act that OBIAA is using as a cornerstone to our recommendations on changes to the Act.

Lack of ability to access grants and funds for BIAs is, however, just one portion of the Municipal Act as it pertains to BIA, a full review of the Municipal Act to tackle the pain-points identified by Municipalities and BIAs alike is necessary. OBIAA is recommending that the Government confirm their intent to review the Municipal Act as it pertains to BIAs and consult and work directly with OBIAA in its efforts to update the Municipal Act. Further, BIAs should also be eligible for small infrastructure funds.

Maximizing Investments in Government Office Locations

The provincial government has one of the largest and most complex real estate portfolios in Canada, including everything from offices to courthouses to schools. Recognizing the unique needs of each community, the government can help public-sector organizations work together to use property for what communities need the most. This may include using public-sector real estate and other spending to stimulate local economies or moving out of expensive leased office space.

This is why the government is moving forward with an Office Optimization Strategy as an enterprise-wide approach to space planning and delivery, to unlock and increase the value of real estate assets

**A BIA IS INTEGRAL TO ADVANCING A DISTINCT, LIVABLE,
VIBRANT AND RESILIENT BUSINESS DISTRICT WITHIN THEIR LOCAL COMMUNITY.**

across the province. Office Optimization has already begun in Toronto and Sudbury and will soon begin in London.

OBIAA Recommendation

In the 2023 Provincial Budget, we ask the Government to take into consideration the impact of maintaining government operations on main street. In many of our main streets Government Agencies are a large employer and they also attract people seeking the services offered. Decisions to relocate outside of a BIA can have a significant negative economic impact. **We recommend the Government maintain all main street governmental agencies as a way of strengthening our main street communities.**

In Addition:

The Board of the Ontario BIA Association reviewed your pre-election budget and found the following statements, which OBIAA supports and recommends implementation of in the 2023 Budget.

Investing in Regional Economic Development

Ontario's economic prosperity is also rooted in the strength of its regional economies. In 2019, the Regional Development Program was launched with the Eastern Ontario Development Fund and the Southwestern Ontario Development Fund supporting business growth in their respective regions. The program also provides eligible businesses and organizations with access to a broad range of complementary services and supports from across government. These include advisory services, assistance with environmental compliance approvals, as well as support in accessing skills and talent and information on tax credits or land use planning.

To continue to support regional development across the province, in January 2022, the government of Ontario launched the \$40 million Advanced Manufacturing and Innovation Competitiveness Stream, under the Regional Development Program. This provincewide stream provides complementary services and funding to companies to invest in the equipment, advanced technologies and skilled workforce needed to improve competitiveness, productivity and growth.

Creating a Simplified Path for Business to Grow

It should be simple and straightforward to start, grow and manage a business in Ontario.

A single window for business will make it easier for businesses to navigate to relevant business information, including information tailored by industry, all in one place. The single window for business will introduce service standard guarantees so businesses can track the information they need from the government.

This is just one of the many actions the government is taking to help businesses thrive and grow.

Standing Up for Small Businesses and Supporting Entrepreneurship

Ontario's small businesses are an important part of Ontario's economy, employing more than two million people in communities across the province. The COVID-19 pandemic has impacted small businesses significantly, and they continue to face unique challenges in accessing capital, talent and markets. Small business owners are resilient and hard-working, with big dreams and bold ambitions. The Ontario government is committed to helping the province's entrepreneurs recover and thrive.

Harnessing Ontario's Entrepreneurial Spirit

Behind every small business is an entrepreneur with ambition and determination, enriching the lives and livelihoods of families and communities across Ontario.

The government will create an Entrepreneurship Council to focus on a range of key themes that will support the development of a dedicated Entrepreneurship Strategy. The new Entrepreneurship Council will include leaders from across diverse sectors to advise on the issues facing Ontario entrepreneurs and small businesses, and actions needed to set them up for success.

Ontario's Entrepreneurship Strategy will set out a bold vision to harness Ontario's entrepreneurial spirit by positioning the province as the fastest and easiest jurisdiction to start up and scale up a business. The strategy will also be supported by key initiatives, including:

- Recruiting 100 international entrepreneurs to start or grow businesses in regions outside of the Greater Toronto Area through the entrepreneur stream of the Ontario Immigrant Nominee Program;
- Expanding access to startup and growth capital through the proposed Venture Ontario, currently known as Ontario Capital Growth Corporation, the province's venture capital agency;
- Accelerating the development of new products and services by improving access to provincial procurement opportunities through measures such as the Building Ontario Businesses Initiative;

**A BIA IS INTEGRAL TO ADVANCING A DISTINCT, LIVABLE,
VIBRANT AND RESILIENT BUSINESS DISTRICT WITHIN THEIR LOCAL COMMUNITY.**

-
- Increasing access to markets for small businesses by addressing logistical and competition challenges; and
 - Supporting digital literacy and technology adoption through the new Digitization Competence Centre.

By showcasing Ontario's various business supports and programs, the government is working to ensure that entrepreneurs have what they need to seed, start and scale up their businesses quickly and efficiently.

For more details on the Digitization Competence Centre and the proposed Venture Ontario, see the Enhancing Digital Competence and the Growing Ontario's Venture Capital Sector sections within this chapter.