

# Member Bulletin

## Chamber Victory: Unfair Burden on Ontario Businesses Eased With BET Reduction

The first step on the road to a fairer Business Education Tax (BET) rate is underway after years of lobbying by the Ontario Chamber of Commerce (OCC) and its network, reducing the disproportionate burden for education funding shouldered by business taxpayers.

In the 2007 provincial budget the Ontario government announced a staged reduction of BET starting in 2008 and resulting in \$540 million savings to businesses. More than 50% of these savings will benefit businesses outside the GTA. And with rates in Northern Ontario some of the highest in the province, the government announced in April 2008 an acceleration of reductions in that part of the province.

The Ontario Chamber of Commerce continues to lobby for complete fairness with **ONE UNIFORM EDUCATION TAX RATE** for all property classes.

Ontario businesses have been paying on average six to ten times more than residential taxpayers for education. In addition, wide variances in rates have been pitting one community against another in terms of business attraction and retention.

<p><b>EXAMPLE:</b></p> <p><i>A \$350,000 Cobourg industrial property</i></p> <p><b>Now pays: \$11,585.00 BET</b></p> <p><b>By 2014 will pay: \$5,600.00</b></p> <p><i>A \$350,000 residential property</i></p>
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The variances are a hangover from the days when education tax rates were set by local school boards. And yet, no matter the rate, since 1998 education funding has been doled out uniformly across Ontario.

BET is a tax on capital. It is a proven economic fact that taxing consumption, rather than capital, stimulates investment and business development. OCC research shows for every \$1 in reduced BET tax revenue, economic input would increase by \$15.

### ACTIONS GET RESULTS

**1997 – 2002** OCC involved in provincial consultations, submissions and discussions regarding Business Education Tax

**May 2002** Greater Oshawa Chamber of Commerce brings resolution to OCC AGM

**2002-2005** OCC advocates for tax competitiveness including uniform BET rates

**May 2005** Toronto Board of Trade and Smith's Falls Chamber renew OCC resolution

**Early 2006** Toronto Board of Trade (TBOT), OCC and Toronto Office Coalition constitute BET task force

**Fall 2006** OCC and BET task force receive commissioned 3<sup>rd</sup> party report demonstrating uniform BET rates will result in economic benefits.

**February 2007** OCC and TBOT present report findings to Ministry of Finance.

**February 2007** Local chambers and boards of trade write letters to MPPs and submit editorials to their local newspapers

**March 2007** OCC meets with Ministry of Finance to reinforce recommendations.

**March 22, 2007** Government of Ontario announces a reduction in BET rates in 321 municipalities (to be implemented by 2014), citing the leadership of the OCC.