



January 16, 2006

## The \$3.2 Billion Gap

### ISSUE:

**Municipal property taxes are too high as a result of municipalities subsidizing the cost of provincial programs like Ontario Works, social housing, ambulance and child care by \$3.2 billion annually.**

**AMO has launched a campaign to reduce the pressure on property taxes created by this subsidy.**

### PROPOSED RESPONSE:

***The Eastern Ontario Wardens' Caucus fully supports AMO's efforts to fix this imbalance. Municipal property taxes cannot continue to increase to pay for income redistribution programs. The Province of Ontario must act to reduce the burden on property taxpayers. 25 cents of every property tax dollar in Ontario goes towards paying for Provincial programs. In the rest of Canada the average is 1 to 1 ½ cents.***

### BACKGROUND:

The property tax system in Ontario is under tremendous pressure largely as a result of a dramatic shift in funding responsibility for social programs initiated by the Harris Government in 1995. Today municipal taxpayers are required to subsidize these programs by \$3.2 billion each year.

See Table Attached:

Provincial Program	<u>Net Municipal Subsidy to Province</u>
	\$M
Public Health	266.4
Ambulance	312.7
Social Assistance	1,330.9
Senior Services	242.5
Child Care	193.4
Social Housing	879.7
<b>Total</b>	<b>3,226.6</b>

Spending Differences\*

Program	Ontario (\$per capita)	Rest of Canada (\$per capita)
Social Services	\$412 (25.2%)	\$13 (1.2%)
Housing	\$116 (7.1%)	\$19 (1.7%)
Health	\$89 (5.4%)	\$9 (0.8%)

If Ontario municipalities spent the same per capita ROC municipal overall spending would fall by:

\$1.8 billion for social services  
 \$800 million for social housing  
 \$430 million for health care  
 \$3 billion annually

\*Source: Harry Kitchen, August 16,2005

The sharing of a property tax dollar in Ontario:

