



May 7<sup>th</sup> 2020

Mayor Ed Holder and London City Council  
C/O the Clerk's Office  
300 Dufferin Street  
London, Ontario  
ON N6B 1Z2

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**Re: New Commercial Property Tax Rate out of Sync with Current Economic Reality**

**Dear Mayor and Council:**

On behalf of the 19,000 plus small businesses who proudly call London their home and who employ over half of London's employees, I want to express our collective disappointment in Council's decision to increase the Commercial Property Tax Rate by 5.2%, not just for this year, but for the next three years.

Whether this increase will be enough to tip the scales for many of our local businesses who are struggling like never before to simply to keep the doors open, remains to be seen. What is abundantly clear is that an increase of any percentage while so many are fighting for their business lives, is to say the least counterintuitive and unwelcome.

Furthermore, as London's economy attempts to shed the economic devastation caused by COVID 19, a commercial property tax increase of 5.2% will do little to allow businesses to recover in a timely and viable manner.

COVID 19 by itself is predicted to cause the demise of thousands of businesses in Canada with unemployment reaching the millions. Those left will awaken to a significantly contracted economy that some experts say may last for years. Thus, to increase their tax obligations at a time like this will further accelerate closures and damage the ability of those left to fully recover.

The more likely scenario for many, is they will look upon this multi-year increase as just one more reason not to bother operating a business in London with the resultant loss of hundreds if not thousands of jobs. These are the very jobs the Mayor and others having been working so hard to replenish in London.

Since the beginning of the COVID 19 crisis both senior levels of government have been extraordinarily responsive to the needs of business with unprecedented levels of support for both businesses and their employees. In fact it can be argued that they are pulling out all the stops to ensure Canada's and London's economic engine (small business) can survive.

Yet here in London, Council has responded to its business community, the same business community that so generously helps to support the most vulnerable along with scores of charities and not-for-profits, with an unprecedented, multi-year, 5.2% commercial property tax increase.

To be clear, all businesses understand how difficult it is to fairly and equitably distribute the property tax ratios between classes - and at the best of times it's difficult to find the right balance. However, these are not the best of times, in fact they are the worst of times that this generation and several before them have ever seen.

While previously announced efforts of Council in allowing the deferral of tax payments and the voiding of some penalties is certainly helpful, these will fall woefully short for many businesses in helping them to stave off dissolution, especially in light of the commercial property tax increase just passed.

London businesses also welcome the news that Council will again push for Provincial relief in an effort to fairly balance the Business Education Tax (BET) rate for London (presently the highest BET rate in Ontario). This is an issue that the London Chamber has strenuously lobbied three different governments on over the past 12 years and we are more than willing to again add our voice to the efforts of the Mayor and others in seeing London's BET adjusted downward to the provincial average with a potential savings for London businesses in the tens of millions over the next few years. And while this effort holds great promise it may take 2-3 years to see any real benefit accrue to London's business community.

Since the adoption of the new property tax rates in late April 2020, I have fielded numerous calls from concerned businesses about why Council would elect to increase their taxes especially under such enormously trying conditions.

They want to know why Council did not consider lowering their property taxes in lieu of what is happening in the economy. Alternately, they want to know why Council did not consider a one-year freeze on the property tax increase at least until they attempt to recover from the impacts of COVID 19. And they want to know if Council appreciates the fact that while the residential rate only went up 2.5%, most of these residents are employed by London's business community.

I am at a loss to offer them answers to these perplexing questions but I would sincerely appreciate Council's response so I might be able to relay that response to them.

Respectfully,

A handwritten signature in black ink, reading "Gerry Macartney". The signature is written in a cursive, flowing style with a large, sweeping flourish at the end.

Gerry Macartney, CEO  
London Chamber of Commerce

Copy: The Board of Directors, the Government Affairs Committee, the Tax Committee of the Ontario Chamber of Commerce

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