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Mayoral candidates clash over revenue tools

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Toronto's mayoral candidates are considering various options to fund the construction of transportation infrastructure, which will improve commuter times and relieve traffic congestion in the Toronto and Hamilton area.

"We need to put revenue tools on the table, and not be afraid about talking about taxes, user fees and other revenue tools, if we are going to fund transit," said mayoral candidate David Soknacki. "We need the ability to go to our ratepayers and our electors and say we need to fund transit, and make this city the one we want and expect it to be over the next few decades."

Soknaki made this statement during a debate of four mayoral candidates on June 16, at the Solving Gridlock Forum hosted by Transport Futures in downtown Toronto.

The forum brought together experts from Canada and the United States to discuss the problem of traffic congestion in the Greater Toronto and Hamilton Area, which is an important issue for citizens in the upcoming election on Oct. 27.

"It (Tax Increment Financing) has been used by other countries in the world and other cities in North America successfully, and it does represent real money," said candidate John Tory. "And, what it says is if we build transit which is necessary to provide new options to the northeast and northwest, using existing assets and doing it in seven years, that there will be substantial increased development. We will take that money and use it to finance."

If elected, Tory said he would use Tax Increment Financing to raise the city's share of funding for his proposal to build SmartTrack, which is a plan to build an $8 billion electric regional rail network in seven years.

The new 53-kilometre line would be built on 90 per cent existing track and include 22 new station stops, as well as five interchanges with the Toronto Transit Commission rapid transit network. It will connect northwest Etobicoke and northeastern Scarborough, and downtown Toronto.

Some candidates are skeptical about this plan and approach to funding transportation infrastructure.

"I just want to be clear. Tax Increment Financing is not real money," said candidate Karen Stintz. "It certainly isn't going to deliver $2 billion in the next seven years. And, that's why we are looking at options like tolling and gas tax revenue, which are options that are predictable and reliable."

In response, Tory said Tax Increment Financing is real and is not different than financing an infrastructure project from some other revenue stream.

"This is a future revenue stream that will be delivered from increased development," he said. "There will be huge additional revenue coming to the city from between the Unilever site, Liberty Village and the core out of

the entire 53-kilometre SmartTrack line. There will be huge additional revenue coming to the city."

Candidate Olivia Chow is also critical of Tory's plan.

"It's not that simple. Connection zoning and development with financing is very complicated," she said. "Let's see a detailed plan about how much money we will be able to raise. Let's see the detailed financial plan. If it's not on paper and not predictable, you can't proceed."

Another revenue tool that is being proposed to fund infrastructure development is privatization.

"I propose we sell of a portion of Toronto Hydro to pay for the Downtown Relief Line," said Stintz. "The City of Toronto does not need to be the only shareholder in Toronto Hydro. Right now that asset is valued at about $2 billion. If we partner and sell off half of Toronto Hydro, we can raise between $500 million and $1 billion for transit today."

The Downtown Relief Line (DRL) is a proposed subway line that when fully built, would form a shallow U-shape, running east-west through downtown. It would bend north on either side of downtown to meet stations on the Bloor–Danforth line, with possible extensions northward.

The main rationale for the line is to reduce congestion on the TTC's Yonge Line, particularly at Bloor-Yonge Station, the main interchange with the Bloor–Danforth line.

Several candidates were in agreement that the debate about investing in transportation infrastructure must be honest and truthful.

"Whatever is chosen to be done, whether it is income taxes, corporate taxes or some other tool, that is must be transparent and dedicated," said Tory.