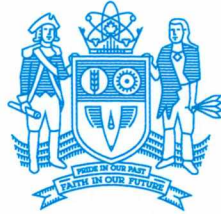


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October 30, 2024

Hon. Peter Bethlenfalvy
 Minister of Finance
 Frost Building South, 7th Floor
 7 Queen's Park Circle
 Toronto, ON M7A 1Y7

RE: GTAA PILT Cap Reinstatement

Dear Minister Bethlenfalvy,

I am replying to your letter dated October 23, 2024 regarding your intention to reinstate the 5% cap for the payment in lieu of taxes (PILT) for the Greater Toronto Airports Authority (GTAA). This will cause financial challenges for the City and I ask that you pause this decision until we can have further conversations.

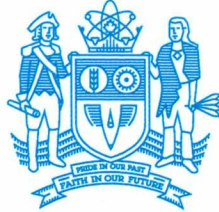
On behalf of Council, I want to thank you for removing the 5% cap during COVID. This was the right decision and allowed the City to avoid losing hundreds of millions of dollars in revenue. When you made this decision, you agreed with the importance of consultation prior to reinstatement of a cap and the need for a revised formula. In fact, when my Council colleagues raised this issue with you at the Association of Municipalities of Ontario (AMO) conference in August 2024, you assured them that no action would be taken on the PILT cap. As such, your letter came as a surprise.

The PILT formula for the GTAA is out of date and in need of redesign. Prior to the pandemic, the 5% cap placed an undue burden on Mississauga property taxpayers as the City missed out on millions of dollars annually from the GTAA. Passenger volumes regularly grew beyond the 5% cap, meaning Mississauga was short-changed in the PILT it collected. In fact, between 2007 and 2021, Mississauga lost **\$18.6 million** in revenue because of the cap. While Mississauga is pleased to see Toronto Pearson rebound post-pandemic, and in fact advocated strongly on their behalf for measures to assist their recovery, we do not believe arbitrarily reinstating the 5% cap is fair or equitable to Mississauga. Given the recovery in passenger volumes, Mississauga will soon be in a PILT deficit yet again.

The PILT rate has remained at \$0.94029 since inception while municipal tax rates have increased. Had the PILT rate increased in line with the City's budget increases with no arbitrary cap, the cumulative PILT payment between 2001 and 2021 would have been

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\$501 million more, or in 2021 alone, would have been approximately **\$75.5 million higher**. This rate is out of date and should be discussed along with the 5% cap.

In light of this, we ask you to pause the reinstatement and engage in a discussion about a revised PILT formula that is fair and equitable. The formula was created in 2001 and has not been updated since and does not account for inflation or the fact that other municipal taxes have increased to keep pace with demand over the last 23 years. While four other cities receive a PILT from their airport, it is not nearly as significant as the one received by Mississauga from the country's largest and busiest airport.

Mississauga property taxpayers are facing significant financial pressures. The Hurontario LRT will soon be operational, adding at least a \$65 million cost pressure to the City's operating budget annually. We are being asked to contribute a local share of \$450 million for the new Peter Gilgan Mississauga Hospital, the largest local share for any community. And, the Region of Peel's budget continues to climb due to tremendous pressures on social services, as well the chronic underfunding of the Region totalling over \$868 million less than what has been received in other regions. Mississauga is a well-run city and has earned a Triple A credit rating for 21 years in a row. We are working to maximize our revenue streams while reducing our costs. All we ask is to be treated fairly. The PILT cap does not affect the bottom line of the province, but it does affect Mississauga's financial health.

Minister, I ask that you pause the reinstatement of the 5% cap and take the time to have a conversation with Mississauga about the program. Like you, we are seeking equity and fairness, but the current model delivers neither. My Finance staff and I would be pleased to meet with you to discuss this matter further.

Thank you for your consideration.

Regards,