



February 16, 2012

Jane McKenna, MPP Burlington
Constituency Office
760 Brant Street, Suite 44
Burlington, ON L7R 4B7

Dear Jane:

We are writing to you in light of several media reports suggesting that the provincial government is considering delaying the implementation of reductions in the corporate income tax (CIT) rate.

On behalf of the Burlington Chamber of Commerce, Ontario Chamber of Commerce (OCC) and the 60,000 businesses we represent, we urge the provincial government to continue with its scheduled CIT rate reductions through to 2013.

Over the last number of years, the Ontario government, in consultation with Ontario's business community, has made tremendous strides in making Ontario a better place to invest by removing the burden on businesses through reforms to Ontario's tax system. The comprehensive tax package your government introduced in 2009 was instrumental in strengthening Ontario's competitiveness.

According to a report by Jack Mintz of the University of Calgary, Ontario's comprehensive tax reform package will create 591,000 jobs and increase capital investment by \$47 billion. The reduction in Ontario's CIT rate is an essential part of that tax package.

The tax package is already having a positive effect: Ontario's economic growth projections are once again positive and employment in the province has returned to pre-recession levels.

However, now is not the time to rest on our laurels. Ontario's economy is projected to grow slowly into the foreseeable future. It is imperative that the government foster a more business friendly environment in order to stimulate the provincial economy.

The tax reduction is important to securing much-needed Foreign Direct Investment (FDI) into Ontario. According to a joint study by Harvard University and the World Bank, on average, a tax rate decrease of one percentage point results in a 3.3 percent increase in FDI inflows.

While we recognize that the government is facing pressure to increase revenues to address its \$16 billion deficit, we advise against looking to the corporate income tax to make up a revenue shortfall. Jack Mintz notes that ending planned reductions in the CIT would harm government revenues as businesses shift their profits into lower-tax jurisdictions.



Perhaps most importantly, by adhering to its comprehensive tax reform package, the government sends a clear message of stability to Ontario's business community, who are looking to the provincial government for a stable policy regime and responsible fiscal and economic stewardship.

We urge the provincial government to fully implement its comprehensive tax package as promised in its 2009 budget and to work cooperatively with its partners in the private sector to find ways to create jobs and grow Ontario's economy. Following through on its commitment to reduce the tax burden on Ontario's businesses sends the right message to employers, employees and investors.

We would welcome the opportunity to meet with you to discuss this matter further.

Thank you very much for your consideration of this very important issue.

Sincerely,



Tamer Fahmi,
Board Chair



Keith Hoey
President