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Montreal Implements Controversial New Parking Tax

BY PETE GOLDIN

IN MONTREAL, A CITY whose spectacular jazz festival is all about harmony, it seems almost out of place to see the government and business sectors in discord on the issue of parking. But that is exactly what happened in January, when the Montreal municipal government announced a new parking tax to be implemented retroactive to January 1.



Montreal's new tax on indoor and outdoor parking lots applies only to two specific sectors of the downtown area – Sector A covers the business district and Sector B the downtown area. The tax is charged per square meter of the parking lot's surface area. The full tax applies to parking lots on serviced vacant lots or on property where a parking business is located. For parking lots that are not outdoor lots used for commercial purposes, the first 390 square meters of surface area are exempt from the tax, and the tax applies to the remaining surface area.

In Sector A, the tax for indoor lots is CA\$9.90 per square meter and for outdoor lots the tax is CA\$19.80 per square meter. In Sector B, the tax is CA\$4.95 per square meter for indoor lots and for CA\$14.85 per square meter outdoor lots.

The tax is added to the lot owner's property tax bill, but Alan Desousa, Vice Chair of the Executive Committee for Ville de Montreal, says the intention is for the increased costs to be passed on to the parking patrons, although the city leaves that decision up to the lot owners.

According to Gerry Girard, President of the Montreal Parking Association, the parking tax will impact around 200 parking facilities in downtown Montreal, increasing property tax bills as much as 280%.

Funding Public Transit with Parking Tax

The primary purpose of the tax is to generate additional funding for Montreal's public transit initiatives, and it is expected to bring in CA\$20 million in revenue.

"As part of our 2010 budget, we decided to be a partner in the effort made by our province to reduce greenhouse gases and promote public transit," DeSousa explains. "But we realized not all the funding could come through the municipal tax base, and it was appropriate to consider a small amount, in this case about CA\$20 million, coming from people who actually bring their cars into town."

A secondary and less publicized purpose of the tax is to discourage surface parking in downtown Montreal.

Business Backlash

On February 4, the Coalition pour une Véritable Métropole, comprised of six associations with a stake in Montreal's eco-

nomie development, announced that they oppose the parking tax in favor of alternatives such as a gasoline tax.

"We are concerned about the effect of the new tax imposed on downtown parking," says Jean Laramée, Board chairman of the Institut de Développement Urbain du Québec (IDU). "By sharply increasing the tax burden of businesses and residents, this budget is hobbling a still fragile economy."

Opponents also say that the tax will discourage consumers and businesses from using commercial and cultural offerings in the downtown area.

"The parking tax is totally going to kill downtown Montreal," says Girard, "because there is competition in the suburbs which is very close to downtown – a brand new shopping mall that has all the stores you can find downtown, and the parking is free."

Girard says Montreal is already seeing a migration to the suburbs, stating that downtown parking occupancy is 25% less compared to a year ago. He contends that the increase in parking costs triggered by the tax will only make the situation worse.

In addition, Girard asserts that the tax will increase monthly parking rates by \$20 to \$40 per month, and this could force small businesses to relocate to suburban office buildings where parking is free.

"In general terms, if all of these costs were transferred down to the end user it would amount to between CA\$1 to CA\$2 per day, and in our view that is a reasonable amount," DeSousa responds. "We were careful to evaluate the impact on our commercial, cultural and institutional sectors, and we came to the conclusion that the additional amount was miniscule and would not act as a deterrent."

"That's what Alan DeSousa thinks," Girard counters, "but Montreal is not New York City. First of all, the rate of pay for people working in Montreal is less than New York City and even Toronto. A dollar a day increase might be OK for a businessman because he writes it off. But if you take a secretary working downtown at CA\$50,000 per year, and paying up to CA\$400 for parking, that is a lot of money."

Despite these claims, however, DeSousa believes Montreal has one of the most dynamic and vibrant downtown areas in the world, and will not experience a negative impact from the parking tax.

Long-Term Benefits to Downtown

"If this allows us to secure provincial funding on a much larger scale for public transit, then I think everyone would recognize this is a triple win – a win for the city, the province, and the business community," DeSousa says.

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