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December 15, 2010

To Members of the Federation of Canadian Municipalities,

RE: An Opportunity to Increase Private Sector Funding for Your Charities

Prior to the 2006 budget, when the federal government eliminated the capital gains tax on gifts of listed securities to registered charities, the Mayors of 33 cities across Canada wrote letters of support for this measure to the Minister of Finance. Attached is a list of the Mayors who wrote letters of support in 2005. Because municipalities derive their revenues primarily from property taxes, not income taxes, there was no tax revenue cost to the municipalities, but charitable organizations in their community would receive incremental funding from private donations of listed securities.

Charities in your community are now facing new fiscal challenges. Federal, provincial, and municipal governments are focussing on deficit reduction, primarily through reductions and/or restraint in government spending, rather than tax increases. However, the demand for the vital services provided by our not-for-profit sector continues to grow. As our population ages, the need for healthcare services increases. The disadvantaged in our society need additional support during this period of economic uncertainty and high unemployment. Our universities and arts and cultural organizations also face fiscal challenges in this uncertain economic environment.

This challenge also presents an opportunity. You, as Mayor, can help unlock significant donations from residents in your community. **In its upcoming budget, the federal government can expand the capital gains tax exemption to include gifts of two other appreciated capital assets – private company shares and real estate.** Gifts of both these asset classes are exempt from capital gains taxes in the United States and they should be in Canada as well. Also, we should equalize tax treatment between publically traded and private companies for share donations to charity.

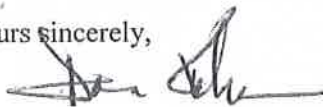
Communication of your support for these proposals to your local Member of Parliament would be very helpful and much appreciated. To simplify the process, attached is a draft of a suggested letter, which you could personalize and forward to your local MP.

Attached is a copy of a communiqué that was sent to the 1,800 members of the Federation of Canadian Municipalities on Wednesday, December 8, which brings attention to this unique opportunity.

Please feel free to contact me if you have any comments or questions.

Best personal regards,

Yours sincerely,



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The following communiqué was distributed on Wednesday, December 8th to the 1,800 members of the Canadian Federation of Municipalities.

A Campaign to Support Local Charities in Next Federal Budget

As Canada recovers from the recession and our governments deal with their budget deficits, not-for-profit organizations across the country face fundraising challenges. That puts a strain on organizations that do valuable work in our cities and communities.

One way the federal government can help would be to waive the capital gains tax on charitable donations of real estate and private-company stock. This would make it more affordable for individuals to donate valuable assets to non-profit organizations.

As well, this action would build on the federal government's earlier decision to waive the capital gains tax on another type of financial asset: listed securities. That move was made possible partly by the support of numerous municipal leaders.

The organizer of the campaign is asking supporters to write to their MPs on the issue. To find out how you can get involved, please contact Don Johnson, the lead organizer for the campaign to waive the capital gains tax on charitable donations:

Don Johnson, Advisory Board Member
Bank of Montreal
don.johnson@bmo.com<mailto:don.johnson@bmo.com>
Tel: 416-359-4119.

DRAFT

**Suggested Draft Letter to Local Member of Parliament
from Members of Federation of Canadian Municipalities**

Dear

Charities across Canada are facing fundraising challenges as the federal, provincial, and municipal governments are shifting their focus from fiscal stimulus to deficit reduction. As the federal government has committed not to raise taxes nor reduce transfer payments to the provinces, a balanced budget can only be achieved through expenditure reduction and restraint.

The upcoming budget provides the federal government with an opportunity to unlock greater private wealth for public good on a basis that is much more tax effective than direct government spending. It can capitalize on the enormous success of the elimination of the capital gains tax on gifts of listed securities by expanding this capital gains tax exemption to include gifts of private company shares and real estate. Under these proposals, the charity would not issue a tax receipt to the donor until it had received the cash proceeds from the sale of the asset.

Not-for-profit organizations in our municipality would benefit from these measures, as residents in our community would be able to donate their private company shares and/or real estate without having to pay capital gains tax on their gift.

As mayor of [], I urge you to communicate your support to Finance Minister Jim Flaherty and Prime Minister Stephen Harper (for Conservative MPs), Liberal Leader Michael Ignatieff and Finance Critic Scott Brison (for Liberal MPs), NDP Leader Jack Layton and Finance Critic Thomas Mulcair (for Liberal MPs), Bloc Québécois Leader Gilles Duceppe and Finance Critic Daniel Paillé (for Bloc Québécois MPs).

Thank you for your support. Please contact me if you have any comments or questions.

Yours Truly,