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August 28, 2015

The Hon. Joe Oliver
Minister of Finance
House of Commons
Ottawa, Ontario K1A 0A6

Dear Minister Oliver,

The Canadian Self Storage Association is the only association in Canada representing the Canadian Self Storage industry. We represent approximately 2,000 Self Storage Owner/Operators, which includes approximately 3,000 self storage locations across Canada.

We are writing to you today in response to the announcement in the federal budget of 2015 to review the circumstances in which income from a business, the principle purpose of which is to earn income from property, should qualify as active business income.

As more than 80% of the Canadian Self Storage industry is made up of small to medium sized businesses that require no more than 1-3 employees, they are directly affected in a negative way as this tax rule stands today. We are very sincerely hoping to either receive a full exemption under the rule or at the very least be exempted from the minimum employee requirements of this rule.

The majority of the self storage owners also are operating these storage facility businesses on a daily basis and in many cases they are a family run operation. The small to mid size self storage facility normally does not require more than 2-3 employees (usually including the owner) to run efficiently. In fact we operate our storage facilities very much parallel to the way the typical "mom & pop" motel operators run their businesses. Some of these comparisons are:

1. They generally have a small retail areas where they offer chocolate bars and other travellers' amenities – Self Storage operators also have retail areas where they are offering, boxes, padlocks and other moving & storage related items.

2. A motel operator will go into a hotel room upon the exit of a customer and “reset” the room (ie: remove trash & vacuuming etc.) – The self storage operator upon the exit of a customer will also reset each storage unit to prepare for the next customer (ie; remove trash and sweep etc.)
3. Many of these motel operations have only 2-3 employees and in many cases, husband, wife and perhaps part time assistance from a son/daughter or someone else. This is exactly the same way that the majority of the self storage owners operate their businesses here in Canada as well.
4. Motel operations offer short-term stays, daily, weekly, monthly, as do self storage operations.

We understand that when this tax rule of the minimum of 5 full time employees was implemented, the small motel operators were successful in receiving an exemption to this tax rule based on their operations of these small businesses. It is our firm belief that because of these parallels in operations, had the self storage industry in Canada been more prevalent at that time, then our industry too, would have also qualified.

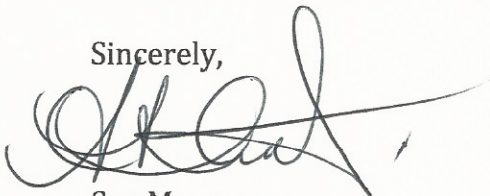
One fact that definitely differentiates the self storage industry from the “typical” rental of real property industry (ie: apartment buildings, office buildings etc.) is that in the operations of self storage we do have “Hours of Operation” where we are open to the public on a daily basis (in many cases 7 days per week) where we greet customers, show units, rent trucks and other equipment, offer various other services and sell products just as a family run “corner store” would do.

Currently, as this tax rule stands it is making it very difficult for small self storage operators to be successful in their businesses and we are actually aware of one owner, who recently and directly because of this tax rule and his lack of understanding, has been completely put out of business. We do understand the purpose of the Active/Passive Tax Rule, however we do not believe that it was ever intended to hurt small businesses in our industry, that are usually family run.

We are simply asking that small self storage facility owners/operators are able to have the benefit of the small business deduction instead of being charged at the much higher personal income tax rate.

We once again would like to thank you very much for your consideration of our request and if you have any questions, please feel free to contact me directly.

Sincerely,



Sue Margeson
Director - Canadian Self Storage Association