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**REPORT TITLE: 2019-2020 Dedicated Provincial Gas Tax Funds**

**FROM: Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer**

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## **RECOMMENDATION**

**That the Regional Chair and the Regional Clerk be authorized to execute the Letter of Agreement provided by the Ontario Ministry of Transportation to obtain from the Province of Ontario Dedicated Gas Tax 2019/2020 funding for the Region of Peel's Public Transportation Program.**

## **REPORT HIGHLIGHTS**

- Ontario's Dedicated Gas Tax funding is equivalent to 2 cents per litre and was made permanent in 2013.
- For 2019/2020, the Dedicated Gas Tax Funds for Public Transportation Program runs from April 1, 2019 to March 31, 2020.
- In March 2020, the Region of Peel was advised of its 2019/2020 municipal allocation of the dedicated gas tax funds of \$540,467.
- The Region's 2019/2020 allocation amount has decreased by \$234,139 in comparison to the 2018/2019 period in favour of the Town of Caledon's approved program allocation.
- The Provincial government in consultation with municipalities introduced two changes to the 2019/2020 program which include: the removal of municipal baseline spending requirement and permission for municipalities to submit a scanned copy of the municipal by-law (instead of a certified copy).
- Regional Council is required to enact a by-law authorizing the execution of the letter of agreement with the Province of Ontario.
- The Region of Peel uses the funding towards the capital and operating expenditures to support the Region's TransHelp accessible bus service.

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## **DISCUSSION**

### **1. Background**

In 2013 Ontario enacted the Dedicated Funding for Public Transportation Act, 2013 which made permanent a Dedicated Gas Tax equivalent to 2 cents per litre. The Dedicated Gas Tax Funds for the Public Transportation Program runs from April to March to align with the

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Provincial fiscal year, with municipal allocations being available in late September at the earliest.

For 2019/2020, the Dedicated Gas Tax Funds for Public Transportation Program runs from April 1, 2019 to March 31, 2020. Since the inception of the program through 2019, the Region of Peel has received approximately \$9.4M in funding, which has been used to fund both capital and operating expenditures to support the Region's TransHelp accessible bus service.

### **2. 2019/2020 Dedicated Provincial Gas Tax Allocation**

In March 2020, the Ministry of Transportation advised the Region of Peel that it will be eligible to receive funding for 2019/2020 from the Provincial government under the Dedicated Gas Tax Funds for Public Transportation Program. Participation requires each municipality to execute a letter of agreement with the Province. Accompanying the letter of agreement is the Dedicated Gas Tax Funds for Public Transportation Program 2019/2020 Guidelines and Requirements document. The Region of Peel's allocation for the 2019/2020 period will be \$540,467. The first \$405,350 is payable upon execution of the agreement with the remaining amount payable thereafter.

The Province's established allocation of the gas tax revenues to municipalities is based on the combination of ridership and population (i.e. subject to a cap of 75 per cent of municipal spending on public transportation), which is first applied at the local municipal level (in a two-tier municipality) with the remaining funds provided to the Region. It should be noted that the Region's allocation for the 2019/2020 period in the amount of \$540,467 has decreased in comparison to its 2018/2019 program allocation of \$774,606. The decreased Regional funding is attributable to funding now being made available to the Town of Caledon (Town), which has joined the program for 2019/2020.

In the Spring of 2019, the Town presented the "Caledon Transit Feasibility Study Recommendation" report to its Council which included details of a proposed transit service. Staff recommendations in the report complied with the requirements currently set out by the Province, and showed the Town's continued commitment for transit services for Mayfield West, Bolton and Tullamore. As a result of the study and based on staff's recommendations, the Town became eligible to receive the Provincial Dedicated Gas Tax Funding for 2019/2020. The Town's transit system was implemented in the Fall of 2019.

In the 2019 Budget, the Province committed to reviewing the current program, in consultation with municipalities, to identify opportunities for improvement. Based on the consideration of municipal and transit stakeholder feedback, the Ministry has implemented the following two changes to the 2019/2020 program:

- The baseline spending requirement has been removed, allowing municipalities with declining ridership/expenditures and declining fare revenues to use their Gas tax funding without this restriction.
- Municipalities are permitted to submit a scanned copy of the municipal by-law (instead of certified copy) to expedite the flow of funding and reduce the administrative burden to municipalities.

The remaining conditions of the Agreement are similar to those in the past. Participants in the program must meet several criteria for 2019/2020 as indicated in Appendix I to this

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report. Additional changes to the Dedicated Gas Tax Program are being considered by the Province and are anticipated to be announced in 2020 for the 2020-2021 program year and beyond.

## CONCLUSION

The Letter of Agreement for the provincial dedicated gas tax funds requires Regional Council to pass a by-law authorizing the Regional Chair and Regional Clerk to execute the agreement. The dedicated gas tax funds will be used to fund both capital and operating expenditures that will support TransHelp ridership growth.

## APPENDICES

Appendix I – Highlights – General Eligibility Requirements for the Dedicated Gas Tax Program

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*For further information regarding this report, please contact Stephanie Nagel, Ext. 7105, [stephanie.nagel@peelregion.ca](mailto:stephanie.nagel@peelregion.ca).*

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*Reviewed and/or approved in workflow by:*

Department Commissioner, Division Director and Legal Services.

Final approval is by the Chief Administrative Officer.



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N. Polsinelli, Interim Chief Administrative Officer