

Confidential - For Discussion Purposes Only

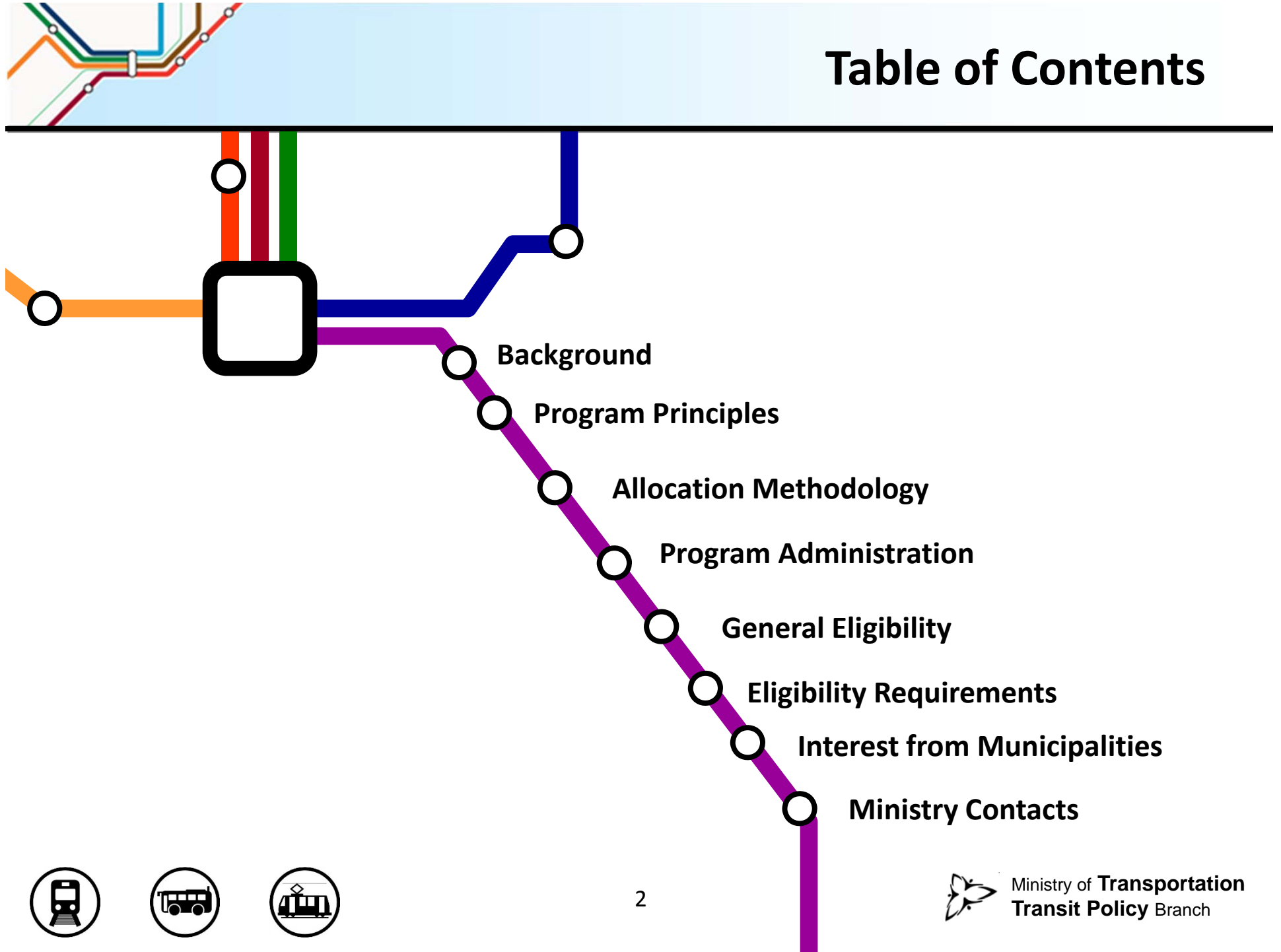
An Introduction to the Dedicated Gas Tax Program

June 16, 2014



Ministry of Transportation
Transit Policy Branch

Table of Contents





Background

- The Dedicated Gas Tax Funds for Public Transportation (Gas Tax) Program was launched in 2004 to provide a long-term, sustainable source of funding for Ontario municipalities that contribute towards a local public transit system.
 - Two cents per litre of gas tax, collected across the Province, is allocated based on a formula of 70% ridership and 30% population.

- Through the 2013 Ontario Budget, the Legislature passed the *Dedicated Funding for Public Transportation Act, 2013*, which made funding of two cents per litre of Gas Tax permanent.

- Since implementation, more than \$2.7 billion in Gas Tax funding has been committed to Ontario municipalities.

- For the 2013-14 program year, there are 96 transit systems that provide service to 133 communities in Ontario.
 - These communities represent nearly 90% of the total population of Ontario.





Program Principles

- The purpose of the program is to increase municipal transit ridership through the expansion of public transportation capital infrastructure and levels of service.
- Municipalities must use funding for expenditures that support ridership growth and are incremental to their spending on transit, and not to replace or reduce their contributions to transit.





Allocation Methodology

- Gas Tax allocations are based on a formula of 70% ridership and 30% population.
 - Ridership data derived from the Canadian Urban Transit Association (CUTA) Fact Books; and
 - Population estimates provided by the Ministry of Finance, as derived from the census.

- Gas Tax funds provided to each municipality are not to exceed 75% of municipal own spending on transit.
 - Municipal own spending includes passenger revenues, donations if applicable, and municipal contributions to operating and capital expenses, and is derived from data reported to CUTA.
 - If a municipality reduces their spending on transit, it receives a reduced Gas Tax funding allocation in the subsequent program year.





Program Administration

- The Ministry receives the program funds from the Ministry of Finance in September, based on what is published in Public Accounts for the previous fiscal year.

- The Ministry then determines the municipal allocations, and provides notification of the allocation to eligible municipalities.

- The Ministry provides a Gas Tax package to municipalities that includes:
 - Letter of Agreement;
 - Program guidelines; and
 - Reporting forms.





Program Administration

- In order to receive the initial quarterly funding payments, municipalities must provide:
 - Two executed original Letters of Agreement; and
 - An authorizing municipal by-law.

- Funds are transferred to municipalities, to be held in a dedicated reserve account.

- Municipalities must provide annual reporting forms to the Ministry.

- The Ministry reviews and analyses all municipal submissions for compliance.
 - The Ontario Internal Audit Division also conducts regular audits of the program to ensure compliance.





General Eligibility

- Municipalities must ensure that all Gas Tax funds are used for public transportation and must abide by the terms and conditions set out in the Letter of Agreement and the program guidelines and requirements.
- Municipalities must comply with all applicable federal and provincial laws and regulations, all municipal by-laws, etc.
- All public transportation services must be fully accessible in accordance with the requirements set out under the following statutes and regulations, as may be amended from time to time:
 - *Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c. 11;*
 - *Integrated Accessibility Standards, O. Reg. 191/11 made under that Act;*
 - *Highway Traffic Act, R.S.O. 1990, c. H.8; and*
 - *Accessible Vehicles, R.R.O. 1990, Reg. 629 made under that Act.*
- In addition to the above, the acquisition of transit vehicles must comply with the Canadian Content Policy requirements.





Eligibility Requirements

- All dedicated gas tax funds received by eligible municipalities are required to be spent on expenditures that are incremental to their baseline spending. Eligible expenditures include:
 - Capital expenditures that promote increased transit ridership;
 - Operating expenditures;
 - Capital expenditures for the replacement of any transportation vehicles;
 - Capital expenditures that provide improvements to transit security and passenger safety; and
 - Major refurbishment on any fully accessible, or to be made fully accessible, public transportation vehicle.





Interest from Municipalities

- Municipalities routinely make inquiries about becoming a Gas Tax recipient.

- Generally, these are smaller municipalities that are looking to either set up a new transit system or enter into a service agreement with a neighbouring municipality that has an existing system.

- A municipality that is not currently providing public transportation services, but decides to begin providing such services, may be eligible for funding. Conditions include:
 - Municipal by-law indicating intent and financial commitment to annual funding support.
 - New systems may enter the program in the year they initiate a new system or confirm their financial support, with a pro-rated allocation should they enter mid-year.





Ministry Contacts

- Ministry staff are available to discuss with municipal staff, the process by which municipalities would be eligible to receive Gas Tax funding.

- Ministry staff contacts include:
 - Tasneem Essaji, Manager, Municipal Transit Policy Office
 - Tasneem.Essaji@ontario.ca or 416-585-7360;

 - Kevin Dowling, Team Lead, Municipal Transit Policy Office
 - Kevin.Dowling@ontario.ca or 416-585-7365; and

 - Rita De Bartolo, Team Lead, Division Services and Program Management Office
 - Rita.DeBartolo@ontario.ca or 416-585-7141



Appendix 1: Historical Funding Envelope

Program Year	Gas Tax Amount Dedicated	Funding
October 2004 – September 2005	1 cent/litre	\$156 million
October 2005 – September 2006	1.5 cents/litre	\$232 million
October 2006 – September 2007	2 cents/litre	\$313 million
October 2007 – September 2008	2 cents/litre	\$314 million
October 2008 – September 2009	2 cents/litre	\$321 million
October 2009 – September 2010	2 cents/litre	\$316 million
October 2010 – September 2011	2 cents/litre	\$318 million
October 2011 – September 2012	2 cents/litre	\$321 million
October 2012 – September 2013	2 cents/litre	\$324 million
October 2013 – March 2014*	2 cents/litre	\$163.4 million

* The 2013-14 program is an interim six-month program to bridge the gap between the end of the 2012-13 program on September 30, 2013 and the start of the 2014-15 program on April 1, 2014.

