

Background

The purpose of providing dedicated gas tax funding to Ontario municipalities is to ensure that local public transportation services continue, and to increase overall ridership through the expansion of public transportation capital infrastructure and levels of service. Over the years, the Ministry has recognized the need for predictable and sustainable funding for Ontario municipalities. A municipality receiving provincial gas tax funds must ensure that all funds received and any related interest revenue are used exclusively towards the provision of public transportation services, per the criterion stated in the program guidelines.

At its inception in 2004, the Province dedicated 1 cent per litre of all gas tax funds towards the program, which increased to 1.5 cents in 2005 and 2 cents in 2006. Since 2006, the dedicated amount per litre has not increased. Prior to 2013, these funds were not a permanent source of revenue for the City. In the 2013 budget, the Province made this allocation a permanent source of revenue for all municipalities. The share of provincial gas tax funds to qualifying municipalities is based on a formula of 70% ridership and 30% population.

According to the Ministry of Transportation, the new allocation of funding for the entire 2020/2021 program is approximately \$365 million and supports 111 public transit systems throughout Ontario.

Provincial gas tax funds are an integral source of revenue in Transit's long-term financial plan and have been historically used and continue to be used for numerous purposes such as bus replacements and various ridership growth initiatives. As the City is nearing completion of the Public Transit Infrastructure Fund (PTIF) with one project remaining, a new stream of cost share funding has been approved under the Investing in Canada Infrastructure Program (ICIP). Under ICIP, senior levels of government have approved up to \$99 million in funding to be spent over 8 years (with a 26% City share using gas taxes) on various transit infrastructure and asset replacement initiatives. Plans for 2020 were stalled due to COVID-19 but project schedules are being pushed back to mid 2021.

The chart below illustrates the annual funding the City has received from 2005 to 2020.

Fiscal Period (Province)	CGS Budget Year	Amount (millions \$)
2004-2005	2004	\$1.4
2005-2006	2005	\$1.5
2006-2007	2006	\$2.2
2007-2008	2007	\$2.1
2008-2009	2008	\$2.8
2009-2010	2009	\$2.8
2010-2011	2010	\$2.7
2011-2012	2011	\$2.7
2012-2013	2012	\$2.6
2013-2014	2013	\$2.6
2014-2015	2014	\$2.5
2015-2016	2015	\$2.6
2016-2017	2016	\$2.5
2017-2018	2017	\$2.6
2018-2019	2018	\$2.6
2019-2020	2019	\$2.8
2020-2021	2020	\$2.9

As shown in the chart above, Greater Sudbury's funding has been relatively constant since 2008, receiving a range of approximately \$2.5 million (2014) to \$2.9 million (2020) over this time span.

Provincial Announcement

As announced by the Province on January 14, 2021 in order to receive the current 2020/2021 funding allocation of approximately \$2.863 million, the City must provide the Province copies of the signed letter of agreement and the supporting by-law. It is important to note that although COVID-19 has had many impacts on municipal transit systems in 2020, the gas tax allocations for the 2020-21 program year are not affected. Key elements such as municipal transit ridership and the availability of funding that is generated from the sale of gasoline were taken from statistics during the provincial year-end April 1, 2019 to March 31, 2020 when COVID-19 was in its infancy stages. The MTO will be monitoring future impacts as they may affect gas tax allocations for the 2021-22 program unless there are administrative changes to the program.

Summary

The letter of agreement for the transfer of dedicated provincial gas tax funds between the Ministry of Transportation and the City of Greater Sudbury for the provincial fiscal year ending March 31, 2020 is in the amount of \$2.863 million. The agreement requires that the necessary by-law be passed in order to execute the agreement between both parties.