

## **Background**

### **History of Provincial Gas Tax Funding**

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 2019/2020 program is approximately \$369 million, which 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 continue to be used for numerous purposes such as bus replacements and various ridership growth initiatives. In addition, with the completion of the majority of projects under phase one of the Public Transit Infrastructure Fund (PTIF) expected in March 2020, a new stream of cost share funding have been provided under the Investing in Canada Infrastructure Program (ICIP). Under ICIP, several projects are currently under review with senior levels of government and if approved, could see upwards of \$99 million to be spent over 8 years (with a 26% City share using gas taxes) on various transit infrastructure and asset replacement initiatives.

The chart below illustrates the annual funding the City has received from 2005 to 2019.

| <b>Fiscal Period (Province)</b> | <b>CGS Budget Year</b> | <b>Amount (millions \$)</b> |
|---------------------------------|------------------------|-----------------------------|
| 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 (current)             | 2019                   | \$2.8                       |

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 \$2.8 million (2019) over this time span.

## **Provincial Announcement**

As announced by the Province on March 12, 2020 in order to receive the current 2019/2020 funding allocation of approximately \$2.768 million, the City must provide the Province copies of the signed letter of agreement and the supporting by-law.

## **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 for \$2.768 million. The agreement requires that the necessary by-law be passed in order to execute the agreement between both parties.