

## Staff Report

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**Report To:** City Council  
**Report From:** Kate Allan, Director of Corporate Services  
**Meeting Date:** March 13, 2023  
**Report Code:** CR-23-024  
**Subject:** 2023 Allocation of Provincial Gas Tax (Public Transit)

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### Recommendations:

THAT in consideration of Staff Report CR-23-024 respecting 2023 Allocation of Provincial Gas Tax (Public Transit), City Council directs staff to bring forward a by-law to authorize the Mayor and Clerk to enter into a transfer payment agreement with the Minister of Transportation.

### Highlights:

- Gas tax funding plays a vital role in the financial sustainability of the City's public transit service.
- Funding for the gas tax program is determined by the number of litres of gasoline sold in the province during the previous year. Municipalities that support public transit services in their community receive two cents per litre of provincial gas tax revenue collected.

### Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service.

### Previous Report/Authority:

None.

## **Background:**

Since 2004, the Province of Ontario has allocated a portion of gas tax funds collected on the sale of fuel to municipalities across the province. The Province collects 14.7 cents for every litre of gasoline sold in Ontario. Of that amount, 2.0 cents has been allocated to municipalities and has remained unchanged since 2006.

Consistent with previous years, the Ontario government is topping up the gas tax fund to make up for lingering impacts of the COVID pandemic on gas sales due to COVID-19. This year's Gas Tax funding includes one-time additional funding of \$80 million to ensure that the annual funding envelope remains relatively stable.

For the 2022-23 Gas Tax Program, MTO is using a five-year average of ridership from 2017 to 2021, and will be using the highest level of reported municipal spending from 2017 to 2021 when calculating municipal allocations.

## **Analysis:**

Since the program's inception in 2004, these funds have been used by the City of Owen Sound to offset the annual cost of providing public transit as well as fund improvements to terminal and bus stops on the transit routes. Historically, a portion of the annual funding was set aside for future capital expenses; however, currently, 100 per cent of the annual funding is applied to the operating budget.

The allocation of gas tax funds is based on a formula applied to the Provincial participation and weighted 70 per cent ridership and 30 per cent population. For the 2021/22 funding year, the City of Owen Sound is eligible for \$259,279 (2022 - \$251,642).

## **Financial Implications:**

The allocation for 2023 is consistent with the amount budgeted in the 2023 Operating Budget.

## **Communication Strategy:**

None.

**Consultation:**

None.

**Attachments:**

Letter from Caroline Mulroney, Minister of Transportation

**Recommended by:**

Kate Allan, Director of Corporate Services

**Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Kate Allan at [kallan@owensound.ca](mailto:kallan@owensound.ca).