

Staff Report

Report To: City Council
Report From: Kate Allan, Director of Corporate Services
Meeting Date: April 13, 2026
Report Code: CR-26-035
Subject: 2026 Provincial Gas Tax Letter of Agreement

Recommendations:

THAT in consideration of Staff Report CR-26-035 respecting the 2026 Provincial Gas Tax Letter of Agreement, City Council directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute a funding 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.

Vision 2050 - Strategic Plan Alignment:

[Strategic Plan](#) Priority: A City that Moves – Facilitating sustainable transportation options and creating community connectivity.

Previous Report/Authority:

N/A.

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.

Analysis and Options:

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 the 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 2025/2026 funding year, the City of Owen Sound is eligible for \$245,919. For the second year in a row, the funding amount has not changed despite increasing ridership in the City of Owen Sound. The following is an excerpt from communication from the MTO Gas Tax Team:

"For the 2025-26 Program, the Ministry of Transportation is maintaining allocations at 2024-25 funding levels to ensure that all 107 municipal transit systems across Ontario continue to get the support they need for their transit services."

Resource Alignment:

Financial Resources

The total gas tax funding is applied against the City's transit operating budget.

Human Resources

N/A.

Time and Scheduling

The executed agreement will be returned to the Ministry.

Technology and Infrastructure

N/A.

Climate and Environmental Impacts:

There are no anticipated climate or environmental impacts.

Communication and Engagement:

This report has been posted to the City's website with the agenda in advance of the meeting.

Report Developed in Consultation With:

N/A.

Attachments:

None.

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Kate Allan, Director of Corporate Services at kallan@owensound.ca or 519-376-4440 ext. 1238.