

## **THE FEDERAL GAS TAX AND TRAILS**

The Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities was signed by the Federal Minister of State (Infrastructure and Communities), the Minister of Municipal Affairs and Housing, the President of the Association of Municipalities of Ontario (AMO) and the Mayor of the City of Toronto. This agreement provides for \$5 billion over five years to municipalities for environmentally sustainable infrastructure. A brief description of this initiative's key elements follows:

### **A) Purpose of Gas Tax**

- Gas tax funding will provide Ontario communities with a source of stable, predictable and long-term funding towards Environmentally Sustainable Municipal Infrastructure to address their infrastructure needs and meet sustainability objectives. Gas tax funding is incremental to federal, provincial and municipal infrastructure funding available to Municipalities and the 100% GST rebate available to all municipalities.
- Gas tax funding will be used for investments in:
  - Environmentally Sustainable Municipal Infrastructure (ESMI) Projects
  - Capacity Building Projects

### **B) Outcomes**

- Gas tax funds will support the following environmental objectives:
  - Reduced greenhouse gas (GHG) emissions
  - Cleaner water
  - Cleaner air

### **C) Allocation**

- Funds are allocated to all Ontario municipalities based upon population, using 2001 national census data made available by Statistics Canada.
- AMO will allocate Canada's contribution to municipalities, excluding Toronto, on a per capita basis with allocations made on a 50:50 basis to upper and lower tier municipalities, where they exist.
- AMO will disburse funds directly to municipalities, excluding Toronto, provided a funding agreement between AMO and the municipality has been signed, through which the municipality will agree to comply with all requirements and conditions set out in:
  - **Schedule A:**  
Eligible Categories where funding can be allocated by municipalities:

a) **Public Transit**

- Rapid Transit: tangible capital assets and rolling stock (e.g. light rail, subways, transit stations and rails lines).
- Transit Buses: bus rolling stock, transit bus stations
- Intelligent Transport System (ITS) and Transit Priority Capital Investments
- ITS Technologies: to improve transit priority signaling, passenger and traffic information and transit operations;
- Capital Investments (e.g. High Occupancy Vehicle (HOV) lanes)
- Para Transit: (e.g. rolling stock)
- Related Capital Infrastructure: (e.g. road rehabilitation for bus-only lanes)
- Active Transportation (e.g. bike lanes)

b) **Water** (e.g. drinking water purification and treatment systems)

c) **Wastewater** (e.g. sanitary and combined sewer systems)

d) **Solid waste** (e.g. material recovery facilities, waste disposal landfills)

e) **Community Energy Systems** (e.g. heat and power projects)

f) **Local roads, bridges and tunnels, active transportation infrastructure** (e.g. bike lanes) that enhance sustainability outcomes.

For large municipalities, the list of eligible categories will consist of no more than two of these categories a) to e) listed.

**D) Delivery Mechanism**

- Funds will be delivered to eligible recipients via three complementary mechanisms:
  - Canada's contribution to municipalities, excluding Toronto, will be transferred directly to the AMO semi-annually for delivery to municipalities, as detailed in Part II, section 2 of the Agreement.
  - Canada's contribution to Toronto will be transferred directly to Toronto semi-annually as detailed in Part II, section 3 of this Agreement.

The full agreement may be referenced through the AMO website at:

[http://www.amo.on.ca/AM/Template.cfm?Section=Search&section=Federal\\_Gas\\_Tax&template=/CM/ContentDisplay.cfm&ContentFileID=1281](http://www.amo.on.ca/AM/Template.cfm?Section=Search&section=Federal_Gas_Tax&template=/CM/ContentDisplay.cfm&ContentFileID=1281)