

For Information
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March 10, 2016

- Victoria Regional Transit Commission**
- Councillor Susan Brice – Chair**
District of Saanich
- Mayor Richard Atwell**
District of Saanich
- Mayor Alice Finall**
District of North Saanich
- Mayor Lisa Helps**
City of Victoria
- Mayor Barb Desjardins**
Township of Esquimalt
- Mayor Carol Hamilton**
City of Colwood
- Councillor Marianne Alto**
City of Victoria

Re: Request to amend *Motor Fuel Tax Act* to Fund Transit Investments

Dear Colleagues

Growth in transit service is a priority of the region's economic development and transportation strategies. Recent consultation has also confirmed strong support from the public in moving forward with improvements to transit service.

The Commission recently approved a budget for 2016/17 that maintains the existing level of transit service in the region without an increase in property tax. This was possible due to the implementation of a new fare structure, administrative savings and operational efficiencies.

While the Commission will continue to use all funding levers available to maintain the existing level of service, moving forward with the desired level of expansion will require additional funding beyond what can be achieved from property tax and fares. In addition to operating costs, up to \$125M in capital expenditure is necessary over the next five years to upgrade transit exchanges, fleet, and operating centers. Without significant new funding, future transit service expansion will remain limited.

As you may be aware, the *BC Transit Act* allows for the Commission to seek funding from property tax, passenger and ancillary revenue, and a motor fuel tax. The Victoria Regional Transit System presently receives 3.5 cents per litre tax on fuel sold in the service area. This tax generates approximately \$11.7M annually to help cover the local share of transit operating and capital expenses. A 1.0 cent increase in fuel tax generates approximately \$3.4M annually.

In response to the pressure to fund the necessary investments in transit and support service expansion, the Commission's request before the Government of BC is to amend the *Motor Fuel Tax Act* to increase the dedicated fuel tax applied in the region under the *BC Transit Act* by 2.0 cents per litre. For reference, generating this same value of funding through property taxes instead of the fuel tax would require a 22% increase in the transit levy.

The request was made to the Minister of Transportation and Infrastructure in 2013, following a full consultation with the community. At that time, the increase in fuel tax was supported by the Board of the Capital Regional District, the Greater Victoria Chamber of Commerce and many other organizations throughout the region.

At a recent meeting with the Minister of Transportation and Infrastructure, the Commission was informed that our request has been forwarded to the Minister of Finance for consideration in this year's budget. While it is not approved at this time,

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the concept continues to receive support at the provincial level. The Minister asked the Commission to confirm that broad support for this approach remains at the local and regional level to support further deliberation.

While no tax is welcomed, public surveys and funding studies have shown that increases to fuel tax are a preferred approach to funding transit systems rather than relying solely on property taxes. The Commission is seeking your continued commitment to this approach to fund increased transit services and associated facilities through an additional fuel tax by your support of the following motion:

"Endorse the Victoria Regional Transit Commission's request to increase the dedicated fuel tax applied in the region under the BC Transit Act by two cents per litre to support transit system development in the Capital Region"

If appropriate, we would be pleased to attend a meeting of your council/board to discuss this issue in person. Thank you for your continued support to move transit forward in the region.

Respectfully,

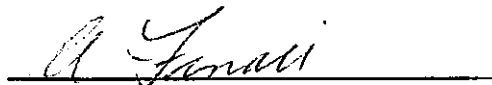


Susan Brice, Chair
Victoria Regional Transit Commission

Mayor Richard Atwell, Member



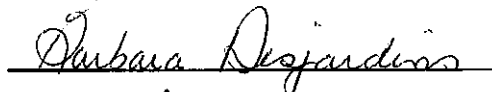
Mayor Alice Finall, Member



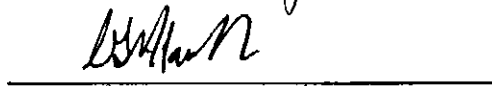
Mayor Lisa Helps, Member



Mayor Barb Desjardins, Member



Mayor Carol Hamilton, Member



Councillor Marianne Alto, Member

