EXECUTIVE POLICY COMMITTEE

QUESTION PERIOD

Minute No. 28
In reference to the gas tax in Alberta, Councillor Steek questioned if Alberta had a differential gas tax or a consistent province-wide gas tax.

His Worship Mayor Murray replied that there was one province-wide gas tax collected at the pump, that is transferred to Edmonton and Calgary based on the volume of gas pumped within its boundaries.

Councillor Steek questioned if there would be any issues with a city only gas tax, such as persons likely to travelling outside the perimeter to purchase gas or Winnipeg retailers having to absorb the gas tax in order to be competitive with retailers outside the perimeter.

His Worship noted that British Columbia has a differential gas tax, and cited the example of an 11.25 cent per litre tax that exists in the Greater Vancouver Regional District. His Worship also added that he preferred a harmonized tax, but suggested that both options must be considered, citing that variable gas tax is the more common of the two in the United States.

Councillor Steek inquired if any report existed advocating excruciating new levels of taxation to which His Worship replied in the negative.

Councillor De Smedt inquired if consideration had been given to approaching the Federal Government for a share of the goods and services tax, to which His Worship replied in the affirmative.

Councillor Steek inquired if a scenario existed where a renter who owns a vehicle, regardless of type, could come out ahead under the current new deal scenario presented, to which His Worship replied in the affirmative.

In reference to the fact that a renter would not realize any property tax credits, Councillor Steek questioned where the renter, in the aforementioned scenario, would come out ahead and how.

His Worship replied that property tax cuts would be passed on to renters, noting that all Winnipeggers would come out ahead in the new deal because the City would be more prosperous. He added that the City would have a strong infrastructure, without a backlog of bridges, and projects such as the Kenaston underpass and rapid transit could be completed. He further noted that the new deal could eliminate the multi-billion dollar infrastructure deficit and provide funds to eliminate the seepage of sewage into the rivers. He indicated that the current City Council had successfully cut the City's debt by 50 percent, which was unprecedented in municipal history, and had cut or frozen taxes for the last seven years, which was also unprecedented in the history of the city.

Councillor Steek questioned if the new frontage levy, which was expected to generate $10 million in revenue, was not the equivalent of a three percent property tax increase, to which His Worship replied in the affirmative.

In reference to the preliminary capital budget that had been streamlined to eliminate any new projects in order to ensure funding for existing projects and infrastructure, Councillor Wyatt inquired if it was possible to defer $5 million in spending towards new projects such as the Kenaston underpass and rapid transit and direct this funding towards the amalgamation of police stations to which His Worship replied in the negative.

Councillor Steek questioned if any projections were done regarding the increased costs for administration and implementation of any new taxes the new deal proposes to which His Worship replied that no new taxes were proposed as part of the new deal, only redistribution of existing taxes, and as such a collection system already exists for each of the taxes proposed under the new deal scenario.

Councillor De Smedt asked that if the City were to get a federal gas tax credit in 2005 as well as receive funds from the Province and that $70 to $75 million were to be realized, would this not go a long way towards meeting some of the City's infrastructure deficit in a reasonable, practical way.

His Worship acknowledged that the suggestion was very good but noted that it was only part of the solution as gas taxes are not growth taxes. He added that income and sales taxes are growth taxes and referenced The Canada West Foundation study that points out that Western U.S. cities get sales and income taxes and that those taxes grow with the economy quite dramatically, while Canadian cities have only property taxes and gas taxes, that do not show this dramatic growth. He further noted that Winnipeg is the only city with a population of over half a million people in Western Canada that does not have access to gas tax. His Worship further stated that he was quite prepared to take the frontage levy off the table and would much rather have a tax that grows with the economy or that relates to those who use the streets most frequently rather than relating it to property taxes.