BURLINGTON

CHAMBER OF COMMERCE

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METROLINX INVESTMENT STRATEGY. WHAT BUSINESS NEEDS TO KNOW.

What is the Metrolinx Investment Strategy?

On May 27th, Metrolinx released a report to the Province of Ontario recommending an investment strategy to support new transportation and transit infrastructure in the Greater Toronto and Hamilton Area (GTHA). The investment strategy outlines 24 recommendations, including revenue generation tools, to fund the Next Wave of projects of The Big Move regional transportation plan.

The Investment Strategy recommends the following four of those tools be used to fund transportation infrastructure in the GTHA.

Sales Tax

Rate: 1% increase

Revenue generation: $1.3 billion annually

Metrolinx Notes: Due to the nature of administration and collection of HST at the federal and provincial levels, it may be necessary to introduce a percentage point HST increase across Ontario, rather than just in the GTHA.

Every community across the province has an infrastructure deficit, and could use the funds generated locally to address their infrastructure needs. In other words, what is raised through the HST increase in North Bay would stay in North Bay.

A tax credit is recommended to help ensure the proposed HST increase does not disproportionately burden those with lower incomes. The cost of this credit -- about $105 million annually -- would be paid by the revenue generated from the tax increase.

Fuel Tax

Rate: $0.05/Litre

Revenue generation: $330 million annually

Business Parking Levy

Rate: variable rates with an average of $0.25/space per day

Revenue generation: $350 million annually

Development Charges

Rate: 15% increase to existing rates

Revenue generation: $100 million annually

Why is new revenue for transportation infrastructure important?

Infrastructure is the backbone of our economy and benefits the entire province. Ontario's transportation network is a major part of the province's infrastructure and a significant economic enabler of trade and economic investment. 66% of GTHA businesses surveyed by the OCC believe new revenue tools are needed to fund transportation infrastructure.

Businesses understand the cost of the congestion. The ability to get people moving helps the bottom line -- it opens up new markets, allows goods to move more freely, and grows the pool of potential employees from which they can draw. For every $100 million invested in infrastructure, 1,670 jobs are created.

The Ontario Chamber of Commerce (OCC) and GTHA chambers recently released a report based on consultations with GTHA businesses titled *The $2 Billion Question: GTHA Business Opinion on Funding the Big Move*.

The Metrolinx Investment Strategy proposes a fuel tax as a revenue source, which is in line with what GTHA businesses identified as a high potential tool. None of the OCC's non-starter tools (employer payroll tax, property tax, or vehicle kilometres travelled fee) were put forward by Metrolinx as recommendations.

While business opinion on the revenue tools was decidedly mixed throughout the OCC's consultations, principles of fairness and dedication received unanimous support. The Metrolinx Investment Strategy reflects these principles.

According to the Investment Strategy, 41% of funds will be raised in the 416 area, and 42% of investment will take place within it. 59% of funds will be generated in the 905 area and 58% of funds will be invested in this same area.

The OCC continues to support the need to find efficiencies in government. That said, we know that efficiencies alone will not fund necessary investments in transportation infrastructure.

Find out more

For more information and to view the recommendations, visit http://www.metrolinx.com/en/regionalplanning/funding/IS_Executive_Summary_EN.pdf.

For any questions about this issue, please contact Josh Hjartarson, VP Policy & Government Relations, at 416-482-5222, ext. 2320.

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