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FOR INQUIRIES: **PLEASE QUOTE ITEM & REPORT NO.**

April 2, 2004

Mr. Denis Kelly, Clerk
The Regional Municipality of York
17250 Yonge Street
Newmarket, ON
L3Y 6Z1

**REGION OF YORK
CLERK'S OFFICE**

FILE No. - *p03*

• Chair

→ • CAO

• S. Cartwright

Dear Mr. Kelly:

RE: RESOLUTION – GAS TAX REBATE AND P.S.T.

I am writing to advise you that Vaughan Council, at its meeting held on March 29, 2004, adopted the following resolution:

Whereas Municipalities are vital to the economic growth and prosperity of Canada and its Provinces;

And Whereas the continued dependence on property taxes as the single major source of financing for municipalities is not appropriate;

And Whereas there is a need for additional funding over the long-term to assist municipalities with respect to infrastructure particularly transportation infrastructure repair and replacement;

And whereas both the Federal and Provincial Governments place a significant tax on the sale of gasoline;

And whereas the Province imposes the Retail Sales Tax on Goods purchased by municipalities;

And whereas the Federal Government has recently eliminated a tax on other levels of government by providing a 100% GST rebate to municipalities;

NOW THEREFORE be it resolved that the Council of the City of Vaughan requests:

That the Federal and Provincial Governments share 5% of the Gasoline Tax with Municipalities;

That the Provincial Government fully exempt Municipalities from the Retail Sales Tax on the purchase of all goods;

That the Provincial Government share a portion of the Ontario Sales Tax with Municipalities;

That the Federal Government share a portion of the GST with municipalities;

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And that a copy of this resolution be forwarded to Prime Minister Paul Martin, Minister of Finance Ralph Goodale, Premier Dalton McGuinty, Minister of Finance Greg Sorbara and local Federal and Provincial Members of Parliament, and municipalities over 50,000.

Be it further resolved that the City of Vaughan supports continued dialogue on a fair and equitable distribution of these sources of revenue with municipalities.

Attached for your information is **Item 1, Report No. 29** of the Committee of the Whole regarding the above-noted matter.

Sincerely,



J. D. Leach
City Clerk

Attachment:
Extract
1. City of Sarnia Resolution

JDL/as

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 29, 2004

Item 1, Report No. 29, of the Committee of the Whole, which was adopted, as amended, by the Council of the City of Vaughan on March 29, 2004, as follows:

By approving Clauses 1), 2), and 3) of the recommendation contained in the report of Councillor Yeung Racco, dated March 22, 2004;

By adopting the following resolution:

"Whereas Municipalities are vital to the economic growth and prosperity of Canada and its Provinces;

And Whereas the continued dependence on property taxes as the single major source of financing for municipalities is not appropriate;

And Whereas there is a need for additional funding over the long-term to assist municipalities with respect to infrastructure particularly transportation infrastructure repair and replacement;

And whereas both the Federal and Provincial Governments place a significant tax on the sale of gasoline;

And whereas the Province imposes the Retail Sales Tax on Goods purchased by municipalities;

And whereas the Federal Government has recently eliminated a tax on other levels of government by providing a 100% GST rebate to municipalities;

NOW THEREFORE be it resolved that the Council of the City of Vaughan requests:

That the Federal and Provincial Governments share 5% of the Gasoline Tax with Municipalities;

That the Provincial Government fully exempt Municipalities from the Retail Sales Tax on the purchase of all goods;

That the Provincial Government share a portion of the Ontario Sales Tax with Municipalities;

That the Federal Government share a portion of the GST with municipalities;

And that a copy of this resolution be forwarded to Prime Minister Paul Martin, Minister of Finance Ralph Goodale, Premier Dalton McGuinty, Minister of Finance Greg Sorbara and local Federal and Provincial Members of Parliament, and municipalities over 50,000.

Be it further resolved that the City of Vaughan supports continued dialogue on a fair and equitable distribution of these sources of revenue with municipalities."; and

By receiving the memorandum from the Commissioner of Finance & Corporate Services, dated March 26, 2004.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 29, 2004

Item 1, CW Report No. 29 – Page 2

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RESOLUTION – GAS TAX REBATE AND P.S.T.

The Committee of the Whole recommends that this matter be referred to the Council meeting of March 29, 2004, and that staff provide an appropriate resolution regarding this matter for distribution.

Recommendation

Councillor Sandra Yeung Racco recommends:

- 1) That Vaughan City Council supports the efforts being made by the Mayors of some of the larger Canadian cities to realize full municipal rebates of the GST, and a 5 cent per litre share of the Federal Gas Tax;
- 2) That a similar position be adopted by other municipalities with respect to PST;
- 3) That the City of Vaughan believes that a percentage of the revenues realized by the 8 percent PST, and 7 percent GST, imposed on goods and/or services in the various municipalities within the Province of Ontario, and collected and remitted by the organizations and businesses within said Province, be negotiated between representatives of all governments, and that the agreed upon figure be remitted by the organizations and businesses directly to the municipality based upon the time schedules now implemented, and
- 4) That this motion be forwarded to area municipalities, to AMO, to our local MP and MPP, and to the Mayor of Toronto.

Purpose

The mayors of larger cities are suggesting that a full rebate of the GST and a 5 cents a litre share of the Federal gas tax be made available to municipalities by the end of 2004. The City of Vaughan should recognize the importance of said issue and join the efforts of these municipalities.

Background - Analysis and Options

On January 26th, 2004, Sarnia City Council considered the above matter and adopted a similar resolution. It is important that new sources of funding be found to pay for municipal services. Municipalities should not continuously be expected to raise property taxes in order to meet their financial needs. Furthermore, while millions of dollars are removed from our communities through GST and PST assessments to flow to higher tiered governments, these governments expect still expect municipalities to finance handed-down services and associated costs.

Relationship to Vaughan Vision 2007

2.1.3 Develop appropriate funding strategies for long-term projects.

2.3.2 Evaluate/increase grants and subsidies from external agencies.

5.3.1 Coordinate strategies and priorities with the Region of York and other levels of government.

5.3.2 Establish a position of advocacy for Vaughan's priorities for other levels of government.

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CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 29, 2004

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Conclusion

In order to maintain consistency with neighbouring municipalities, it is recommended that Council adopt the above resolution.

Attachments

1. City of Sarnia Resolution

Report prepared by:

Cindy Furfaro-Benning, Council Administrative Assistant

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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CITY OF SARNIA

City Clerk's Department

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[Handwritten signature]

255 North Christine Street
P.O. Box 3018
Sarnia, ON
N7T 7N2

CLERK-04

February 18, 2004

ALL MUNICIPALITIES IN ONTARIO:

Re: Resolution – Gas Tax Rebate

Sarnia City Council at its meeting held on January 26th, 2004, considered the above matter, and the following resolution was adopted:

THAT Sarnia City Council supports the efforts being made by the Mayors of some of the larger Canadian cities to realize full municipal rebates of the GST, and a 5 cent per litre share of the Federal Gas Tax, and

THAT a similar position be adopted by other municipalities with respect to PST, and

THAT the City of Sarnia believes that a percentage of the revenues realized by the 8 percent PST, and 7 percent GST, imposed on goods and/or services in the various municipalities within the Province of Ontario, and collected and remitted by the organizations and businesses within said Province, be negotiated between representatives of all governments, and that the agreed upon figure be remitted by the organizations and businesses directly to the municipality based upon the time schedules now implemented, and

THAT this motion be forwarded to the usual municipalities, to AMO, to our local MP and MPP, and to the Mayor of Toronto.

Background information on the resolution is attached.

Your favourable consideration of Council's resolution would be appreciated.

Yours truly,

[Handwritten signature of Brian W. Knott]

Brian W. Knott
City Solicitor/Clerk

c.c. Caroline DiCocco, MPP
Roger Gallaway, MP
AMO
Mayor David Miller