

## Raise gas tax and add road tolls, expert tells Ontario

The time is right for hiking fuel taxes and tolling roads to pay down the deficit and fund transit, says Trent University prof.



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**Toronto's current experience with HOV lanes due to the Pan Am Games should be promptly followed up with tolls, while drivers are used to these sorts of changes, argues the director of the Residential and Civil Construction Alliance of Ontario.**

**By:** Tess Kalinowski Transportation reporter, Published on Wed Jul 15 2015

Ontario should immediately and substantially raise the gas tax and begin [creating more road tolls](#) to pay for transportation infrastructure.

The recommendation from a Trent University road pricing expert is being released Wednesday, just as the [Pan Am Games](#) are sparking fresh controversy about regional road congestion.

A report by professor emeritus Harry Kitchen, for the Residential and Civil Construction Alliance of Ontario (RCCAO), argues that Queen's Park should hike the gas tax this year from 14.7 cents to 23 cents a litre.

Coupled with a similar rise in diesel fuel tax, the increase could generate up to \$14 billion over seven years for infrastructure spending. The report recommends the initial 8.3-cent jump at the pump be indexed to the rate of inflation each year for the next five to seven years.

The money could go toward the \$130 billion the province has earmarked over the coming decade for infrastructure, leaving more general revenues to pay down Ontario's \$10.9-billion deficit.

The higher cost of driving would nudge motorists to more efficient cars, reduce the distance they travel and cut greenhouse gas emissions, says the report, *A Case for Increasing Provincial Fuel Taxes*.

The RCCAO "is trying to encourage the government to do the right thing," said executive director Andy Manahan, who was a member of Liberal Premier Kathleen Wynne's 2013 transit panel that recommended higher fuel taxes to raise money for transit.

"This would be something (the government) could do like carbon pricing that would have the same effect in reducing GHGs," he said, adding that fuel taxes have the benefit of being fast and easy to administer.

The government should move now, because fuel taxes haven't been raised in 23 years and prices at the pump have dropped since last year's spike of \$1.41 per litre, said the RCCAO.

Manahan said he will send a copy of Kitchen's report to former [TD Bank CEO Ed Clark](#) who was appointed provincial business adviser by Wynne in June in part to look for new sources of revenue.

The report recommends that the government start charging more for gas as that revenue source shrinks.

With fewer baby boomers driving and more young people expected to be living in less car-oriented urban areas, seven U.S. states have already increased their gas tax rates, notes Kitchen.

But it's not a long-term or equitable solution, since electric and hybrid car drivers would pay less without any incentive to cut their road use.

"What will be needed is some form of road pricing and parking charges that apply to all vehicles," says the report.

Some studies have suggested that the Toronto region alone could raise between \$700 million and \$1.5 billion annually through road and parking levies.

"It's incumbent on the government to do something to transition to road pricing because that will deal with congestion in a much more effective way than any other revenue tool," said Manahan.

The government should move to test high occupancy toll (HOT) lanes immediately following the Pan Am Games, while drivers are already accustomed to lane restrictions, said Manahan.

“Once it’s taken off it’s going to be much more difficult to say, ‘OK, we’re going to expand the network again and do this pilot project.’ If you’re going to pull the tooth, just do it once,” he said.