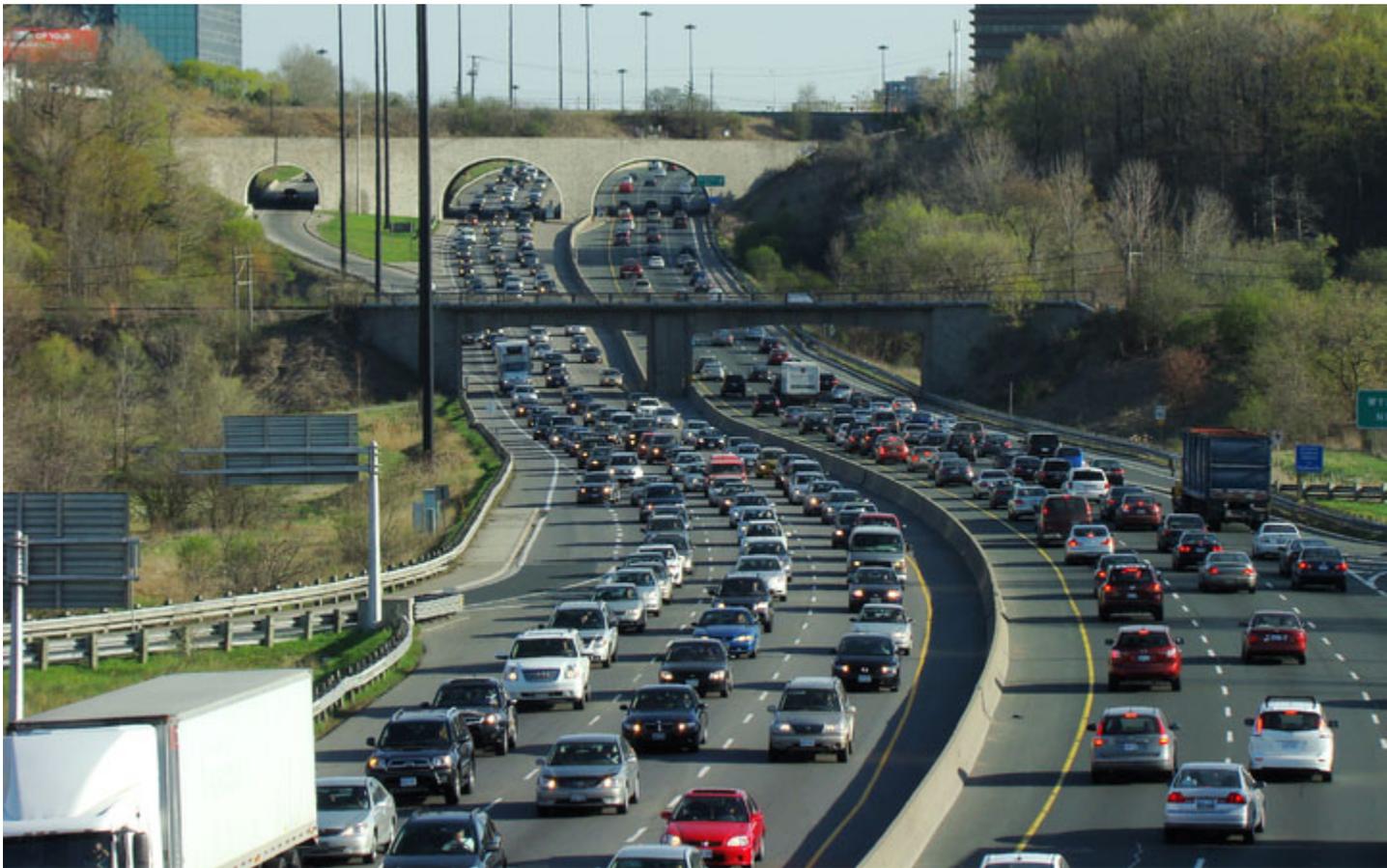


New study touts huge gas tax hike & toll roads to ease traffic congestion in GTHA

by Michael Talbot

Posted Jul 15, 2015 2:42 pm EDT



Traffic on the Don Valley Parkway. SOURCE: Wikimedia Commons/Floydian

There are few things more taxing on the nerves than being snarled in a traffic jam. But according to a new study bound to infuriate drivers, dramatically higher taxes and toll roads may be the only way to extract ourselves from the universal dread of highway torpor.

With falling gas prices, and the Pan Am Games thrusting a glaring spotlight on the plague of traffic congestion in the Greater Toronto and Hamilton Area (GTHA), Harry Kitchen, professor emeritus of economics at Trent University, says the time is right for a dramatic hike in gasoline and diesel fuel taxes.

He also proposes that toll roads be implemented in major cities and heavily-populated regions.

In his report, “A Case for Increasing Provincial Fuel Taxes (on a Temporary Basis)” Kitchen argues that the long-overdue tax hikes would ultimately ease congestion, help the environment, and boost both municipal and provincial economies to the tune of \$14 billion over seven years.

He notes that fuel tax rates in Ontario haven’t changed in 23 years, and he suggests a temporary five to seven year boost.

The Ontario gas tax rate, which stands at 14.7 cents per litre should be raised to 23 cents, while the diesel rate of 14.3 cents per litre should jump to 22 cents, he suggests.

By comparison, the gas and diesel tax rate in British Columbia is 17 cents per litre. An extra 3.5 cents is tacked on for those living in Victoria.

Kitchen says the short-term pain would lead to long-term gain for drivers, who would see the money funneled to infrastructure improvements.

“These tax rates...would be dedicated to funding transportation infrastructure,” he said in the report funded by the **Residential and Civil Construction Alliance of Ontario (RCCAO)**.

The higher prices would reduce unnecessary driving and idling, and create incentive for drivers to purchase more fuel-efficient vehicles or use public transit, the study states.

But Christine Van Geyn, Ontario Director of Canadian Taxpayers Federation, says the proposed increase would “cripple middle-class families.”

“The whole concept of taxing gas at this punitive level means it’s really going to hurt our economy because in Canada people rely on their vehicles to get to work every day,” she told CityNews.ca.

Van Geyn says gas tax rates can be misleading in Ontario. “We are actually faced with double taxation because we pay a gas tax on top of the GST,” she notes.

“Middle-class people are already being squeezed through slow increasing incomes in this province, expensive real estate, by totally unaffordable hydro rates in Ontario, so the concept of saying ‘yeah let’s hike the gas tax so people can’t even get to work in the morning’ it’s totally tone deaf.”

Major recommendations from the study:

- The provincial gasoline tax should be raised to 23 cents per litre (8.3-cent hike) from 14.7 cents in 2015 and indexed by the rate of inflation each year for the next five to seven years.

- The provincial diesel fuel tax should be raised to 22 cents per litre (7.7 cents) from 14.3 cents in 2015 and indexed each year by the rate of inflation for the next five to seven years.
- These increased revenues should be dedicated to transportation improvements across Ontario.

- Due to factors such as an increase in non-fuel vehicles, reliance on these additional fuel tax revenues would be temporary, for only five to seven years.
- These two tax increases could generate additional provincial revenues of between \$1.7 billion and \$2.4 billion per year – around \$14 billion over the next seven years.
- Within the major metropolitan areas and heavily populated regions, the provincial government should plan for the introduction of some form of road pricing while municipalities should rethink its structure of parking levies. Compared to fuel taxes or other revenue sources, road and parking pricing would more effectively manage congestion, improve productivity, and generate funds for urban roads and public transit.
- As road pricing and parking taxes are introduced, fuel taxes could be reduced and replaced by an effective and efficient form of a carbon tax like the one used in British Columbia.

Read the full report below:

[A Case for Increasing Provincial Fuel Taxes \(on a Temporary Basis\) report](#)