

BACKGROUND

Expansion of the Gas Tax Fund

What is it?

Budget 2019 proposes a one-time additional transfer of \$2.2 billion through the federal Gas Tax Fund (GTF) to local communities—effectively doubling next year’s transfer.

The GTF is a permanent, indexed fund provided to directly municipalities, flowing through provinces and territories to support strategic infrastructure investments. It provides over \$2 billion annually for local priorities. It is allocated on a per-capita basis for provinces, territories and First Nations, but provides a base funding amount of 0.75 per cent of total annual funding for Prince Edward Island and each territory.

How will it help Canadians?

Communities currently select how best to direct the funds within different project categories, including (but not limited to) public transit, drinking water, highways, and local roads and bridges. Last year, approximately \$2.1B was distributed to over 3600 communities. By increasing the amount available through the federal Gas Tax Fund, cities and communities will have the flexibility and support they need to help Canadians build better lives.

How would it work?

FCM will continue to work with the federal government to ensure this expansion of the Gas Tax Fund maximizes how municipalities are able to deliver quickly and efficiently at the local level.