

CITY OF BURNABY

TRAFFIC AND TRANSPORTATION COMMITTEE
(TRANSPORTATION AND TRANSIT DIVISION)

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

RE: TRANSIT TAX EXEMPTION INITIATIVE (TEI)

RECOMMENDATIONS:

1. **THAT** Council endorse the Transit Tax Exemption Initiative (TEI) as a significant means of encouraging transit ridership.
2. **THAT** Council forward a copy of this report to the Honourable Jim Peterson, Secretary of State, Finance Government of Canada.
3. **THAT** Council forward, for information, a copy of this report to Burnaby Members of Parliament, Burnaby Members of the Legislative Assembly, TransLink Board, Canadian Urban Transit Association, and GO Green Choices.

REPORT

The Traffic and Transportation Committee (Transportation and Transit Division), at its meeting held on 2000 February 09, adopted the attached report recommending that the City of Burnaby formally support the Transit Tax Exemption Initiative (TEI).

Respectfully submitted,

Councillor N. Volkow
Chair

Councillor D. Evans
Vice Chair

Councillor N. Harris
Member

: COPY - CITY MANAGER
- DIRECTOR ENGINEERING
- DIRECTOR FINANCE
- DIR. PLNG. & BLDG.

TO: CHAIR & MEMBERS
TRAFFIC & TRANSPORTATION COMMITTEE
(TRANSPORTATION AND TRANSIT DIVISION) 2000 February 03

FROM: DIRECTOR PLANNING AND BUILDING Our File: 08.403

SUBJECT: TRANSIT TAX EXEMPTION INITIATIVE (TEI)

PURPOSE: To recommend that the City of Burnaby formally support the Transit Tax Exemption Initiative (TEI)

RECOMMENDATIONS:

1. **THAT** the Traffic and Transportation Committee (Transit and Transportation Division) endorse the Transit Tax Exemption Initiative (TEI) as a significant means of encouraging transit ridership.
2. **THAT** the Traffic and Transportation Committee (Transit and Transportation Division) forward a copy of this report to the Honourable Jim Peterson, Secretary of State, Finance Government of Canada.
3. **THAT** the Traffic and Transportation Committee (Transit and Transportation Division) forward, for information, a copy of this report to Burnaby Members of Parliament, Burnaby Members of the Legislative Assembly, TransLink Board, Canadian Urban Transit Association, and GO Green Choices.

REPORT

1.0 INTRODUCTION

There is a growing national lobby within Canada to make employer subsidized transit passes non-taxable. This initiative has been called the Transit Tax Exemption Initiative (TEI). Since 1989, the Canadian Urban Transit Association (CUTA), the Federation of Canadian Municipalities (FCM), the Amalgamated Transit Union (ATU), and several other advocacy groups including *TransLink* and Pollution Probe have been requesting the federal government to address the inequity between employer subsidized transit passes and employer subsidized parking by amending the Income Tax Act. This lobbying effort has been consolidated under the banner of the National Task Force on TEI.

On 1999 April 13 the House of Commons passed Motion #360. This private member's motion requested the federal government to give serious consideration to the TEI. The motion was tabled to encourage Members of Parliament to debate the benefits and cost of the TEI. Based on the debate that has resulted from Motion #360, it is anticipated that the TEI may be considered for inclusion in the federal budget for the year 2000.

2.0 BACKGROUND

Although public transit is not a responsibility of the federal government, income tax and meeting Canada's Kyoto greenhouse gas emission targets both are. In debating the TEI, the federal government has recognized the opportunity to potentially align federal tax policy with federal environmental policy. Currently within Canada, employer subsidized transit passes are considered a taxable benefit, while parking is not, unless the employee has an assigned space. This results in the current tax legislation favouring employees who drive to work. The National Task Force on TEI stated that free or subsidized parking is a common benefit provided to about 80% of all auto commuters. This typically equates to an annual estimated pre-tax benefit of about \$1,700 for the auto user.

Conversely, City of Burnaby employees who now purchase a monthly transit pass, discounted by 25% under the City's trip reduction program, are now back-charged the 25% discount as a taxable benefit. This works against the basic concept of providing an "incentive" to use transit.

As part of the deliberations resulting from Motion #360 the TEI Task Force made a presentation to the House of Commons Standing Committee on Finance, on 1999 November 25. This presentation was well received by the Committee according to the CUTA. In response to the issues raised by the TEI Task Force, transit has been included in the Standing Committee on Finances report, which discusses both the TEI and infrastructure.

In addition the Transportation Issues Table, part of the National Climate Change Process, has identified and analysed a number of potential measures to reduce transportation greenhouse gas emissions in support of the development of the national policy on climate change. This policy is being developed in an effort to meet Canada's Kyoto objectives. CUTA notes that TEI heads the list of the "most promising" measures resulting from this review.

The National Task Force on TEI also notes that a 31% increase in transit ridership among participating employees in the San Francisco Bay Area (SFBA) that resulted from TEI being implemented in the United States. This 31% increase in SFBA transit ridership resulted in 17 million vehicle miles removed from the road, 61 million tonnes of pollutants avoided, and \$1.6 million in new transit revenue generated. A 1991 report to the Canadian federal government by IBI Group estimated that TEI could result in a potential transit ridership

increase of between 30% and 60%. These estimates demonstrate what a powerful "carrot" TEI could be in encouraging people to break the single occupant vehicle (SOV) habit.

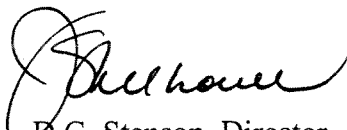
3.0 BENEFITS OF TEI

TEI also supports the following general benefits derived by retaining existing transit customers and increasing overall transit use:

- decreases growth in traffic congestion;
- reduces reliance on expensive infrastructure;
- decreases greenhouse gas emissions / supports Kyoto commitments;
- reduces pollution and accident related health care costs;
- minimizes global climate change; and
- provides increased transportation choice.

4.0 CONCLUSION

Although the City of Burnaby has an active multi-program employee trip reduction program that offers discounted monthly transit passes to employees, the current federal tax legislation works against this transit "incentive". Within both the Burnaby Official Community Plan and the Burnaby Transportation Plan, the City of Burnaby recognizes the need to promote and support transit use to increase travel choice, reduce the environmental impact of transportation and encourage liveable communities. Moreover, TransLink's recently released draft Strategic Transportation Plan sets some aggressive targets for increased transit ridership within the region. TEI has proven to be a powerful tool in influencing travel behaviour based on recent experience in the United States and could offer significant environmental and livability benefits for the Lower Mainland and specifically the City of Burnaby if adopted by the federal government. It is an appropriate time for the City of Burnaby to encourage the federal government to implement the TEI as an effective means to increase public transit use.


D.G. Stenson, Director
PLANNING AND BUILDING

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cc City Manager
Director of Engineering