

## The Rationale

### 1) GST

#### **2/3 of 1% of Federal GST** (estimated at \$62 million)

- Sales tax is appropriate for funding certain city services. Sales tax broadens the tax base to include non-residents who benefit from city services, is a more progressive form of taxation (in comparison to fuel and property taxes) and provides growth revenue, linked to economic prosperity.
- A large ask from the Federal government reflects the direction received from Winnipeggers and The Conference Board of Canada's projections that the Federal government is in a stronger financial position relative to Provincial governments.
- 85% of Winnipeggers support "a portion of federal sales tax being used to support city services." (New Deal poll, December 2003)

### 2) FUEL TAX – OPTION A

#### **3 cents of existing Provincial fuel tax collected in Winnipeg.** (estimated at \$33 million)

- Fuel tax is a funding source that can be directly tied to road infrastructure.
- Winnipegger's currently pay \$122 million in provincial fuel tax yet the City only receives \$10 to \$15 million in road funding from the Province.
- 83% of Winnipeggers support "a portion of current gasoline tax to help pay for maintaining and repairing roads." (New Deal poll, December 2003)

#### **New 3 cents province-wide fuel tax** (\$33 million collected in Wpg, \$27 million in rest of MB)

- A new fuel tax would have the users pay for transportation infrastructure renewal and would encourage more environmentally friendly behaviour
- A province-wide fuel tax would provide additional revenue for the Province.
- 63% of Winnipeggers support "an increase in gasoline tax of 3 cents a litre if it was devoted to the repair and upgrading of city streets." (New Deal poll, December 2003)

### FUEL TAX – OPTION B

#### **6 cents of existing Provincial fuel tax collected in Winnipeg** (estimated at \$66 million)

- A transfer of the current tax provides a cost neutral option for those who felt this was critical given the overall tax burden and addresses Provincial concern regarding no new taxes
- A transfer is consistent with the Provinces commitment that 100% of Provincial taxes on fuel be used for transportation infrastructure. It apportions a fairer share to Winnipeg which, unlike other municipalities in Manitoba, is responsible for construction and maintenance of Provincial highways within the city

### 3) **INCOME TAX SHARING**

**Convert all Provincial grants (\$139 m) to formula based income tax sharing.** (Initial net impact: \$ 0 m)

- The current income tax sharing arrangement (PMTS) is unique in Canada and a demonstration of leadership in Provincial-Municipal relations. The model allows both governments to be more accountable and transparent.
- Income tax is a progressive form of taxation that is linked to growth in the economy and makes sense for funding services that support social well-being such as ambulance, libraries, community health and social support, etc.
- 82% of Winnipeggers support “a portion of current provincial income tax being used to support city services.” (New Deal poll, December 2003)

### 4) **PROPERTY TAXES**

**4% reduction in property tax followed by 5 additional years of tax freeze** (estimated at \$15 million)

- There is an over-reliance on property taxes by Canadian cities. Property taxes are a regressive form of taxation and, where viable, should be limited to funding property related services.
- Low property tax encourages economic growth, home renovations and home ownership.
- 59% of Winnipeggers support “reducing property taxes and shifting to other forms of taxation and fees.” (New Deal poll, December 2003)

### 5) **EFFICIENCIES FROM REORGANIZING FACILITIES** (estimated at \$10 million)

- With an investment in new facilities, the City can implement greater efficiencies.