

## CONTEXT

Canadians took almost 2.4 billion rides on the nation's public transit systems in 2014. That's an increase of 29% in the past ten years. Despite these impressive numbers, traffic congestion in Canada's major cities gets worse by the year and the vast majority of trips continue to be made by private vehicle. New investments are needed to keep Canada's cities moving while helping to reduce smog and achieve climate change goals.

## ISSUE 1: PUBLIC TRANSIT FUNDING

While most provinces and cities make investments in public transit infrastructure (e.g., new subways, light rail transit, and low or zero emission buses), until now there has been no federal dollars specifically targeted for these projects.

Starting in the 2017–18 budget year, the Conservative government proposes to begin directly funding major public transit infrastructure projects in Canadian cities. Federal funding will start at \$250 million in 2017–18, growing to \$500 million in 2018–19, and then to \$1 billion in 2019–20 and subsequent years. The federal government contribution is capped at no more than 25% of the overall project cost and is conditional on public transit infrastructure being built using Public-Private Partnerships (P3s). The federal NDP recently announced it would invest \$1.3 billion annually for 20 years with fewer strings attached compared to the Conservative plan.

## ISSUE 2: MAKE THE PUBLIC TRANSIT TAX CREDIT REFUNDABLE

The Public Transit Tax Credit was introduced by the federal government in 2006, one of a number of boutique tax credits introduced by the Harper government. These credits have made the tax system much more complex, but there is little evidence that they are achieving their stated goals. The Public Transit Tax Credit, for example, has led to more riders purchasing monthly transit passes (which are eligible for the credit), compared to buying individual trip tickets (which are not), but it has not led to an increase in overall transit ridership.

Currently, the federal Public Transit Tax Credit is non-refundable. Transit riders with the proper documentation can claim a credit of 15% against federal income taxes owed. As a result, tax filers with high incomes tend to derive more benefit from the Public Transit Tax Credit than low or middle income tax filers.

## QUESTIONS

- Significant funds are needed to fill Canada's infrastructure gap. What is your party's plan for funding needed public transit infrastructure?
- What level of federal funding is your party willing to commit? And in what timeframe?
- Will your party require that infrastructure projects be built using P3s?
- Will your party make the federal Public Transit Tax Credit refundable like the GST Credit?

## RESOURCES

For more information and additional fact sheets in this series: <http://spno.ca/canada-votes-2015>

