

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON  
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT  
RAPPORT

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Our File/N/Réf. 07-97-0007  
Your File/V/Réf.

DATE 26 August 1997

TO/DEST. Transportation Committee

FROM/EXP. A/Co-ordinator

SUBJECT/OBJET **R.M.O.C. RESOLUTION RE: DEDICATING PROVINCIAL  
FUEL TAXES FOR HIGHWAY MAINTENANCE AND  
CAPITAL IMPROVEMENT**

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### **REPORT RECOMMENDATION**

**That the Transportation Committee receive this report for information.**

### **BACKGROUND**

Attached please find a copy of correspondence dated July 23, 1997 to the Regional Clerk from the Assistant Deputy Minister, Policy and Planning Division, Ontario Ministry of Transportation, relative to the above-noted matter. The Regional Chair has requested this matter be placed on the Agenda for information.

You may recall that Regional Council considered this matter at its meeting of 12 Feb 97 in connection with Transportation Report 44, Item 3.

This material is respectfully submitted.

*Approved by*  
*M. J. Beauregard*

July 23, 1997

Ms. Mary Jo Woollam  
Regional Clerk  
Regional Municipality of Ottawa-Carleton  
Ottawa-Carleton Centre, Cartier Square  
111 Lisgar Street  
Ottawa, Ontario  
K2P 2L7

OTTAWA CARLETON REGIONAL CLERK'S DEPT	
JUL 28 1997	
Received	
FILE #	07-97-0007
DOC I.D. #	07-1921
ACTION TAKEN	Council corep.
T.M.J.W./B.O.G.	

Dear Ms. Woollam:

The Honourable Al Palladini, Minister of Transportation, asked me to respond to your letter of February 19, 1997, concerning your council's resolution to dedicate provincial fuel taxes for highway maintenance and capital improvements. Please accept my apologies for the delay in replying.

The Minister of Finance has clearly stated that dedicating tax revenues to specific expenditures such as transportation, could ultimately restrict the government's ability to set and meet the full range of economic and social policy priorities. Dedicated tax revenues do not necessarily correspond with the amount expenditure actually required to efficiently run a given program. It can lead to the misallocation of revenue in the event that dedicated taxes provide more, or less, funding than actual program needs.

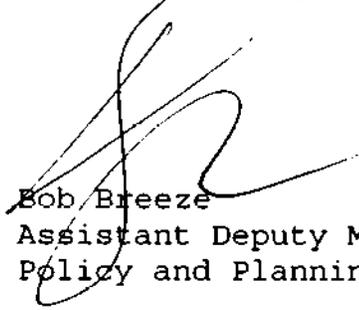
To ensure municipalities have the tax room they need to manage local responsibilities, including local transportation, the province will remove 50 per cent of education costs (\$2.5 billion per year) from residential property taxes. The province will also provide municipalities with \$225 million to address needs associated with the January 1, 1998 transfer of approximately 3,400 km of highways which primarily serve local needs.

The government will consult with municipalities on the design of two transitional funding sources, the \$500 million per year Community Reinvestment Fund and the \$800 million Municipal Capital Operating Restructuring Fund (MCORF). Municipalities will receive \$200 million in MCORF funding to "seed" their capital reserves for other local transportation services such as transit, ferries and airports.

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I hope you will agree that the government is bringing forward a very comprehensive financial strategy to help municipalities meet their responsibilities for local roads and other local transportation assets, for both the transitional period and long term. The ministry will focus our resources on highways that clearly serve the broader provincial interest.

Yours sincerely,



Bob Breeze  
Assistant Deputy Minister  
Policy and Planning Division

cc: Hon. Ernie Eves, Minister of Finance