



City of Hamilton Report for Consideration

To: Chair and Members
Audit, Finance and Administration Committee

Date: June 12, 2025

Report No: FCS25029

Subject/Title: City of Hamilton / Ministry of Transportation 2024-25
Dedicated Gas Tax Funding Agreement

Ward(s) Affected: City Wide

Recommendations

- (a) That Appendix “C” to Report FCS25029, being a By-law To Authorize the Signing of an Agreement between the City of Hamilton and the Ministry of Transportation Related to Funding Provided Under the Dedicated Gas Tax Funds for Public Transportation Program, **BE APPROVED**; and
- (b) That upon the passing of Appendix “C” to Report FCS25029, being a By-law To Authorize the Signing of an Agreement between the City of Hamilton and the Ministry of Transportation Related to Funding Provided Under the Dedicated Gas Tax Funds for Public Transportation Program, staff **BE DIRECTED** to forward a certified copy of the By-law, together with two copies of the signed Letter of Agreement, to the Ministry of Transportation.

Key Facts

- The City of Hamilton is eligible to receive \$12,389,845 in provincial funding as part of the 2024-25 Dedicated Gas Tax Funds for Public Transportation Program (PGT).
- The 2024-25 PGT amount is the same amount that was provided to the City in the previous 12-month period.
- Payments of dedicated gas tax funds will only be made after receipt of the letter of agreement, provided by the Ministry to the municipality, signed in accordance with the by-law(s) and a copy of the by-law(s).
- The City of Hamilton uses PGT to offset operating costs in the Transit budget.

Financial Considerations

Ratification of the Letter of Agreement is a condition of the City of Hamilton becoming eligible for an estimated \$12,389,845 in provincial funding relating to 2024-25 as part of the 2024-25 Dedicated Gas Tax Funding program. In 2025, \$19,041,000 in Provincial Gas Tax funds are being utilized to offset increased operating costs in the Transit budget.

Background

In 2013, the Province of Ontario moved forward with its commitment to make Gas Tax funding permanent. A portion (2 cents per litre) of the provincial gasoline tax revenue is dedicated to municipalities for public transportation. The 2024-25 Program year runs from April 1, 2024 to March 31, 2025. The Ontario government is investing over \$380 M to help 148 municipalities improve local transit through the 2024-25 Gas Tax program. For 2024-25, municipal allocations have been maintained at 2023-24 levels. The funding can be used to expand service hours, increase routes, purchase new vehicles and improve accessibility to increase transit ridership. As part of that commitment, the Province of Ontario, under the Dedicated Gas Tax Funds for the Public Transportation Program, is providing funding in the amount of \$12,389,845 to the City of Hamilton for 2024-25 as per the Letter of Agreement attached as Appendix "A" to Report FCS25029.

Analysis

Under the Dedicated Gas Tax Funds for the Public Transportation Program, funding allocated is based on 70% transit ridership and 30% municipal population with the requirement that funding received be deposited into a dedicated reserve.

The purpose of the Program is to provide dedicated gas tax funds to Ontario municipalities to support local public transportation services and to increase overall ridership through the expansion of public transportation capital infrastructure and levels of service.

Under the terms and conditions of the attached Agreement, a by-law is required to authorize the Mayor and City Treasurer to sign the "Letter of Agreement between the City of Hamilton (the "Municipality") and His Majesty the King in right of the Province of Ontario, as represented by the Minister of Transportation for the Province of Ontario (the "Ministry"), sets out the terms and conditions for the provision and use of dedicated gas tax funds under the Dedicated Gas Tax Funds for Public Transportation Program (the "Program")".

Alternatives

None.

Relationship to Council Strategic Priorities

The dedicated gas tax funds from MTO received through Report FCS25029 support public transportation and directly or indirectly the following Council Strategic Priorities:

1. Sustainable Economic & Ecological Development
 - 1.1. Reduce the burden on residential taxpayers
 - 1.2. Facilitate the growth of key sectors
 - 1.3. Accelerate our response to climate change
2. Safe & Thriving Neighbourhoods
 - 2.2 Make sure people can safely and efficiently move around by foot, bike, transit or car

Previous Reports Submitted

Two recent annual reports include:

- FCS23043 - [City of Hamilton / Ministry of Transportation 2022-23 Dedicated Gas Tax Funding Agreement](#) – March 22, 2023 General Issues Committee
- FCS24032 - [City of Hamilton / Ministry of Transportation 2023-24 Dedicated Gas Tax Funding Agreement](#) – May 1, 2024 General Issues Committee

Consultation

None.

Appendices and Schedules Attached

Appendix “A” to Report FCS25029 – Letter of Agreement between the City of Hamilton and the Province of Ontario

Appendix “B” to Report FCS25029 – 2024/25 Guidelines and Requirements

Appendix “C” to Report FCS25029 – 2025 City of Hamilton / Ministry of Transportation Gas Tax Funding Agreement By-law

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