



City of Hamilton

Report for Consideration

To: Chair and Members
Audit, Finance and Administration Committee

Date: May 7, 2026

Report No: FCS26043

Subject/Title: City of Hamilton / Ministry of Transportation 2025-26
Dedicated Gas Tax Funding Agreement

Ward(s) Affected: (City Wide)

Recommendations

- (a) That Appendix “C” to Report FCS26043, 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 FCS26043, 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 a signed copy of the 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 2025-26 Dedicated Gas Tax Funds for Public Transportation Program (PGT).
- The 2025-26 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 scanned 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 2025-26 as part of the 2025-26 Dedicated Gas Tax Funding program. In 2026, \$18,925,000 in Provincial Gas Tax funds are being utilized to partially offset operating costs in the Transit budget.

Background

In 2013, the Province of Ontario moved forward with its commitment to make Gas Tax funding permanent. The 2025-26 Program year runs from April 1, 2025 to March 31, 2026. The Ontario government is investing approximately \$380 M to help 150 municipalities improve local transit through the 2025-26 Gas Tax program. For 2025-26, municipal allocations have been maintained at 2024-25 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 2025-26 as per the Letter of Agreement attached as Appendix “A” to Report FCS26043.

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.

By signing the attached 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"), the head of Council or authorized delegate and Clerk or authorized delegate with authority to bind the Municipality consent to be bound by the terms and conditions of it. In addition, they agree to provide a municipal by-law and resolution of the Municipality to provide ongoing Public Transportation Services and enter into the Agreement.

Alternatives

No alternatives are recommended.

Relationship to Council Strategic Priorities

The dedicated gas tax funds from MTO received through Report FCS26043 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

[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](#)

[FCS25029 - City of Hamilton / Ministry of Transportation 2024-25 Dedicated Gas Tax Funding Agreement - June 12, 2025 Audit, Finance and Administration Committee](#)

Consultation

None.

Appendices and Schedules Attached

Appendix “A” to Report FCS26043 – Letter of Agreement between the City of Hamilton and the Province of Ontario

Appendix “B” to Report FCS26043 – 2025/26 Guidelines and Requirements

Appendix “C” to Report FCS26043 – 2026 City of Hamilton / Ministry of Transportation Gas Tax Funding Agreement By-law

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