

# BOOST LEVY ON GASOLINE BY 2 CENTS

**Municipalities to Get  
Share, Amounting to  
Half a Mill, Hepburn  
Tells Legislature**

## ACT TO BE CHANGED

Premier Hepburn yesterday gave formal notice of a two-cent rise in the present Ontario gasoline tax of six cents.

By budgetary direction, which will be buttressed by an amendment to the Gasoline Tax Act, the announced increase will go into effect at midnight tonight, March 31. All gas sales after that hour will be subject to the new rate.

Long considered by the government, widely forecast by press and politician and bitterly criticized from within Liberal and Opposition ranks alike, this additional impost provided the main feature of Mr. Hepburn's fifth financial presentation since assuming office as Prime Minister and Provincial Treasurer.

Even as he was delivering his telling policy declaration, law clerks were completing the draft of the required law change, and the Treasury Department was keeping the wires hot with official notification to all authorized collectors of the tax jump decided upon.

### Mill for Municipalities

Out of the \$6,000,000 in revenue which this jump is potentially capable of producing, \$1,500,000—"being at the rate of one-half of one mill on the general assessment"—will be handed over to the municipalities. This sum, in addition to the one mill subsidy which was inaugurated two years ago, and which is being continued, would, the Premier stressed, provide a cash contribution to the municipalities for the year ahead of \$4,500,000. And that \$4,500,000 coupled with the \$2,000,000 that would be required to meet the full cost of the care of indigent tubercular patients would more than absorb the additional gasoline revenue.

Mr. Hepburn held that the gasoline tax offered the most equitable means of taxation of motorists possible. He held that increasing demands for more and better roads could not be satisfied "without those who receive the benefits being prepared to bear their share of the cost." He challenged the accuracy of a newspaper campaign conducted by one of the large oil companies against the government's move, and bluntly advised them that if they were as solicitous for the welfare of Ontario motorists as they appeared to be they would share their profits with their customers "by absorbing at least one-half of this increase in tax." And for the benefit of the company and its patrons, alike, he said:

"Every dollar of gasoline tax collected by this province has been handed over to the motorists by way of improved and extended highways and maintenance costs and the cost of servicing the highway debt of the province."

Mr. Hepburn dared any member of the House to say whether he, as a treasurer of Ontario, would strike from the estimates the items of expenditure for municipal subsidies and indigent tubercular care, and as a consequence saddle that additional burden on those who pay realty taxes.

### "Answer is 'No.'"

"I say the answer is 'No,' he asserted, "and I doubt if any public-spirited motorist, fully informed of this whole situation, would suggest for a moment that to save him this increase in gasoline tax the province should withhold these benefits from the municipalities and the overburdened owner of real estate."

Commencing his gas-tax pronouncement, the Premier said: "At the present rate of taxation on the basis of average operation of 9,000 miles per year, with gasoline consumption at the rate of one gallon every eighteen miles, taxation in Ontario and Quebec would amount to \$30 with \$35 shown in British Columbia.

"The gasoline tax alone, however, does not disclose the total tax paid by motorists. Using as an example a six-cylinder passenger car weighing between two and three thousand pounds, in Ontario a registration fee of \$7 to \$10 is charged, in Quebec the fee varies from \$21 to \$28, while in British Columbia a flat fee of \$25 is collected. Adding these to the average gasoline tax figures and using the maximum total in each case, it is found that present taxation in Ontario on each vehicle is \$40 a year, in Quebec it is \$58, and in British Columbia it is \$60. Even this does not provide an accurate picture. The \$40 paid by an Ontario motorist makes available to him 50,900 miles of surfaced highway. The Quebec motorist's \$58 gives him access to only 17,366 miles of surfaced highway, while the British Columbia motorist pays \$60 for the use of only 9,610 miles of surfaced highway.

### Most Equitable Means.

"It has been the conviction of this government that the gasoline tax offered the most equitable means of taxation of motorists possible. The consumption of gasoline depends largely upon the weight of a vehicle and the number of miles operated. Thus those who make greatest use of the roads are also those who use the most gasoline. Registration fees offer an unequal basis of taxation, since they usually take into consideration only the size of a vehicle, with the result that a vehicle travelling 1,000 miles in a year is taxed the same amount as a similar vehicle operated 10,000 miles.

"The reduction in registration fees brought about some two years ago was designed to satisfy the demands of motorists in Northern Ontario and some sections of rural Ontario least served by our good roads system, where it was claimed such motorists could only utilize the roads for motor traffic for a short period of the year. As a matter of fact, the Leader of the Conservative Party in the last provincial general election openly advocated that in respect to such cases a part-yearly license fee should be issued. This government remedied the situation by reducing the registration fees to a nominal amount, which makes for better administration and supervision of the licensing of such cars.

### Attraction for Tourists.

"This province, because of its geographical position and the great attraction that Ontario holds for tourists, is in the position of being compelled to furnish arteries of communication for the great motoring population of the continent of North America. Since November 1, 1934, we have constructed highways at a cost exceeding \$106,000,

000 apart from road maintenance, and the cost of servicing this increased investment at 3 per centum exceeds \$3,000,000 annually. I use the term 'investment' advisedly because, in addition to furnishing new and better highways for the Ontario motorists and adding to our transportation facilities within the province, greater encouragement has been given to the tourist trade which, it is believed, will this year

bring business to the Province of Ontario to an amount which will probably exceed \$150,000,000. Apart from that, the motorists in such sections served by our most excellent highway system are now demanding and enjoying additional services in the way of snow removal throughout the entire winter period, entailing costs amounting to hundreds of thousands of dollars, particularly in respect to a season such as the one through which we have just passed. These demands cannot be satisfied without those who receive the benefits being prepared to bear their share of the cost.

"The whole situation resolves itself into this problem — as to whether Ontario, wedged as it is into that densely settled section of the United States, believes it advisable to construct these highways which provide transportation facilities for a population greatly in excess of our own, which at the same time serve to attract these American tourists who contribute to the general prosperity of this jurisdiction.

### In Proportion to Use.

"In order to equalize the increasing cost of providing and maintaining highways the government has refrained from any thought of increasing registration fees, but adheres to the policy of making those who use the roads pay in proportion to the services provided. Therefore, in order to make a proper assessment against all who utilize our highways, the government proposes to increase the gasoline tax.

"The increase in the gasoline tax rate will be from six cents to eight cents per imperial gallon, and this change will come into effect at midnight, March 31, 1939, and all sales made thereafter, will be subject to the new rate. All gasoline tax collectors under agreement will be notified by the Department of Highways by telegram today of the proposed changes in the tax.

"Out of the increased revenue from the gasoline tax the government proposes to hand over to the municipalities the sum of \$1,500,000, being at the rate of one-half of one mill on the general assessment, in the same manner as the one-mill subsidy is presently paid. This, in addition to the one-mill subsidy, will provide a cash contribution to the municipalities of Ontario from the provincial treasury in this year the sum of \$4,500,000.

### Advice to Oil Firms.

"Before I finish discussing this item I take this opportunity of referring to a newspaper campaign conducted by one of the largest oil companies in the Province of Ontario. Passing over some of the statements made, which only tell a part of the true story, I offer this reply to that refining company and to others. Every dollar of gasoline tax collected by this province has been handed over to the motorists by way of improved and extended highways and maintenance costs and the cost of servicing the highway debt of the province.

"How much of the profits of the company referred to have been returned to the motorist by way of a reduced price of gasoline and oil? And further, if the company referred to is so solicitous for the welfare of motorists, will it share its profits with its customers by absorbing at least one-half of this increase in tax? Judging from reports that I have seen in the past of the