

USING BC CARBON TAX REVENUES TO FUND TRANSIT PROJECTS

Issue

Given the pressing need to tackle climate change and promote sustainable transportation options, it is strongly believed that allocating funds towards transit initiatives based on population and prioritizing areas with the greatest need will significantly contribute to achieving our environmental and transportation objectives. Transportation remains one of the biggest challenges faced by businesses today. Despite paying into carbon tax, businesses are not fully benefiting from it. By allowing transit authorities to invest carbon tax revenue in projects and services that are utilized by the workforce, businesses will directly benefit from the outcome.

Background

B.C.'s carbon tax puts a price on carbon pollution, providing a signal across the economy to reduce emissions while encouraging sustainable economic activity and investment in low-carbon innovation. The carbon tax applies to the purchase and use of fossil fuels and covers approximately 70% of provincial greenhouse gas emissions.

In Canada, the federal government implemented a coordinated nation-wide carbon price, beginning at \$20 per tonne of carbon dioxide equivalent emissions (tCO₂e) in 2019 and rising to \$65 per tonne as of April 1, 2023. All provinces and territories must maintain a carbon price of at least \$65 per tCO₂e in 2023. As of 2019, over 70 jurisdictions, representing about 20% of global GHG emissions, have put a price on carbon.

On April 1, 2024, B.C.'s carbon tax rate rose from \$65 to \$80 per tCO₂e. To protect affordability, revenues generated by the new carbon tax increases will be directed to carbon tax relief for British Columbians through enhancements to the Climate Action Tax Credit. Government also offers several carbon tax programs for businesses and local governments.¹

Starting April 2024, the Province will switch to a new made-in-B.C. output-based pricing system (B.C. OBPS) for large industrial emitters, which prices emissions that exceed specific limits. The B.C. OBPS will ensure emissions reductions for industry continue while providing flexible options, such as earned units and carbon offsets, to meet compliance obligations.

The carbon tax is designed to incentivize the reduction of greenhouse gas emissions. One of the best ways to reduce greenhouse gas emissions is to stop using passenger vehicles and begin using transit. However, for people to get out of passenger vehicles and use transit, we need to ensure transit is adequately funded.

Transit infrastructure is unable to keep up with the pace of growth. TransLink data shows ridership rebound has varied across the Lower Mainland, with Surrey and Langley experiencing a 15 per cent increase since 2019 and Maple Ridge and Pitt Meadows showing a six per cent uptick. TransLink said the 15 per cent increase in Surrey and Langley has outstripped its 12 per cent increase in bus service, to date.²

¹ <https://www2.gov.bc.ca/gov/content/environment/climate-change/clean-economy/carbon-tax/programs>

² <https://biv.com/article/2023/06/translink-reports-speedy-return-riders-2023-warns-overcrowding>

Allocating the revenues generated from this tax to transit projects aligns with the broader objective of reducing carbon emissions associated with individual vehicle use, thereby contributing to a cleaner and more sustainable environment.

But in some of the region's more densely populated cities, transit continues to show significant from 2019, including Vancouver (24 per cent), Richmond (11 per cent) and Burnaby and New Westminster (22 per cent). The North Shore remains 16 per cent below 2019 levels.³

With Greyhound pulling out of BC in 2018, getting around BC by transit can range from impossible to wildly inconvenient, with multiple fares spanning different public and private operators. Stronger transit connections across BC would have a big impact on tourism. The last Provincial Transit Plan, published in 2008, was remarkably short on detailed content but nonetheless promised \$14 billion by 2020 for new rapid transit. The plan aimed to double transit ridership and increase transit use compared to other forms of transportation (transit mode share) and was linked to new climate action initiatives to cut greenhouse gas emissions. Much of that plan has since been implemented, although some pieces are only now under construction, and others incomplete (Skytrain to UBC, for example).

The lack of affordable transit options throughout BC needs to be addressed. To ensure that the areas with the greatest needs are funded, we need targeted funding based on need such as data that indicates greater transit ridership levels when compared to pre-pandemic era and on a per-capita basis. Allocating resources to transit projects where they are most needed allows for strategic investments in regions facing the greatest transportation challenges. This approach addresses congestion issues, promotes accessibility, and enhances overall transit infrastructure to benefit communities with the highest demand.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Allocate carbon tax revenues for funding transit projects and transit operations in British Columbia on a per-capita basis that prioritizes regions with the most significant transit needs.

Submitted by the Surrey Board of Trade

³ <https://biv.com/article/2023/06/translink-reports-speedy-return-riders-2023-warns-overcrowding>