

Confusion reigns over 0.5-per-cent transportation funding tax

Both Yes and No sides want the province to clarify how a transit tax will be applied well before the plebiscite

BY KELLY SINOSKI, VANCOUVER SUN JANUARY 29, 2015



Car dealers say the proposed tax could have a huge impact on local dealerships, especially if people go outside the region to buy a vehicle, or want to buy a fleet of cars for a company.

Photograph by: Keith Srakocic, AP

With just six weeks to go before Metro Vancouver residents receive their ballots for an upcoming transportation funding plebiscite, confusion continues to reign over the proposed 0.5-per-cent “congestion improvement tax.”

The confusion, which includes questions over how the tax will be administered and to what it would apply, is raising fears of tax creep among local retailers and, in some cases, bolstering the No campaign.

The Retail Council of Canada and B.C. Restaurant and Food Services Association, for instance, say they will vote No in the plebiscite, which is slated for a mail-in ballot between March 16 and May 29, unless the provincial government scraps the idea of a separate “congestion tax” in favour of adding the 0.5 per cent to the existing provincial sales tax in Metro Vancouver.

This is what Metro Vancouver mayors’ council had initially proposed last month, but the province insisted there be a separate “congestion tax” dedicated to Metro Vancouver transit projects. The

province said Thursday it is considering reversing its decision and blending the two taxes.

“The retailers’ suggestion of a single tax line of 7.5 per cent is under consideration as work continues to design the best way to collect revenues required to fulfil the mayors’ plan for congestion improvements in Metro Vancouver,” the finance ministry said in an emailed statement.

Retailers are opposed to adding a third tax line, on top of the PST and GST, on their receipts saying it could create logistical problems for businesses and result in customers leaving to shop in cities outside Metro Vancouver. Others also question how the tax would affect people who live in Metro Vancouver and buy big ticket items such as cars outside the region.

“We’re retailers so we’re never going to be in favour of a sales tax,” said Greg Wilson, director of government relations with the Retail Council of B.C. “This one is more alarming, partly because of the precedent and because there are so many levels that make it difficult for retailers. We feel retailers deserve to know more.”

The situation is compounded by the fact the province has not made exemptions to the proposed congestion tax, which is “intended to match the PST as closely as possible — as long as it’s administratively feasible,” the ministry’s email stated.

The PST covers the purchase of new or used goods in B.C., software, accommodation and telecommunication services, as well as higher-taxed items such as cars, boats and alcohol.

The 0.5 increase would mean vehicles would be taxed at 12.5 per cent and alcohol at 10.5 per cent respectively, pushing the tax on a \$40 bottle of wine, for instance, up 60 cents to \$4.20.

Ian Tostenson, president and CEO of B.C. Restaurant and Food Services Association, said he’s also concerned the proposed congestion tax would also be in addition to the five-per-cent goods and services tax that is charged on liquor sold in restaurants and bars. This means a \$40 bottle of wine, taxed at 15.5 per cent, would cost another \$6.20.

“That’s getting expensive. We’re quite concerned about that because there’s always been a concern about alcohol prices in general,” Tostenson said. “The sector has so many cost pressures right now.”

Tostenson said his members have not yet taken a Yes or No side stance, noting “until they come out with some clarifications we’re going to stand on the sidelines.” He said he not even sure if Point-of-Service (POS) registers can even accommodate a third tax.

Max Cameron, a political scientist with the University of B.C., said it makes sense to have a single tax — with the 0.5 per cent applying only to Metro Vancouver — to avoid tax creep among residents who are feeling tapped out.

“The lesson from the GST debacle is people don’t want to see this and be reminded every time they buy a pack of gum,” he said. “Really it’s too bad because what we’re talking about is a small tax that’s being applied to the public good. The more our decisions are driven by the income in our pockets, the harder it is to put a value on the price of the public good.”

Blair Qualey, president and CEO of the New Car Dealers Association of B.C., said while he supports a

good transportation and transit network for Metro Vancouver, the proposed tax could have a huge impact on local dealerships, especially if people go outside the region to buy a vehicle, or want to buy a fleet of cars for a company.

“It’s fraught with all sorts of challenges,” he said. “Ours is a very competitive industry. For our guys, most have said ‘look I’m going to eat this.’ In a business with a very small margin, something has to give.”

Qualey said the province must make the tax simple and easy to manage if it is to succeed. He said the province has said it will clarify the situation before the ballot goes out.

The finance ministry noted in its email that additional work is being done to clarify the design of the tax, noting “the mayors are simply at the stage of asking their citizens about the proposed tax as a concept.”

Iain Black, of the Better Transit and Transportation Coalition, which is promoting the Yes campaign, said he shares the retailers’ concerns, noting for some the move will be inconsequential but for others, especially small businesses with older POS systems, it could be a harder hit.

“It’s very understandable that small businesses are all trying to get a clear message of where this tax applies and where it doesn’t,” he said. “The government is working on that; hopefully we will get that sooner rather than later.”

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17 Comment(s)



[Stephen Green](#)

30 January 2015

05:38

And the Province has announced that the Metro Vancouver so called congestion tax will apply to the same things as the current PST. This tax treatment is bad and sets a terrible precedent.

You can bet a good number of folks will go outside Metro to purchase appliances, vehicles and such. Vancouver Metro is already highly taxed for transportation services, and this new one without any end just adds to that misery.

The Referendum (Plebiscite) must result in a 'NO' vote.

Was it useful? [Yes](#) | [No](#) | [Report abuse](#)

[Willy P Johnson](#)

30 January 2015

06:15

To queue or not to queue,

That is congestion.

Was it useful? [Yes](#) | [No](#) | [Report abuse](#)

[TARRY GRIEVE](#)

30 January 2015

06:25

To add to the confusion, I have heard that there is no guaranteed use of the tax. Rather what was first said to be the specific new projects has been changed to suggestions with decisions to be made later. Also there has been a withdrawal of independent monitoring to ensure proper expenditure.

The issue of people leaving the area to buy big ticket items is easily solved by using place of residence for example when registering a car.

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[Stumps R us](#)

30 January 2015

07:13

It will be raised to 2-3% within 5 years if approved. Was it useful? [Yes](#) | [No](#) | [Report abuse](#)

[Billb](#)

30 January 2015

07:18

And don't let the yes side scare you with nothing will be done if the tax isn't passed. They will still build some of the projects but with more over site, if they win the whole mess will be underway if needed or not.

Vote no!

Was it useful? [Yes](#) | [No](#) | [Report abuse](#)

[WaskesiuT](#)

30 January 2015

07:33

This mess will be written up years from now as an example of how NOT to do things.

What has been demonstrated so far is that incompetence is contagious.

<http://www.notranslinktax.ca/> Has to be a NO.

Was it useful? [Yes](#) | [No](#) | [Report abuse](#)

[cubby](#)

30 January 2015

07:44

vote NOWas it useful? [Yes](#) | [No](#) | [Report abuse](#)



[Northern Eagle](#)

30 January 2015

07:54

Quite the name for the new tax. What will they come up with next? Was it useful? [Yes](#) | [No](#) | [Report abuse](#)

[Westcoast](#)

30 January 2015

07:59

"what we're talking about is a small tax that's being applied to the public good." This is the attitude that I really dislike, people pretend this is the only tax we are paying and everything else is a given. As each layer of government applies this philosophy year after year we end up with tax freedom day moving to the fall. Sooner or later we have to put a stop to this constant tax creep. Was it useful? [Yes](#) | [No](#) | [Report abuse](#)



[Normie :-\)](#)

30 January 2015

08:09

Getting to be a tougher sell, by the hour! If the "Liberal Party of BC" were smart they'd disclaim it and fire the civil servants who dreamed it up. Was it useful? [Yes](#) | [No](#) | [Report abuse](#)

[abuse](#)

[North Vancouver District Public Library \(PQ\)](#)

30 January 2015

08:39

To me it's just more noise. The bottom line is that Translink has not demonstrated they can handle the money they have today. Until they do, there is no way I'm going to vote for any mechanism to give them more. Was it useful? [Yes](#) | [No](#) | [Report abuse](#)

[Shogun19](#)

30 January 2015

08:40

NO....paying enough already for transportation. When they collect from everyone who is NOT paying what they should, fire their overpaid staff (like the \$100K security) and run the system properly, then come back to me. Yesterday I took Hwy 1 eastbound from Willingdon and traffic was fine with all the free lanes. At the Hwy 7 exit, everyone left and a few of us continued over the Port Mann....and paid for all those Coq/Maple Ridge etc residents easy commute. And now, you want more from me.....NO.

Was it useful? [Yes](#) | [No](#) | [Report abuse](#)



[The Green Bastard](#)

30 January 2015

09:04

if i lived in the big smoke and long steps is voting yes than i would definitely vote NO...it only makes cents...Was it useful? [Yes](#) | [No](#) | [Report abuse](#)



[Art Iskandid](#)

30 January 2015

09:20

In religion, or in war, when people are fired up - they do everything for the cause. But if you want to build a pipeline, and put out 15,000 pages about it, the objectors complain that you have said nothing.

Same goes for transit. A couple of million taxpayers want to know details about every route, every vehicle, every fare . . .

If the vote is "Yes," put me down as "Perplexed."

Was it useful? [Yes](#) | [No](#) | [Report abuse](#)



[mistereye](#)

30 January 2015

09:39

This group brings different perspectives, different reasons to the question. The whole plebiscite is as botched as Translink and provincial leadership. Vote No. Was it useful?

[Yes](#) | [No](#) | [Report abuse](#)



[Ricketty Rabbit](#)

30 January 2015

10:19

I'm switching to the "NO" side for reasons I'll write about in the next couple of days. Today's a busy day - I have deadlines to meet for people who support my luxurious lifestyle. ;-)

I have suggestions for how we could overcome "congestion" for a lot less money following on examples from other cities in the world who have already faced this challenge.

Was it useful? [Yes](#) | [No](#) | [Report abuse](#)

[Litho](#)

30 January 2015

10:20

If the yes vote should happen to win I can just see the high fiving at the Translink headquarters and the Big Bonuses for a job well done. The only answer is is a big fat NO.