

Tax on e-bikes makes no sense

Motorized mistreatment: Bicycles get a break on the PST. Fuel-efficient cars get rebates. But a bike with electric assist gets neither

The provincial government kindly kicked in \$1,500 toward the purchase of my last car. The money was my reward for choosing an unusually fuel-efficient vehicle (even if, as neither the government nor I knew at the time, my Volkswagen diesel turned out to be not so ecofriendly).



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LEIDENFROST/PNG FILES While conventional bikes are exempt from provincial sales tax, e-bikes are not.

But my last bicycle got not even a sales tax break, despite it being an even greener way to get around. The timing was wrong — it was purchased during the HST era (2010 to 2013), so it didn't get the seven per cent PST exemption that existed previously and that has since been reinstated.

And my newest bicycle? When it is delivered next week, the price will include 12 per cent tax — five per cent federal plus seven per cent provincial.

Why won't this bike get the reinstated exemption? Because I'm adding an electric assist motor, and this, under the arcane PST rules, makes the whole shebang taxable.

Which makes no sense. Very little Canadian data on e-bikes exists, but studies elsewhere suggest each bicycle with electric assist is likely to take more gasguzzling traffic off the road than one run solely on pedal power. European data shows e-bikes typically travel nearly twice as far each day as other bicycles. As well, travel times are cut by as much as 50 per cent, riders don't feel compelled to dress up in Lycra that enhances every bulge, and they are much less likely to arrive at their destination sweat-stained and smelling like anything but a rose.

These bikes aren't mini-motorcycles — most must be pedalled for the motor assist to kick in, and the amount of exertion required ranges from light on the flat or downhill to quite substantial going up a long, hard hill. So there are health benefits to e-bikes too, especially when they are ridden farther than conventional bikes.

The upshot is they can, and should, appeal to potential riders who won't consider a pedalpowered bike for reasons of stamina or time or need to look presentable.

And even though it is older riders who most often shell out the extra money to add a motor, e-bikes aren't simply for old duffers or people with mobility challenges.

Indeed, Richard Campbell, the executive director of the B.C. Cycling Coalition and a guy committed to getting around on two wheels, says he used to ride one daily between SFU and his home in Kits. Significantly, it cut his trip time from an hour and a half to just over one.

The Finance Ministry tells me the PST exemption for conventional bikes goes back to 1981, but the e-bike exemption was never intended to be permanent. It was introduced in 2008 as part of the government's climate plan, and had a sunset date in 2011. What would have been its full term expired during the HST era, and it wasn't renewed when the PST was reintroduced.

The rationale is sound for some time-limited tax exemptions, although perhaps not this one. For some such initiatives — for example, the period when energy-efficient appliances were getting a break — it can be argued that this sped the process of making energy-efficient choices dominant in the market. In the case of e-bikes, however, they are so far from market-dominant — only about five per cent of bikes on the road, according to Campbell's estimate — that this argument doesn't apply.

But reading between the lines of the what the ministry told me, the e-bike tax policy may not be cast in stone. The amount at stake isn't much in the context of a \$47-billion operating budget — \$100 to \$200 per buyer, but totalling well under \$1 million a year by my reckoning. And a ministry spokesman seemed to take pains to underline that tax policies like this are reviewed annually and are often responsive to public opinion.

No promise was stated or implied, but it sounded a bit like: Ask and it will be given.

And Campbell and the coalition are about to ask. They are gathering signatures on an online petition (bccc.bc.ca/electric) calling for a tax break on e-bikes, as well as substantially more investment in infrastructure to support biking, walking, in-line skating and the like.

More infrastructure spending is a tough call, depending on money available and other priorities. But the tax break on e-bikes should be an easy decision.