

BTAC Member Advisory August 26, 2009

Harmonized Sales Tax (HST) and Bicycles

How this affects bicycle consumers in British Columbia and Ontario What BTAC is doing about it and how you can help?

British Columbia and Ontario have announced that they will be harmonizing the collection of the provincial sales taxes and federal goods and services tax (GST) by 2010. The effect of the HST will be to eliminate the existing sales tax exemptions on bicycles and accessories thus raising consumer bicycle prices by 7% in British Columbia and 8% in Ontario.

The Bicycle Trade Association of Canada (BTAC) is actively engaging with both the British Columbia and Ontario governments with the aim of securing a countervailing policy that can foster investment and growth in the British Columbia and Ontario bicycle industries, lower costs to consumers and generally increasing cycling activity.

BTAC will be keeping members informed of our progress with both provinces in the coming weeks via email BTAC Member Advisories such as this one.

British Columbia

On March 9th 1981 the Government of British Columbia eliminated provincial sales tax on bicycles and bicycle accessories. The rationale for this initiative was that the policy was, "consistent with a healthier, quieter and more energy-efficient society."

In BC the introduction of HST will result in a real tax increase to BC cyclists on the most environmentally and healthy mode of transportation available today – this, in a province that has amongst the highest participation in cycling for both recreational and transportation purposes in Canada.

A tax increase on bicycles will undermine almost 3 decades of work that has led to BC being home to a huge base of active cyclists, the home of some of the world's coolest bike brands and best bike shops.

What BTAC is doing

On August 8th BTAC requested a meeting with the Honourable Colin Hansen, Minister of Finance. Here is what we said,

"Without a countervailing policy the introduction of HST in British Columbia will have the effect of increasing the price of bicycles and bicycle accessories by 7%. At a time when governments at all levels are introducing economic incentives for "green" transportation this will amount a tax increase on the greenest and healthiest mode of transportation available. The effect would be both environmentally and economically regressive.

Our industry would like to meet with you as soon as possible to discuss options for countervailing policies that would continue effective tax relief on bicycles and bicycle accessories and thus maintain a tax status for bicycles and bicycle accessories that has fostered investment and

growth in the British Columbia bicycle industry, lower costs to consumers and generally increased cycling activity.”

BTAC expects to be meeting with Minister Hansen soon and will be calling upon key BC suppliers and SBRs to attend that meeting as well.

What you can do

If you are a BC based supplier, Specialty Bike Shop or cyclist write or meet with your local MLA and write to the BC Government calling for continued tax relief on bicycles and bicycle parts and accessories:

The Honourable Colin Hansen
Minister of Finance
PO BOX 9048 STN PROV GOVT
Victoria, BC, Canada
V8W9E2
Fin.Minister@gov.bc.ca and Colin.Hansen.MLA@leg.bc.ca

The Honourable Shirley Bond
Minister of Transportation and Infrastructure
PO Box 9055
Stn Prov Govt
Victoria, BC, Canada
V8W9E2
Minister.Transportation@gov.bc.ca

Ontario

The Ontario Government introduced a Retail Sales Tax Exemption for Bicycles and Related Safety Equipment (“PST exemption on bicycles”) in November of 2007. This relief was to have expired on November 30th 2008 but was subsequently extended in the 2008 provincial budget to expire on December 31, 2010. The policy rationale for the exemption was, “...to encourage Ontarians to stay healthy and be active in their daily lives.”

As Canada’s largest province Ontario lags far behind other provinces such as Quebec and British Columbia in terms of coordinated cycling policy, cycling infrastructure (i.e. bike lanes) and overall incentives for cycling.

Since the announcement of the introduction of HST the Ontario Government has noted that in lieu of sales tax relief it is willing to develop a long-term provincial cycling plan that will see a portion of its \$1.2B in infrastructure investments channeled toward cycling infrastructure in Ontario.

BTAC agrees that given Ontario’s lack of cycling infrastructure this is the best approach for getting more people to ride their bikes more often in Ontario.

What BTAC is doing

On June 11th 2009 BTAC wrote to the Honourable Dwight Duncan, Ontario Minister of Finance. Here is what we called for,

- *“Allocation of provincial tax revenues directly to municipal cycling infrastructure projects (i.e. bike lanes and paths, bike lockers etc.); and*
- *Corporate tax concessions for private sector companies that undertake cycling related capital investments (i.e. the installation of bicycle lockers, showers and other cycling amenities in*

Ontario businesses) and/or offer employee cycling related allowances (i.e. bicycles, bicycle safety equipment, cycling specific clothing etc.)

We also noted that given Ontario lack of any investments in cycling in Ontario be ,

"...made in a systematic and reasoned way...through, "...a provincial cycling agency analogous to that of Quebec's Velo Quebec."

BTAC's key point is that if money is to be spent on cycling it should be done wisely and through a provincially sanctioned agency that can develop a sound investment plan and consult with all those that might be affected by or benefit from the plan.

The full letter to Minister Duncan can be downloaded at:

www.btac.org/about/advocacy/hst/030609_Dwight_Dunacn_HST.pdf

Since then BTAC has had several meetings with the Ontario Ministry of Transportation and will be consulting closely with the Ministry as it brings forward a policy package to promote and invest in cycling in Ontario.

What you can do

In the meantime if you are an Ontario based supplier, Specialty Bike Shop or cyclist write or meet with your local MPP and write to the Ontario Ministers below calling for a comprehensive Ontario Government program to invest in cycling in Ontario:

The Honourable Dwight Duncan
Minister of Finance, Minister of Revenue, Chair of Management Board/Treasury Board
Frost Bldg S, 7th Flr
7 Queen's Park Cres
Toronto, Ontario
M7A1Y7
dduncan.mpp.co@liberal.ila.org

The Honourable Margaret Best
Minister of Health Promotion
18th Flr
777 Bay St
Toronto ON M7A1S5
mbest.mpp.co@liberal.ola.org

The Honorable James Bradley
Minister of Transportation
Ferguson Block
3rd Flr
77 Wellesley St W
Toronto ON M7A1Z8
jbradley.mpp.co@liberal.ola.org

The Honourable Monique Smith
Minister of Tourism
Hearst Block
9th Flr
900 Bay St
Toronto ON M7A2E1
monique.smith@ontario.ca

The Honourable George Smitherman
Minister of Energy & Infrastructure, and Deputy Premier
Hearst Block
4th Flr
900 Bay St
Toronto ON M7A2E1
gsmitherman.mpp.co@liberal.ola.org

About the Bicycle Trade Association of Canada (BTAC) - The Bicycle Trade Association of Canada (BTAC) is the national voice of cycling in Canada and the hub of the Canadian bicycle industry. BTAC advocates, builds partnerships, promotes trade and commerce and seeks to motivate, unite and inspire Canadians to make bicycling the pre-eminent form of transportation and recreation in Canada. See www.btac.org for more information.