

The government of Quebec should consider splitting the gasoline tax into two components, introducing more transparency into the use of revenues collected from driver's licence and automobile registration fees and, eventually, implementing variable-rate tolls to combat traffic congestion. In the short, medium, or long term, these measures would allow the system of funding of Quebec's roadway infrastructure to be more transparent and consistent.

A "GREEN" TAX AND A "PAVEMENT" TAX

In the short term, the gasoline tax could be split into two components in order to increase the transparency of the use of funds raised from Quebec motorists. The first part would represent an environmental tax and consist of a fixed amount per litre sold. In keeping with the guidelines of the Ministère des transports du Québec, this tax could be set at 8.1 cents per litre. Revenues from this environmental portion of the tax could be earmarked for projects to reduce total carbon emissions, such as initiatives to develop mass transit systems, reforestation, or other "green" initiatives.

The second component of the gasoline tax would be a "pavement" tax, revenues from which would be used to operate and maintain the network of roadways. Initially, this portion of the tax would be set at 7.1 cents per litre, leaving the overall level of the gasoline tax unchanged. However, in the next five years this portion of the tax should be adjusted to reflect each vehicle's weight and contribution to damaging the road surface, so as to more accurately reflect the wear and tear to the roads caused by different vehicle types.

INVOLVING USERS, POLLUTERS, AND INDIRECT BENEFICIARIES OF QUEBEC'S NETWORK OF ROADWAYS

Revenues generated from driver's licences and vehicle registrations are flat prices for accessing the roads and are uncorrelated with the intensity of use. In consequence, the revenues they generate should be used to finance those services that constitute fixed costs

associated with the roadways, such as snow removal and road safety. Currently, the use to which they are put is not specified.

In the longer term, the government of Quebec should envisage implementing measures for assigning a price to congestion in the vicinity of large metropolitan agglomerations, such as Montreal and Québec City. This pricing could be accomplished with "cordon tolls" or by placing toll booths on certain key arteries and adjusting the rate according to the time of day.

Since all Quebec taxpayers, whether or not they drive, benefit from the increased productivity and commercial exchanges made possible by the existence of a network of roadways that is well maintained, some portion of their funding should be from general revenues.

A LONG-TERM PLAN THAT IS EFFICIENT, RESPONSIBLE, AND EQUITABLE

These five sources of funding invoke the principles of user pay, polluter pay, and beneficiary pay, thus constituting an efficient, responsible, and equitable arrangement overall.

This plan would provide consistent financing to Quebec's roadway network in the long term and make it easier to maintain Quebec's roads in good condition. What is more, this system for funding the grid paves the way for the government of Quebec to return to a balanced budget by promoting the principles of good governance, to wit transparency and consistency in the pricing of government services.

This study, entitled *Réflexion sur la tarification du réseau routier québécois*, is available at <http://www.cirano.qc.ca/pdf/publication/2010RP-02.pdf>