

Backgrounder: Options to Address High Gas Prices

While John Horgan and his NDP ministers have been promising action on gas prices for the last four years, they have not presented any real solutions. Today the Official Opposition is highlighting three options that could deliver real relief to BC Drivers.

1. Temporarily suspend provincial gas taxes
2. A one-time boost to the Climate Action Tax Credit
3. Suspend hidden 'import' taxes on gas being brought in from Alberta

1. Temporarily suspend provincial gas taxes

Despite repeatedly claiming that a decrease in taxes would be absorbed by retailers, Alberta's decision to suspend its \$0.13 per litre fuel tax proved that nearly all of that decrease was passed through to retailers when the tax was suspended on April 1, 2022.

[Analysis by University of Calgary Economics Professor Trevor Tombe](#) showed that the tax holiday clearly lowers prices, with 87-93 per cent of the decrease being reflected at the pump.

If the average price of West Texas Intermediate (WTI) remains above \$90 US per barrel, the Alberta Government does not collect its fuel tax.

2. A one-time boost to the Climate Action Tax Credit

[The BC Liberals have been calling on the NDP](#) to use pre-existing carbon credits, through the BC Climate Action Tax Credit, to provide an enhanced rebate which would directly help lower and middle-income British Columbians more than those in higher tax brackets. The NDP's ICBC rebate won't fully be rolled out until the end of June 2022, whereas the Climate Action Tax Credit rebate could have been issued as early as April 5, 2022 if government acted swiftly. Another payment deadline is pending for the credit on July 5, 2022.

With the NDP collecting record carbon tax revenue — over \$1 billion more annually since 2017 — some of this revenue could be returned to British Columbians directly through the Climate Action Tax Credit. This is a progressive credit that is phased out as household income increases, and would be targeted at the middle class hurt most by rising fuel prices.

3. Suspend hidden 'import' taxes on gas being brought in from Alberta

Small suppliers may apply to be exempted from certain requirements under the [Renewable and Low Carbon Fuel Requirements Regulation](#) for supplies of fuel up to 75 million litres per year. However, in 2020 the NDP effectively ended this small supplier provision, decreasing the exemption by two-thirds in 2021 from 75 to 25 million litres, and ultimately decreasing the exemption by 99.7 per cent to just 200,000 litres in 2022.

In the past, this has allowed smaller gas retailers to import refined fuels from Alberta at a lower cost, benefitting many smaller and more rural communities, especially along the Alberta border.

The end of this exemption has severely restricted the amount of cheaper fuel that can be imported from Alberta, with suppliers saying they face a \$0.25 per litre penalty on any fuel they do supply.