
TO: Regional District of Nanaimo Board **MEETING:** July 23, 2019
FROM: Jeannie Bradburne **FILE:** 0570-07
Director of Finance
SUBJECT: Mileage Allowance for Transportation

RECOMMENDATIONS

1. "That Regional District of Nanaimo Board Remuneration, Expenses and Benefits Amendment Bylaw No. 1770.03, 2019" be introduced and read three times.
2. "That Regional District of Nanaimo Board Remuneration, Expenses and Benefits Amendment Bylaw No. 1770.03, 2019" be adopted.
3. That the Volunteer Mileage Reimbursement Policy A2.19, as amended and outlined in Attachment 3, be adopted.
4. That the Board Members' Equipment and Expense Claims Policy A1.31 as amended and outlined in Attachment 4, be adopted.
5. That the Minister of National Revenue of the Government of Canada amend the *Income Tax Act* to provide an allowance paid for non-motor vehicle modes of transportation, excluded from the income of a taxpayer

SUMMARY

Mileage allowance for travel by motor vehicle is currently provided to members of the Board and Volunteers who are appointed by the Board for travel. A provision for an allowance for non-motor vehicle modes of travel is not provided for.

The proposed amendments to the Bylaw and Policies would provide for an equivalent mileage rate for human powered means of transportation.

BACKGROUND

The Executive Committee requested that a report be prepared to address reimbursement for non-motor vehicle modes of transportation. A provision for an allowance for non-motor vehicle modes of travel is currently not provided for.

Currently, mileage reimbursement is governed by Regional District of Nanaimo Board Remuneration, Expenses and Benefits Bylaw No. 1770, 2017 for Directors and by Volunteer Mileage Reimbursement Board Policy A2.19 for members of the public appointed by the RDN Committees, Commissions, and Boards for attendance at meetings. The mileage rate is adjusted each year and matches the CRA Automobile Allowance Rate, currently set at \$0.58/kilometer.

The *Income Tax Act* permits an allowance for motor vehicle travel not exceeding the CRA Automobile Allowance Rate to be provided without inclusion in an employee's income.

Currently Board Members and Volunteers would be travelling at their own cost if they elected to use a human powered mode of transportation.

The proposed amendments to Regional District of Nanaimo Board Remuneration, Expense and Benefits Bylaw No. 1770, 2017 Amendment Bylaw No. 1770.03 (Attachment 2) and Volunteer Mileage Reimbursement Policy A2.19 (Attachments 3) would provide for an equivalent mileage rate for alternative means of transportation. The allowance would cover the cost for Board Members and Volunteers electing to use human powered modes of transportation such as bicycling or walking to meetings.

An allowance for non-motor vehicle transportation, such as human powered transportation, would be income and will be taxed per the *Income Tax Act*. This is because the *Income Tax Act* does not contain an exclusion for other means of travel. The amount of income tax will vary depending on the total income of the individual during the year. The impact is estimated at 30-40% but could range from 20%-50%.

The Ministry of National Revenue of the Government of Canada is responsible for the *Income Tax Act*. It is recommended that a letter be sent requesting an allowance equivalent to using a motor vehicle be excluded from the income of a taxpayer. Removal of the tax impact would encourage the use of greener modes of transportation.

Non-motor vehicle use is supported in the Regional Growth Strategy and Strategic Plan 2019-2022 for climate change mitigation, environmental protection, improving community health and providing alternative modes of transportation as follows:

Regional Growth Strategy
Goal 1: Prepare for Climate Change and Reduce Energy Consumption
Goal 2: Protect the Environment
Strategic Plan 2019-2022
Goal 1: Be Leaders in Climate Change Adaptation and Mitigation, and Become Net Zero by 2032
Goal 2: Protect and Enhance the Natural Environment, including Land, Water and Air, for Future Generations
Goal 5: Provide Opportunities for Residents to Move Effectively Through and Around the Region
Goal 8: Make the Region a Safe and Vibrant Place for All with a Focus on Children and Families in Planning and Programs

The greenhouse gas emission (carbon dioxide) comparison for cars, busses and bicycles is shown below¹.

Vehicle	CO ² Released (per km/person)
Car	271
Bus	101
Bicycle	16 (rider's fuel/food)

ALTERNATIVES

1. That the recommendations as outlined above be approved including:
 - 1.1 "That Regional District of Nanaimo Board Remuneration, Expense and Benefits Amendment bylaw No. 1770.03, 2019" be introduced and read three times
 - 1.2 "That Regional District of Nanaimo Board Remuneration, Expense and Benefits Amendment bylaw No. 1770.03, 2019" be adopted
 - 1.3 That the Volunteer Mileage Reimbursement Policy A2.19, as amended and outlined in Attachment 3, be adopted.
 - 1.4 That the Board Members' Equipment and Expense Claims Policy A1.31, as amended and outlined in Attachment 4, be adopted.
 - 1.5 That the Minister of National Revenue of the Government of Canada amend the Income Tax Act to provide an allowance paid for non-motor vehicle modes of transportation, excluded from the income of a taxpayer.
2. That staff be directed to create a different human powered allowance rate to reimburse for non-motor vehicle mileage costs for Directors, Alternative Directors, Committee and Commission Volunteers and that Regional District of Nanaimo Board Remuneration, Expenses and Benefits Bylaw No. 1770, 2017 and Volunteer Mileage Reimbursement Policy A2.19 be updated to include this rate; or
3. That alternate direction be provided.

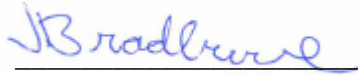
FINANCIAL IMPLICATIONS

The cost is dependent on the number of Directors and Volunteers who currently utilize alternative means of transportation. The incremental mileage cost is estimated at \$2,500/year. Additional staff time will be required to administer the taxable benefit impact of the payments.

¹ https://www.ourstreetsmpls.org/does_bike_commuting_affect_your_carbon_footprint_and_how_much

STRATEGIC PLAN IMPLICATIONS

Climate Change - Be leaders in climate change adaptation and mitigation, and become net zero by 2032.



Jeannie Bradburne

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July 12, 2019

Reviewed by:

- J. Tait, A/General Manager, Corporate Services
- P. Carlyle, Chief Administrative Officer

Attachments:

1. Regional District of Nanaimo Board Remuneration, Expense and Benefits Bylaw No. 1770, 2017
2. Regional District of Nanaimo Board Remuneration, Expense and Benefits Amendment Bylaw No. 1770.03, 2019
3. Volunteer Mileage Reimbursement Policy A2.19
4. Board Members' Equipment and Expense Claims Policy A1.31