

CALGARY EXHIBITION & STAMPEDE

2008 INVITATIONAL SPEECH AND DEBATE TOURNAMENTS

**BE IT RESOLVED THAT ...**

**FARMERS SHOULD BE GIVEN A FUEL TAX REBATE FOR  
FUEL USED IN FARMING OPERATIONS**

RESEARCH PACKAGE PREPARED ON BEHALF OF THE YOUTH SPEECH AND DEBATE  
COMMITTEE  
OF THE CALGARY EXHIBITION & STAMPEDE

THE YOUTH SPEECH AND DEBATE COMMITTEE OF THE CALGARY EXHIBITION AND STAMPEDE IS PLEASED TO HOST THE 2008 INVITATIONAL SPEECH AND DEBATE TOURNAMENTS. THIS YEAR'S DEBATE RESOLUTION IS AS FOLLOWS:

**BE IT RESOLVED THAT FARMERS SHOULD BE GIVEN A FUEL TAX  
REBATE FOR FUEL USED IN FARMING OPERATIONS**

**THIS IS A POLICY DEBATE**

**DEFINITIONS:**

- "Farmers" shall mean residents of the Province of Alberta engaged in farm related activities as their primary occupation.
- "Fuel" shall mean any combustible gas or combustible liquid that may be used to generate power by means of an internal combustion or turbine engine.
- "Tax" shall refer to tax payable to the Crown in right of the Province of Alberta imposed on the purchase of fuel in Alberta.

**INTRODUCTION**

**Alberta Fuel Tax**

In Alberta, there is direct provincial tax on the purchase of fuel. This tax applies on fuels for use in motor vehicles, including gasoline, propane and diesel fuels. The current tax imposed by the Crown for the Province of Alberta is 9 cents per litre on gasoline and diesel and 6.5 cents per litre on propane. This tax is imposed upon all those who purchase these fuels in Alberta, at the point of sale. Pursuant to the *Fuel Tax Act* of Alberta, certain consumers (including but not restricted to farmers) are entitled to apply for and receive a rebate of this tax.

An exemption of this tax is open to all consumers who either provide a Fuel Tax Exemption Certificate at the time of fuel purchase or who are entitled to apply for a rebate of the fuel tax subsequent to the time of fuel purchase. Farmers, as Alberta consumers, are entitled to apply for a Fuel Tax Exemption Certificate. Generally, the premise of providing an exemption under the Act is to exempt the Alberta tax in favour of consumers using vehicles "off road" including vehicles used in farm operations, oil and gas facilities and so on.

A farmer who purchases fuel with an Exemption Certificate can purchase "marked" fuel, which is fuel that is coloured or identified in accordance with the regulations under the *Fuel Tax Act*. It is an offence under the Act to purchase or be in possession of marked fuel when you are not entitled to use or possess it. It is also an offense for a farmer to use marked fuel for any purpose or use other than farm operations. Marked fuel has also been referred to from time to time as "purple gas", in reference to the typical colour used to identify marked fuel.

Should farmers purchase "clear" fuel for vehicles (that is, fuels that are not marked fuels), they are likely eligible for the fuel tax rebate for use of their vehicles on the farm.

Alberta farmers are therefore entitled to be exempt from paying the Alberta tax that is not generally available to other Alberta consumers and hence pay less than other Alberta consumers for fuel, depending on the amount of the exemption. The exemption is subject to change from time to time.

### **Policy Issues**

From a policy perspective, it will be up to you to argue whether the resolution should stand or fail. There is no question that currently, the use of fossil fuels and the environmental impacts resulting from the use of fossil fuel are of utmost importance and are significantly influencing policy decisions. Farm practices have become much more capital and machinery intensive and less labour intensive, resulting in a substantial increase in the amount of fuel used by farmers to maintain their farms. Over time, greater fuel usage has resulted in a greater percentage of farm expenses being contributed to fuel costs. In recent years, the price of fuel has increased rather dramatically and has resulted (as the farmer will argue) in an erosion of farm incomes. Farmers will argue that the rebate is necessary for their continued ability to produce the food we eat.

Does a fuel rebate, however, promote efficient farm practices? Some may argue that a rebate does not encourage farmers to become efficient by minimizing fuel consumption, either by using more fuel efficient vehicles, using vehicles that use alternative fuels that may not provide a fuel rebate, or by using alternative fuel sources such as solar power and electricity.

The environment and the growing problems associated with global warming are concerns for most. The largest contributor to greenhouse gases is CO<sub>2</sub> emissions from the burning of fossil fuels. Does a fuel tax rebate discourage the reduction of fossil fuel usage? Is there a better means by which reducing CO<sub>2</sub> emissions from farms may be encouraged? Is the environment an important factor at all?

Farm incomes are not only influenced by farm expenses, but by commodity prices. If one of the objectives of a fuel tax rebate is to enhance farm incomes, should there be greater emphasis towards stabilizing or subsidizing commodity prices so that a rebate on fuel expenses is not necessary?

Some may argue that fuel expenses have become so high, governments should consider reducing or eliminating all taxes placed upon fuel. If this was the case there would of course not be a need for a fuel tax rebate. Are the administrative costs of collecting the tax and policing abuses worth the bother? If the objective of a fuel tax rebate is a redistribution of wealth, is there a better means (such as simple income tax reductions for farmers) to accomplish this goal?

These are but a few of the many factors that may be relevant in your arguments towards affirming or opposing the resolution.

The Stampede Youth Speech and Debate Committee thank you for participating in the 2008 debate tournaments and wishes you the best of luck.

Calgary Youth speech and Debate Committee