



November 14, 2025

The Honourable Nate Horner  
Minister of Finance  
Government of Alberta  
Edmonton, AB

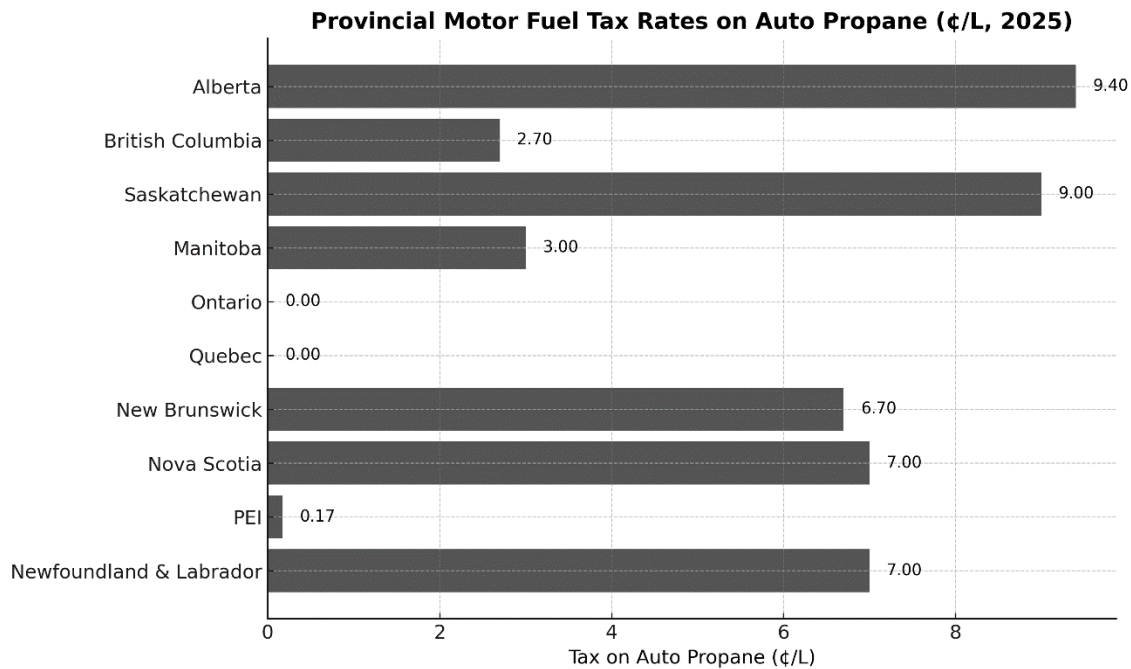
Dear Minister Horner,

On behalf of the Canadian Propane Association (CPA), I am requesting a reduction of Alberta's motor fuel tax on propane, currently 9.4 cents per litre. Applying the full rate to propane places this lower-emitting fuel on par with gasoline and diesel, despite propane's significantly lower greenhouse gas and particulate emissions and its important role in affordable, reliable energy—especially for rural, agricultural, and industrial users. The policy is also inequitable, given that natural gas is not taxed under Alberta's Fuel Tax Program, even though both fuels often serve similar heating and backup power needs.

The administrative burden of a per-litre levy adds avoidable costs throughout the supply chain (and is itself subject to GST), ultimately increasing prices for end users. In jurisdictions such as Ontario, the government has acknowledged that the cost of administering the motor fuel tax on propane far exceeds the limited revenue it generates—a case where a high tax on small volumes yields very little tax collected. The same dynamic applies in Alberta, where propane's small share of the motor fuel market makes the program disproportionately costly and inefficient to administer relative to its returns.

Ontario eliminated its 4.3¢/L tax on auto propane effective July 1, 2025, to reduce red tape and administrative burden while supporting cleaner fuel adoption. Quebec removed their provincial tax on auto propane in 1997. Alberta can similarly streamline compliance and strengthen affordability by removing the propane rate entirely.

### **How Alberta Compares Across Canada (Propane Motor Fuel Tax)**



Alberta's auto propane tax rate remains the highest in the country, leaving Alberta consumers and businesses at a disadvantage. Moreover, auto propane use in Alberta is significantly lower than in BC, Ontario, and Quebec, where supportive policies and lower or no fuel taxes have enabled wider adoption in municipal fleets and private-sector operations. In Alberta, by contrast, there are virtually no municipalities using auto propane, and volumes have declined steadily as the cost advantage over gasoline has been eroded by taxation. This pattern clearly demonstrates that the current high tax is discouraging cleaner fuel adoption, suppressing investment in propane-powered vehicles, and undermining potential emissions reductions.

The CPA would welcome the opportunity to work with your officials on a practical rate adjustment that improves fairness, cuts red tape, and better reflects propane's contribution to affordability, reliability, and emissions reduction across Alberta.

Sincerely,



Katie Kachur  
Vice President, Government Relations, West  
Canadian Propane Association