

November 14, 2025

Dear Premier Eby,

On behalf of the Canadian Propane Association (CPA), I am writing to respectfully request that the Province of B.C. reduce the motor fuel tax applied to propane. While the provincial carbon tax on propane was eliminated effective April 1, 2025, the motor fuel tax—currently set at 2.70¢ per litre—remains in place, continuing to impose costs on propane users despite its proven environmental and economic advantages. Importantly, the costs of administering the program outweigh the costs, ultimately adding costs to customers across the province, many of whom are limited in their energy choices due to the rural and remote location of their communities and businesses.

Propane is a [cleaner-burning, lower-emission](#), and [domestically produced energy source](#), emitting significantly fewer greenhouse gas emissions and particulates than gasoline or diesel. However, the application of the motor fuel tax (on par with higher emissions fuels such as gasoline and diesel) can deter customers and sectors looking for an affordable and less emission intensive energy source – one that is immediately available and can be used as a drop-in fuel (with existing systems) for an easy transition.

The [Propane Exemptions Bulletin](#) identifies several exemptions under which the motor fuel tax does not apply—such as propane sold in sealed containers under 28 litres, propane incorporated into tangible goods for resale, or propane delivered directly for residential use. Additional exemptions apply for farmers operating on land classified as farm under the *Assessment Act* when propane is used for heating, machinery, or farm-related purposes.

However, these exemptions are complex, highly specific, and administratively burdensome. To qualify, purchasers must provide exemption certificates and/or B.C. Farmer Identity Cards, or complete detailed refund applications. For multi-use properties, mixed residential and commercial applications, or small-volume users, the requirements are often impractical. Sellers and exempt users alike must maintain detailed records, while government staff must process thousands of refund claims—creating significant administrative inefficiencies. Charities, for example, though using the propane for heating purposes, must pay the tax as they have a business name. Additionally, as a per litre tax rather than a percentage tax on an end user, the motor fuel tax becomes GST applicable. By reducing the motor fuel tax on propane, the province could streamline administration, reduce compliance burdens for both taxpayers and government, and encourage greater voluntary compliance—aligning the tax system with the province’s commitment to efficiency and fairness, all while supporting a cleaner fuel source.

Other provinces have already recognized the need for reform. Quebec removed the off-road propane fuel tax in 1997 to stimulate economic growth and support low-emission alternatives. More recently, Ontario announced in May 2025 that it will eliminate its 4.3¢ per litre tax on auto propane, effective July 1, 2025, as part of its strategy to reduce regulatory burdens and encourage clean fuel adoption.

The future of propane is promising, with renewable propane already being produced in B.C. at the Parkland Burnaby refinery. [As the first facility in North America to co-process bio-feedstocks](#), Parkland



now produces propane with 10–15% renewable content. Renewable propane is chemically identical to conventional propane and can be used as a direct replacement in all applications. It delivers about one-third of the carbon intensity of conventional propane, offering significantly lower greenhouse gas emissions without requiring any equipment change.

Many cities are already using auto propane as a lower emission energy source, including Nanaimo, Chilliwack, Vancouver, Richmond, North Vancouver, Victoria, Langley, and the District of North Vancouver. Squamish and Coquitlam will be using it starting in 2026. The City of Chilliwack announced the use of renewable propane in its fleet in 2025, marking a historical step forward for the propane sector as we look to new and innovative lower emission pathways.

[Propane is an important part of the provincial energy system now](#) for thousands of British Columbians and key sectors of the economy. By reducing the motor fuel tax on propane, B.C. can build on its climate leadership and carbon tax reforms—supporting clean energy adoption, rural resilience, and red tape reduction. This policy adjustment would strengthen the province’s competitiveness and deliver practical benefits to residents and businesses alike.

We look forward to working with your government to ensure an accessible and equitable and decarbonized future. The CPA would welcome the opportunity to work collaboratively with your government to implement an equitable, modern tax framework that reflects propane’s environmental performance and critical role in B.C.’s energy future.

Sincerely,

A handwritten signature in black ink that reads "K Kachur".

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

CC: *Minister of Finance Brenda Bailey*
Premier’s Office, Chief of Staff Jim Rutkowski
CPA BC Committee Chair Clint Hillman