

2017 Provincial Budget Delivered

Today the Honourable Charles Souza delivered the 2017 Provincial Budget. The 2017 Budget is balanced for the first time since 2008. The government is also planning for balanced budgets in 2018-19 and 2019-20. The budget shows total debt of \$341 billion for 2017-18.

Highlights for municipal governments include:

- **Authority to Levy a Hotel Tax:** All municipalities will be given the authority to levy a hotel tax. Existing Destination Marketing Fee programs would be funded from within new hotel tax revenues. Where Destination Marketing Fees do not currently exist, 50% of new hotel tax revenues must be shared with regional tourism organizations. The change is expected to provide permissive municipal authority to include home-sharing programs (i.e. Airbnb) within the hotel tax. An Ontario Sharing Economy Strategy is forthcoming.
- **Municipal Revenue and Property Taxation:**
 - **Railways:** Municipal property tax rates will increase by approximately \$6 per acre in railway right-of-ways in 2017. The variance in rates will be narrowed by establishing a new minimum of \$80 per acre in 2017 (vs \$35 currently). In effect, this is a modest change.
 - **Farms:** Municipalities will have authority to reduce property tax rates for small-scale value-added and commercial activities on farms should they choose.
 - **Provincial Land Tax:** The budget vaguely states, "legislative amendments will be introduced to further support increased equity in taxation and in how services are paid for in the north".
 - **Vacant Homes:** As announced in last week's housing strategy, some municipal governments will receive additional authority to tax vacant homes.
- **Ontario Municipal Partnership Fund:** The total envelope of the fund for 2018 remains unchanged at \$505 million.
- **Ontario Community Infrastructure Fund:** The previously announced expansion of the program to \$300 million by 2018-19 was reconfirmed in the budget.
- **Ontario Gas Tax for Transit:** The previously announced doubling of the program to \$642 million by 2021-22 was reconfirmed in the budget.
- **Connecting Links:** The budget reconfirmed the envelope of \$25 million in 2017-18 and \$30 million in 2018-19.
- **Carbon Pricing Proceeds:** Municipalities will be eligible for funds in two investment areas: social housing retrofits and \$55 million to include a

Municipal Greenhouse Gas Challenge Fund supporting municipal energy or climate change plans. Funding for homeowners for energy efficiency improvements is included in a separate program.

- **Library Digital Services:** \$1 million in 2017-18 to improve digital services for libraries including 165 rural and 82 remote public libraries.
- **Retirement Homes and Seniors Public Transit:** The Province will provide funding to small and rural retirement homes to install sprinkler systems for fire protection. Details have not been confirmed in the budget. The Province will also provide a 15 per cent tax rebate to seniors for public transit costs.
- **Workplace Safety and Insurance Act:** There will be amendments to the Act with respect to work-related chronic mental stress, worker benefits, and indexation.

AMO will review the Budget Bill itself when it is publicly available and continue to analyse the budget in greater detail, reporting to the membership as required.

AMO Contact: Matthew Wilson, Senior Advisor, E-Mail: mwilson@amo.on.ca, 416.971.9856 ext. 323.
