

BC Provincial Budget 2008

The 2008 provincial budget focused on implementing the Province's climate change agenda through the creation of a revenue neutral carbon tax and investment in climate action initiatives. The budget also seeks to stimulate economic growth through tax cuts and new investments, as well as funding social services, particularly health care.

The 2008 provincial budget has four key components:

1. establishing a revenue neutral carbon tax to encourage individuals and businesses to make environmentally friendly choices;
2. providing \$1 billion over four years for operating and capital expenditures and tax incentives for action on climate change;
3. encouraging economic growth through \$428 million in new investments and an additional \$407 million in tax reductions; and
4. funding social services with \$787 million for homelessness initiatives, children and adults at risk, positive aging plans, justice and public safety, and an additional \$2.9 billion for health care.

Revenue Neutral Carbon Tax

The centre piece of the provincial budget is a revenue-neutral carbon tax, designed to encourage individuals and businesses to make environmentally responsible choices.

Key points of the tax include:

- the carbon tax will be revenue neutral, so that revenues raised through the new tax will be returned to individuals and businesses in the form of reduced personal and business taxes;
- revenue neutrality will be supported through legislation, with none of the carbon tax revenues being used for expenditure programs;
- the carbon tax will apply to virtually all fossil fuels, including gasoline, diesel, natural gas, propane, coal, and home heating fuel; and
- the proposed carbon tax on gasoline will result in an increase of 2.41 cents per litre, rising to 8.27 cents per over a five year period.

The carbon tax is forecast to generate \$1.8 billion over three years, and revenue-raised will be returned through the following tax reductions:

- the bottom two personal income tax rates will be reduced for all British Columbians resulting in a tax cut of 2 percent in 2008 and 5 percent in 2009 on the first \$70,000 in earnings (\$784 million over three years);
- effective July 1, 2008, the general corporate tax rate will be reduced to 11 percent from 12 percent, with further reductions planned to 10 percent by 2011 (\$415 million over three years);
- effective July 1, 2008, the small business tax rate will be reduced to 3.5 percent from 4.5 percent, with further reductions planned to 2.5 percent by 2011 (\$225 million over three years); and
- a Climate Action Credit will provide lower-income British Columbians a payment of \$100 per adult and \$30 per child, effective July 1, 2008.

Climate Action Dividend

- A one-time Climate Action Dividend of \$100 dollars will be given to every British Columbian in June 2008 to encourage them to transition to a greener lifestyle. The dividend will be funded through the 2007 budget surplus.

Climate Action Initiatives

The Province will provide \$1 billion over four years for operating and capital expenditures and tax incentives for climate change action including:

- \$98 million for the new LiveSmartBC: Efficiency Incentive Program and other initiatives to encourage

communities and individuals to make energy efficient choices for their homes, businesses, and vehicles;

- \$370 million for the Provincial Transit Plan which will improve and expand public transportation through the introduction of four rapid transit lines and the purchase of buses;
- \$9 million for creating emission standards for landfills and new motor vehicles, designing a Green Building Code and developing a cap and trade system for large greenhouse gas emitters; and
- \$33 million to provide tax relief for the purchase of

fuel efficient vehicles, including up to \$2000 in reduced sales tax on new vehicle purchases.

Taxation Measures

- \$60 million to reduce the school tax rate for major industrial properties.
- Raising the threshold on the First Time Homeowners Program from \$375,000 to \$425,000, and eliminating the previous financing rules and regulations.

Other Expenditures of Interest

Economic Development

- \$12 million to GeoScience BC for oil and gas exploration and to further support mineral exploration in Mountain Pine Beetle affected regions.
- \$40 million to strengthen and expand cultural links between BC and Asia Pacific nations.
- \$7 million to expand the Provincial Nominee Program and attract more skilled workers to BC.
- \$5 million to enhance the Skills Connect for Immigrants and International Qualifications programs to connect skilled immigrants with employment opportunities.
- \$112 million to enhance the basic and regional film tax credits to support BC's film industry.

Community Infrastructure

- \$30 million for the Build Canada Fund to help communities with drinking water, sewerage treatment and other infrastructure projects.
- \$9 million to enter into cost-sharing agreements for planning and procurement of wastewater treatment facilities in the Capital Regional District.
- \$10 million for rural municipalities to restore roads damaged by increased logging truck traffic due to the intensified harvesting of trees by Mountain Pine Beetles.
- \$11 million to maintain inland and coastal ferries services to ensure existing levels of services are maintained.

Environment

- \$21 million to assist with environmental assessment and resource permitting demand.
- \$6 million to staff and manage 125 new parks and protected areas.

Housing and Support Services

- \$104 million over four years for homelessness initiatives, including one time funding of \$10 million for pre-development costs for city-owned sites to support the faster delivery of supportive housing, and \$78 million over four years to allow emergency shelters to stay open 24 hours/seven days a week.
- \$6 million to establish a provincial 211 service that will offer one-stop access to a range of community and social services.
- \$23 million over three years to support the Positive Aging Action Plan that will build support services.

First Nations

- \$30 million over three years to enhance engagement with First Nations when Crown land and resource decisions affect asserted Aboriginal territories.

Health Care

- An additional \$2.9 billion over three years for enhancing health care

Arts and Culture

- \$105 million for arts and culture activities and initiatives