

2009 Provincial Budget Highlights

The September 1st, 2009 provincial budget focuses on reducing discretionary spending while seeking to protect education and health care services. The budget notes revised deficit forecasts of \$2.8 billion in 2009/10, \$1.7 billion in 2010/11, and \$945 million in 2011/12.

Highlights of Interest to Local Governments

Infrastructure

- \$32 million in 2010/2011 to pursue further cost-sharing with the federal government for accelerated infrastructure projects under the Build Canada Fund. This funding is in addition to existing commitments of \$150 million committed previously under the communities component of the Build Canada Plan.
- \$50 million in 2010/2011 to leverage additional funds from the federal Infrastructure Stimulus Fund.

Taxation

- Provides a partial rebate of the provincial portion of the HST for local governments, where BC will provide a rebate of 75% of the provincial portion of the HST for local government that qualify for the federal municipal GST rebate. However, the rebates for the provincial portion of the HST will, on average, ensure that local governments will not pay any more provincial HST after harmonization than they currently pay in PST.
- Provincial rebate for residential energy, which provides a provincially administered point of sale rebate for energy, which is similar to the PST exemption. That means that the HST will not increase consumer's costs for oil, natural gas, electricity or propane used to heat or power homes.
- Effective January 1, 2010, the basic personal income tax credit will increase by 17% to \$11,000.
- Effective January 1, 2010, the small business tax threshold will rise from \$400,000 to \$500,000.

Tourism

- A one-time strategic investment of \$39 million in 2009/2010 to maximize marketing strategies for the 2010 Olympics.
- \$42 million in 2010/2011 and \$59 million in 2011/2012 to maintain tourism and marketing operations previously funded by the hotel room tax.

Energy

- Provincial repeal of the Innovative Clean Energy Levy on the purchase of electricity, natural gas, fuel oil and grid-propane for non-transportation purposes that raised revenue to fund clean energy initiatives through the Innovative Clean Energy (ICE) Fund. The province will fund the ICE Fund directly.

First Nations

- Provides \$31 million over the next three years to support the implementation of the Maa-nulth Treaty.

Health

- Funding for health services will increase by 18% over three years, reaching \$15.7 billion by 2011/12.
- Commits \$80 million to provide for vaccines and other supports needed to minimize the impact of the H1N1 flu virus.

With a focus on reducing discretionary spending, UBCM notes that several provincial ministries have forecasted budget reductions in the coming years, as well as an overall reduction in the number of full-time equivalent staff for the province between 2009/10 and 2011/12. UBCM also notes that the budget for the Ministry of Community and Rural Development (MCRD) has been revised between the February 17th, 2009 and September 1st, 2009 budgets. The 2009/10 MCRD budget estimate in the February budget was \$197 million, while the September 1st budget notes a \$183.7 million budget estimate for the ministry.