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**To:** Rebekah Msuya-Collison  
**Subject:** AMO Policy Update - 2018 Provincial Budget

March 28, 2018

## **The 2018 Provincial Budget**

Today the Honourable Charles Sousa, Minister of Finance, presented the 2018 Provincial Budget. As context, the budget projects a \$6.7 billion deficit for 2018. Deficits are also projected for 2019-20 (\$6.6 billion) and in 2020-21 (\$6.5 billion). Provincial revenues from income tax and the health premium are \$2.8 billion lower than projected.

These are the highlights of interest to municipal governments:

- **Upload Agreement:** The budget reaffirms the commitment to the upload agreement, which matures this year.
- **Connecting Links:** the fund is increased by \$5 million to \$30 million as planned for 2018-19.
- **Broadband:** the budget allocates \$500 million (new) over three years, further details on specific project funding is to come.
- **Public libraries:** \$28 million is provided over three years for digital library services. The Public Library Operating Grant is increased by \$51 million over 3 years.
- **Gasoline Tax for transit and OCIF:** previously planned program spending increases are included in the budget. The gas tax allocation for transit will increase from 2 cents to 4 cents by 2021-22. The OCIF will increase to \$300 million by 2018-19.
- **Community Transportation Grant Program:** provides \$40 million over three years to help municipalities and others in underserved areas.
- **Policing Grants:** remain stable at \$74.8 million.
- **Police Board training:** Officials confirm dollars will be set aside for the training of police service board members. Exactly how these dollars will be allocated has not been announced however this is an initial acknowledgement of a key ask of municipal governments following the passage of the *Safer Ontario Act, 2018*.
- **Property Taxation:** a number of adjustments are made to the property tax system including,
  - **Railway Right-of-Way:** further adjustments will continue related to the indexing of rates (an increase of \$7 per acre for 2018), the variance of rates (minimum of \$110 per acre), and will provide municipalities with the option to increase rates per acre on high-tonnage lines.
  - **Non-Profit Child Care in Schools:** these facilities will be exempted from taxation.
  - **Business Vacancy Rebate and Reduction:** the provincial education portion will be aligned with changes made by municipalities to ensure greater consistency.
  - **Valuation Date:** for the next assessment update, the valuation date of January 1, 2019 will be used to provide better quality data. The rest of the process will remain the same.