

2015 Budget Highlights:

Earlier today, Finance Minister Charles Sousa presented Ontario's 2015 Budget to the Legislature.

Here are the highlights.

Executive Summary

- Overall, Budget 2015 was generally good for Ontario REALTORS®.
- The budget does not signal any intention to move forward with giving additional revenue tools (MLTT) to municipalities.
- There is no commitment to move forward on personal real estate corporations (PRECs). However, the budget commits the government to a review of corporate/business legislation in the near future.
- Budget 2015 outlines the government's plan to create jobs and grow the economy, invest in major infrastructure projects, reform beer and alcohol sales, maximize the value of government assets and improve Ontarians retirement.

The Budget and Ontario REALTORS®

- **Municipal Land Transfer Tax (MLTT):** Budget 2015 does not commit to give municipalities additional revenue tools. Instead, the government is encouraging them to find additional financing tools, such as asset optimization.
- **Personal Real Estate Corporations (PRECs):** The budget does not permit the use of PRECs by real estate salespeople or brokers. However, the budget does commit the province to a full review of business/corporate legislation to explore innovative business practices.
- **Mortgage Brokerages, Lenders and Administrators Act (MBLAA):** Budget 2015 commits to implementing two key recommendations from the MBLAA review. Specifically, the government will strengthen fraud prevention measures and prohibit advance fees for arranging mortgages of less than \$400,000 – an increase from the current \$300,000 threshold.
- **Cap-and-Trade Initiative:** Ontario will move forward with a cap-and-trade system as its carbon pricing mechanism. The government will invest proceeds from the new cap-and-trade program to support improving energy efficiency for homes. This may be an opportunity to encourage the government to re-introduce the home energy retrofit rebate program. OREA will also oppose any efforts to introduce mandatory home energy audits.
- **Ontario Retirement Pension Plan/Pooled Registered Pension Plan:** The budget announces the government's commitment to exploring the possibility of allowing the self-employed (a taxation category that includes REALTORS®) to

participate in the Ontario Retirement Pension Plan (ORPP). The budget also reaffirms the government's plan to permit Pooled Registered Pension Plans (PRPP) as a retirement tool for Ontarians.

- **Condominium Act:** The government announced that they will move ahead with the modernization of the Condominium Act, 1998. If passed, the new legislation will establish mandatory qualifications for condominium managers and create two new administrative authorities to license condominium managers, improve education and dispute resolution for condominium boards and owners.
- **Land Use Planning:** The government will launch consultations to determine whether to create a growth plan for Eastern Ontario.
- **Hydro Debt Retirement Charge:** The government will remove the Debt Retirement Charge from residential electricity users' bills after December 31st, 2015. On average, this will save residential users \$70 each year.

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Other highlights from the 2015 Ontario Budget include:

- **Infrastructure and Transit:** The budget increases the dedicated funds for Moving Ontario Forward by \$2.6 billion for a total of \$31.5 billion over 10 years. Sixteen billion will be invested in transit projects in the Greater Toronto and Hamilton Area (GTHA) and \$15 billion will be dedicated to infrastructure projects outside the GTHA.
- **Deficit/Fiscal Outlook:** The government is projecting a deficit of \$8.5 billion for the current fiscal year. In 2016-17, the deficit will reduce to \$4.8 billion and the budget will return to balance in 2017-18.

Fiscal Outlook (\$ Billions)	Outlook			
	Interim 2014-15	Plan 2015-16	2016-17	2017-18
Revenue	118.5	124.4	129.4	134.4
Expense				
Programs	118.8	120.5	120.6	120.0
Interest on Debt	10.7	11.4	12.4	13.2
Total Expense	129.5	131.9	133.0	133.2
Reserve	-	1.0	1.2	1.2
Surplus (Deficit)	(10.9)	(8.5)	(4.8)	-

- **Sale of Hydro One:** The government will sell a 60% ownership stake of Hydro One. There will be an initial public offering (IPO) of 15%.

- **Jobs and Prosperity Fund:** The budget announced that the 10-year, Jobs and Prosperity Fund will be increased by \$200 million, increasing the fund to \$2.7 billion.
- **Beer and Wine in Grocery Stores:** The province will authorize the sale of beer and wine in grocery stores. One hundred and fifty stores will be permitted to sell beer and wine by May 1st, 2017. This will rise to 450 stores over the next 10 years. In addition, the government will increase taxes on beer by 3 cents a litre beginning November 2015 and increasing every year until 2018. This represents a 25 cent increase per 24-pack annually.
- **User Fee Increases:** Government will implement incremental increases to user fees, such as driver and vehicle fees and hazardous waste fees. The increases are designed to assist with the cost recovery of certain programs.