

On November 5, 2020, Ontario Minister of Finance, Rod Phillips, announced the province's [2020 budget](#). While typically tabled in the spring, it was delayed due to the ongoing public health crisis. The OAA has reviewed the budget and prepared a high-level overview of some issues that may be of interest to the membership.

Mirroring the shape of this year's budget, the overview is organized into three main parts: Protect, Support, and Recover. This overview reports on what the government has included in their budget announcement, and should not be construed as being endorsed by the OAA.

Protect: In light of the current global public health crisis, a major focus of this budget is about protecting people's health. Among other things, the government plans to "...expand hospital capacity [by] creating 2,250 new beds and addressing urgent upgrades to improve patient care."

Hospitals: Improvements to hospitals and the hospital system are contemplated throughout the current budget. Through the Health Infrastructure Renewal Fund, for example, the government has committed \$175 million to support 129 hospitals across Ontario. These funds will be used for urgent upgrades, repairs and maintenance projects, as well as enhanced HVAC systems and other infection prevention and control measures.

Long-term Care Facilities: In terms of long-term care (LTC) facilities, the government has committed \$1.75 billion to increase LTC capacity across the province. These funds will support the development of 30,000 new beds as well as upgrades, such as air conditioning, in new and redeveloped facilities. In addition to this, the province has committed to modernizing the Construction Funding Subsidy (CFS) by introducing new upfront capital investment which is intended to address unique local challenges that LTC providers face in securing funds for the development of new facilities.

Support: As the province's population adapts to new ways of working, learning, and playing, the Ontario government has committed to supporting parents through a one-time payment, improving online learning, expanding broadband, and investing \$13 billion over ten years in capital grants to build and renew schools across the province.

Children 0 – 12 Years Old: The government has committed to once again providing parents of children 0 – 12 years old with a one-time payment of \$200 and \$250 for children and youth up to 21 years old with special needs.

Youth: Starting in 2020-21, the government is investing an additional \$60 million over three years to support the Black Youth Action Plan. This doubles the base funding and extends the current program. It is intended to create a new "economic empowerment stream" that will support Black youth in achieving social and economic success.

Seniors: This budget proposes a Seniors' Home Safety Tax Credit for the 2021 tax year. This 25% tax credit on eligible renovations of up to \$10,000 is intended to help seniors age at home safely and for longer.

Small Businesses: Recognizing that small businesses have been hard hit as a result of COVID-19, the government has introduced different measures to support the viability of these businesses. These measures include:

- \$60 million in one-time \$1000 grants for "eligible main street small businesses" to help offset the unexpected costs associated with buying personal protective equipment;
- Extending of the temporary ban on evictions for commercial tenants who have been eligible for the Canada Commercial Rent Assistance for small businesses;

- And, providing up to \$10 million to support Indigenous owned small and medium sized businesses experiencing revenue shortfalls and particular challenges during the COVID-19 crisis.

Property Taxes and Energy Bills: The government has made \$300 million available to assist “eligible businesses” cover the costs of property taxes and energy bills in any region in Ontario where the province determines recently modified Stage 2 public health restrictions are necessary.

Recover: Although protecting health and supporting people through the COVID-19 pandemic is of paramount concern to the Ontario government, they are also committed to ensuring that some critical barriers to long-term growth are addressed. Through their recovery plans, the government has committed \$4.8 billion to lay the foundation for economic recovery and job growth now and in the future.

Employment Ontario Skills Training Funding: The government has committed \$100 million in dedicated funding for 2020-21 through Employment Ontario. These funds will support skills training programs and help more people access employment advice, training, and assistance.

Infrastructure Funding: Over the next 10 years, the government has committed \$142.9 billion to support infrastructure development across the province. This includes the largest ever subway expansion, GO rail expansion, and other major projects such as the Huronartio Light Rail Transit Project.

Modernizing Ontario’s Government: The government has committed \$500 million over the next four years to make government services more digitally accessible. Some examples of how this will be done include reducing red tape and simplifying policies, improving government purchasing and creating more responsive and flexible public services.

Employer Health Tax Exemption: The government has proposed ending the Employer Health Tax (EHT) for an additional 30,000 employers by increasing the exemption from \$490,000 to \$1 million. With this additional relief, about 90% of employers would pay no EHT, saving them \$360 million in 2021-22 that could be reinvested in jobs and growth.

Further to the overview above, there may be a few further tax measures of significance to some firms including:

Reducing Property Taxes: This is a tax reduction that would benefit job creators and “level the playing field” by lowering the Business Education Tax (BET) rates for over 200,000 employers, or 94 per cent of all business properties in Ontario, to a rate of 0.88%. This will result in \$450 million in immediate annual savings and represents a 30% reduction for many businesses currently subject to the highest rate of BET in the province.

Local Requests to Cut Property Tax for Small Businesses: The Ontario government will provide municipalities the ability to cut property tax for small businesses and will consider matching these cuts at the provincial level. This would provide small businesses as much as \$385 million in total municipal and provincial property tax relief.

The OAA will continue to monitor for any further announcements or developments.