



## **2006 Provincial Budget Backgrounder**

The provincial government has balanced the 2006 budget, improved the Home Owner Grant Program, made modest amendments to the Property Transfer Tax and provided other benefits that will help improve the quality of life for British Columbians. To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports growth that encourages economic vitality, provides housing opportunities and builds communities with good schools and safe neighbourhoods.

These highlights are of special interest to REALTORS® and their clients.

### Tax Reductions for Homeowners

The 2006 budget provides \$309 million over four years to improve the Home Owner Grant Program. The basic grant is increased by 22 per cent to \$570—the first increase to the grant since 1993. The grant for seniors, disabled people and veterans is increased to \$875 from \$475.

As announced in January 2006, the threshold at which homeowners qualify for the full grant is increased to \$780,000 in assessed value. This change is meant to ensure that at least 95 per cent of homeowners remain eligible for the full grant. About 27,000 more homeowners will now qualify for the full grant. Eligibility requirements for the additional grant are being expanded to include more people with disabilities.

### Property Transfer Tax (PTT) Clarifications

Modest amendments to the terms of the PTT were included in the budget, though significant measures to alleviate the tax's negative impact on the affordability of housing were not included. The following amendments were introduced:

#### *Exemption for Amalgamations of British Columbia Societies*

Transfer registrations received by the Land Title Office on or after February 22, 2006, resulting from the amalgamation of two or more BC societies under section 17 of the *Society Act* are exempt from the PTT. At the request of the administrator, the new society must provide a certificate of incorporation respecting the amalgamation.

This exemption parallels the existing exemption for registrations of transfers resulting from the amalgamation of two or more corporations under the *Business Corporations Act* and similar federal and provincial statutes.

#### *Exemption for Transfers to the Public Guardian and Trustee (PGT) on Behalf of a Minor*

The exemption for transfers to the PGT on behalf of a minor is amended to clarify that the transfer of a recreational residence or a family farm from the estate of a deceased is exempt where the minor is a related individual of the deceased.

### *Clarification of the Definition of “Family Farm Corporation”*

The *Property Transfer Tax Act* is amended to clarify that a family farm corporation is a corporation of which the principal activity is farming farm land and no shareholder is a corporation.

### Ensuring Economic Vitality

Training and skills development received significant attention in the budget. Investments to help address shortages that lead to higher housing costs include:

- \$90 million for a new tax credit program, to be designed in consultation with industry, to expand training opportunities in the construction trades
- \$39 million for the Industry Training Authority to increase apprenticeship training

### Providing Housing Opportunities

The budget includes several investments over three years to improve housing, safety and support for vulnerable people, including:

- \$8 million for housing and support services to people who are homeless
- \$21 million to create 548 additional assisted living and supportive housing units for eligible lower-income seniors and persons with disabilities

### Preserving Our Environment

The budget includes \$113 million to build on previous funding to address the effects of the mountain pine beetle, including funds to support increased beetle timber harvest levels and reforest devastated areas. It was not specified whether owners of private property would receive any assistance under the new funding for remediation of the pine beetle from their properties. Funding was also included for road rehabilitation in areas that require intense harvesting of pine beetle-infested timber.

### Building Better Communities

A \$2 million commitment has been made to establish the Crystal Methamphetamine Secretariat. This agency’s mandate is to integrate and coordinate efforts, including a broad public awareness campaign, to combat the production and use of the drug across the province.

The budget commits \$3.9 billion over three years to transportation projects, including:

- Phase 2 of the Kicking Horse Canyon Project
- New Pitt River Bridge component of the Gateway Project
- Sea-to-Sky Highway improvements
- Construction of the William R. Bennett Bridge in Kelowna

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