



BACKGROUNDER - Provincial Budget 2005

The provincial government has balanced the 2005 budget and still provided tax reductions and other benefits for British Columbians.

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

First Time Home Buyers' Program: Higher Thresholds Effective February 16, 2005

Beginning today, the fair market value threshold of eligible residential property under the First Time Home Buyers' exemption program is increased by about 18 per cent to \$325,000 from \$275,000 in the Greater Vancouver Regional District, the Capital Regional District and the Fraser Valley Regional District and to \$265,000 from \$225,000 in the rest of the province. A proportional exemption is provided for residences that have a fair market value up to \$25,000 above the new thresholds. Changes have also been made to the mortgage pay down limits. Details are available at: <http://www.rev.gov.bc.ca/rpt/ptt/ptt.htm>.

Home Owner Grant: Higher Thresholds in 2005

For properties with assessed values exceeding the threshold amount, the home owner grant will be phased out. Effective for the 2005 tax year, the rate at which the grant is phased out is reduced to \$5 from \$10 for each \$1,000 of assessed value above the threshold. More than 95 per cent of eligible homeowners are expected to receive the grant in 2005. Details are available at: http://www.rev.gov.bc.ca/rpt/home_owner_grants.htm.

Insurance Premium Tax Act: Break for Licensees

The Act is amended to clarify that persons licensed under the *Real Estate Services Act* pay no tax on:

- insurance premiums paid under an insurance contract with the Real Estate Errors and Omissions Insurance Corporation; or
- assessments levied for the Real Estate Special Compensation Fund by the Real Estate Compensation Fund Corporation.

With this budget, the provincial government also demonstrates its commitment to improve the quality of life in British Columbia. BCREA commends these efforts, which are in keeping with its Quality of Life philosophy, which reflects the contributions that REALTORS make to their communities. For more information about the philosophy, visit BCREA's Quality of Life website at <http://www.qualityoflife.bcrea.bc.ca>.

Funding for Communities

Budget 2005 provides an additional \$618 million for key services and programs to support BC's communities, including:

- \$95 million to return 100 per cent of traffic fine revenues to 70 municipalities; the funds may be used for community policing, crime prevention and other initiatives to make communities safer,
- \$36 million for social housing that focuses on helping people move to stable housing arrangements,
- \$48 million by 2007-2008 to address homelessness, including funds for emergency shelters and support services.

Environment

Budget 2005 provides an additional \$150 million to enhance environmental protection and land use certainty in British Columbia, including:

- \$91 million for the investigation and remediation of contaminated sites on Crown land, and
- \$5 million to increase the capacity of the Environmental Assessment Office.

BCREA Actions

Since the Property Transfer Tax (PTT) was introduced in 1987, the British Columbia Real Estate Association (BCREA) has lobbied for its elimination or, at the very least, reduction. Last fall, BCREA sent its most recent message to the government in the form of a pre-budget submission, and the Association's requests were reflected in the PTT threshold increase.

BCREA continues to recommend further reductions to the PTT to help improve the affordability of homes in BC—one of the keys to quality of life.

- Full submission: http://www.bcrea.bc.ca/govt/2004-10-08_Provincial_Pre-Budget_Submission.pdf
- Status on BCREA's requests: http://www.bcrea.bc.ca/govt/2005-02_BCREA_ProvBudget_Analysis.pdf

BCREA represents 12 member real estate boards and their approximately 14,000 REALTORS on provincial issues, provides an extensive communications network, required licensing and continuing education courses, standard forms and government relations.

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