

**C3.**

**Communication**

**Intergovernmental Relations**

**Sub-Committee – April 13, 2026**

**Item No. 3**

# **IGR Sub-Committee Ontario Budget Overview**

2026 Ontario Budget

Ian Hall, Manager, Public Policy & Strategic Corporate Initiatives

Strategic Initiatives Portfolio



# Budget Overview

- ▶ On Thursday, March 26 Finance Minister Peter Bethlenfalvy presented the 2026 Ontario Budget, titled ***A Plan to Protect Ontario***.
- ▶ This year's budget projects a deficit of \$13.8 billion in 2026-27, nearly double the \$7.8 billion that was projected last fall.
  - The government attributes this increase to the challenging financial situation the country is facing from U.S. tariffs, disrupted supply chains and geopolitical uncertainty.
  - The government expects the deficit to improve to \$6.1 billion in 2027-28 and that it will run a surplus of \$0.6 billion in 2028-29. This surplus is one year later than previously forecast.
- ▶ Total revenue is projected at \$231.9 billion and expenses at \$244.2 billion with \$17.2 billion in debt servicing costs.
- ▶ Real GDP growth is projected at 1% in 2026 and 1.7% in 2027.

# Provincial Priorities

- ▶ In the days leading up to the budget, the provincial government highlighted a number of priority policies, including:
  - **HST Rebates On New Homes** – the province is expanding the HST rebate by removing the 8% provincial portion of HST on all new homes valued at up to \$1 million; all buyers will now be eligible for this, not just first-time buyers.
    - The province estimates this will support up to 14,000 construction jobs and boost GDP growth by 0.2%.
    - The province is working with the federal government to have this rebate take effect retroactively for eligible purchases on or after March 20, 2025.
  - **Billy Bishop Airport Expansion** – the budget reiterates the government's intention to introduce legislation to take ownership of Toronto's lands around Billy Bishop to unlock its full economic potential.
  - **Retail Holiday Openings** – Ontario is proposing to allow retail stores to open on Family Day and Victoria Day and will prevent municipal authorities from maintaining local closure by-laws.

# Investments in York Region

## ▶ **Marvell Technology**

- Ontario is supporting a five-year expansion of AI infrastructure company Marvell Technology, which will involve a scaling of its semiconductor research in York Region.

## ▶ **Convertus Group Biofuel Facility**

- Ontario is providing \$2 million to support a new facility that converts organic waste into renewable natural gas, which is based in York Region.
- This is the first facility of its kind in Canada.

## ▶ **Permanent removal of Highway 407 East Tolls**

- The provincially owned portion of Hwy 407 East will have its tolls permanently removed, saving commuters up to \$7200 a year.

## ▶ **One Fare Program Extension**

- Ontario is extending the One Fare program for two years, saving transit users in the GTHA up to \$1600 a year.

## ▶ **Community Sport and Recreation Infrastructure Fund**

- Adding \$300 million over six years to this fund to support the repair, upgrade or construction of new sport and recreation facilities across Ontario.

# Housing Construction and Affordability

## ▶ Lowering Development Charges

- Ontario is working with the federal government on a new funding program for municipalities that agree to significantly reduce development charges.

## ▶ Removing HST on Purpose-Built Rental Housing

- The government is removing the 8% provincial HST on qualifying purpose-built rental housing to encourage more rental construction.

## ▶ Building Ontario Fund (BOF) Housing Initiative

- BOF will invest up to \$300 million in collaboration with High Art Capital to convert approximately 2,200 newly built condo units into long-term rental housing, including about 550 affordable units.

## ▶ Municipal Housing Infrastructure Program (MHIP)

- The government is increasing funding to the MHIP – Health and Safety Water Stream by \$700 million to support 120 projects across 127 municipalities and First Nations. This program has helped support the construction of 800,000 new homes across Ontario.
- Municipalities can also access up to \$1 billion in loans through the Housing-Enabling Water Infrastructure lending stream.

# Community Safety

## ▶ Bail Reform

- The budget highlights the *Keeping Criminals Behind Bars Act* that they introduced last year, which requires cash security deposits equal to the full court-ordered bail amount.
- The budget includes \$8.3 million in the Bail Compliance and Warrant Apprehension Grant program, which will help ensure high-risk, repeat and violent offenders comply with their bail conditions.
- They will also be expanding specialized bail prosecution teams that work with police to build stronger cases in bail hearings for serious offences.

## ▶ Operation Deterrence 2.0

- Ontario is investing \$32.5 million for two new border security grant programs that will help resource this operation with specialized equipment like drones, marine vessels and surveillance.
- Since January 2025, Operation Deterrence has been able to trace over 550 illegal firearms and seized over 4,000kg of cocaine and 192kg of fentanyl.

## ▶ Increasing Correctional Capacity

- Ontario is investing in new facilities and expansions to existing facilities.
- This will also include over 700 new staffing resources being hired.

## ▶ Fighting Gun and Gang Violence

- Ontario is continuing its partnership with the federal government, which is providing Ontario with \$121 million from 2023 to 2028 to fight gun and gang violence.
- This includes resources for the OPP, prosecutors, municipal police services and community organizations to help conduct investigations and for prevention measures.

## ▶ Sex Offender and Trafficker Registry

- Ontario is exploring making part of the Ontario Sex Offender and Trafficker Registry publicly available.

# Infrastructure Investments: Hwy 413 and the Bradford Bypass

## ► Highway 413

- Construction has begun on a new 52km highway connecting Halton, Peel and York Regions.
  - This would run from Hwy 400 to the Hwy 401/407 interchange.
- The government estimates this will save drivers up to 30 minutes per trip.
- RFPs have been issued for a Hwy 410 extension that would connect the future highway.
- Construction is estimated to support 6,000 jobs per year and contribute \$1 billion annually to GDP.

## ► Bradford Bypass

- A new 16km four-lane highway connecting Highway 400 in Simcoe County and Highway 404 in York Region.
- Detail design contracts have been awarded for some sections as of November 2025.
- This is expected to save drivers 35 minutes versus local roads, create up to 2,200 jobs per year during construction and contribute \$286 million to provincial GDP.

## ► Highway 401 Tunnel

- The government is conducting a feasibility study on a proposed tunnel beneath the 401, with fieldwork beginning in Spring 2026.

# Infrastructure Investments: Highway Widening and Transit in York Region

## ► Highway 400 Widening

- 26km of Hwy 400 between Langstaff and Hwy 9 are being widened to 10 total lanes (8 general purpose and 2 HOV).
- 21km from Major Mackenzie to Hwy 9 is already complete.

## ► Yonge North Subway Extension

- In October 2025, an RFQ for the design-build of 5 stations was issued.
- A tunnelling contract was awarded in 2025.
- Once complete, this extension will accommodate over 90,000 daily trips.

## ► GO Expansion

- Ontario will continue investing in expanding the GO network, including weekend service to Kitchener, more service to Niagara Region, construction at Woodbine Station and early work on a Bowmanville extension.
- There is advanced planning for GO 2.0 to identify potential new rail corridors.

# Trade and Economic Resilience

## ► Buy Ontario Act

- Enacted in December 2025, this requires public sector organizations to prioritize Ontario, then Canadian goods and services in procurement.
- The government is working with municipalities to extend this to fleet vehicle purchases and capital projects, starting this spring.

## ► Trade-Impacted Communities Program (TICP)

- Ontario is providing \$40 million to support local projects in trade-affected communities.
- Municipalities and economic development organizations will be eligible to receive this funding, among other organizations.

## ► Protect Ontario Account Investment Fund

- Ontario is investing up to \$4 billion to attract pension funds and private capital into high-growth sectors like AI, defence, advanced manufacturing, critical minerals, biotechnology and others.

## ► Establishing Trade and Investment Offices

- Ontario is promoting trade with international trading partners through its network of Trade and Investment Offices (TIOs).
- These facilitate investment deals and help expand the province's SME exports into global markets and have facilitated market access for over 2,330 Ontario firms.

# Municipal Finance and Property Tax

## ▶ Streamlining Education Property Tax Remittances

- Beginning in 2028, Ontario plans to have municipalities remit SPT directly to Ontario rather than distributing it across 72 school boards. Boards will continue receiving full funding directly from the province.

## ▶ Property Tax Measures

- Municipalities have the authority to reduce property tax rates on affordable rental housing, ensuring consistent tax treatment for university-operated student housing.
- Ontario will also allow municipalities to use Municipal Property Assessment Corporation data more broadly.

# Other Measures

- ▶ **Small Business Tax Cut** – the government will be cutting the small business corporate income tax rate from 3.2% to 2.2%, effective July 1, 2026.
  - The government estimates this will save 375,000 small businesses \$1.1 billion over three years, with \$5,000 in estimated annual savings per business.
- ▶ **Gasoline and Fuel Tax Cuts**
  - Ontario is making their cuts to gasoline and fuel tax rates permanent which they estimate have saved families \$2.1 billion since July 2022.
- ▶ **Electricity Rebate**
  - The Ontario Electricity Rebate reduces monthly bills for the average resident by approximately \$36.
- ▶ **Rideshare Framework**
  - Ontario is engaging with rideshare operators, the taxi sector and municipalities to explore standardizing rideshare guidelines.
  - This will start with a pilot along the Northlander corridor.

# Conclusion

- ▶ The 2026 budget continues the government's 'Protect Ontario' theme and emphasizes enhancing Ontario's economic resilience amid U.S. tariffs, geopolitical instability and supply chain disruption.
- ▶ The government has focused on increasing trade, reshoring supply chains and investing in key infrastructure across the province.
- ▶ In Vaughan and York Region, multiple major infrastructure projects were noted in the budget, including Hwy 413, the Bradford Bypass, Hwy 400 widening and the Yonge North Subway extension.
- ▶ Significant action is being taken to address housing affordability, including cutting the HST on new home sales and working to support municipalities that cut their development charges.
- ▶ PPSCI will continue to monitor for further announcements from the province.



# Thank you!

Intergovernmental Relations Sub-Committee  
City of Vaughan  
2141 Major Mackenzie Dr.  
Vaughan, ON L6A 1T1

[vaughan.ca](http://vaughan.ca)