

NDP KEY COMMITMENT: \$450 HEALTH TAX REBATE FOR WORKING FAMILIES

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body:

Ontario NDP Leader Howard Hampton says he will bring balance to Ontario's tax system with a Fair Tax Plan that will put money back in the pockets of 75 per cent of working families while protecting health services. In the first of a series of six key commitments, Hampton announced that the NDP would provide a Health Tax Rebate of up to \$450 per person and \$900 per two-income family.

"This campaign is about a fair deal for working families. As a first step, the NDP will fix what Dalton McGuinty got wrong when he broke his promise and dumped his unfair Health Tax on working families," said Hampton.

The NDP will phase in the elimination of the unfair McGuinty Health Tax for 1.5 million workers earning under \$48,000 and put \$450 back into the pockets of individuals earning between \$48,000 and \$80,000. The NDP's health tax rebate is part of a Fair Tax Plan, a balanced approach that gives families a much-needed break while protecting health care by making sure banks, insurance companies and the wealthiest individuals pay their fair share.

"The NDP's Health Tax Rebate restores the balance that was lost when Dalton McGuinty introduced his unfair Health Tax that hit families who can afford it the least. McGuinty's Health Tax increased personal income taxes for average families by 24 per cent - while those who make more than \$200,000 pay only three per cent more. That's just not fair," said Hampton.

Unlike the Conservatives' scheme, the NDP Fair Tax Plan is a balanced approach that only puts money in the pockets of lower- and moderate-income Ontarians who need it the most, while protecting health services by ensuring that banks, insurance companies and the well-off pay their fair share.

The NDP's commitment will mean more money for public services with a small increase in the General Corporate Tax rate from 14 to 14.5 per cent. It will end

the McGuinty Liberal-Conservative policy of eliminating the corporate Capital Tax on banks and insurance companies, a move that will help hard-hit manufacturers while at the same time ending the McGuinty tax giveaway to banks and insurance companies making record profits. It will also include a new provincial personal income tax bracket for individuals making \$150,000 a year or more that is two per cent higher than the existing rate.

“Dalton McGuinty’s Liberals will say anything, and promise anything to get elected. Working families deserve better. Leadership is not about being all things to all people, or handing out a promise on every occasion. It’s about making priorities and making commitments that working families can count on to make a difference in their day-to-day lives,” said Hampton.

“Mr. McGuinty got it wrong when he broke his promise, making working families pay his unfair health tax. New Democrats are going to make it right by restoring balance and making life more affordable for today’s hard-working families.”

Backgrounder - Howard Hampton’s NDP will provide a health tax rebate of up to \$450 per person and \$900 per two-income family

The NDP’s \$450 Health Tax Rebate will make life more affordable for today’s hard-working families. It is part of a Fair Tax Plan, a balanced approach that will put money back in the pockets of low- and moderate-income families without taking away the health services today’s families depend on.

Unlike the Conservatives, the NDP Fair Tax Plan only puts money in the pockets of low- and moderate-income Ontarians who really need a fair deal. The NDP Fair Tax Plan also ensures that the well-off as well as banks and insurance companies, pay their fair share. In fact, the overall package will actually result in an increase in revenues for essential public services like health care.

The NDP’s Fair Tax Plan will put money back into the pockets of 75 per cent of income earners while making sure banks, insurance companies and the wealthiest individuals pay their fair share.

Here’s how much the NDP Health tax Rebate will put back in the pockets of INDIVIDUALS.

If you make: You get back:

\$36,000 \$300

\$48,000 \$450

\$80,000 \$450

For two-income families, the benefits double.

If you make: You get back:

2 people @ \$36,000 \$600

1 person \$36,000, 1 person \$48,000 \$750

2 people @ \$48,000-\$80,000 \$900

McGuinty's Health Tax is unfair for today's working families

It's unfair because Dalton McGuinty promised not to raise taxes then hit working families with the unfair and regressive McGuinty Health Tax

- Individuals earning \$30,000 pay \$300 for the McGuinty Health Tax, increasing their provincial income tax by 24%
- Individuals earning \$50,000 pay \$450 for the McGuinty Health Tax, increasing their provincial income tax by 16%;
- Individuals earning \$200,000 pay \$900 for the McGuinty Health Tax, increasing their provincial income tax by just 3%;
- A millionaire like disgraced Hydro One CEO Tom Parkinson, who walked away with a \$5-million golden handshake, only pays \$900 for the McGuinty Health Tax.
- Under the McGuinty Health Tax regime, a family with two income earners in the \$40,000 range pays \$900, while a family with two income earners in the \$50,000 range pay an additional \$1,200.

The Ontario NDP's balanced Fair Tax Plan

We will fix what Dalton McGuinty broke by breaking his promise and hitting working families with an unfair and regressive tax. That includes:

- The phased-in elimination of the unfair McGuinty Health Tax for 1.5 million workers earning under \$48,000 and a rebate of \$450 for individuals earning between \$48,000 and \$80,000.

- An increase in corporate taxes for banks and insurance companies from 14% to 14.5%. The manufacturing and small business corporate tax rate will remain unchanged. The NDP would also reverse the McGuinty Liberal/Conservative policy of eliminating the corporate capital tax on banks and insurance companies but continue with scheduled reductions for manufacturing and small business.
- A new provincial personal income tax bracket for individuals making \$150,000 a year or more that is two per cent higher than the existing rate. Only two per cent of the Ontario population earns more than \$150,000 and they will only be taxed at the new rate for that part of their income over \$150,000.

More money for essential public services like health care

- The NDP's Health Tax Rebate will mean \$1.5 billion in benefits for working families by 2011/12. The NDP's new revenue measures will generate \$1.85 billion by the same year.
- New corporate taxes on banks and insurance companies will generate \$600 million in the first full year and \$850 million in 2011/12. A new tax bracket for individuals making \$150,000 a year or more will generate \$850 million in the first full year and \$1 billion a year by 2011-12.
- That means a net gain of \$350 million for essential services by 2011/2012.

Competitive taxes

- The corporate tax rate for small business, manufacturers and processors will not change under the NDP's Fair Tax Plan. In fact, the marginal rate for manufacturers will be reduced with the elimination of the capital tax for manufacturers. As Ontario's (combined) Corporate Tax Rate for manufacturers is considerably lower than almost all comparable U.S. states, this competitive advantage will be maintained.
- Ontario's corporate tax rate for banks and insurance companies is lower than the rate in neighbouring U.S. states and an increase of only 0.5% will not change that.