

Budget 2020

New Brunswick

Making sense of what's next.

March 2020

On March 10, 2020, Finance Minister Ernie L. Steeves tabled New Brunswick's 2020-21 budget. The Progressive Conservative minority government hopes to receive enough support for its budget in a confidence vote later this month, which could potentially result in an election if the budget is voted down. The budget projects a \$92.4 million surplus in 2020-21 and sees the province's net debt decrease further.

The net debt is currently estimated at \$13.9 billion and is expected to decline by \$129.3 million in 2020-21.

The estimates provided in Budget 2020 show that the province projects a surplus of \$97.7 million for the 2019-20 fiscal year, an improvement of \$74.6 million over the \$23.1 million surplus projected for the same fiscal year in the previous budget.

From a fiscal perspective, the province projects surpluses over the next four years as follows:

Year	Projected surplus
2019-20	\$97.7 million
2020-21	\$92.4 million
2021-22	\$74 million
2022-23	\$49 million
2023-24	\$50 million



Tax measures

Corporate tax rates

No changes to the corporate tax rates or the \$500,000 small business limit are proposed.

New Brunswick's corporate tax rates for 2020 are summarized as follows:

New Brunswick corporate tax rates

	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
NB only	2.5%	14.0%	14.0%
Federal and NB combined	11.5%	29.0%	29.0%

Personal income tax rates

New Brunswick's personal tax brackets are indexed to inflation on an annual basis. Budget 2020 proposes no further changes to the personal tax brackets and rates. The rates for 2020 are as follows:

- 9.68% on the first tax bracket (up to \$43,401)
- 14.82% on the second tax bracket (from \$43,402 to \$86,803)
- 16.52% on the third tax bracket (from \$86,804 to \$141,122)
- 17.84% on the fourth tax bracket (from \$141,123 to \$160,776)
- 20.30% on the fifth tax bracket (over \$160,776)

The top combined federal and New Brunswick marginal tax rates for 2020 are as follows:

Type of income	Tax rate
Regular	53.30%
Capital gains	26.65%
Eligible dividends	33.51%
Regular dividends	47.75%

Sales and excise taxes

Budget 2020 proposes no changes to the current 15% HST rate, which is composed of a federal component of 5% and a provincial component of 10%.

The gasoline tax will decrease by 4.63 cents/L from 15.5 cents/L to 10.87 cents/L.

The motive fuel (diesel) tax will also decrease by 6.05 cents/L from 21.5 cents/L to 15.45 cents/L.

Provincial property taxes

New Brunswick's provincial property tax rates will begin decreasing over a four-year period from 2021 to 2024. The rate decreases will apply to residential non-owner-occupied properties and non-residential properties, as follows:

Year	Residential non-owner-occupied (per \$100 assessed)	Non-residential (per \$100 assessed)
2020	\$1.1233	\$2.1860
2021	\$0.9829	\$2.1035
2022	\$0.8425	\$2.0210
2023	\$0.7021	\$1.9385
2024	\$0.5617	\$1.8560

Other notable items

Interest on student loans: The rate of interest charged on student loans will decrease from the prime rate +2% to the prime rate.

Healthcare spending: Spending on healthcare has increased by 3.9% over the previous year to over \$2.9 billion in the current year. This includes additional funding for the province's vaccination program, more ambulances and a focused effort to increase the number of nurses in New Brunswick.

Social assistance: Additional funding of \$5.4 million will be provided to increase social assistance rates under several programs. Social assistance rates will now be indexed to the Consumer Price Index.

Education: Additional funding of \$7.1 million will be made available to hire more teachers for the upcoming school year. An additional \$6.1 million will be made available for education assistants. Furthermore, \$1.3 million will be invested to create new opportunities for learning French at the elementary, middle and high school levels.



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