



Home Renovation Tax Credit

Fact Sheet

Overview

The renovation industry plays an integral role in providing employment and delivering services to Albertans. In 2019 the renovation industry represented:

- 57,000 jobs
- \$4 Billion in wages
- \$46.4 billion in investment
- Home renovation tax credits are incredibly effective in promoting employment and stimulating the economy during downturns.
 - This was most notably recognized by Canada's Economic Action Plan in 2009 when the federal government announced a Home Renovation Tax Credit.
 - The program was intended to support investment in the long-term value of homes while generating broad-based economic activity, boosting energy efficiency and the value of Canada's housing stock.
- TD Economics concluded that renovation spending was the only major component of GDP that grew in 2009 and credited the home renovation tax credit with the sector's strong performance that helped boost renovation spending by an estimated \$3-billion to \$4-billion.
- A home renovation tax credit can have the following positive economic impacts to Alberta:
 - **Direct impact** - value-added to the economy that is attributed directly from the employees, the wages earned, and the revenues generated from the industry's spending across the province.
 - **Indirect impact** - the value-added to Alberta's industries that are indirectly tied to renovations (supply chain, manufacturing, transportation etc.) as the industry works with thousands of suppliers and partners across the country.
 - **Induced impacts** – the value-added when employees spend their earnings and owners spend their profits. These purchases lead to more employment, higher wages, and increased income and tax revenues, and can be felt across a wide range of industries.
- Investing in a home renovation tax credit can:
 - Help Albertans invest in their homes;
 - Help rejuvenate the economy;
 - Support good paying construction jobs;
 - Support climate change objectives by retrofitting homes into energy efficiency;
 - Provide broad-based support to Albertans across the province; and,

- Boost tax revenues for government.
- Ontario and BC currently have Renovation Tax Credits for seniors and persons with disabilities.
- Saskatchewan implemented a Home Renovation Tax Credit in December 2020 as an incentive to spend, build and hire to drive economic recovery.
- A home renovation tax credit can be a cost-neutral tax as it encourages growth in the economy and away from the prevalent underground economy in the construction sector.
- A home renovation tax credit ensures that residential construction activity is completed legitimately as a formal receipt is required to access the program. Implementing a tax credit program could generate significant new tax revenue by bringing this spending into the formal economy.
- A home renovation tax credit adds further demand to the renovation industry as it creates incentives for consumers to renovate their homes and find energy efficient solutions.
- A home renovation tax credit not only improves your home, but it adds value to your living space.
- Home renovations are proven to support retail/wholesale activity, construction sector activity and boost manufacturing activity.

Next Steps

- BILD Alberta intends to submit a formal submission to the Government of Alberta to engage in preliminary policy framework discussions with government staff and industry leaders.