

Cost estimate of Election Campaign Proposal

Publication date: 2019-09-25

Short title: Green Homes Tax Credit

Description: Creating a refundable Green Homes Tax Credit for homeowners to help pay for energy-saving renovations for tax year 2020 and 2021. Homeowners will be eligible to receive a 20 percent refundable income tax credit for green improvements to their home of over \$1,000 and up to \$20,000; for a maximum benefit of \$3,800 each tax year.

Operating line(s): Personal Income Tax

Data sources:	<u>Variable</u>	<u>Source</u>
	Refundable tax credit for home improvement and renovation	SPSD/M
	RénoVert Tax Credit	Government of Quebec Tax Expenditures

Estimation and projection method: The estimate is based on results from SPSPD/M¹ (version 27.1). The estimation from SPSPD/M assumed expenses were claimed in the same year incurred and claimed by only one member of the household. It was adjusted by the average ratio between SPSPD/M modeling of a similar refundable tax credit previously offered in Quebec, RénoVert Tax Credit, and reported tax expenditure estimates and projections. The tax year costs were adjusted to reflect fiscal year costs.

Uncertainty assessment: The estimate has moderate uncertainty. The list of approved eco-friendly eligible renovations will impact the cost estimate. The estimate is sensitive to program uptake. The estimate may overstate the cost as it does not account for the behaviour response, as was the case for Quebec residents who had access to the RénoVert Tax Credit for work under a contract entered into after March 17, 2016, and before April 1, 2019.

¹ This analysis is based, in part, on Statistics Canada's Social Policy Simulation Database and Model (SPSPD/M). The assumptions and calculations underlying the SPSPD/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.

Cost of proposed measure

\$ millions	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
Total cost	222	894	687	-	-	-	-	-	-	-

Supplementary information

	Description	Operating line	2019- 2020	2020- 2021	2021- 2022	2022- 2023	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029
Cost	Green Homes Tax Credit	Personal Income Tax	222	894	687	-	-	-	-	-	-	-
Cost recovery			-	-	-	-	-	-	-	-	-	-
Total cost after recovery			222	894	687	-	-	-	-	-	-	-

Notes:

Estimates are presented on an accruals basis as would appear in the budget and public accounts.

Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

"-" = PBO does not expect a financial cost