



Alberta REALTORS[®] Oppose Land Transfer Taxes

Concern: Land Transfer Tax = Home Buyers' Tax

Land transfer tax, or more appropriately called Home Buyers' Tax, is a tax that would be paid by the buyer when property is sold. This tax has been discussed in several Alberta municipalities and was recently mentioned in a Calgary Herald article that spoke of additional sources of revenue the City of Calgary was considering to fund affordable housing, one of which was a land transfer tax.

Background

Home Buyer Impact:

The following examples show potential costs, over and above the price of the home, a buyer would face if a Home Buyers' Tax was implemented in Calgary. NOTE: an average MLS[®] sale price in Calgary of \$362,557 was used in these calculations which show the additional cost to the buyer if a land transfer tax was implemented at 0.5%, 1.0% and 2.0%.

0.5% land transfer tax = \$1812.79
1.0% land transfer tax = \$3625.57
2.0% land transfer tax = \$7251.14

Already Implemented Elsewhere:

Home Buyers' Tax has already been implemented in British Columbia, Manitoba, Ontario, Quebec and in several Nova Scotia municipalities.

Origin in Alberta:

Land transfer tax was originally discussed in the 2007 *Report of the Minister's Council on Municipal Sustainability*, authored by Mandel, Bronconnier, Hawksworth and Johnson on behalf of Edmonton, Calgary, AUMA and the AAMDC and delivered to the Honourable Ray Danyluk, Minister of Municipal Affairs. The report highlighted difficulties municipalities are experiencing in adequately funding public services and recommended municipalities use land transfer tax to stabilize operational funding or to fund capital projects. While the land transfer tax recommendation was put aside, the topic has since been raised by a number of Alberta municipalities, including Lethbridge and Calgary.

Alberta REALTOR[®] Position

REALTORS[®] oppose the implementation of a Home Buyers' Tax in Alberta municipalities because the tax is unfair, hinders housing affordability and negatively impacts the economy:

- Unfairness: forces homebuyers to pay for services that benefit the community-at-large.
- Affordability: adds additional cost to a home purchase, expenses that must be paid in full at closing.
- Negative economic impact: fewer property transactions: reduced economic spin-off from property sales, including reduced spending on renovations, appliances, furniture, etc.*

Alberta REALTORS[®] urge elected officials to pursue more equitable means of achieving municipal sustainability.

**Recent study by the C.D. Howe Institute and economics professors from the University of Toronto*

What Are We Doing?

CREB[®] and AREA are taking the possibility of land transfer tax in Alberta very seriously and have developed a plan of action to counter it. In the meantime, please be aware of the potential and be ready, should we deem it appropriate to mobilize a call to action. We will work together to keep you informed on this issue.

For Further Information, Contact:

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The Alberta Real Estate Association (AREA) represents the interests of more than 10,500 licensed REALTORS[®] and 11 local real estate boards across the province of Alberta.

