

Cost Estimate of Election Campaign Proposal

Publication date:	2019-10-15	
Short title:	Support Energy-Efficient Renovations for Residential Buildings	
Description:	Creation of a refundable tax credit, which will help homeowners pay for eco-responsible improvements in the 2020 to 2023 tax years. Homeowners will be entitled to a 20% refundable tax credit for eco-responsible improvements valued at \$1,000 or more, up to a maximum of \$26,000; the measure will provide a maximum credit of \$5,000 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 ¹
	RénoVert Tax Credit	Government of Québec Tax Expenditures
Estimation and projection method:	The estimate is based on results from SPSSD/M (version 27.1). The estimation from SPSSD/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 SPSSD/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 (SPSSD/M). The assumptions and calculations underlying the SPSSD/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	243	979	1 015	1 050	807	-	-	-	-	-

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