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Tax Credit For Interest Paid On Mortgages

MR. RAMSAY: Thank you, Mr. Speaker. Mr. Speaker, my Member's statement today is about the potential advantage of implementing a tax credit for interest paid on mortgages.

AN HON. MEMBER: Hear! Hear!

MR. RAMSAY: Mr. Speaker, even with the relatively low interest rates of today, a Northwest Territories resident purchasing a \$250,000 home still pays anywhere between \$10,000 to \$14,000 a year in interest for the first 10 years of their mortgage. Mr. Speaker, the cost of living, especially housing costs, are so high in the North that individuals employed in the diamond mining sector often prefer to purchase a home for their family in the south and commute. We spend a fortune attracting professionals north, only to have them return south after a couple of years.

This government needs to be looking at creative ways to make it more attractive for people to put down roots, Mr. Speaker. If the Northwest Territories were to implement the type of tax credit that I propose, we would have a leg up over other jurisdictions and it would go a long way toward making homeownership affordable for low to middle income earners.

This idea is not a new one, Mr. Speaker. The United States offers a tax deduction for interest paid on mortgages. Here in Canada, the short-lived Clark government proposed a tax credit for interest paid on mortgages in 1979. Unfortunately, their mandate ended before it could be implemented.

The tax credit idea is quite simple, Mr. Speaker. The system that was proposed in 1979 allowed a 25 percent tax credit for the first \$5,000 paid in mortgage interest, with a maximum benefit of \$1,250. In today's dollars, an equivalent maximum benefit would be 25 percent of \$13,200, or a tax credit of \$3,300. A tax credit has a number of advantages over the U.S. tax deduction. It directs more of the benefits towards lower and middle-income earners and homeowners. A cap also significantly reduces the potential cost of implementing the system.

Mr. Speaker, it's about time that we show some leadership and look at innovative and creative ways of making housing more affordable. Last year we saw a host of new tax measures come into effect. We had to stomach it because of our pitiful fiscal situation. The fiscal situation today is much improved. This year I'd like to see this government look into implementing tax breaks to help make homeownership in the Northwest Territories affordable. Mr. Speaker, I'll have questions for the Minister of Finance at the appropriate time. Thank you.

SOME HON. MEMBERS: Hear! Hear!

---Applause