



Quinte  
Home  
Builders'  
Association

May 25, 2009.

QHBA Members:

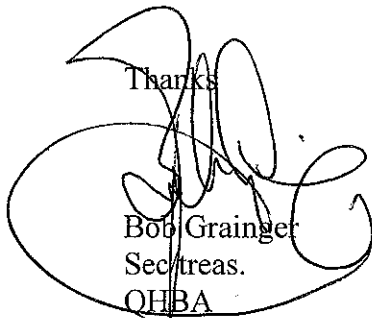
As discussed at the monthly dinner meeting we have attached a copy of a letter drafted by the OHBA, for all members to participate in sending a copy to our local member of parliament, to express our thoughts and views about the harmonization tax.

Please fill in your Company name and sign, and send to our MP Daryl Kramp.

e-mail: [krampd1@parl.gc.ca](mailto:krampd1@parl.gc.ca) Belleville Fax: 613-969-3803

e-mail: [krampd@parl.gc.ca](mailto:krampd@parl.gc.ca) Ottawa Fax: 613-996-8652

Thanks



Bob Grainger  
Sec/treas.  
QHBA



Daryl Kramp M.P.  
Prince Edward Hastings  
1 Millennium Parkway  
Belleville, On  
K8N 4Z5

Mr. Kramp:

The Quinte Home Builders' Association/member is very concerned about the negative impacts that harmonization of the GST and PST will have on new home buyers, residential renovations and employment in the residential construction industry. The new tax is the result of a Memorandum of Agreement Concerning a Canada-Ontario Comprehensive Integrated Tax Co-ordination agreement signed by Prime Minister Stephen Harper and Premier Dalton McGuinty.

As the Member of Parliament representing Prince Edward – Hastings, I am hopeful that you share our concerns that harmonization will have a devastating impact on home buyers and an industry that is already weathering a very difficult economic storm. Harmonization will effectively increase taxes paid by consumers on a substantial portion of new homes in the Quinte area by 6% overnight.

Inflation and rising home prices will erode affordability over time as fewer and fewer new homes qualify for proposed rebate. Ontarians will be subject to the highest cumulative tax burden on new homes in North America;

In 2008 the Quinte Area residential construction industry employed 2,490 people. The provincial and federal governments are proposing billions in taxpayer dollars to bail out the auto industry, while destabilizing the residential construction industry with massive tax hikes that will eliminate tens-of-thousands of jobs;

A harmonized sales tax will drive many renovators and some home builders to the underground economy;

The most vulnerable in our society, who are generally seniors and renters, are affected by an increased cost of 6% on new construction (i.e. the full 8% provincial share of the HST)

Harmonization is occurring at the worst possible time for the residential construction industry in the Quinte Area. It is time that both the federal and provincial governments review housing tax policy as it relates to both the provincial and federal value-added sales taxes. Federally, the GST as it applies to housing must be restructured:

When the GST was introduced in 1991 the Conservative Government made a commitment to adjust the thresholds "at least every two years" to ensure they continued to reflect changes to housing prices-they never were;

Most new homes built in Ontario and major urban centre across Canada are ineligible for the GST rebate, therefore it is essential that the federal government adjust the rebate thresholds to reflect new housing price increases;

Over the period since the GST was introduced, Statistics Canada's New House Price Index has increased by more than 55%. Had the GST rebate thresholds (\$350,000 and \$450,000) been adjusted to take account of this increase in new housing prices, the thresholds at the end of 2008 would have been \$540,000-\$700,000.

The Quinte Home Builders' Association/member is making every effort to work with the Ontario and Canadian Home Builders' Association and our partners in government to resolve the ever increasing tax burden on housing. The province must reconsider the structure of the harmonized sales tax as it applies to new housing and the federal government must take action regarding the GST rebate structure for new housing. The residential construction industry is concerned about affordability for future generations of home buyers and renters as well as jobs.

Sincerely,

Quinte Home Builders' Association/member