

01 October, 2020



Ernie Steeves
Minister of Finance and Treasury Board.
Chancery Place
P.O Box 6000
Fredericton, NB E3B 5H1

Please accept our congratulations on your 2020 election victory. The results show the confidence New Brunswick voters have in the programs and policies, and financial stewardship the Conservative government has introduced in the past two years.

We would like to bring several issues for your consideration in this, your new mandate, that New Brunswick REALTORS® consider important, if not essential, for the future economic development of our province. Real estate remains a major economic driver in terms of government revenue and ancillary consumer spending. Our research shows that each transaction that involves existing housing generates an average of \$45,000 in related economic activity. A study by the Altus Research group also shows that renovations to existing homes generated \$1.8 million in provincial taxes in 2018, the most recent year for complete data.

First and foremost is our concern with the elimination of the tax rate cuts that were planned for non-owner-occupied properties. The residential property tax cuts announced in the 2020-21 provincial budget were eliminated because of the financial pressures caused by COVID-19 initiatives. We are asking that your government, when financial pressures allow, make the re-instatement of this tax cut initiative a budget priority. This should include re-introduction of the plan to reduce the provincial non-residential property tax rate by 8.25 cents a year for four years, which was originally scheduled to start in 2021.

In addition, we would like to draw your attention to our Association's research on the unfair way the current Land Transfer Tax is applied. The current legislation requires a home buyer to pay the tax based on the actual sale price or the stated value, whichever is higher. In other transactions, the consumer pays the tax on what the transaction value is. We propose the same be done with the Land Transfer Tax.

In addition to these tax issues, we are also concerned with the growing pressure for modernization of several laws that govern our profession or impact the purchase and sale of real estate. In most cases it has been at least 40 years since the original legislation was drafted, and a good many social and technological changes have occurred since that time that impact the transaction of real estate and the licensing of REALTORS®.

For example, the New Brunswick's Assessment Act is 54 years old this year. While amendments through the years have tried to keep the law and regulations current, it is



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apparent that it should be reviewed to ensure the province has a fair property tax system that helps – not hinders – economic activity and growth.

The province's *Real Estate Agents Act*, as well as our own private Act (*The Act to Incorporate the New Brunswick Real Estate Association*) were written in 1990s, requires modernization as well. The current legislation can create the perception of doubt that NBREA as co-regulator can effectively enforce the Code of Ethics due to outdated penalties and/or gaps due to age of the respective Acts. It is also proving to be increasingly difficult to manage the logistics and structure of discipline hearings. Again, technology and changes in practice have surpassed the legislation as currently written. The NBREA Act was also written without the *Official Languages Act* in mind.

In the past fifteen years the province has invested in several studies and Commissions dealing with property taxes and municipal financing issues. Our Association has proposed creation of a Task Force – not to do more studies, but to bring together expertise to review what has been proposed and recommend which ones should be considered again for implementation. This would lead to the development of a fair and equitable property tax system. We would recommend the Task Force members include not only members of the legislature, but stakeholder representation, to ensure a thorough investigation of issues and proposed solutions.

If we can be of service in providing any additional details about these issues, please do not hesitate to the CEO of the New Brunswick Real Estate Association, Jamie Ryan (jryan@nbrea.ca).

Again, congratulations for your personal victory in Moncton Northwest, and for your re-appointment as Finance Minister of the new government. We think we can all agree there will be challenging days ahead, and please be assured REALTORS® in New Brunswick are prepared to help in whatever way we can.

Sincerely,

Jason Stephen
GR Chair

Sincerely,

Jamie Ryan
CEO

Sincerely,

Andre Malenfant
President

cc. NBREA Government Relations Committee, NBREA Board of Directors, Alaina Nicholson





Kimothy Stewart
Communications and Events Officer
New Brunswick Real Estate Association
22 Durelle Street #1
Fredericton, NB E3C 1N8

Jamie Ryan
CEO
New Brunswick Real Estate Association
22 Durelle Street #1
Fredericton, NB E3C 1N8

communications@nbrea.ca

Thank you for your recent correspondence and the time you have taken to offer your congratulations.

I appreciate being kept informed of the views of the New Brunswick Real Estate Association with respect to taxation as well as other specific concerns of your industry.

During and following the recent election, the government has acknowledged the importance of municipal reform and working with local governments and stakeholders in this regard. As part of this exercise, we need to look at governance and other issues, as well as property taxation.

As you have noted, the 2020-2021 Budget announced the province's intention to begin to lower provincial property taxes on non-owner-occupied residential properties and non-residential properties. However, with the onset of the COVID-19 pandemic and the rapid deterioration in the province's fiscal situation, the decision was made not to proceed with these reductions at this time. We will consider lowering the tax burden on New Brunswickers, but only as the fiscal situation allows.

Once again, thank you for your efforts in bringing the views and suggestions of the New Brunswick Real Estate Association to the attention of government. Your views will be kept in mind as government continues to work with officials, stakeholders and partners to build a safe and prosperous New Brunswick.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ernie L. Steeves".

Hon. Ernie L. Steeves
Minister of Finance and Treasury Board

