

**PRESS RELEASE**

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For Immediate Release**

**RISING LIKE THE RED RIVER**

**Land Transfer Tax Revenues Go Up Every Year**

**WINNIPEG** – Not unlike the rise of the Red River in the Spring, every year we see a new provincial budget and within it a higher revenue stream noted for the land transfer tax. The revenue for 2009 was \$49.6 million in comparison to \$44.7 million in 2008 and \$38.2 million in 2007.

Why? House prices continue to rise and with no indexing of the land transfer tax rates and/or changes to the brackets upon which they apply since it was brought in the late 80s. Revenues continue to escalate at the expense of the home buyer.

Don Cook, a WinnipegREALTORS® director and chair of the Civic and Legislative Affairs Committee says, “The Province’s ‘start living’ slogan is more like ‘start paying’ when it comes to home buyers who manage to come up with the required land transfer tax amount based on the total value of the home they purchase.” He added, “For others, land transfer taxes are a dream-breaker, shutting hundreds of potential homebuyers out of the market.”

It is important to understand the land transfer tax is a closing cost you must pay before the title can be transferred to the new owner. This process can be repeated a number of times depending on how many moves a person makes in a lifetime. It becomes very expensive once house prices shift over \$200,000 as that is the point where the highest land transfer tax in the country of 2% kicks in. There are no exemptions for first-time buyers as is the case in most other provinces where a land transfer tax applies.

In February 2010, 56% of homes sold on the Multiple Listing Service® went for above \$200,000. The under \$100,000 only represented 8% of house sales. Based on an average home sale price in February of close to \$230,000, the average sale price now has nearly gone up 300 per cent from the time the land transfer tax came into effect.

One huge beneficiary of the trend to higher sale prices over \$200,000 is the provincial government. For any amount over \$200,000 the highest land transfer tax rate in the country is applicable. So, at 2%, it means for every \$50,000 increment over \$200,000, the province collects an additional \$1,000 in land transfer taxes from the home buyer. A \$300,000 home creates a \$2,000 windfall for the province based just on the 2% tax rate and another \$1,650 for the amount below \$200,000.

Based on February MLS® home sales, the chart below shows just how much difference 10 years can make to the Province's collection of land transfer tax revenues.

**Land Transfer Tax Revenues**  
**Based on MLS® Residential-Detached Sales**  
**February - 2000 vs. 2010**

February 2000			February 2010		
	Units	LTT paid		Units	LTT paid
Up to \$30,000	54	\$0	Up to \$30,000	2	\$0
\$30,001-\$90,000	233	\$42,253	\$30,001-\$90,000	33	\$6,782
\$90,001-\$150,000	175	\$95,903	\$90,001-\$150,000	86	\$55,850
\$150,001-\$200,000	42	\$51,166	\$150,001-\$200,000	100	\$132,014
\$200,001 and Up**	12	\$21,355	\$200,001 and Up	303	\$1,063,430
<b>Total Units</b>	<b>516</b>		<b>Total Units</b>	<b>524</b>	
<b>Total Land Transfer Tax Paid</b>		<b>\$210,676</b>	<b>Total Land Transfer Tax Paid</b>		<b>\$1,258,075</b>

**Manitoba Land Transfer Tax Rates**

Value of Property	Rate
On first \$30,000	0.0%
On Next \$60,000 (i.e. \$30,001-\$90,000)	0.5%
On Next \$60,000 (i.e. \$90,001 - \$150,000)	1.0%
On the Next \$50,000 (i.e. \$150,001 - \$200,000)	1.5%
On amounts over \$200,000	2%**

\*\*This rate came into effect in 2004

“You might say bracket creep is alive and well in Manitoba since there have never been any adjustments made to reflect higher sale prices since the inception of this tax in 1988,” said Cook. “There actually has been one change and that was made in 2004 when the provincial government raised the highest tax rate at the time from 1.5% to 2%.”

Can you imagine if there were no mill rate adjustments on our property taxes as have been promised in the 2010 property reassessment based on the five year difference in property values from 2003 to April 1, 2008? Many homeowners would be faced with 80 per cent increases with a number of others exceeding 100 per cent. This is just one reassessment period.

“Instead of having a mill rate to help home buyers out, the land transfer tax is a millstone,” said Cook. “It impedes people’s ability to buy a home and robs them of equity they may have built up in their home to help use as a nest egg for retirement.”

An unfortunate result of this land transfer tax is it has especially impeded the first-time buyer from getting into the market to the same extent as has happened elsewhere in the country where there is no land transfer tax or a first-time buyer exemption. All you are doing is

discouraging young people from staying or coming back to Manitoba and investing here as opposed to somewhere else?

To find out more information about why WinnipegREALTORS® is launching its own campaign to get the provincial government to offer a first-time homebuyer exemption and index the land transfer tax, go to [www.2muchlft.com](http://www.2muchlft.com). It includes a thorough question and answer piece on Manitoba's land transfer tax, WinnipegREALTORS® January 2010 pre-budget submission to the Honourable Rosann Wowchuk, Minister of Finance, and a link for Manitobans to call or e-mail their MLA to express any concerns they have about the land transfer tax.

“With the strong likelihood of rising interest rates making housing less affordable, WinnipegREALTORS® views any changes the Province can make to lessen the burden of land transfer taxes on homebuyers a way to keep homeownership a possibility for more Manitobans,” said Cook. “Moreover, it also benefits the local economy since there are huge economic spin-offs from resale and new home sales.”

It is also worth noting much of the revenue gains the Province stands to lose from making reductions in the land transfer tax or exemptions will go right back into the economy as buyers will spend those dollars on ancillary purchases such as drapes, appliances, furniture, flooring and other home improvement items.

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