



LUNG CANCER PREVENTION: A TAX CREDIT FOR RADON MITIGATION

Recommendation Summary

The GBC recommends providing a federal income tax credit to individuals and small-scale landlords of 15 percent of the cost of radon mitigation work performed by experts certified by the Canadian National Radon Proficiency Program where a three-month test indicates an indoor radon level above the Canadian radon guideline (currently 200 Bq/m³).

Investment Required:

None. This tax measure would result in net tax benefits to federal and provincial governments.

Background and Rationale

Radon, a known carcinogen, is a radioactive gas arising from the natural decay of uranium in soil and rock. It is the second leading cause of lung cancer in Canada after smoking, causing 16% of lung cancer deaths annually and resulting in over \$17 million annually in direct health care costs. Invisible, odourless, and tasteless, it is detected via a simple and inexpensive three-month test.

Since 2008, Health Canada's National Radon Program has tested over 19,000 federal buildings and about 18,000 homes across Canada, updated radon measures in the National Building Code, developed a certification program for radon mitigators (the Canadian National Radon Proficiency Program), conducted extensive research as well as education and awareness programs, and repeatedly informed Canadians that all homes should be tested for radon.

Health Canada data indicate that the radon levels in approximately 7% of homes in Canada (over 600,000 dwellings) is above the Canadian guideline of 200 Bq/m³.⁷⁹ Parts of Manitoba, New Brunswick, Saskatchewan and Yukon have higher levels. But, some level of radon occurs in all homes with high levels found in all provinces which is why Health Canada recommends that all homes be tested.

Over 600,000 Dwellings Affected

Much new construction in Canada includes radon protection measures. But, an estimated 617,501 dwellings need mitigation, most of them older homes.⁸⁰ Public uptake of outreach messages on the need to test is limited. A federal tax credit is a logical next step for the National Radon Program and would send a strong signal to Canadians to take this issue more seriously.

⁷⁹ Becquerels per cubic metre, a measure of the number of radioactive disintegrations per second.

⁸⁰ Based on tallying Canada Mortgage and Housing Corporation data on occupied housing stock.

Making Radon Mitigation Affordable

Mitigation techniques include sealing cracks and other openings in the foundation/floor, venting and/or Active Sub-Slab Depressurization (installation of a pipe and fan under the basement floor slab to vent radon and prevent entry to the home). Typical mitigation costs range from \$500 to \$3,000. The federal government can help make radon mitigation affordable by adding radon mitigation as a tax credit under the Income Tax Act. We estimate that this tax credit will be revenue-neutral and more likely result in a net annual benefit in the order of \$1.6M to \$9.8M to federal revenues and \$8.2M to \$49.7M to the provinces.⁸¹

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⁸¹ Based on: 80% of 617,501 homes being mitigated across 5 years; a conservative estimate of the corporate tax rate being 15%; and net HST revenues on 66% of sales of mitigation services. See <http://www.cela.ca/publications/radon-tax-credit> for detailed calculations.