



February 21, 2012

BACKGROUND

BUDGET 2012 SUPPORTS B.C. JOBS PLAN

Tax Relief for B.C. Ports

In 2004, to encourage new port investment and secure the competitive position of British Columbia's major industrial ports, the Province enacted the *Ports Property Tax Act* (PPTA). Following a review in 2007, the Province renewed the *Ports Property Tax Act* in 2008 for another 10 years, extending it to 2018. This resulted in investment of more than \$1 billion in terminal expansions.

Under the act, property tax relief is currently provided to major industrial ports by capping municipal tax rates on eligible property. The act also provides for compensation payments to municipalities.

Measures include:

- A tax rate cap of \$27.50/\$1,000 of assessed value for existing ports property until 2018.
- A tax rate cap of \$22.50/\$1,000 for ten years on eligible new investments constructed before December 31, 2018. New investments constructed in 2018 may be eligible for the tax rate cap until the 2028 taxation year.
- Municipal compensation payments indexed to the rate of inflation until 2018.

Subject to approval of the Legislature, these expiry dates would be removed to give port operators increased certainty about the maximum municipal tax rate they will face and provide for longer-term investment decisions.

Training Tax Credits for Shipbuilding and Ship Repair Industry

Eligible employers that employ apprentices in the British Columbia shipbuilding and ship repair industry can receive a refundable tax credit of 20 per cent of wages paid per year, up to \$5,250, per eligible apprentice in the first 24 months of an eligible apprenticeship program and can also receive similar credits based on an apprentice's completion of higher training levels.

These tax credits are enhanced by 50 per cent in respect of apprentices who are First Nations individuals or persons with disabilities.

Eligible shipbuilding and ship repair industry employers that claim the new training tax credits will not be eligible to claim training tax credits under the existing training tax credit program. The training tax credits for shipbuilding and ship repair industry employers will be made effective by regulation and will expire at the end of 2019.

B.C. Training Tax Credits

The B.C. Training Tax Credits are extended for an additional three years to the end of 2014. Through approximately \$31-million annual funding, the apprenticeship training tax credit program encourages employers and apprentices to participate in and complete apprenticeship programs offered in British Columbia.

The program provides employers with refundable tax credits for salary and wages paid by employers to eligible apprentices. Apprentices registered in an eligible program are also eligible for fully refundable personal income tax credits. To encourage participation in trades training in respect of First Nations individuals or persons with disabilities, individual and employer tax credits are enhanced by 50 per cent.

B.C.'s training tax credit program complements federal incentives for apprenticeship training, which are limited to the first two years of "Red Seal" apprenticeship programs.

Small Business Venture Capital Program

Effective for the 2012 program year, the budget for the Small Business Venture Capital Program is increased by \$3 million to provide tax credits for direct investments in eligible new corporations.

Under the program, eligible investors can receive an income tax credit of 30 per cent of their investment in eligible business corporations up to an annual limit of \$60,000. An eligible new corporation must:

- Qualify as an eligible business corporation under the act,
- Have been incorporated for less than two years, and

- Be doing business in a targeted sector: community diversification; development of interactive digital media products; clean technology; prescribed manufacturing and processing; destination tourism; or research and development of proprietary technology.

The \$3 million increase will allow for up to \$10 million annually in additional equity financing for qualifying new businesses for 2012, 2013 and 2014.

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For the Finance Minister's speech and more details on *Budget 2012*, visit www.bcbudget.ca.

Visit the Province's website at www.gov.bc.ca for online information and services.

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