



## **Provincial Budget 2010**

### **What Small and Medium Businesses in the Board of Trade need to know**

Budget 2010 was brought down by the Government of Newfoundland and Labrador on Monday, March 29. Below are highlights of what small and medium sized businesses of the St. John's Board of Trade should know about how the Budget might affect them.

#### General Support

- Approximately \$61 million in tax credits and incentives, including the Small Business Tax Credit, Manufacturing and Processing Profits Tax Credit, Scientific Research and Experimental Development Tax Credit, Film and Video Tax Credit, Economic Diversification and Growth Enterprise Program (EDGE), Labour-sponsored Venture Capital Tax Credit, Direct Equity Tax Credit, and the Resort Property Investment Tax Credit;
- \$13.8 million is available for investment through the Small and Medium-sized Enterprise (SME) Fund. The SME Fund enables local businesses to strengthen their operations and target new business opportunities in markets around the world;
- \$11 million is allocated to the Regional/Sectoral Diversification Fund, supporting sector development and contributing to the development of stronger, more diversified communities;
- \$1 million is allocated to the Business and Market Development Program, which provides matching contributions to small businesses, enabling them to acquire new skills, meet industry standards, and expand their marketing reach to other jurisdictions.
- *Investment Attraction Strategy*: building on its efforts to bring new business and investment opportunities to Newfoundland and Labrador, this year will see the completion of a comprehensive investment attraction strategy. This multi-year plan will be designed to provide coordinated, strategic oversight of activities and initiatives that support the attraction of new investment to the province across a number of sectors. It will also identify actions aimed at building a more competitive business environment that encourages inward investment, achieving a highly-educated and skilled workforce in the province, increasing promotion of Newfoundland and Labrador as an investment destination, strengthening cooperation with the business community and other partners, and linking investment attraction with efforts to grow local business.

#### Workers

Effective July 1, 2010, the provincial personal income tax rate for individuals with income between \$31,278 and \$62,556 will be reduced from 12.8 per cent to 12.5 per cent. The tax rate for the third income tax bracket, which starts at \$62,556, will decrease from 15.5 per cent to 13.3 per cent.

#### Rates and Taxes

Budget 2010 will enhance support for small business in the province. For fiscal periods beginning on or after April 1, 2010, the small business income tax rate will be reduced from five

per cent to four per cent resulting in a benefit of \$4.4 million for 4,800 small businesses in the province.

## Stimulus

### *Roads*

Budget 2010 provides \$177.7 million in provincial funding for road and bridge expenditures. This Provincial Government investment will be supplemented by an additional \$57.9 million in Federal Government funding for a total road and bridge investment of \$235.6 million which includes:

- The Provincial Roads Improvement Program and improvements to the Trans Canada Highway/National Highway System;
- Funding for the Conception Bay South Bypass extension, Team Gushue Highway extension and completion of the Torbay Bypass;
- Funding to begin replacement of the Kenmount Road (Donovan's) overpass.

Budget 2010 provides \$135.5 million in provincial investment for municipal infrastructure. This will leverage an additional \$53.4 million in federal funding provided under the various federal/provincial cost-shared agreements for a total municipal infrastructure program budget of \$188.9 million – an increase of approximately \$34 million over Budget 2009. With municipal contributions factored in, the total investment in municipal infrastructure in the province in 2010-11 is anticipated to be the largest in history at approximately \$225 million.

Through Budget 2010, \$27 million in Provincial Government funding is provided for Newfoundland Labrador Housing Corporation infrastructure projects, affordable housing and increased maintenance funding.

Newfoundland and Labrador Hydro, a subsidiary of Nalcor Energy, will provide economic stimulus through infrastructure investments in 2010 of approximately \$53 million.

## Innovation

- \$4.9 million is available for investment under *Oceans of Opportunity*, a five-year strategy designed to accelerate sector development, along with enhancing the province's environment for business and technology development within the ocean technology community;
- \$2 million has been allocated for a one-year extension of the Commercialization and Innovation Enhancement Programs. Both programs were established under the provincial innovation strategy *Innovation Newfoundland and Labrador: A Blueprint for Prosperity*. While evaluation of the two programs is being conducted, the Provincial Government will further support emerging knowledge-based industries in the province;
- \$1 million is allocated as part of a two-year \$3 million commitment for the renewal of the Oil and Gas Manufacturing and Services Export Development Fund, which assists companies in the province's oil and gas supply sector to diversify their markets and take advantage of new export opportunities;
- \$2 million is available this year under the Aerospace and Defence Development Fund, designed to support the growth of this industry in Newfoundland and Labrador.