



Issue Update

BUDGET 2003

The Provincial Government has released Budget 2003 advising that they are on track to:

- Balance the budget in 2004/05
- Increase the overall education budget by \$143 million over the next three years.
- Direct an additional \$1.3 Billion in expected three-year federal funding to meet the health care needs of British Columbians.
- Invest \$650 million of new, dedicated fuel-tax revenues in transportation infrastructure over the next three years.
- Achieve a significantly lower level of debt than anticipated in the 2002 budget and fiscal plan.

Transportation improvements to the tune of \$650 million will be allocated as follows:

- \$225 million to northern and heartland roads.
- \$30 million in ports and airports
- \$93 million for border crossing infrastructure
- \$132 million toward major highway corridors
- \$170 million in other improvements such as highway rehabilitation and to keep the inland ferry system toll-free

The investment in transportation infrastructure will be funded in part by the federal government, and in part by the increase in fuel tax as well as tolls and public-private partnerships.

The budget provides some tax relief of interest to contractors. For one, the threshold below which small financial institutions do not pay the corporation capital tax has been increased to \$10 million from \$5 million in net paid up capital effective for tax years ending after March 31, 2003. Also, effective February 19, 2003, contractors are eligible to claim the provincial sales tax exemption for machinery, equipment and parts if all the following conditions are met:

- The machinery, equipment or parts are acquired by the contractor to carry out a lump sum or fixed price contract to improve real property; and
- The contractor's customer has provided to the contractor a completed Certificate of Exemption

The exemption applies to qualifying machinery, equipment and parts purchased by the contractor on or after February 19, 2003. Where a contract was entered into prior to February 19, 2003 and purchases were made before that date, the tax continues to apply to those purchases. However, subsequent purchases of qualifying items under the same contract will qualify for the exemption provided all other conditions are met.

The complete budget can be reviewed on the BC Government website at: www.gov.bc.ca

Let's Get BC Building!