

2008-2009 BUDGET PRESS RELEASE No. 2

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CNW CODE 01 + WEEKLIES

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REWARDING INVESTMENT TO STIMULATE PRODUCTIVITY

Québec, March 13, 2008 – “We must make it possible for Québec firms to adapt to economic changes marked by the new reality of parity between the Canadian and U.S. dollars and by increasingly stiff international competition. This budget creates a fiscal environment that has never been more favourable to investment and productivity improvement,” declared Monique Jérôme-Forget, Minister of Finance, Minister of Government Services, Minister Responsible for Government Administration and Chair of the Conseil du trésor, in the 2008-2009 Budget Speech.

The 2008-2009 Budget encourages Québec businesses to accelerate their investments through a series of measures, including:

- immediate elimination of the tax on capital for all manufacturing companies, which will encourage 14 300 more firms to invest and modernize.
- the introduction of a new investment tax credit for the purchase of manufacturing and processing equipment. The tax credit will be at least 5% for all companies, but will be raised on the basis of the remoteness of the regions. Accordingly, it will be 20% for the Saguenay–Lac-Saint-Jean and Mauricie regions and the three regional county municipalities that benefit from the tax assistance for resource regions, 30% for the Bas-Saint-Laurent region and 40% for the Gaspésie–Îles-de-la-Madeleine, Côte-Nord, Abitibi-Témiscamingue and Nord-du-Québec regions;
- additional funding of \$50 million over five years to support regional county municipalities that are going through economic hard times;
- introduction of a refundable tax credit for new information technology companies corresponding to 30% of the salaries for jobs related to innovative activities, such as consulting services and e-commerce solutions design. The tax credit will be available throughout Québec.

“Some of these measures draw largely on the work of the Task Force on Tax Assistance for the Resource Regions and the New Economy. I want to thank the members of the task force: economists Robert Gagné, Luc Godbout and Guy Lacroix. They had a difficult mandate. Yet they managed to submit recommendations to stimulate economic growth, emphasized the Minister.

The budget also contains other measures to increase productivity, including:

- high-speed Internet access in all regions of Québec under the new Communautés rurales branchées program;
- creation of the Fonds du patrimoine minier, into which will be paid a portion of mining duties to attract more businesses to Québec;
- an investment of \$2 million to create a national mining institute and implement other training measures;
- an investment of \$60 million over five years to better support the new generation of farmers and contribute to the modernization of businesses in the food processing sector;
- more money to finance and disseminate culture, through an additional investment of \$10 million in Placements Culture, which will bring the government’s contribution to \$25 million since the program’s inception in 2005.

“A number of measures I am announcing in this budget were inspired by the directions proposed by the Task Force on Business Investment chaired by economist Pierre Fortin, accompanied by Andrée Corriveau and Jean Boivin. I salute the Task Force’s work and the quality of the report I am making public today,” said the Finance Minister.

“We have demonstrated our ability to be world leaders in areas as competitive as the aerospace industry, pharmaceutical and biotechnological research, health sciences and digital technologies. Together, we can and we must succeed. This budget gives us the means to do so,” she concluded.

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