

RESPONSE COMMENTS TO LEGISLATIVE COUNCIL CLEARINGHOUSE REPORT

1. Businesses are often located in buildings that are not owned directly by the business, but by a separate holding company. These holding companies may be owned by a person or persons with no direct relation to the manufacturing entity, but are most often owned by the same individuals who own the manufacturing company.

In situations where expansion involves both new equipment and additional space, a business that owns its own facility would be eligible for tax credits based upon the expenditures for both the equipment and the construction of the additional space. The Department believes that the same level of benefits should be available in cases where the business (manufacturing entity) is purchasing equipment and a second entity (which owns the property) is financing the construction of additional space needed to house the new equipment. The construction of additional space is no less crucial to the manufacturer's expansion than the purchase of additional equipment, regardless of who pays for the construction.

The rules have been revised to clarify that an application must list the applicant's expenses.

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