

1993

CHAPTER 28

An Act to amend *The Labour-sponsored Venture Capital Corporations Act*

(Assented to May 21, 1993)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

Short title

1 This Act may be cited as *The Labour-sponsored Venture Capital Corporations Amendment Act, 1993*.

S.S. 1986, c.L-0.2 amended

2 *The Labour-sponsored Venture Capital Corporations Act* is amended in the manner set forth in this Act.

Section 2 amended

3 **Clause 2(1)(i) is amended:**

(a) **by striking out “employee” and substituting “individual” in the portion that precedes subclause (i);**

(b) **by striking out “and employed” in subclause (i); and**

(c) **by striking out “employee” where it appears for the first time and substituting “individual” in subclause (ii).**

Section 5 amended

4 **Section 5 is amended:**

(a) **by adding “subject to clause (c.1),” before “the corporation's equity” in clause (c);**

(b) **by adding the following clause after clause (c):**

“(c.1) in the case of a Type A corporation, the corporation's equity shares may be issued for an annual consideration of not more than \$10,000,000 and not more than a maximum aggregate amount of consideration that may be prescribed in the regulations”;

(c) **by adding the following clause after clause (d):**

“(d.1) in the case of a Type A corporation, the corporation has appointed a trustee acceptable to the minister to administer the trust fund required pursuant to section 5.1”;

(d) by adding “or, where the holder of the equity share is a registered retirement savings plan as defined in the *Income Tax Act* (Canada), the death of the sole beneficiary of the plan” **after** “the equity share” **in subclause (e)(i);**

(e) by repealing subclause (e)(ii) and substituting the following:

“(ii) the holder of equity shares of that class or, where the holder of equity shares of that class is a registered retirement savings plan as defined in the *Income Tax Act* (Canada), the sole beneficiary of the plan, or the holder's or sole beneficiary's personal representative has the right to require the corporation to redeem the equity shares on the death of the holder or sole beneficiary or under any circumstances that may be prescribed in the regulations”;

(f) by adding “or to registered retirement savings plans as defined in the *Income Tax Act* (Canada) where the sole beneficiary of each plan is an eligible investor” **after** “eligible investors” **in subclause (e)(vi);**

(g) by adding “or to registered retirement savings plans as defined in the *Income Tax Act* (Canada) where the sole beneficiary of each plan is an eligible investor or a person who was an eligible investor at the time the sole beneficiary acquired the equity shares” **after** “acquired the equity shares” **in subclause (e)(vii);**

(h) by striking out “and” **after subclause (e)(x);**

(i) by adding “and” **after subclause (e)(xi); and**

(j) by adding the following subclause after subclause (e)(xi):

“(xii) in the case of an application for a Type A certificate of registration, the shares may be redeemed prior to the time period prescribed in the regulations during which a corporation shall not redeem its eligible equity shares but only if the tax credit issued to the shareholder at the time of the issuance of the shares is repaid to the Crown unless the minister has issued an order pursuant to subsection 8(2)”.

New Section 5.1

5 The following section is added after section 5:

Trust fund

“5.1(1) A Type A corporation shall set aside in a trust fund an amount of money equal to the amount of the tax credits issued to eligible investors.

(2) The trustee mentioned in clause 5(d.1) shall hold the trust fund in trust jointly, to be dealt with in accordance with this section, for:

- (a) the labour-sponsored venture capital corporation; and
- (b) the Crown.

(3) Where the registration of a labour-sponsored venture capital corporation is revoked, any moneys then remaining in the trust fund established pursuant to subsection (1) are immediately payable to the Crown and:

- (a) a receipt from the minister on payment of those moneys to the Crown is a full and sufficient discharge to the trustee for those moneys or to any other person having control of those moneys;
- (b) that payment is a full and complete discharge to the person making it and for any claim to that payment by any person who claims to be entitled to the funds; and
- (c) that payment, excluding the amount of any interest earned on the moneys while held in trust, reduces the amount owed by the labour-sponsored venture capital corporation pursuant to section 8.1.

(4) Any trustee who fails to make the payment to the Crown required by subsection (3) is liable to the Crown for the amount that should have been paid pursuant to that subsection.

(5) Subject to subsection (6), while any amount is held in trust pursuant to subsection (2), the minister shall permit payment from the trust fund when the amount not required to be held in trust has been invested, or otherwise dealt with, in accordance with this Act.

(6) No moneys held in trust pursuant to subsection (2) are to be paid out to any person unless the minister consents in writing to that payment”.

New section 8.1

6 The following section is added after section 8:

Recapture

“8.1(1) Except where the minister has issued an order pursuant to subsection 8(2), a labour-sponsored venture capital corporation shall immediately pay to the Crown an amount of money equal to the total amount of tax credits issued, including any interest earned by the trust fund pursuant to subsection 5.1(2) that remains in the trust fund, where:

- (a) it proposes to wind-up or dissolve;
- (b) it has its registration revoked; or
- (c) subject to subclause 5(e)(xii), it purchases or otherwise acquires any of its equity shares prior to the time period prescribed in the regulations during which a corporation shall not redeem its eligible equity shares.

(2) Where an amount is payable to the Department of National Revenue of the Government of Canada by reason of recapture pursuant to this Act, the minister may enter into an agreement with the Government of Canada to collect that amount on behalf of the Government of Canada”.

Section 11 amended

7 Section 11 is amended:

(a) by repealing subsection (1) and substituting the following:

“(1) No labour-sponsored venture capital corporation shall use any of its equity capital to:

(a) provide loans, guarantees or other financial assistance to any shareholder or any person related to a shareholder; or

(b) invest in any investments that are prescribed in the regulations as prohibited investments”; **and**

(b) by adding the following subsection after subsection (2):

“(3) Any equity capital received by an eligible business from a labour-sponsored venture capital corporation shall not be used, directly or indirectly, for any purposes that are prescribed in the regulations as prohibited purposes”.

Section 12 amended

8 Section 12 is amended:

(a) by adding “, or to a registered retirement savings plan as defined in the *Income Tax Act* (Canada) where the sole beneficiary of the plan is an eligible investor,” **after “issued to the eligible investor” **in subsection (1); and****

(b) by adding “, or to the registered retirement savings plan as defined in the *Income Tax Act* (Canada) where the sole beneficiary of the plan is an eligible investor,” **after “eligible investor” **in clause (3)(a).****

Coming into force

9 This Act or any provision of this Act comes into force on a day or days to be fixed by proclamation of the Lieutenant Governor.