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c 38 Small Business Development Corporations Amendment Act, 1986 (No. 2)

Ontario

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CHAPTER 38

**An Act to amend the
Small Business Development Corporations Act**

Assented to November 4th, 1986

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

1. Clause 1 (1) (p) of the *Small Business Development Corporations Act*, being chapter 475 of the Revised Statutes of Ontario, 1980, as enacted by the Statutes of Ontario, 1984, chapter 30, section 1, is repealed and the following substituted therefor:

(p) "spouse" means spouse as defined in section 29 of the *Family Law Act, 1986*.

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2.—(1) Clause 4 (a) of the said Act is amended by striking out "*Business Corporations Act*" in the second line and inserting in lieu thereof "*Business Corporations Act, 1982*".

(2) Clause 4 (d) of the said Act, as re-enacted by the Statutes of Ontario, 1986, chapter 3, section 3, is repealed and the following substituted therefor:

- (d) the articles of the corporation restrict the business of the corporation to assisting in the development of small businesses by,
 - (i) providing capital through the acquisition and holding of securities as permitted by this Act,
 - (ii) providing business and managerial expertise to small businesses, or
 - (iii) in the case of a Northern and Eastern small business development corporation, by providing the assistance described in subclauses (i) and (ii) to small businesses which meet the requirements of clause 9 (1) (a),

or, in the case of a Northern and Eastern small business development corporation, the corporation has provided at the time of registration an undertaking satisfactory to the Minister to file articles of amendment restricting the business of the corporation to assisting in the development of small business in a manner described in subclause (iii).

3. Subsection 5 (3) of the said Act is amended by inserting after “may” in the first line “refuse to permit a payment from the trust fund established under section 8 or”.

4. Subsection 7 (4) of the said Act, as re-enacted by the Statutes of Ontario, 1986, chapter 3, section 5, is repealed and the following substituted therefor:

Idem

(4) Where a grant or tax credit with respect to any equity share has been paid or allowed out of an incentive fund referred to in clause 22a (1) (a) or (c), or out of the new enterprise incentive fund as it was constituted at the date of election formerly required under this Act, each eligible investment referred to in subsections (2) and (3) shall have been made after the 15th day of May, 1984, and shall meet the prescribed conditions of being an eligible investment,

- (a) where the small business development corporation is a Northern and Eastern small business development corporation, in a small business primarily located in northern and eastern Ontario where the grant or tax credit was paid or allowed out of the northern and eastern Ontario incentive fund; and
- (b) where the small business development corporation is not a Northern and Eastern small business development corporation,
 - (i) in a small business primarily located in northern and eastern Ontario where the grant or tax credit was paid or allowed out of the northern and eastern Ontario incentive fund prior to the 24th day of October, 1985, or
 - (ii) in a small business in Ontario where the grant or tax credit was paid or allowed out of the general fund, or the new enterprise fund as formerly constituted.

5.—(1) Subsection 8 (5) of the said Act is amended by inserting after “revoked” in the second line “or surrendered,”.

(2) Subsection 8 (7) of the said Act, as enacted by the Statutes of Ontario, 1986, chapter 3, section 6, is amended by striking out “clause (2) (b)” in the tenth line and inserting in lieu thereof “clause (2) (a)”.

6. Clause 17 (2) (a) of the said Act, as re-enacted by the Statutes of Ontario, 1986, chapter 3, section 10, is amended by striking out “under section 181” in the first line and inserting in lieu thereof “described under clauses 181 (1) (a) to (i)”.

7. Subsection 20 (3) of the said Act is amended by striking out “or” at the end of clause (a), by adding “or” at the end of clause (b) and by adding thereto the following clause:

- (c) refuse to permit a payment from the trust fund established under section 8.

8.—(1) Clause 22a (1) (b) of the said Act, as enacted by the Statutes of Ontario, 1984, chapter 30, section 8, is repealed.

(2) Subsection 22a (2) of the said Act, as enacted by the Statutes of Ontario, 1984, chapter 30, section 8, is amended by striking out “funds described in clause (1) (a) or (b)” in the fourth and fifth lines and inserting in lieu thereof “fund described in clause (1) (a)”.

(3) Subsections 22a (3) and (4) of the said Act, as re-enacted by the Statutes of Ontario, 1986, chapter 3, section 13, are repealed and the following substituted therefor:

(3) The Minister shall make a grant or allow a tax credit to a shareholder of a small business development corporation with respect to each equity share issued on or after the 24th day of October, 1985,

Payment
from funds

- (a) from the fund described in clause (1) (a), where the small business development corporation that issued the share is a Northern and Eastern small business development corporation; or
- (b) from the fund described in clause (1) (c), where the small business development corporation that issued the share is not a Northern and Eastern small business development corporation.

9.—(1) Section 24 of the said Act, as amended by the Statutes of Ontario, 1986, chapter 3, section 14, is further amended by inserting after “revoked” in the third line “or surrendered”.

(2) Paragraph 3 of section 24 of the said Act, as re-enacted by the Statutes of Ontario, 1986, chapter 3, section 14, is amended by,

- (a) inserting after "revoked" in the second line "or surrendered";
- (b) inserting after "revocation" in the first line and in the twenty-eighth line of sub-subparagraph (i) in each instance "surrender";
- (c) inserting after "revocation" in the eighth line of sub-subparagraph (ii) "surrender"; and
- (d) inserting after "revocation" in the sixteenth line of subparagraph (b) "surrender".

(3) Paragraph 4 of the said section 24, as re-enacted by the Statutes of Ontario, 1986, chapter 3, section 14, is amended by adding at the end thereof "and a reduction of stated capital or a reduction to the stated capital accounts shall include any amount paid, or payable to the Minister pursuant to this section".

10. Subsection 28 (1) of the said Act is amended by adding thereto the following clause:

- (ba) to refuse to permit payment from the trust fund established under section 8 where that refusal does not result from a determination by the Minister that any investment or proposed investment is ineligible under this Act.

11. Clause 34 (1) (e) of the said Act is amended by inserting after "revoked" in the fifth line "or surrendered".

Commence-
ment

12. This Act comes into force on the day following the day it receives Royal Assent.

Short title

13. The short title of this Act is the *Small Business Development Corporations Amendment Act, 1986 (No. 2)*.