

# ***The Small Business Interest Reduction Program Regulations***

*Repealed*

by Saskatchewan Regulations 40/98 (effective May 13, 1998).

*Formerly*

Chapter E-0.001 Reg 4 (effective July 16, 1985)  
as amended by Saskatchewan Regulations  
26/86, 49/86 and 21/87.\*

\*NOTE: The chapter number of these regulations was changed by c.R-16 Reg 2, Gazetted November 18/88.

## **NOTE:**

**This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.**

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## CHAPTER E-0.001 REG 4

### *The Economic Development and Tourism Act*

#### **Title**

**1** These regulations may be cited as *The Small Business Interest Reduction Program Regulations*.

#### **Interpretation**

**2(1)** In these regulations:

- (a) **“benefit period”** means the period commencing on May 1, 1985 and ending on March 31, 1988;
- (b) **“benefits”** means benefits payments payable pursuant to section 7;
- (c) **“eligible activity”** means any industrial, manufacturing, processing, trade, service, retail, wholesale or other commercial business activity but does not include:
  - (i) farming;
  - (ii) acquisition of real estate;
  - (iii) exploration or extraction of primary resources;
  - (iv) lending money; or
  - (v) professional services;
- (d) **“eligible loan”** means a loan to an eligible small business made by any bank to which the *Bank Act* (Canada), as amended from time to time, applies, a credit union incorporated or registered pursuant to *The Credit Union Act*, a trust and loan corporation incorporated or licensed pursuant to *The Trust and Loan Corporations Act*, the Saskatchewan Economic Development Corporation, the Federal Business Development Bank or any other lender that the minister may approve but does not include a loan that is:
  - (i) in arrears for more than 30 days;
  - (ii) used by the small business for purposes other than for an eligible activity; or
  - (iii) used by the small business for the purpose of acquiring a passenger vehicle unless the passenger vehicle is used only in the conduct of eligible activities of the small business;
- (e) **“eligible small business”** means a small business engaged in an eligible activity;
- (f) **“fiscal year”** means the period commencing on April 1 in one year and ending on March 31 in the following year;

- (g) **Repealed.** 27 Mar 86 SR 26/86 s3.
- (h) **“prime lending rate”** means the prime lending rate as published from time to time by the main branch of the Royal Bank of Canada at Regina, Saskatchewan;
- (i) **“program”** means the Small Business Interest Reduction Program established in section 3;
- (j) **“small business”** means subject to subsection (2):
- (i) any person or partnership registered under *The Business Names Registration Act*;
  - (ii) any corporation incorporated, continued or registered under *The Business Corporations Act*; or
  - (iii) any co-operative incorporated, continued or registered under *The Co-operatives Act*;

that carries on business, has its head office in Saskatchewan and has eligible loans with balances outstanding that exceed, in the aggregate, \$4,999 but do not exceed, in the aggregate, \$250,000 and includes a dealer licensed pursuant to:

- (iv) *The Agricultural Implements Act*; or
- (v) *The Motor Dealers Act*;

that carries on business and has its head office in Saskatchewan and has eligible loans with balances outstanding that exceed, in the aggregate, \$4,999.

(2) The minister may enroll a person, partnership or corporation in the program pursuant to section 5:

- (a) notwithstanding the fact that the person, partnership or corporation is not registered under *The Business Names Registration Act*, incorporated, continued or registered under *The Business Corporations Act* or incorporated, continued or registered under *The Co-operatives Act*; and
- (b) where the minister is satisfied that the person, partnership or corporation carries on business in Saskatchewan and otherwise is eligible pursuant to these regulations for enrollment in the program;

and any person, partnership or corporation enrolled by the minister pursuant to this subsection is deemed to be an eligible small business.

26 Jly 85 cE-0.001 Reg 4 s2; 27 Mar 86 SR 26/86 s3; 23 May 86 SR 49/86 s3.

#### **Program established**

**3** The Small Business Interest Reduction Program is established to assist eligible small businesses by reducing the cost of eligible loans to those small businesses.

26 Jly 85 cE-0.001 Reg 4 s3.

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**Eligibility for enrollment**

**4(1)** Subject to subsection (2) and the other provisions of these regulations, where interest is payable by an eligible small business with respect to an eligible loan at a rate exceeding an annual rate of 8%, the eligible small business is eligible for benefits calculated in accordance with section 7 for the lesser of:

- (a) the duration of the benefit period; and
- (b) the term of the eligible loan.

**(2)** The minister shall not pay any benefits to an eligible small business:

- (a) if the small business has one eligible loan, with respect to that part of the principal amount of the loan that exceeds \$100,000; or
- (b) if the small business has more than one eligible loan, with respect to that part of the amount by which the aggregate of the principal amount all of its eligible loans, calculated in accordance with subsection (3), exceeds \$100,000.

**(3)** For the purposes of clause (2)(b), the minister shall include in that part of the principal amount of all of a small business's eligible loans with respect to which benefits are payable the eligible loans of the small business that bear the highest annual rate of interest.

26 Jly 85 cE-0.001 Reg 4 s4; 23 May 86 SR 49/  
86 s4.

**Enrollment**

**5(1)** An eligible small business may apply to be enrolled in the program.

**(2)** To be eligible for benefits under the program, an eligible small business shall apply during the benefit period and before April 1, 1987.

**(3)** Every lender to an eligible small business shall provide and verify any information that is required by the small business with respect to its eligible loan for the purposes of these regulations.

**(4)** Where the minister is satisfied that the small business is an eligible small business and meets the other requirements of these regulations, he shall enroll the small business in the program.

26 Jly 85 cE-0.001 Reg 4 s5; 10 Apr 87 SR 21/  
87 s3.

**Application for and payment of benefits**

**6(1)** In this section, "**payment period**" means the three-month period commencing on May 1, 1985 and ending on July 31, 1985 and each subsequent three-month period during the benefit period following July 31, 1985.

**(2)** An eligible small business that is enrolled in the program pursuant to section 5 may apply for benefits with respect to each payment period on the form provided by the minister.

**(3)** Where an eligible small business applies for benefits pursuant to subsection (2), it shall apply within 90 days or any further period of time that the minister may allow after the expiry of the payment period with respect to which the application is being made.

(4) A small business is entitled to apply for benefits for a program period, and the minister may pay benefits, only with respect to:

- (a) where a small business is enrolled in the program prior to July 1, 1985, the entire payment period commencing on May 1, 1985 and ending on July 31, 1985;
- (b) where a small business is enrolled in the program after June 30, 1985:
  - (i) in the case of the payment period during which the small business is enrolled, that portion of the payment period commencing on the date the small business is enrolled in the program and ending on the last day of the payment period;
  - (iii) in the case of subsequent payment periods, the entire payment period.

(5) Where the minister determines that a small business is not eligible to receive benefits, the minister shall send to the small business a written notice:

- (a) stating the reasons for the determination; and
- (b) advising the small business of the manner in which overpayments may be recovered from the small business pursuant to section 10.

(6) Notwithstanding any other provision of these regulations, where a person:

- (a) had been an eligible small business during the payment period prior to the payment period with respect to which he applies for benefits pursuant to this section;
- (b) has eligible loans with balances outstanding that exceed, in the aggregate, the sum of \$250,000, but do not exceed \$275,000; and
- (c) would, except for the circumstances described in clause (b), be an eligible small business;

the minister may pay benefits to the person with respect to the eligible loans in the same manner as if the person were an eligible small business.

(7) Where the aggregate amount of new loans taken out by eligible small businesses during:

- (a) the fiscal year commencing on April 1, 1987, exceeds \$0;
- (b) any fiscal year during the benefit period other than the one mentioned in clause (a), exceeds \$100,000,000;

the minister shall not pay benefits with respect to any new loan for which he subsequently receives an application.

(8) For the purpose of calculating the aggregate amount of new loans taken out by small businesses during any fiscal year during the benefit period, the minister shall use, with respect to each new loan taken out by each small business, an amount equal to the lesser of:

- (a) the amount that the small business is entitled to borrow under the terms of the loan agreement respecting the new loan; and
- (b) \$100,000.

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(9) In this section, “**new loan**” means any loan with respect to which benefits are payable that is taken out:

- (i) by a small business that is enrolled pursuant to section 5 in the program; and
- (ii) during any fiscal year within the benefit period;

but does not include advances made under the terms of any loan agreement with respect to a loan that is not a new loan.

26 Jly 85 cE-0.001 Reg 4 s6; 27 Mar 86 SR 26/  
86 s4; 23 May 86 SR 49/86 s5; 10 Apr 87 SR 21/  
87 s4.

**Calculation of benefits**

7(1) Subject to subsection (2), where the minister is satisfied that an eligible small business is entitled to receive benefits, the minister may pay benefits to the eligible small business equal to the positive difference between:

- (a) the lesser of:
  - (i) the interest component of the actual amount required to be paid with respect to the eligible small business’s eligible loan; and
  - (ii) the amount that would comprise the interest component required to be paid with respect to the eligible loan if interest were calculated at an annual interest rate equal to the prime lending rate plus 1%; and
- (b) the amount that would comprise the interest component of the payment with respect to the eligible small business’s eligible loan at an annual interest rate of 8%.

(2) The interest component mentioned in subsection (1) is to be calculated as if compounded annually and payable monthly notwithstanding anything in any agreement respecting the eligible loan to the contrary.

26 Jly 85 cE-0.001 Reg 4 s7; 23 May 86 SR 49/  
86 s6; 10 Apr 87 SR 21/87 s5.

**Manner of payment of benefits**

**8** Where a small business is eligible to receive benefits, the minister shall pay the benefits:

- (a) where the small business maintains an account with a bank, credit union or trust and loan corporation, by making payment directly to that account; or
- (b) where the small business does not maintain an account with a bank, credit union or trust and loan corporation, by making payment to the small business at the mailing address specified in the small business’s application.

26 Jly 85 cE-0.001 Reg 4 s8.

**False or misleading statement**

**9** Where, in the opinion of the minister, an eligible small business has made a false or misleading statement on any form or in any information or document provided to the minister pursuant to these regulations, the minister may:

- (a) cancel the enrollment of the small business under the program; and
- (b) declare that any benefits paid to the small business pursuant to the program are an overpayment.

26 Jly 85 cE-0.001 Reg 4 s9.

**Recovery of overpayment**

**10** Where a small business has received an overpayment pursuant to the program for any reason, the amount of the overpayment is a debt due to Her Majesty in right of Saskatchewan and, in addition to any other manner in which it may be recovered, may be recovered by deducting the amount from any grants or tax credits payable to the small business pursuant to this program or under any other program of the Government of Saskatchewan providing for payments to that small business.

26 Jly 85 cE-0.001 Reg 4 s10.