

1972 Bill 212

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First Session, 17th Legislature, 21 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

**BILL 212**

**The Local Development Company Act**

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MR. YOUNG

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First Reading .....

Second Reading .....

Third Reading .....

# BILL 212

1972

## THE LOCAL DEVELOPMENT COMPANY ACT

(Assented to \_\_\_\_\_, 1972)

**H**ER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

**1.** In this Act,

- (a) "company" or "local development company" means a company eligible under section 6 to borrow money from the Fund;
- (b) "Minister" means the Minister of Industry and Commerce;
- (c) "economic enterprise" includes manufacturing and processing industries, assembling land, assembly and prefabricating plants and any business which can successfully generate a cash flow;
- (d) "facility" includes buildings, structures and developed land suitable for the location of economic enterprises;
- (e) "Fund" means the Alberta Opportunity Fund;
- (f) "project" means the construction, expansion or modernization of a facility for any person or group of persons.

**2.** The Minister is charged with the administration of this Act.

**3.** The objective of this Act is to provide an instrument for the economic growth of Alberta communities, based on the principle that each community bears a major responsibility for the development of its own economic potential.

**4.** The residents of an area, comprising one or more communities, may form a company to carry out the objective of this Act and thereby become eligible for the assistance provided in this Act.

**5.** The objectives of local development companies are:

- (a) to assist the expansion of existing economic enterprises;

- (b) to assist the initiation of new economic enterprises;
- (c) to assist economic enterprises to construct facilities in the company's area of operations.

**6.** A company is eligible to borrow from the Fund only if

- (a) it is incorporated under *The Companies Act* and Part 9 of that Act applies to it;
- (b) no one person or group of persons owns more than 20 per cent of the equity of the company;
- (c) at least 75 per cent of the shareholders of the company reside in the operational area of the company;
- (d) the company has 20 or more shareholders.

**7.** (1) Local development companies may engage in the following activities:

- (a) the purchase and development of industrial sites to attract economic enterprises;
- (b) the financing of facilities for economic enterprises;
- (c) the supply of managerial, engineering or other counselling services to economic enterprises.

(2) A company may not purchase or otherwise acquire an equity role of any kind with the use of money borrowed from the Fund under section 7.

(3) The operational area of any company shall be determined by the Alberta Opportunity Company and two or more companies may not operate in the same operational area.

**8.** Local development companies may, subject to the regulations, borrow from the Fund on the following basis:

- (a) a maximum of \$4.00 may be borrowed for each dollar raised by the company to a maximum amount of \$300,000 for each individual project;
- (b) the interest rate shall not exceed the yield of the latest Government of Alberta bond issue averaged over the previous quarter calendar year;
- (c) the maximum term of the loan shall be 25 years;
- (d) security shall be taken for the loan sufficient to recover outstanding amounts.

**9.** The Lieutenant Governor in Council may make regulations

- (a) prescribing the extent and form of the security which shall be taken with respect to loans made to companies;
- (b) prescribing the form of any document required for the purposes of this Act;
- (c) prescribing the times and methods of advancing money on loans;
- (d) generally for carrying into effect the purposes and provisions of this Act.

**10.** This Act comes into force on the day upon which it is assented to.