

# BILL NO. 97

(as introduced)



*2nd Session, 59th General Assembly  
Nova Scotia  
55 Elizabeth II, 2006*

Government Bill

## Financial Measures Act

The Honourable Michael G. Baker, Q.C.  
Minister of Finance

[First Reading:](#) May 11, 2006

[\(Explanatory Notes\)](#)

Second Reading:

Third Reading:



## **Explanatory Notes**

**Clause 1** sets out the short title of the Act.

**Clause 2** increases the taxable paid-up capital of a trust or loan company whose head office is in the Province from ten million dollars to thirty million dollars.

**Clause 3** amends the definition of "eligible investment" in the Equity Tax Credit Act.

**Clause 4** gives additional tax credits on shares to investors in community economic-development corporations who have held their shares for certain periods of time.

**Clause 5** increases the hold period for shares from four years to five years.

**Clause 6** removes the Provincial twenty per cent guarantee for shares issued by a community economic-development corporation after July 1, 2006.

**Clause 7** enables the Governor in Council to prescribe, by regulation, the method of calculating penalties for the purpose of subsection 17(1) of the Equity Tax Credit Act.

**Clause 8** clarifies that subsection 18A(2) of the Equity Tax Credit Act only applies to Part II of the Act.

**Clause 9** clarifies that the shares of a shareholder of a labour-sponsored venture capital corporation will not be considered to have been disposed of in the event of an amalgamation between that corporation and another labour-sponsored venture capital corporation, provided certain criteria are met.

**Clause 10** makes a change that is necessary as a result of the change made in Clause 7.

**Clause 11** removes from the Highway 104 Western Alignment Act the provision that states that the Highway 104 Western Alignment Corporation is not an agent of Her Majesty in right of the Province.

**Clause 12** removes from the Highway 104 Western Alignment Act the provision that states that Her Majesty in right of the Province is not liable for any debt of the Highway 104 Western Alignment Corporation.

**Clause 13** makes a change that is necessary as a result of the change made in Clause 11.

**Clause 14** implements a tax credit for children under the age of six.

**Clause 15** increases, over the next four years the non-refundable tax credits in Section 10 of the Income Tax Act.

**Clause 16** harmonizes the calculation of the Nova Scotia medical-expense credit with the calculation of the Federal credit.

**Clause 17** increases the amount used in the calculation of the sport and recreational activity tax credit for children from \$150 to \$500.

**Clause 18** increases, over the next four years the non-refundable tax credits in Section 13 of the Income Tax Act.

Clause 19 implements a graduate tax credit.

Clause 20 requires the Governor in Council to make regulations respecting indexing.

Clause 21 limits the equity tax credit that can be claimed in a taxation year to the limit that was in effect for that year.

Clause 22 makes changes to the calculation of the Film Industry Tax Credit for frequent filers introduced in the 2005 budget to make sure that the tax credit operates as intended.

Clause 23 provides that

(a) no capital cost can be added to the capital cost of a property that qualifies for the manufacturing and processing investment tax credit after the date of the budget; and

(b) the deduction by a corporation for an investment tax credit expires the taxation year for the corporation ending in 2009.

Clauses 24 and 25

(a) correct the calculation of the large corporations tax to remove double reduction in taxes for certain taxation years; and

(b) phase out the large corporations tax by the year 2012.

Clauses 26 and 27 implement an energy tax credit for corporations that pay the large corporation tax.

Clause 28 removes the requirement that the financial statement that the Nova Scotia Film Development Corporation files annually with the Minister include a proposed budget of expenditures for the next fiscal year.

Clause 29 requires that the annual estimates contain an amount relating to the construction and maintenance of highways.

Clause 30 provides that "government business enterprises" and "governmental units" will be those entities designated by regulation.

Clause 31 clarifies the application of Section 21A of the Provincial Finance Act.

Clause 32 amends the provision in the Provincial Finance Act dealing with the approval of financial obligations.

Clause 33 provides that the Minister, on the basis of generally accepted accounting principles, may designate a board, commission, foundation, agency, tribunal, association or body of persons as a government business enterprise or a governmental unit.

Clauses 34 and 35 permit the Minister of Finance to make loans to students enrolled in educational programs designated in the manner provided for in the regulations.

Clause 36 adds the Nova Scotia Pension Agency to the list of Governmental Units in the Schedule to the Provincial Finance Act.

Clause 37 repeals the Schedule to the Provincial Finance Act.

Clauses 38 and 39 amend the definition of "government agency" in Section 10 of the Public Service Act to match a change already made in the Provincial Finance Act and correct an out-dated cross-reference.

Clause 40 amends the definitions in Part I of the Revenue Act.

Clause 41 sets out the tax on diesel oil, biodiesel and biodiesel blend.

Clauses 42 and 43 make changes that are necessary as a result of the changes made in Clauses 40 and 41.

Clause 44 makes a change as a result of the change in the GST rate made by the Federal government.

Clause 45 makes a change that is necessary as the result of the recent Federal budget.

Clauses 46 to 48 make changes that are necessary as a result of the changes made in Clauses 40 and 41.

Clauses 49 and 50

(a) provide that Part IV of the Revenue Act applies to payments to purchasers of an amount referred to in clause 13(1)(d) of the Sales Tax Act; and

(b) enable the Governor in Council to make regulations defining supplies that entitle a purchaser to a payment under clause 13(1)(d) of the Sales Tax Act.

Clauses 51 to 54 change a charge under Section 4A of the Summary Proceedings Act and increase the charges under Sections 8, 8A and 9 to make them consistent with the charges under Section 4A of the Act.

Clause 55 sets out the effective dates for the Act.



## **An Act Respecting Certain Financial Measures**

Be it enacted by the Governor and Assembly as follows:

**1** This Act may be cited as the Financial Measures (2006) Act.

### **PART I**

#### **CORPORATION CAPITAL TAX ACT**

**2** Clause 6(2)(d) of Chapter 99 of the Revised Statutes, 1989, the Corporation Capital Tax Act, as amended by Chapter 17 of the Acts of 1993, is further amended by striking out "ten" in the second line and substituting "thirty".

### **PART II**

## EQUITY TAX CREDIT ACT

**3** Subclause 2(h)(i) of Chapter 3 of the Acts of 1993, the Equity Tax Credit Act, as enacted by Chapter 3 of the Acts of 2001 and amended by Chapter 4 of the Acts of 2003, is further amended by adding "and non-retractable" immediately after "non-redeemable" in the fifth and sixth lines.

**4** (1) Section 8 of Chapter 3, as amended by Chapter 2 of the Acts of 1995, Chapter 5 of the Acts of 1996 and Chapter 4 of the Acts of 2000, is further amended by adding immediately after subsection (1) the following subsections:

(1A) Where an eligible investor has received a tax credit certificate from an eligible business that is a community economic-development corporation for shares from a specified issue for which a tax credit certificate was issued, and the eligible investor has not disposed of the shares for five years from the date of the specified issue of shares, the eligible business shall apply to the Minister within the time specified by regulation in a form acceptable to the Minister for a tax-credit certificate entitling the eligible investor to an additional tax credit pursuant to Section 37 of the Income Tax Act equal to twenty per cent of the amount originally received by the eligible business from the eligible investor for the shares of the specified issue if the market value of the community economic-development corporation fund at the time of the application is greater than sixty-five per cent of the original book value of invested capital raised at the time of the issue of shares to the eligible investor from the specified issue and the community economic-development corporation has raised additional capital through other specified issues registered pursuant to Section 11 for which a tax credit has been issued.

(1B) Where an eligible investor has received a tax credit certificate from an eligible business that is a community economic-development corporation for shares from a specified issue for which a tax credit certificate was issued, and the eligible investor has not disposed of the shares for ten years from the date of the specified issue of shares, the eligible business shall apply to the Minister within the time specified by regulation in a form acceptable to the Minister for a tax-credit certificate entitling the eligible investor to an additional tax credit pursuant to Section 37 of the Income Tax Act equal to ten per cent of the amount originally received by the eligible business from the eligible investor for the shares of the specified issue if the market value of the community economic-development corporation fund at the time of the application is greater than fifty per cent of the original book value of invested capital raised at the time of the issue of shares to the eligible investor from the specified issue and the community economic-development corporation has raised additional capital through other specified issues registered pursuant to Section 11 for which a tax credit has been issued.

(1C) Subsection (2) and subsection (3), except clause (c), apply to subsections (1A) and (1B).

(2) Section 8 of Chapter 3 is further amended by adding immediately after subsection (2) the following subsections:

(2A) A person who disposes of a share for which an additional tax credit is allowed under subsection (1A), within ten years from the date of purchase shall repay to the Minister

(a) the amount equal to the additional tax credit received under subsection (1A) including interest thereon if prescribed by regulation; or

(b) a lesser amount determined pursuant to the regulations in prescribed circumstances.

(2B) A person who disposes of a share for which an additional tax credit is allowed under subsection (1B), within fifteen years from the date of purchase shall repay to the Minister

(a) the amount equal to the additional tax credit received under subsection (1B) including interest thereon if prescribed by regulation; or

(b) a lesser amount determined pursuant to the regulations in prescribed circumstances.

**5** Subsection 9(2) of Chapter 3 is repealed and the following subsection substituted:

(2) A person who disposes of a share

(a) that was purchased before the first day of July, 2006, within four years from the date of purchase; or

(b) that was purchased after the thirtieth day of June, 2006, within five years from the date of registration under subsection 3(3) by the corporation for the specified issue,

shall repay to the Minister

(c) an amount equal to the tax credits received in respect of these shares, including interest thereon where prescribed by regulation; or

(d) a lesser amount determined pursuant to the regulations in prescribed circumstances.

**6** Subsection 13A(1) of Chapter 3, as enacted by Chapter 4 of the Acts of 2003, is amended by adding immediately after clause (a) the following clauses:

(aa) the corporation was registered for the specified issue before the first day of July, 2006;

(ab) a tax credit certificate was issued under Section 8 for the specified issue;

**7** Subsection 17(1A) of Chapter 3, as enacted by Chapter 6 of the Acts of 2005, is amended by striking out "determine the maximum" in the first line and substituting ", by regulation, prescribe the method of calculating the".

**8** Subsection 18A(2) of Chapter 3, as enacted by Chapter 5 of the Acts of 1996, is amended by adding "under this Part" immediately after "allowed" in the second line.

**9** Chapter 3 is further amended by adding immediately after Section 18A the following Sections:

18B (1) A labour-sponsored venture-capital corporation shall notify the Minister in writing if it proposes to

(a) amalgamate with another labour-sponsored venture-capital corporation;

(b) enter into an arrangement for the purchase of substantially all of the assets of another labour-sponsored venture-capital corporation; or

(c) enter into an arrangement for the sale to another labour-sponsored venture-capital corporation of substantially all of its assets.

(2) The notification must be given at least thirty days before the proposed amalgamation, purchase or sale and must be accompanied by such information and documents as prescribed by regulation.

(3) The following rules apply for the purpose of this Act on an amalgamation of a labour-sponsored venture-capital corporation with another labour-sponsored venture-capital corporation:

1. The amalgamated corporation is deemed to be the same corporation as, and a continuation of, each predecessor corporation.

2. The amalgamated corporation is deemed to have been registered under this Part on the earliest date on which any of the predecessor corporations was registered under this Part.

3. The amalgamated corporation is deemed to have issued the eligible shares issued by a predecessor corporation for purposes of this Act, in the amount of equity capital received by the predecessor corporation on the issue of those shares.

4. Where a predecessor corporation was authorized to issue eligible shares, the amalgamated corporation is deemed to have received the Minister's approval to issue substantially similar shares at the time of the amalgamation.

5. Each of the new shares issued by the amalgamated corporation on the amalgamation in replacement of shares that were issued by a predecessor corporation is deemed to have been issued at the time that the predecessor corporation issued the replaced shares.

6. The amalgamated corporation is deemed to have made all the investments made by the predecessor corporations,

(a) on the same date as the predecessor corporations made the investments; and

(b) at the same historic cost used by the predecessor corporations.

18C An amalgamation of a labour-sponsored venture-capital corporation with another labour-sponsored venture-capital corporation before the ninth day of May, 2006, is deemed to have complied with Section 18B if the effective date of the amalgamation was prior to the coming into force of this Section.

18D Subject to Sections 18B and 18C, an amalgamation of a labour-sponsored venture-capital corporation with another labour-sponsored venture-capital corporation is deemed not to be a disposal of shares for the purpose of subsection 18A(2).

**10** Subsection 27(1) of Chapter 3 is amended by adding immediately after clause (d) the following clause:

(da) prescribing the method of calculating penalties for the purpose of subsection (1) of Section 17;

### PART III

## HIGHWAY 104 WESTERN ALIGNMENT ACT

**11** Subsection 5(2) of Chapter 4 of the Acts of 1995, the Highway 104 Western Alignment Act, is repealed.

**12** Subsection 12(2) of Chapter 4 is repealed.

**13** Clause 20(1)(b) of Chapter 4 is repealed.

## PART IV

### INCOME TAX ACT

**14** Section 10 of Chapter 217 of the Revised Statutes, 1989, the Income Tax Act, as amended by Chapter 29 of the Acts of 2000, Chapter 4 of the Acts of 2003 and Chapter 6 of the Acts of 2005, is further amended by adding immediately after subsection (4) the following subsections:

(5) Subject to subsections (6), (7) and (8), for the purpose of computing the tax payable under this Part for a taxation year by an individual there may be deducted in respect of each child of the individual who has not attained the age of six years before the end of the taxation year a tax credit in the amount determined by the formula

$$AP \times Y \times QD$$

where

AP is the appropriate percentage for the taxation year;

Y is \$600 for the 2006 taxation year, or \$1,200 for the 2007 and subsequent taxation years; and

QD is the number of children to whom subsection (7) applies.

(6) Subsection (5) applies with respect to an individual who, on the last day of the taxation year

(a) does not have a cohabiting spouse or common-law partner as defined in section 122.6 of the Federal Act;

(b) has a cohabiting spouse or common-law partner, as defined in section 122.6 of the Federal Act, whose taxable income for the taxation year is greater than the individual's taxable income for the taxation year; or

(c) has a cohabiting spouse or common-law partner, as defined in section 122.6 of the Federal Act, whose taxable income for the taxation year is equal to the individual's taxable income for the taxation year and the cohabiting spouse or common-law partner renounces his or her entitlement to claim a credit pursuant to subsection (5).

(7) Subsection (5) applies with respect to a child who

(a) is residing with the individual on the last day of the taxation year or, in the case of a child who dies during the taxation year, is residing with the individual on the date of the child's death; and

(b) is a qualified dependent, as defined in section 122.6 of the Federal Act, of the individual at any time



during the taxation year.

(8) Where an individual claims a credit pursuant to subsection 10(1)(b) for a taxation year with respect to a child, the individual is not entitled to a credit pursuant to subsection (5) with respect to the same child for that taxation year.

**15** Chapter 217 is further amended by adding immediately after Section 10 the following Section:

10A (1) The dollar amount of \$7,231 referred to in clauses 10(1)(a) to (f) and included in the description of B in subsection 10(1) is replaced with the following dollar amount:

- (a) for the 2007 taxation year, \$7,481;
- (b) for the 2008 taxation year, \$7,731;
- (c) for the 2009 taxation year, \$7,981; and
- (d) for the 2010 taxation year, \$8,231.

(2) The dollar amount of \$6,140 referred to in clauses 10(1)(a) and (b) and included in the description of B in subsection 10(1) is replaced with the following dollar amount:

- (a) for the 2007 taxation year, \$6,352;
- (b) for the 2008 taxation year, \$6,565;
- (c) for the 2009 taxation year, \$6,778; and
- (d) for the 2010 taxation year, \$6,989.

(3) The dollar amount of \$614 referred to in clauses 10(1)(a) and (b) and included in the description of B in subsection 10(1) is replaced with the following dollar amount:

- (a) for the 2007 taxation year, \$635;
- (b) for the 2008 taxation year, \$656;
- (c) for the 2009 taxation year, \$678; and
- (d) for the 2010 taxation year, \$699.

(4) The dollar amount of \$15,837 referred to in clause 10(1)(d) is replaced with the following dollar amount:

- (a) for the 2007 taxation year, \$16,384;
- (b) for the 2008 taxation year, \$16,932;
- (c) for the 2009 taxation year, \$17,480; and

(d) for the 2010 taxation year, \$18,027.

(5) The dollar amount of \$11,661 referred to in clause 10(1)(d) and included in the description of E is replaced with the following dollar amount:

(a) for the 2007 taxation year, \$12,064;

(b) for the 2008 taxation year, \$12,467;

(c) for the 2009 taxation year, \$12,870; and

(d) for the 2010 taxation year, \$13,274.

(6) The dollar amount of \$4,845 referred to in clauses 10(1)(e) and (f) and included in the description of F is replaced with the following dollar amount:

(a) for the 2007 taxation year, \$5,013;

(b) for the 2008 taxation year, \$5,180;

(c) for the 2009 taxation year, \$5,348; and

(d) for the 2010 taxation year, \$5,515.

(7) The dollar amount of \$3,531 referred to in subsection 10(2) and included in the description of B in subsection 10(2) is replaced with the following dollar amount:

(a) for the 2007 taxation year, \$3,653;

(b) for the 2008 taxation year, \$3,775;

(c) for the 2009 taxation year, \$3,897; and

(d) for the 2010 taxation year, \$4,019.

(8) The dollar amount of \$26,284 referred to in subsection 10(2) and included in the description of B in subsection 10(2) is replaced with the following dollar amount:

(a) for the 2007 taxation year, \$27,193;

(b) for the 2008 taxation year, \$28,101;

(c) for the 2009 taxation year, \$29,010; and

(d) for the 2010 taxation year, \$29,919.

(9) The dollar amount of \$1,000 referred to in subsection 10(3) and included in the description of B in subsection 10(3) is replaced with the following dollar amount:

(a) for the 2007 taxation year, \$1,035;

- (b) for the 2008 taxation year, \$1,069;
- (c) for the 2009 taxation year, \$1,104; and
- (d) for the 2010 taxation year, \$1,138.

**16** Section 12 of Chapter 217 is repealed and the following Section substituted:

12 For the purpose of computing the tax payable under this Part by an individual for a taxation year ending after December 31, 2003, if the individual is entitled to a deduction under subsection 118.2(1) of the Federal Act for the year, there may be deducted an amount determined by the formula,

$$A \times [(B - C) + D]$$

where

A is the appropriate percentage for the year;

B is the total of the individual's medical expenses in respect of the individual, the individual's spouse, the individual's common-law partner or a child of the individual who has not attained the age of eighteen years before the end of the taxation year that are included in determining the individual's medical expense credit for the year under subsection 118.2 (1) of the Federal Act;

C is the lesser of \$1,637 and three per cent of the individual's income for the year; and

D is the total of all amounts each of which

(a) is in respect of a dependant of the individual, within the meaning assigned by subsection 118 (6) of the Federal Act, other than a child of the individual who has not attained the age of eighteen years before the end of the taxation year; and

(b) is, in respect of the dependant,

(i) in the taxation year 2004, the lesser of \$5,000 and the amount that would be determined by the formula "E - F" in subsection 118.2 (1) of the Federal Act, if the dollar amount set out in the description of "C" in this subsection were substituted for the dollar amount set out in the description of "F" in subsection 118.2 (1) of the Federal Act,

(ii) in taxation years after 2004, the lesser of \$10,000 and the amount that would be determined by the formula "E - F" in subsection 118.2 (1) of the Federal Act, if the dollar amount set out in the description of "C" in this subsection were substituted for the dollar amount set out in the description of "F" in subsection 118.2 (1) of the Federal Act.

**17** Subsection 12A(1) of Chapter 217, as enacted by Chapter 6 of the Acts of 2005, is amended by striking out "\$150" in clause (a) of the description of B and substituting "\$500".

**18** Chapter 217 is further amended by adding immediately after Section 13 the following Section:

13A (1) The dollar amount of \$4,293 referred to in subsection 13(1) and included in the description of B

and C in subsection 13(1) is replaced with the following dollar amount:

- (a) for the 2007 taxation year, \$4,441;
- (b) for the 2008 taxation year, \$4,596;
- (c) for the 2009 taxation year, \$4,738; and
- (d) for the 2010 taxation year, \$4,887.

(2) The dollar amount of \$2,941 referred to in subsection 13(1) and included in the description of C in subsection 13(1) is replaced with the following dollar amount:

- (a) for the 2007 taxation year, \$3,043;
- (b) for the 2008 taxation year, \$3,144;
- (c) for the 2009 taxation year, \$3,246; and
- (d) for the 2010 taxation year, \$3,348.

(3) The dollar amount of \$2,000 referred to in subsection 13(1) and included in the description of C in subsection 13(1) is replaced with the following dollar amount:

- (a) for the 2007 taxation year, \$2,069;
- (b) for the 2008 taxation year, \$2,138;
- (c) for the 2009 taxation year, \$2,207; and
- (d) for the 2010 taxation year, \$2,277.

**19** Chapter 217 is further amended by adding immediately after Section 17 the following Section:

17A (1) In this Section,

- (a) "eligible program" means a program of post-secondary study delivered at an approved institution that
  - (i) requires at least twelve weeks of full-time study or is recognized by the Minister as requiring the equivalent of twelve weeks of full-time study, and
  - (ii) is recognized by the Minister in accordance with any criteria that may be prescribed in the regulations;
- (b) "graduate tax credit" means a post-secondary graduate tax credit allowed pursuant to subsection (3);
- (c) "Minister" means the Minister of Finance of the Province;
- (d) "qualified individual" means an individual who has graduated from an eligible program in a taxation year;

(e) "taxation year" means the 2006 taxation year or a subsequent taxation year in which a qualified individual graduates from an eligible program.

(2) A qualified individual who has not previously received a graduate tax credit pursuant to this Section may apply to the Minister for a graduate tax credit under this Section in the manner, within the time and in such form as may be prescribed by regulation.

(3) Where the Minister is satisfied that an individual is a qualified individual, the Minister may allow the qualified individual a graduate tax credit for the taxation year in which the qualified individual graduated or in either of the next two taxation years immediately following the taxation year in which the qualified individual graduated, in an amount calculated in accordance with the following formula and rounded up to the next whole dollar:

$$TC = 8.79\% \times \$11,376$$

(4) Where the Minister allows a graduate tax credit to a qualified individual, the Minister shall issue a form confirming the following:

- (a) the qualified individual's entitlement to the tax credit;
- (b) the amount of the tax credit that is allowed;
- (c) any additional information that may be required in the regulations.

(5) For the purpose of computing tax payable by a qualified individual under this Part, there may be deducted an amount certified by the Minister in clause (4)(b), in whole or in part, in the taxation year in which the amount is allowed by the Minister and any unused portion may be deducted in any subsequent taxation year up to and including the second taxation year following the taxation year in which the qualified individual graduated, following which there is no further deduction permitted.

(6) Where a qualified individual claims a graduate tax credit in computing the tax payable under this Part for a taxation year, the qualified individual's annual return is to be accompanied by the form issued to the qualified individual pursuant to clause (4)(b).

(7) The Governor in Council may make regulations

- (a) establishing criteria to define eligible programs and approved institutions;
- (b) respecting additional information that must be provided for an application under subsection (2);
- (c) respecting any additional criteria for approval, amendment or rejection of applications under subsection (2);
- (d) respecting the form of the certificate to be provided under clause (4)(b);
- (e) defining, expanding or restricting the meaning of any word or expression used but not defined in this Section;
- (f) respecting any other matter that the Governor in Council considers necessary or advisable to carry out

effectively the intent and purpose of this Section.

(8) A regulation made pursuant to this Section may be made retroactive to a day not earlier than January 1, 2006.

**20** Chapter 217 is further amended by adding immediately after Section 22 the following Section:

22A (1) The Governor in Council shall, commencing the taxation year 2011, for each taxation year, on the recommendation of the Minister of Finance, make regulations

(a) prescribing the rate or rates or the manner of calculating the same or specifying the fixed amounts for the purpose of indexing the tax credits available under this Part;

(b) prescribing the rate or rates or the manner of calculating the same or specifying the fixed amounts to be applied to an individual's taxable income or taxable income earned in Canada, including the minimum tax amount for the purpose of the calculation in Section 8;

(c) defining any word or expression used but not defined in this Part.

(2) The exercise by the Governor in Council of the authority contained in subsection (1) is regulations within the meaning of the Regulations Act.

**21** Subsection 37(5) of Chapter 217 is amended by

(a) adding "if, in any taxation year the equity tax credit is carried back, the total equity tax credit deducted from tax otherwise payable does not exceed the amount in clause (2)(b) that was applicable for that taxation year" immediately after "years" in the last line of clause (c); and

(b) adding "if, in any taxation year the equity tax credit is carried forward, the total equity tax credit deducted from tax otherwise payable does not exceed the amount in clause (2)(b) that is applicable for that taxation year" immediately after "years" in the last line of clause (d).

**22** (1) Clauses 47(2)(a) and (b) of Chapter 217 are repealed and the following clauses substituted:

(a) the sum of

(i) 32.5% of the eligible salaries paid after December 31, 1999, and before April 11, 2000, to residents of the Province,

(ii) for film production activity undertaken in an eligible geographic area of the Province as prescribed by regulation,

(A) 35% of the eligible salaries paid after April 10, 2000, and before 2005,

(B) 40% of the eligible salaries paid on or after January 1, 2005, and before July 1, 2006, to residents of the Province, and

(C) where 50% or greater of the days for principal photography for the production are spent in the eligible geographic area, 40% of the eligible salaries paid after June 30, 2006, and

before 2016, to residents of the Province,

(iii) for film production activity undertaken otherwise than in an eligible geographic area of the Province as prescribed by regulation,

(A) 30% of the eligible salaries paid after April 10, 2000, and before 2005, and

(B) 35% of the eligible salaries paid after December 31, 2004, and before July 1, 2006, to residents of the Province,

and

(iv) for film production activity where less than 50% of principal photography is undertaken after June 30, 2006, otherwise than in an eligible geographic area of the Province as prescribed by regulation,

(A) 40% of the eligible salaries paid times the proportion of time the days for principal photography are spent inside the eligible geographic area are out of the total days for principal photography for the production, paid after June 30, 2006, and before 2016, to residents of the Province, and

(B) 35% of the eligible salaries paid times the proportion of time the days for principal photography are spent outside the eligible geographic area are out of the total days for principal photography for the production, paid after June 30, 2006, and before 2016, to residents of the Province;

or

(b) 16.25% of the total production costs of the eligible film in the case of subclause (a)(i), 17.5% in the case of paragraph (a)(ii)(A), 20% in the case of paragraph (a)(ii)(B) or (a)(ii)(C), 15% in the case of paragraph (a)(iii)(A), 17.5% in the case of paragraph (a)(iii)(B), 20% in the case of paragraph (a)(iv)(A) and 17.5% in the case of paragraph (a)(iv)(B).

(2) Subsection 47(2A) of Chapter 217, as enacted by Chapter 6 of the Acts of 2005, is amended by

(a) striking out "A corporation may be eligible for" in the first line and substituting "A corporation may deduct from tax otherwise payable by the corporation";

(b) striking out "the seven hundred and thirty days" in the third and fourth lines of clause (b) and substituting "twenty-four months prior to the date of the principal photography";

(c) striking out clause (c) and substituting the following clause:

(c) the eligible salaries for the film are paid before 2016;

and

(d) striking out "satisfies" in the first line of clause (e) and substituting "and two other eligible films satisfy".

(3) Section 47 of Chapter 217, as amended by Chapter 5 of the Acts of 2002, Chapter 4 of the Acts of 2003 and Chapter 6 of the Acts of 2005, is further amended by adding immediately after subsection (4) the following subsections:

(5) A regulation made pursuant to this Section may be made retroactive in its operation to a date not earlier than January 1, 2005.

(6) A corporation that has claimed and is eligible for a tax credit under this Section for a taxation year is deemed to have paid, at the time referred to in paragraph 157(1)(b) of the Federal Act, as that paragraph relates to that taxation year, the amount of that credit on account of its tax payable under this Act.

**23** (1) Subclause 49(1)(b)(ii) of Chapter 217 is amended by

(a) adding "to no later than the taxation year for the corporation ending December 31, 2009" immediately after "acquisition" in the last line of paragraph (A); and

(b) adding "to no later than the taxation year for the corporation ending December 31, 2009" immediately after "acquisition" in the last line of paragraph (B).

(2) Section 49 of Chapter 217, as amended by Chapter 26 of the Acts of 1993, Chapter 4 of the Acts of 2000 and Chapter 3 of the Acts of 2001, is further amended by adding immediately after subsection (2) the following subsection:

(2A) Notwithstanding anything contained in this Act,

(a) no capital cost shall be added to the capital cost of qualified property after May 9, 2006; and

(b) the deduction by a corporation pursuant to subsection (2) for an investment tax credit expires the taxation year for the corporation ending in 2009.

**24** (1) Subsection 71(1) of Chapter 217, as enacted by Chapter 6 of the Acts of 2005, is amended by

(a) striking out "three hundred and sixty-five" in the fifth and sixth lines of subclause (a)(i) and the last line of subclauses (a)(ii) to (v) and substituting in each case "the number of days in the taxation year";

(b) striking out ", is of three hundred and sixty-five" in the fifth and sixth lines of subclause (a)(vi) and substituting "but before July 1, 2009, is of the number of days in the taxation year";

(c) striking out "; or" at the end of subclause (a)(vi) and substituting a comma and by adding the following subclauses:

(vii) 0.3% of taxable capital employed in the Province for the years as determined under subsection (2) multiplied by the amount that the number of days in the year that are after June 30, 2009, but before July 1, 2010, is of the number of days in the taxation year;

(viii) 0.2% of taxable capital employed in the Province for the years as determined under subsection (2) multiplied by the amount that the number of days in the year that are after June 30, 2010, but before July 1, 2011, is of the number of days in the taxation year;



(ix) 0.1% of taxable capital employed in the Province for the years as determined under subsection (2) multiplied by the amount that the number of days in the year that are after June 30, 2011, but before July 1, 2012, is of the number of days in the taxation year; or

(d) striking out "three hundred and sixty-five" in the fifth and sixth lines of subclause (b)(i) and the last line of subclauses (b)(ii) to (v) and substituting in each case "the number of days in the taxation year";

(e) striking out "and" at the end of subclause (b)(v);

(f) striking out ", is of three hundred and sixty-five." in the fifth and sixth lines of subclause (b)(vi) and substituting "but before July 1, 2009, is of the number of days in the taxation year,"; and

(g) adding immediately after subclause (b)(vi) the following subclauses:

(vii) 0.15% of taxable capital employed in the Province for the years as determined under subsection (2) multiplied by the amount that the number of days in the year that are after June 30, 2009, but before July 1, 2010, is of the number of days in the taxation year;

(viii) 0.1% of taxable capital employed in the Province for the years as determined under subsection (2) multiplied by the amount that the number of days in the year that are after June 30, 2010, but before July 1, 2011, is of the number of days in the taxation year;

(ix) 0.05% of taxable capital employed in the Province for the years as determined under subsection (2) multiplied by the amount that the number of days in the year that are after June 30, 2011, but before July 1, 2012, is of the number of days in the taxation year.

(2) Subsection 71(7) of Chapter 217, as enacted by Chapter 4 of the Acts of 2000 and amended by Chapter 5 of the Acts of 2002, Chapter 4 of the Acts of 2003 and Chapter 6 of the Acts of 2005, is further amended by

(a) striking out "and" in the second line and substituting "or"; and

(b) striking out "2009" in the third and in the sixth lines and substituting in each case "2012".

25 Section 77 of Chapter 217, as enacted by Chapter 4 of the Acts of 2000 and amended by Chapter 5 of the Acts of 2002, Chapter 4 of the Acts of 2003 and Chapter 6 of the Acts of 2005, is further amended by striking out "April 1, 2009" in the last line and substituting "June 30, 2012".

**26** Section 78 of Chapter 217 is amended by striking out "Notwithstanding" in the first line and substituting "Subject to Section 78A and notwithstanding".

27 Chapter 217 is further amended by adding immediately after Section 78 the following Section:

78A (1) In this Section,

(a) "eligible property" means property of Class 43.1 and Class 43.2 of Schedule II of the Federal Regulations;

(b) "energy tax credit" of a corporation at the end of the taxation year for expenditures made in a taxation year ending after July 1, 2006, means the amount that is twenty-five per cent of the capital cost of

acquisitions or additions to eligible property after July 1, 2006.

(2) A corporation may deduct from tax otherwise payable under this Part for a taxation year an amount not exceeding the lesser of

(a) its energy tax credit at the end of the taxation year for expenditures made in a taxation year ending after July 1, 2006; and

(b) 50% of the amount of tax payable under this Part.

(3) Where the amount of the energy tax credit exceeds the amount of the tax payable under this Part for the taxation year, a corporation may carry forward and deduct any unused balance of the energy tax credit from tax otherwise payable by the corporation under this Part in any one or more of the corporation's seven subsequent taxation years if, in any taxation year the energy tax credit is carried forward, the total energy tax credit deducted from tax otherwise payable under this Part does not exceed the amount in clause (2)(b) that is applicable for the taxation year.

(4) A corporation may renounce its entitlement to all or any part of the portion of the energy tax credit in respect of expenditures on eligible property incurred during the year on or before the time on or before which the corporation is required to file its return of income for the year pursuant to section 150 of the Federal Act and, where the corporation so renounces entitlement to that credit, the corporation is deemed for all purposes never to have received, to have been entitled to receive or to have had a reasonable expectation of receiving that credit.

## PART V

### NOVA SCOTIA FILM DEVELOPMENT CORPORATION ACT

**28** Section 14 of Chapter 20 of the Acts of 1990, the Nova Scotia Film Development Corporation Act, is amended by striking out "a proposed budget of expenditures for the next fiscal year," in the fifth and sixth lines.

## PART VI

### PROVINCIAL FINANCE ACT

**29** Chapter 365 of the Revised Statutes, 1989, the Provincial Finance Act, is amended by adding immediately after Section 7A the following Section:

7AA (1) Notwithstanding Section 7A or any other enactment, the estimates referred to in Section 7A shall include, for each fiscal year, an amount respecting the construction and maintenance of highways that is not less than the total of

(a) all revenues received under Part I of the Revenue Act; and

(b) all fees and fines collected under the Motor Vehicle Act net of all costs associated with the collection of those fees and fines.

(2) The Governor in Council may make regulations

(a) defining any word or expression used but not defined in this Section;

(b) the Governor in Council deems necessary or advisable to carry out effectively the intent and purpose of this Section.

**30** Subsection 16(1) of Chapter 365, as enacted by Chapter 4 of the Acts of 2000 and amended by Chapter 3 of the Acts of 2004, is further amended by striking out "listed in the Schedule to this Act and any additional entities" in the third and fourth lines.

**31** Subsection 21A(1) of Chapter 365, as enacted by Chapter 23 of the Acts of 2005, is amended by adding "but, where the Government of Canada specifies particular purposes for the use of the funds that are different or inconsistent with the purposes set out in this subsection, the Province may use the funds for the particular purposes specified by the Government of Canada" immediately after "education" in the last line.

**32** (1) Subsection 59C(1) of Chapter 365, as enacted by Chapter 4 of the Acts of 2000 and amended by Chapter 3 of the Acts of 2004, is further amended by striking out "the recommendation to the Minister setting out the terms and conditions of, the reasons for, and the request for an authorization for the financial obligation and, upon receipt of such recommendation, the Minister shall forward the recommendation to the Governor in Council with a report on the following" in the eleventh, twelfth, thirteenth, fourteenth, fifteenth and sixteenth lines and substituting "a report and recommendation to the Executive Council for the approval of the financial obligation to the Minister setting out the terms and conditions of and the reasons for the financial obligation and, upon receipt of the report and recommendation to the Executive Council, the Minister shall prepare a report on the following".

(2) Section 59C of Chapter 365, as enacted by Chapter 4 of the Acts of 2000, is further amended by adding immediately after subsection (1) the following subsection:

(1A) The Minister may, on the basis of the report referred to in subsection (1),

(a) approve the financial obligation provided the person authorized or empowered to enter into the financial obligation does not require the approval of the Governor in Council to do so; or

(b) forward the report and the report and recommendation to the Executive Council to the Governor in Council for consideration.

(3) Subsection 59C(2) of Chapter 365, as enacted by Chapter 4 of the Acts of 2000, is amended by striking out "transaction" in the second and in the fourth lines and substituting in each case "obligation".

**33** Section 80 of Chapter 365 is repealed and the following Section substituted:

80 (1) The Minister, on the basis of generally accepted accounting principles for the public sector as prescribed by the Canadian Institute of Chartered Accountants, may, from time to time, with the approval of the Governor in Council, make regulations designating as a government business enterprise or a governmental unit for the purpose of this Act a board, commission, foundation, agency, tribunal, association or other body of persons, whether incorporated or unincorporated.

(2) The exercise by the Minister of the authority contained in subsection (1) is regulations within the meaning of the Regulations Act.

**34** Chapter 365 is further amended by adding immediately after Section 83A the following Section:

83B (1) The Minister may, subject to the regulations, make loans to students enrolled in educational programs designated in the manner provided for in the regulations on such terms and conditions as provided by the regulations.

(2) The Minister may pay out of the Consolidated Fund amounts to be lent pursuant to this Section.

35 Subsection 84(1) of Chapter 365, as enacted by Chapter 4 of the Acts of 2000, is amended by adding immediately after clause (a) the following clauses:

(aa) designating educational programs that qualify for loans under Section 83B;

(ab) respecting eligibility requirements for educational programs that qualify for loans under Section 83B;

(ac) respecting eligibility requirements for students to qualify for loans under Section 83B;

(ad) respecting the terms and conditions of loans under Section 83B, including the amount of any fee to be charged in respect of the loan, the rate of interest to be charged, the method of calculating interest, the terms of repayment and any security required to secure the loan;

**36** The Schedule to Chapter 365, as enacted by Chapter 6 of the Acts of 2005, is amended by adding "Nova Scotia Pension Agency" immediately after "Nova Scotia Municipal Finance Corporation" under the heading Governmental Units.

**37** The Schedule to Chapter 365 is repealed.

## PART VII

### PUBLIC SERVICE ACT

**38** Clause 10(1)(a) of Chapter 376 of the Revised Statutes, 1989, the Public Service Act, as enacted by Chapter 4 of the Acts of 2001, is amended by striking out "government service organization" in the second line and substituting "governmental unit, other than the Consolidated Fund,".

39 Subclause 17(b)(v) of Chapter 376, as enacted by Chapter 4 of the Acts of 2001, is amended by striking out "government service organization" in the third line and substituting "governmental unit".

## PART VIII

### REVENUE ACT

**40** Section 5 of Chapter 17 of the Acts of 1995-96, the Revenue Act, is repealed and the following Section substituted:

5 In this Part,

(a) "ASTM D6751" means the American Society for Testing and Materials specification for biodiesel fuel blend stock for distillate fuels;

- (b) "biodiesel" means the mono-alkyl esters of long-chain fatty acids derived from renewable lipids that conform to the ASTM D6751 specification for use in diesel engines and refers to the pure fuel before blending with diesel oil;
- (c) "biodiesel blend" means the blend of biodiesel and diesel oil denoted as "Bxxx" with "xxx" representing the percentage by volume of biodiesel contained in the blend;
- (d) "consumer" means any person who uses or consumes or causes to be used or consumed gasoline, diesel oil, biodiesel or biodiesel blend in the Province by that person or by that person's family, agent, employee, partner or in connection with any equipment owned or operated by that person or any business in which that person has an interest;
- (e) "diesel oil" means the products distilled from petroleum that are capable of developing the power required for operating glow plug ignition system engines and that are commonly known as diesel oil, semi-diesel oil or fuel oil and includes every other product that fulfills the same purpose by the same means and for the same end, except gasoline, biodiesel or biodiesel blend, and includes any other products determined by the Commissioner to be diesel oil;
- (f) "gasoline" means the product distilled from petroleum that by a spark plug ignition system develops the power required for operating internal combustion engines, and every other product that fulfills the same purpose by the same means and for the same end, except diesel oil, biodiesel or biodiesel blend, and includes any other product determined by the Commissioner to be gasoline;
- (g) "produced in the Province" means the chemical process for separating glycerin from long-chain fatty acids, known as transesterification, that takes place in the Province;
- (h) "purchaser" means any person who acquires gasoline, diesel oil, biodiesel or biodiesel blend in the Province for that person, that person's family, agent, employee, partner or in connection with any equipment owned or operated by that person or any business in which that person has an interest;
- (i) "tax" means a tax imposed pursuant to this Part and includes all penalties and interest that are, may be or may have been added to a tax pursuant to this Part, and deposits made or required to be made on account of tax liability under this Part.

**41** Section 8 of Chapter 17 is repealed and the following Section substituted:

- 8 (1) Every purchaser shall pay to Her Majesty a tax at the rate of fifteen and four-tenths cents per litre, or such other rate as prescribed, on all diesel oil, biodiesel or biodiesel blend purchased by or delivered to such purchaser, except that no tax is payable to Her Majesty on biodiesel or the portion of biodiesel in a biodiesel blend if the biodiesel has been produced in the Province.
- (2) Every consumer shall pay to Her Majesty tax at the same rate on all diesel oil, biodiesel or biodiesel blend used or consumed by the consumer within the Province and in respect of which the tax has not been paid, except that no tax is payable to Her Majesty on biodiesel or the portion of biodiesel in a biodiesel blend if the biodiesel has been produced in the Province.
- (3) The tax shall be paid to the Minister or an agent of Her Majesty at the time and in the manner prescribed by the regulations.

**42** Section 9 of Chapter 17 is amended by

- (a) adding ", biodiesel or biodiesel blend" immediately after "oil" in the first line of clause (a); and
- (b) adding ", biodiesel or biodiesel blend" immediately after "oil" in the first line of clause (b).

**43** Subsection 12(2) of Chapter 17 is amended by

- (a) adding ", biodiesel, biodiesel blend" immediately after "oil" the first time it appears in the second line and in the fifth line of clause (b);
- (b) striking out "or diesel oil" in the third and fourth and in the fourth and fifth lines of clause (c) and substituting in each case ", diesel oil, biodiesel or biodiesel blend"; and
- (c) adding immediately after clause (c) the following clauses:

- (ca) providing for the manner in which and the evidence necessary to establish that biodiesel was produced in the Province;

- (cb) providing for the manner in which and the evidence necessary to establish what percentage of biodiesel blend is biodiesel produced in the Province;

- (cc) notwithstanding Section 5, re-defining, expanding or restricting the meaning of "biodiesel" or "produced in the Province";

**44** Section 31B of Chapter 17, as enacted by Chapter 31 of the Acts of 1996, is amended by striking out "fifteen" in the second line and substituting "fourteen".

**45** Subclause 32(f)(i) of Chapter 17, as enacted by Chapter 3 of the Acts of 1997, is amended by striking out "seven-fifteenths" in the third line and substituting "six-fourteenths".

**46** Subclause 48(g)(i) of Chapter 17 is amended by adding ", biodiesel, biodiesel blend" immediately after "gasoline" in the first line.

**47** Section 78A of Chapter 17, as enacted by Chapter 3 of the Acts of 2001, is amended by adding ", biodiesel, biodiesel blend" immediately after "gasoline" in the sixth and in the seventh lines.

**48** Subsection 87(2A) of Chapter 17, as enacted by Chapter 4 of the Acts of 2003, is amended by adding ", biodiesel, biodiesel blend" immediately after "gasoline" in the first line.

## PART IX

### SALES TAX ACT

**49** Subsection 13(1) of Chapter 31 of the Acts of 1996, the Sales Tax Act, is amended by adding immediately after clause (f) the following clause:

- (fa) defining a supply or supplies that may entitle a purchaser to a payment under clause (d);

50 Chapter 31 is further amended by adding immediately after Section 13 the following Section:

13A Part IV of the Revenue Act applies mutatis mutandis to payments to purchasers of any amount under regulations made pursuant to clause 13(1)(d).

## PART X

### SUMMARY PROCEEDINGS ACT

**51** Section 4A of Chapter 450 of the Revised Statutes, 1989, the Summary Proceedings Act, as enacted by Chapter 4 of the Acts of 2000 and amended by Chapter 5 of the Acts of 2001 and Chapter 3 of the Acts of 2004, is further amended by striking out "thirty-one dollars and ninety-five cents" in the last line and substituting "thirty-two dollars".

52 (1) Subsection 8(6) of Chapter 450, as amended by Chapter 4 of the Acts of 2000 and Chapter 5 of the Acts of 2001, is further amended by striking out "dollars or thirty" in the third line and substituting "and seven dollars or thirty-two".

(2) Clause 8(15)(a) of Chapter 450, as amended by Chapter 18 of the Acts of 1994-95, Chapter 4 of the Acts of 2000 and Chapter 5 of the Acts of 2001, is further amended by striking out "dollars or thirty" in the fifth and in the last lines and substituting in each case "and seven dollars or thirty-two".

53 Subsection 8A(7) of Chapter 450 is repealed and the following subsection substituted:

(7) Section 8 applies mutatis mutandis to a parking-infraction ticket issued pursuant to this Section.

54 Subsection 9(5) of Chapter 450, as amended by Chapter 4 of the Acts of 2000 and Chapter 5 of the Acts of 2001, is further amended by striking out "dollars or thirty" in the second line and substituting "and seven dollars or thirty-two".

## PART XI

### EFFECTIVE DATES

**55** (1) This Act, except Sections 2, 8, 9, 16, 17 and 19, subsections 22(2) and (3), Section 23 and clauses 24(1)(a), (b) and (d), comes into force on such day as the Governor in Council orders and declares by proclamation.

(2) Section 2 has effect on and after January 1, 2001, upon the Governor in Council so ordering by proclamation.

(3) Section 16 has effect on and after January 1, 2004, upon the Governor in Council so ordering by proclamation.

(4) Subsections 22(2) and (3) have effect on and after January 1, 2005, upon the Governor in Council so ordering by proclamation.

(5) Clauses 24(1)(a), (b) and (d) have effect on and after April 26, 2005, upon the Governor in Council so ordering by proclamation.



(6) Sections 8, 9, 17 and 19 have effect on and after January 1, 2006, upon the Governor in Council so ordering by proclamation.

(7) Section 23 has effect on and after May 9, 2006, upon the Governor in Council so ordering by proclamation.



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