

SPECIAL AREAS TAX RECOVERY LAND SALE POLICY

Approved by Ministerial Order L:011/04

Amended by Ministerial Order L:024/06

1. Policy

- 1.1 The SPECIAL AREAS TAX RECOVERY LAND SALE POLICY shall be in effect for ten years commencing March 1, 2004.

2. Definitions

.1 In this policy,

- (a) "Agreement" means Agreement for Sale;
- (b) "Application" means a formal written and signed application to purchase land under the policy;
- (c) "Agricultural Disposition" means an interest or privilege in respect of land granted or conveyed by the Crown under the authority of the Special Areas Act and issued for a term of longer than one year including, but not limited to, those dispositions of land commonly known as Special Areas Cultivation leases or Special Areas Grazing leases;

"Agricultural disposition holder" means a purchasing unit holding an agricultural disposition issued for a term of longer than one year;
- (d) "Immediate family" means a son, daughter, son-in-law, or daughter-in-law;
- (e) "Letter of Intent" means a preliminary document indicating an intent to purchase land under the policy;
- (f) "Purchaser" means an applicant who has entered into an Agreement to purchase land under the policy;

- (g) “Purchasing unit” means:
 - (i) a person who is at least 18 years of age and is ordinarily a resident in the Province of Alberta who holds an agricultural disposition that is operated as a single farming or ranching operation; or
 - (ii) any two or more persons who are each at least 18 years of age, each ordinarily resident in the Province of Alberta, and together hold an agricultural disposition, regardless of the nature of the estate, that is operated as a single farming or ranchland operation;
 - (iii) a corporation, a majority of whose shareholders are resident in Alberta.
- (h) “Operating unit” means an Agricultural disposition holder that may or may not be interested in acquiring land under this sale policy as a Purchasing unit.
- (i) “Special Areas tax recovery land” means:
 - (i) land within the existing boundaries of the Special Areas that has been previously acquired by means of tax forfeiture; or
 - (ii) land deemed to be tax recovery land for the purposes of this policy.

3. Eligibility

- 3.1 An agricultural disposition holder may apply to purchase up to two quarter sections of Special Areas tax recovery land that he currently holds under an agricultural disposition, provided that the applicant held the agricultural lands under disposition as at March 1, 2004.
- 3.2 Where an agricultural disposition holder does not hold sufficient Special Areas tax recovery land under an agricultural disposition, he may apply to the Special Areas Board to exchange Crown lands that he holds under an agricultural disposition for tax recovery parcels held within the Special Areas.
- 3.3 An agricultural disposition holder shall be entitled to one “bonus” tax recovery parcel purchase option for every three tax recovery parcels re-allocated from his holdings.

- 3.4 Where an agricultural disposition holder contributes through the re-allocation of tax recovery parcels from his holdings, he shall be entitled to retain those strategic tax recovery parcels that hold water, improvements, or other reasonable features of value to the holder.
- .5 When an agricultural disposition holder applies to purchase tax recovery land, the Special Areas Board shall allocate the tax recovery land in the following order:
- (a) Applicant's disposition;
 - (b) community pastures, down to a residual limit of 75 tax recovery parcels;
 - (c) Special Areas dispositions that are deemed to hold an abundance of tax recovery parcels as follows:
 - One parcel reallocated from all Operating units having dispositions holding greater than 100 tax recovery parcels and on a diminishing scale of need to 25 tax recovery parcels.
- 3.5.1 If there are second and subsequent rounds, the land shall be allocated in accordance with section 3.5.
- 3.5.2 Should the equitable reallocation require a reduction beyond the residual threshold of 25 tax recovery parcels per Operating unit, the principle of redistribution shall apply until all eligible agricultural disposition holders have exercised their options to purchase under this sale policy.
- 3.5.3 This provision applies where the applicant held the specified lands as at March 1, 2004, under a disposition issued for a term of longer than one year.
- 3.6 Where any two persons are recognized as a purchasing unit, applications from either of them are to be treated as an application from the purchasing unit.
- 4. Purchase Price**
- 4.1 The purchase price of the land shall be an amount equal to 10 times the productive value, based upon the 1978 assessment.

5. Right to Withhold

- 5.1 The Minister has the discretion to withhold any lands from the sale for municipal, environmental or public interest.
- 5.2 The following parcels may be withheld from the sale, at the discretion of the Special Areas Board:
- (a) parcels adjacent to a river or other named water body;
 - (b) parcels with unique environmental or topographical features including, but not limited to, those with coulee complexes or river breaks;
 - (c) parcels with erosive or marginal soils; and
 - (d) parcels with a net productivity rating of less than 40, as established by Special Areas assessment staff.
- 5.3 Notwithstanding the above, parcels with identified environmental features or soil sensitivity may be sold at the discretion of the Special Areas Board, subject to a restrictive agreement issued under section 21 of the Public Lands Act, and registered at the Land Titles Office of Alberta.
- 5.4 Land required for future road widening, or other municipal needs, may be withdrawn from the parcel at no cost to the Special Areas Board.

6. Priority of Purchase

- 6.1 An agricultural disposition holder shall apply to purchase tax recovery lands in the following priority:
- (a) cultivation lease;
 - (b) grazing lease that is 50% or more under cultivation or regrassed; and
 - (c) other grazing lease parcels.

7. Lenders' Interest

- 7.1 Where the parcels to be purchased are endorsed with the interest of a lending institution, the applicant is responsible to obtain a release of interest from, or provide a substitute of security for the lender.

8. Industrial/Mineral Surface Interest

- 8.1 Industrial/Mineral surface dispositions contained within parcels offered for sale will be conveyed subject to a fee equivalent to ten years annual rent as currently received by the Special Areas Board. The levy shall be collected in equal installments to coincide with the annual land payment. A rate of 6% (six percent) annual interest shall be added after 30 days in default of the payment.
- 8.2 The Minister shall assign his interest as Lessor in the Industrial/Mineral surface disposition to the Purchaser. The Purchaser shall then negotiate with the Operator/Producer to enter into an Alberta Surface Lease, or relevant agreement, to protect the interest of both parties. The Alberta Surface Lease or agreement shall release the Minister from any future liability.
- 8.3 The Purchaser shall execute an “assignment back” document that shall be held on file by the Minister, until such time as the Agreement is paid in full.
- 8.4 The Minister shall nullify the assignment back document after the Agreement is paid in full.
- 8.5 Where the parcel containing an Industrial/Mineral surface disposition is purchased outright, a fee equivalent to the present day value, based upon a maximum ten-year rent period, and a 20-year development life, will be charged at an interest rate of 8% (eight percent).
- 8.6 If a reclamation certificate is issued within a ten-year period, the purchaser may apply to the Special Areas Board for a pro-rated refund.

9. Review of Letters of Intent

- 9.1 The Letters of Intent to purchase the land shall be reviewed pursuant to the following criteria:
- (a) confirm parcels were held by the applicant under appropriate disposition as at March 1, 2004;
 - (b) allocation of tax recovery status; exchange for Crown land as required;
 - (c) confirm land use category for sale valuation;

- (d) parcels demonstrating municipal, environmental, or public interest values, including gravel, habitat or unique landscape features are withdrawn;
- (e) road widening, or other municipal needs are covered by an acquisition agreement;
- (f) parcels with net productivity rating of less than 40 are reviewed for erosion or other soil degradation potential;
- (g) requirement for a Restrictive Agreement; and
- (h) presence of Industrial/Mineral/Pipeline/Commercial/Municipal developments.

10. Agreements Financed

- 10.1 Agreements for sale initiated under this policy shall be financed for a ten-year period at 6% (six percent) annual interest.

11. Outright Purchase

- 11.1 The purchaser may elect to submit the entire purchase price when initiating the Agreement for sale.

12. Amortization

- 12.1 At least 10% (ten percent) of the purchase price is required to initiate the Agreement for sale. The outstanding balance shall be amortized over a period not exceeding ten years, with payments due on the anniversary date of the Agreement.

13. Default

- 13.1 An Agreement more than two years in default shall, at the option of the Minister, immediately become due and payable.
- 13.2 If the Purchaser is unable to pay out the Agreement, the lands contained within the Agreement shall revert to the Minister, and any money paid in respect of the Agreement may be retained by the Minister as liquidated damages.

- 13.3 The Minister, in his sole discretion, may elect to lease back the lands to the former Purchaser, under the terms and conditions that govern other lands held under disposition within the Special Areas.

14. Payments at District Office

- 14.1 Any payment towards an Agreement may be made at any Special Areas District Office.
- 14.2 The date of the payment shall be accepted as if the payment were made at the Head Office in Hanna, Alberta.

15. No Penalty on Prepayment

- 15.1 A purchaser has the right to prepay any outstanding amount without penalty.

16. Assignment of Agreement

- .1 The purchaser may assign his right, interest or equity in the Agreement to an immediate family member with the written consent of the Minister.
- .2 Despite 16.1, the purchaser may assign or mortgage his interest in the land for finance purposes, with the written consent of the Minister.

17. Adjustment of Taxes

- 17.1 Agreements accepted by the Special Areas Board prior to June 1st of any year, shall have the taxes adjusted to January 1st of that year. The Purchaser shall receive a tax notice reflecting a deeded land tax levy.
- 17.2 Agreements accepted after June 1st, shall require the purchaser to pay the rent and taxes to December 31st of that year as if the parcel remained in the disposition until the end of the year.

18. Addition of Spouse

- 18.1 The purchaser may add his spouse as an interest in the Agreement by written request.
- 18.2 Upon meeting all conditions of the Agreement, the title shall be issued as Joint Tenants.

19. Transfer of Title

- 19.1 The title to the parcel held under the Agreement shall be transferred to the purchaser when all amounts payable, and any other conditions of the Agreement have been met.

20. Use of Gender

- 20.1 In this policy the use of the singular number of masculine gender shall include the plural or feminine, or neuter, or corporation, where the identity and number of the parties so require, and as the case may be.

21. Appeals

- 21.1 An applicant may appeal a decision of the Special Areas Board.
- 21.2 A body established by the Minister of Municipal Affairs shall hear any appeal.
- 21.3 The appeal body shall report its findings to the Deputy Minister.
- 21.4 Except where there is a question upon a point of law, the Minister's decision is final.
- 21.5 An appeal may be initiated by request, in writing, through the Director of Property Administration, Special Areas Board, Hanna, Alberta.