



ALBERTA
MUNICIPAL AFFAIRS

*Office of the Minister
MLA, Calgary-Hays*

MINISTERIAL ORDER NO. MSD:029/23

I, Ric McIver, Minister of Municipal Affairs, pursuant to sections 7, 16, and 30 of the *Special Areas Act*, make the following order:

That the attached Special Areas Tax Recovery Land Sale Policy is approved; and

That the Special Areas Board is authorized to administer the Special Areas Tax Recovery Land Sale Policy.

Dated at Edmonton, Alberta, this 17 day of July, 2023.

Ric McIver
Minister of Municipal Affairs

SPECIAL AREAS BOARD

2023 Tax Recovery Land Sale Policy Approved by Ministerial Order MSD:029/23

1. Policy

The 2023 Tax Recovery Land Sale Policy shall be in effect for three years commencing upon the signing of the Ministerial Order.

2. Definitions

2.1 In this policy,

- (a) “Agreement” means an Agreement for Purchase;
- (b) “Applicant” means a person who has made an Application under this policy to purchase Special Areas Tax Recovery Land;
- (c) “Application” means a formal written and signed form applying to purchase land under this policy;
- (d) “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;
- (e) “Agricultural Disposition Holder” means an Operating Unit holding an Agricultural Disposition(s) issued for a term of longer than one year;
- (f) “Crown Land” means provincial Crown lands administered by the Special Areas Board on behalf of the citizens of the Province of Alberta;
- (g) “Environmental Features” means a river or other named water body; unique environmental or topographical features including, but not limited to, coulee complexes or river breaks; erosive or marginal soils; prime wildlife habitat or areas of undisturbed native prairie; or other related features at the discretion of the Special Areas Board;
- (h) “Farmland Calculation Report” is an assessment report generated by the Camelot system that states the assessment value, type, and quantities of farmland on any given parcel.
- (i) “Immediate Family Member” means a son, daughter, son-in-law, or daughter-in-law;
- (j) “Purchaser” means an Applicant who has entered into an Agreement for Purchase under this policy;

- (k) “Resident” means an Applicant whose residence in which they normally reside at, or in which the majority of their time is spent at, is located within the boundaries of the Province of Alberta;
- (l) “Restrictive Agreement” means an agreement regarding the use of land pursuant to 21(1) of the *Public Lands Act*;
- (m) “Special Areas Tax Recovery Land” means:
 - a. land within the existing boundaries of the Special Areas Board that has been previously acquired by means of tax forfeiture; or
 - b. land deemed by the Special Areas Board to be Special Areas Tax Recovery Land for the purposes of this policy.
- (n) “Minister” means the Minister of Municipal Affairs.

3. Eligibility

- 3.1 An Agricultural Disposition Holder may apply to purchase up to four quarter sections of Special Areas Tax Recovery Land that is currently held under a Special Areas Board Agricultural Disposition provided that the Agricultural Disposition Holder is:
- (a) a person who is at least 18 years of age and is a resident of the Province of Alberta;
 - (b) any two or more persons who are each at least 18 years of age, each ordinarily a resident of the Province of Alberta; or
 - (c) a corporation, of which a majority of the shareholders are residents of the Province of Alberta.

An Application made by any one or more person(s) referred to in subsection (b) herein shall be deemed to have been made by all of the persons that hold the Agricultural Disposition in question.

- 3.2 Only lands that are the subject of an Agricultural Disposition held by the Applicant as of January 1, 2023 will be eligible for purchase under this policy. In the case where an Applicant is not eligible because the Agricultural Disposition was not held by the Agricultural Disposition Holder as of January 1, 2023, the Special Areas Board may consider applying eligibility on the basis of another Agricultural Disposition held by the Applicant effective January 1, 2023.
- 3.3 Only an Agricultural Disposition Holder who is a Resident of the Province of Alberta as defined under this policy, and set out in Section 3.1 herein, will be eligible to apply to purchase land.

4. Purchase Options

- 4.1 When an Agricultural Disposition Holder applies to purchase Special Areas Tax Recovery Land, the Special Areas Board shall allocate the Special Areas Tax Recovery Land in the following order of priority:
- (a) In situations where an Applicant has sufficient Special Areas Tax Recovery Land within their Agricultural Disposition(s) for the purpose of the proposed purchase then Special Areas Tax Recovery Land shall be sold from the Applicant's Disposition(s), OR
 - (b) In situations where an Applicant does not have sufficient Special Areas Tax Recovery Land within their Agricultural Disposition(s) for the purposes of the proposed purchase then the Special Areas Board will create a list of Agricultural Disposition Holders who consent to the Special Areas Board exchanging Special Areas Tax Recovery Land from their Agricultural Disposition(s) with Crown land from the Applicant's Agricultural Disposition(s), OR
 - (c) In situations where an Applicant does not have sufficient Special Areas Tax Recovery Land within their Agricultural Disposition(s) for the purpose of the proposed purchase, and where the application of section 4.1(b) does not yield sufficient land for the purposes of the proposed purchase, then the Special Areas Board will exchange Special Areas Tax Recovery Land from Agricultural Disposition Holders who hold 16 quarters or more of Special Areas Tax Recovery Land in their Agricultural Disposition(s) with Crown land from the Applicant's Agricultural Disposition. For further clarity, the process set out in subsection (c) herein shall not require the consent of the Agricultural Disposition Holders who hold 16 quarters or more of Special Areas Tax Recovery Land in their Agricultural Disposition(s).
- 4.2 In situations where an Agricultural Disposition Holder has contributed to the reallocation of Special Areas Tax Recovery Land by exchanging Special Areas Tax Recovery Land from their Agricultural Disposition(s) with Crown Land from an Applicant's Agricultural Disposition(s), that Agricultural Disposition Holder shall be entitled to an option to purchase one additional quarter of Special Areas Tax Recovery Land for every one Special Areas Tax Recovery Land quarter reallocated from their Agricultural Disposition(s).
- 4.3 Where an Agricultural Disposition Holder contributes through the reallocation of Special Areas Tax Recovery Land quarters from their holdings, they shall be entitled to retain those strategic Special Areas Tax Recovery Land quarters that hold water, improvements, or any other reasonable features of value identified by the Agricultural Disposition Holder, subject at all times to approval by the Special Area Board.

- 4.4 Where an Agricultural Disposition Holder contributes through the reallocation of Special Areas Tax Recovery Land quarters from their holdings, they shall not be required to contribute land that would otherwise leave their Agricultural Disposition(s) with ten quarters sections or less unless they have voluntarily agreed to contribute to a point where their agricultural disposition(s) are left with ten quarter sections or less.

5. Purchase Price

- 5.1 The purchase price of the Special Areas Tax Recovery Land quarters classified as pasture shall be an amount equal to 13 times the productive value, based upon the current assessment from the Farmland Calculation Report.
- 5.2 The purchase price of the Special Areas Tax Recovery Land quarters classified as arable shall be an amount equal to five times the productive value, based upon the current assessment from the Farmland Calculation Report.
- 5.3 The purchase price of the Special Areas Tax Recovery Land quarters consisting of both pasture and arable land shall be an amount equal to the sum of 13 times the productive value classified as pasture, and five times the productive value classified as arable, based upon the current assessment from the Farmland Calculation Report.
- 5.4 In situations where a Restrictive Agreement will be registered on the title, there shall be a 1/3 discount made to the purchase price in consideration of such caveats. The discount shall only apply to those acres under the Restrictive Agreement.

6. Right to Withhold

- 6.1 The Minister has the discretion to withhold any lands from the sale for municipal, environmental, or public interest purposes including but not limited to:
- (a) quarters adjacent to a river or other named water body;
 - (b) quarters with unique environmental or topographical features including, but not limited to, those with coulee complexes or river breaks, identified prime wildlife habitat and undisturbed native prairie; or
 - (c) quarters with erosive or marginal soils.
- 6.2 Notwithstanding the above, quarters with identified Environmental Features may be sold at the discretion of the Special Areas Board, subject to a Restrictive Agreement, which shall be registered at the Land Titles Office of Alberta as a condition of sale.

6.3 Land required for future road widening, or other municipal needs, may be removed from the quarter prior to sale at no cost to the Special Areas Board.

7. Lenders' Interest

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

8. Outright Purchase

8.1 The Purchaser may elect to submit the entire purchase price when initiating the Agreement for Purchase.

9. Payment of Purchase Price in Installments

9.1 Any Agreement for Purchase must contain an initial payment of at least 10% of the purchase price, as calculated above.

9.2 The purchase price for lands under an Agreements for Purchase initiated under this policy may be paid over a term of no more than ten (10) years. Interest on installment payments shall be payable at the rate of 7.25% per annum.

9.3 Interest calculations shall be made from the receipt date of the deposit. Payments are due on the anniversary date of the Agreement.

9.4 The Purchaser shall execute an Assignment Back Agreement that shall be held on file by the Minister, until such time that the Agreement is paid in full at which time the Assignment Back Agreement shall be nullified.

10. Default

10.1 Interest at a rate of 11.25% per annum shall be added upon default of payment.

10.2 An Agreement more than two years in default shall, at the option of the Minister, immediately become due and payable.

10.3 If the Purchaser is unable to pay out the Agreement, the Agreement shall be terminated effective immediately and the Purchaser shall have no further interest in or right to the lands, and any money paid in respect of the Agreement may be retained by the Minister as liquidated damages.

10.4 The Minister 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.

11. Mineral Surface Leases/Right of Entry Orders

- 11.1 Mineral Surface Leases or Right of Entry Orders contained within quarters offered for sale will be conveyed subject to a fee payable to the Special Areas Board equivalent to ten years annual rent as outlined in the attached Schedule 1: Consideration for Mineral Surface Lease Revenue. The levy shall be collected in equal instalments to coincide with the annual land payment, or, if initiating an outright purchase, the fee equivalent to ten times the annual rent will be applied.
- 11.2 Interest at a rate of 11.25% per annum shall be added upon default of the payment.
- 11.3 The Minister shall assign their interest as lessor in the Mineral Surface Lease to the Purchaser. The assignment of the Minister's interest must contain a provision releasing the Minister of liability arising out of the assignment. 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 relevant agreement shall release the Minister from any future liability.
- 11.5 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.

12. Payments at District Office

- 12.1 Any payment towards an Agreement or associated levy may be made at any Special Areas District Office.
- 12.2 The date of the payment shall be accepted as if the payment were made at the Special Areas Board Office in Hanna, Alberta.

13. No Penalty on Prepayment

- 13.1 A Purchaser has the right to prepay any outstanding amount under an Agreement without penalty.

14. Assignment of Agreement

- 14.1 The Purchaser may assign their right, interest, or equity in the Agreement to an Immediate Family Member with the written consent of the Minister.

15. Mortgage of Agreement

- 15.1 The purchaser may mortgage their interest in the Agreement with the written consent of the Minister, which consent may be granted or withheld by the Minister in their sole discretion.

16. Taxes and Rentals

- 16.1 The Purchaser shall receive a property tax notice for the current year and shall be responsible for providing payment prior to November 15 of that year.
- 16.2 Agreements accepted by the Special Areas Board after June 1st of any year shall require the Purchaser to pay the rent to December 31st of that year as if the quarter remained in the Agricultural Disposition until the end of the year.

17. Addition of Spouse or Adult Interdependent Partner

- 17.1 The Purchaser may add a spouse or adult interdependent partner as an interested party to the Agreement by written request.
- 17.2 Upon meeting all conditions of the Agreement, the title shall be issued as Joint Tenants or as Tenants-in-Common as the case may be.

18. Transfer of Title

- 18.1 The title to the quarter(s) held under the Agreement shall be transferred to the Purchaser when all amounts payable and any other conditions of the Agreement have been met.

19. Appeals

- 19.1 An applicant may appeal a decision given under this policy by submitting a request in writing addressed to the Director of Property Administration, Special Areas Board, Box 820, Hanna, Alberta, T0J 1P0.
- 19.2 A body established by the Minister shall hear any appeal and make a recommendation for decision by the Minister.
- 19.3 The Minister's decision is final and is not subject to review or appeal.

Schedule 1: Consideration for Mineral Surface Lease Revenue

	Consideration for MSLS on Grazing lease	Consideration for MSLS on Cultivation lease
Rate	\$50/acre	\$100/acre