

**Municipal Tax Policy  
Agricultural Crown Land  
December 2023**

**A. Purpose**

The payment and enforcement of municipal taxes (property and school) levied on occupants of agricultural Crown lands is to be in a similar timeframe as the payment and enforcement of taxes on privately owned lands. The policy outlines how the Ministry of Agriculture and rural municipalities (RM) co-operatively meet this objective.

The ministry will pay the taxes levied on a former occupant of agricultural Crown lands in a timely fashion to ensure the RM is not disadvantaged.

**B. Legislative framework and authorities**

Subsection 292(1)(a) of *The Municipalities Act*, exempts the Crown from taxation on Crown lands and improvements.

Subsection 300(1) of *The Municipalities Act* requires the RM to assess and tax the occupants of exempted Crown Lands.

Subsections 2-17(1) of *The Provincial Lands Act, 2016* and 5-8 of *The Provincial Lands (Agriculture) Regulations* allows the ministry to cancel a lease if municipal taxes remain unpaid for more than five business days after December 31 of the year in which they were levied. Subsection 2-17(2) of *The Provincial Lands Act, 2016* requires the ministry to give the lessee 21 business days' written notice of its intention to cancel the lease.

Section 2-20 of *The Provincial Lands Act, 2016* allows the ministry to pay up to two years of municipal tax arrears on behalf of a lessee whose lease was terminated. Any taxes paid on behalf of the lessee remain a debt due to the ministry by the former lessee. The current policy is to allow the ministry to pay taxes up to one year.

Subsection 2-20(3) of *The Provincial Lands Act, 2016* allows the ministry to pay a grant in lieu of municipal tax on provincial land that is vacant and was acquired by purchase or exchange.

**C. General procedures**

1. Municipal taxes (property and school) on Crown lease not paid by December 31.
  - The RM completes the "Agreement Cancellation Request" form.
  - The RM submits the form to the Ministry of Agriculture, Corporate Services Branch.
  - The ministry reviews the form and determines if the lease will be cancelled.

- The ministry sends a Notice of Cancellation providing 21 business days to make payment of taxes or the lease is cancelled.
- The ministry pays up to one year of municipal tax arrears to the RM, if payment is not made.
  - The ministry will pay the oldest tax year owing.
  - The full tax amount assessed, not the discounted amounts for early payment, will be used to determine the taxes paid by the ministry.
  - Any penalties or interest assessed on the unpaid taxes will not be paid by the ministry.
- The Ministry takes the necessary actions to recover the debt from the former lessee.

## 2. Cancelled Leases

- The Ministry may issue a new lease for the same land to the same lessee if all outstanding rent and other charges owing to the ministry are paid by March 31 of that year.
- The ministry begins the process to reallocate the land.
- The ministry may choose to permit the land if a new lessee is not found. Successful tender permittees will submit the estimated annual tax amount to the ministry to be forwarded to the RM. The RM will be notified of the trust conditions under which the taxes were collected by the ministry.
- The ministry pays the taxes until the land is reallocated according to the conditions in D-1.
- The ministry evaluates the vacant land and determines if the land continues to have agricultural potential. The ministry will notify the RM if it is determined that the land no longer has agricultural potential so tax rolls can be adjusted accordingly.
- For land reallocated, the new lessee is responsible to pay the taxes that coincide with the effective date of their lease agreement. The new lessee is not responsible for any past arrears or taxes or penalties.
- The RM refunds all taxes paid by the ministry on a cancelled lease if the RM receives payment for taxes from a former lessee.

## 3. Information for the RM

- The ministry advises the RM of leases that are surrendered, cancelled, or terminated.
- The ministry provides quarterly transaction reports to the RM. Transaction Reports show changes of the occupants and types of agreements that are effective in that quarter.

## D. Payment of municipal taxes by the Ministry

1. The ministry pays a grant in lieu for municipal taxes for the following categories of

land:

- Vacant, titled and has continuing agricultural potential;
- Vacant, untitled and has continuing agricultural potential;
- Up to one year of tax arrears on a cancelled lease, not including any penalties or interest.

2. The ministry does not pay a grant in lieu for municipal taxes for the following categories of land:

- Leased (including former federal and provincial community pastures);
- Vacant, titled and has no continuing agricultural potential;
- Vacant, untitled and has no continuing agricultural potential;
- Permitted (the ministry collects a cheque from the permittee, written to the RM for taxes, when the permit is issued);
- More than one year of arrears on a cancelled lease;
- Abandoned rail line lands transferred to the Crown but not incorporated into a Crown land lease;
- Small acreages (10 acres or less) utilized for special purposes such as reservoirs, lagoons, transmission towers and from which no revenue is derived by the Ministry.

#### **E. Arrears not eligible for payment by the Ministry**

The ministry does not pay arrears arising from the following lands or situations:

- Levies under *The Municipal Hail Insurance Act*;
- Levies related to fire protection;
- Other unique situations as determined by the ministry.

#### **F. Payment of arrears after bankruptcy**

1. The ministry pays any municipal tax (property and school) arrears to the RM for an agreement holder at the date of bankruptcy.
2. Penalty on the tax arrears will be calculated to the end of the last full month before the date of bankruptcy.
3. The ministry files a Proof of Claim to the Trustee that includes taxes and penalty paid on behalf of the bankrupt.
4. A dividend is to be submitted to the ministry only when an RM also submits a Proof of Claim for the taxes outstanding at bankruptcy prior to any payment by the ministry, and eventually receives the dividend from the bankrupt estate.

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