

6 August 2020

GOVERNMENT OF ALBERTA – ASSESSMENT MODEL REVIEW MUNICIPAL IMPACT

The Government of Alberta conducted a review of the assessment model for oil and gas properties. This review was “*intended to modernize the assessment model for oil and gas properties to enhance industry competitiveness while ensuring municipal viability,*” as stated by Rural Municipalities of Alberta (RMA), an independent association which provides advocacy and business support to rural municipalities.

The Province stated that these changes are to increase the competitiveness of oil and gas companies through a troubled economy, however, the revisions benefit multinational oil and gas companies, while rural municipalities, and its ratepayers are carrying the cost. From the review, four (4) proposed scenarios have been released, all having a drastic reduction in the County’s non-residential assessment base.

Based on information provided to Woodlands County from RMA, the impacts to the County could indicate a loss of up to 14% of tax revenue, which equates to loss of \$3.1M, just in 2021. The impacts are expected to worsen after the first year, however, the Government of Alberta has also only provided scenarios for 2021 and no long-term impact analysis was completed.

The options currently being considered by provincial decision-makers reflect a lack of focus on the important role of property taxes in municipal operations, including to provide the infrastructure and services that the oil and gas industry relies on.

Woodlands County is extremely concerned about the proposed changes as they will directly impact County residents and businesses. Depending on the scenario, a 7-14% loss in revenue for 2021 will have to be made up by reduction in service levels, employment loss, decreased capital expenditures, or a combination of all three. Should the County see reduced assessment, it effects our ability to pay our municipal partners through requisitions, agreements, and grants.

The Province has yet to make any changes to legislation allowing municipalities to collect on unpaid taxes from these same oil and gas companies. In 2018 and 2019, Woodlands County is owed and failed to receive \$9.7M in unpaid taxes and is expected to see a further loss of \$3M in 2020. Further, in December 2019, the Province released a new police costing model which downloads the cost of RCMP policing costs onto rural ratepayers.

Mayor John Burrows states, “*The provincial government’s argument that they are reducing taxation to make companies more viable, is flawed. Two companies in our municipality failed to pay 100% of their municipal taxes to Woodlands County, and they are still going broke.*” Burrows continues, “*furthermore, the Alberta Energy Regulator is continuing to approve companies that have not paid taxes, the ability to acquire more assets. Woodlands County Council has no confidence that a company that cannot make money with its current assets, and therefore cannot afford to pay its taxes, can afford to purchase more assets with the blessing of the Government of Alberta. There is a point when companies have reached their end.*”



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Burrows speculates, “Downloading policing onto the rural municipality, the expected cost-sharing requirements with other municipalities, the Province not addressing the issue of rural municipalities having the ability to collect unpaid taxes - now this change in assessment proposed by the Province. The resulting loss to our municipality will be disastrous. This means that out of our \$24M budget, Woodlands County could spend only \$11M to manage a municipality with a landmass the size of PEI, with 800 kilometers of aging roads and infrastructure, while maintaining current service levels, is absurd!”

The Province has given an advocacy period of only 30 days. Woodlands County and municipalities across Alberta are shaken. The focus currently for the County is to aggressively fight for our residents, businesses, municipal/ cost-share partners, not-for-profit groups, and all organizations who receive support from Woodlands County. If these proposed changes are passed, it will impact every stakeholder of Woodlands County, its staff, and the long-term viability of the municipality.

Woodlands County is encouraging all residents, businesses, municipal cost-share neighbours to express their concerns to our provincial government officials over the negative and drastic impacts these changes will have on rural ratepayers.

Premier Jason Kenney is expected to make an announcement on this proposal mid-to-late August. Act now by contacting the Minister of Municipal Affairs and Woodlands County’s two MLAs by voicing your concerns.

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