



For immediate release

August 7, 2020

### **Proposed Changes to Oil & Gas Assessment**

**Brooks, AB** – Attached for distribution is a resolution that was unanimously approved by the County of Newell Council on August 6, 2020. It is a response to a proposal put forth by the Government of Alberta which, if enacted, will have profound negative impacts upon the ability of the County of Newell to provide services and meet obligations to residents of the Newell Region. Those impacted will also include residents who live within the urban municipalities in the County who benefit from contributions that the County makes to those communities for a broad range of services that have been provided on a partnership basis.

This is a critical matter facing the County of Newell and all rural municipalities across Alberta who will likewise be significantly impacted in varying degrees. The Rural Municipalities of Alberta has prepared a summary report on the potential outcomes of the Assessment Model Review which is available on their website: <https://rmaalberta.com/advocacy/assessment-model-review/> The RMA has also prepared Assessment Model Review Impacts Reports for each of their member municipalities:

- [County of Newell](#)
- [All RMA Member Municipalities](#)

Residents of the Newell / Brooks Region are strongly encouraged to become fully informed and promptly voice their concerns to the Government of Alberta representatives who have stated the period for providing feedback closes the end of August. The MLA for the County of Newell is:

Ms. Michaela Glasgow, MLA – Brooks-Medicine Hat  
Constituency Office  
#4, 650 Cassils Road East  
Brooks, AB  
T1R 1M6  
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For more information on this media release, please contact:

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## COUNTY OF NEWELL

### COUNTY OF NEWELL PROVINCE OF ALBERTA RESOLUTION C-286/20

#### **MOVED BY COUNCILLOR LIONEL JUSS**

**WHEREAS** the Government of Alberta is proposing to alter oil and gas assessments for pipelines, wells, and some machinery/equipment.

**WHEREAS** the Government of Alberta has proposed four scenarios for County Council to consider.

- Scenario A). A shift of \$7.2 million dollars in municipal taxes from oil and gas properties to residential ratepayers which equates to a 327% increase in 2021.
- Scenario B). A shift of \$9 million dollars in municipal taxes from oil and gas properties to residential ratepayers which equates to a 384% increase in 2021.
- Scenario C). A shift of \$9.2 million dollars in municipal taxes from oil and gas properties to residential ratepayers which equates to a 391% increase in 2021.
- Scenario D). A shift of \$11.6 million dollars in municipal taxes from oil and gas properties to residential ratepayers which equates to a 466% increase in 2021.

**WHEREAS** the potential tax impact on a \$300,000 assessed residential property would result in an additional \$2,650 - \$4,250 per year in property taxes.

**WHEREAS** pipelines and wells have the potential to be depreciated down to 10% of their original assessed value within 16 years while many assets today are still in operation well after 40 years.

**WHEREAS** Oil and Gas Companies have lobbied the County of Newell to have roads built to a non-ban status to ensure their assets can produce and ship products to market without interruption year-round.

**WHEREAS** the County of Newell has invested heavily into meeting that objective for industry.

**WHEREAS** the Minister of Municipal Affairs and the Premier of Alberta have indicated they do not want any property tax increases to deal with the shortfalls created by this political objective.

**WHEREAS** one of the first ever large-scale protests of Local Elected Officials to Provincial Elected Officials took place at the Legislature on Thursday July 30<sup>th</sup> at 1:00pm with close to 100 in attendance representing rural municipalities across Alberta.



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**WHEREAS** the Government of Alberta considered a submission from the Canadian Association of Petroleum Producers (CAPP) that contains many errors and misstatements without any real consultation with its rural municipal partners.

**WHEREAS** CAPP has recommended that the Government complete a full open and transparent review of oil and gas assessments in Alberta to compare multijurisdictional tax competitiveness across Canada.

**WHEREAS** CNRL has been requesting a 30% reduction in municipal taxes for 5 consecutive years and their request has been across the board from the lowest mill rate municipality right up to their highest mill rate municipality. (The average municipal tax per well in the County of Newell is \$331 and \$431 per km of pipe).

**WHEREAS** the County of Newell reduced its net municipal property tax budget by 7% in 2020 and offered an additional 8% discount for municipal taxes paid by the June 15<sup>th</sup> deadline, for an overall municipal tax decrease of 15% in 2020.

**WHEREAS** the County of Newell has maintained its roads for under 10% of the per kilometer average cost for municipal districts and counties over the past 10 years.

**WHEREAS** the County of Newell has one of the lower non-residential mill rates in the Province of Alberta for Municipal Districts & Counties.

**WHEREAS** the County of Newell currently has only \$4.8 million dollars left over for reserves and capital in 2020 with nearly \$300 million of assets to replace at some point in the future.

**WHEREAS** the County of Newell has lower operating expenses in 2018 than it did in 2009.

**WHEREAS** the County of Newell collects less municipal tax from Oil and Gas linear properties than it did 10 years ago.

**WHEREAS** the County of Newell assessment growth has averaged 1% per year since 2009 when all municipalities in Alberta averaged 3.5% growth over the same period.

**WHEREAS** the Oil & Gas assessment changes proposed by the Province of Alberta will result in a 32-52% reduction in the property assessment base for the County of Newell or a \$7.2-\$11.6 million municipal tax reduction over the same period.

**WHEREAS** the County of Newell financial reserves are fully allocated over the current 10-year capital plan

**WHEREAS** under scenario four (4) proposed by the Government of Alberta, all staff could be laid off and the County would still not be able to balance the effects of this political initiative.



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**WHEREAS** to balance the budget under Scenario 4 proposed by the Government of Alberta, the County of Newell would need to cut all staff plus find another \$3.1 million from somewhere.

**WHEREAS** Rural Municipalities of Alberta (RMA) has indicated that only the largest Oil & Gas Companies will benefit from this political initiative which is not fair at all to other municipal ratepayers.

**WHEREAS** substantial oil, gas, and linear tax dollars are currently unpaid with virtually no means to collect them other than trying to sue or seize assets.

**WHEREAS** the County of Newell has completed a four (4) year operating budget and a ten (10) year capital plan to comply with the Government of Alberta recommendation that municipalities adopt a long term operating and capital plan.

**WHEREAS** it is impossible to develop that plan without knowing all the implications moving forward after the initial proposed implementation in 2021.

**WHEREAS** the Government of Alberta imposed a gag order on the RMA Committee that worked on these 4 scenarios and has not disclosed the reason for this gag order.

**WHEREAS** if these changes are implemented it may kill the long-term viability of the County of Newell and a large portion of Rural Alberta.

**WHEREAS** this initiative will also have a substantial negative affect on urban municipal partners through ICF Agreements and current assessment-based funding partnerships in place.

**THEREFORE BE IT RESOLVED** that the Premier of Alberta, Minister of Municipal Affairs and the Brooks-Medicine Hat MLA be notified that the County of Newell is adamantly opposed to **ALL** four scenarios presented by the Government of Alberta.

**MOTION CARRIED**

Reeve – Molly Douglass

Chief Administrative Officer – Kevin Stephenson

Date: 2020-08-06