

**From:** MA Minister <[Minister.MunicipalAffairs@gov.ab.ca](mailto:Minister.MunicipalAffairs@gov.ab.ca)>

**Date:** April 9, 2021 at 12:48:00 PM MDT

**To:** Paula Law <[plaw@lacombecounty.com](mailto:plaw@lacombecounty.com)>

**Cc:** Minister of Energy <[Minister.Energy@gov.ab.ca](mailto:Minister.Energy@gov.ab.ca)>, [Lacombe.Ponoka@assembly.ab.ca](mailto:Lacombe.Ponoka@assembly.ab.ca)

**Subject:** UNPAID OIL AND GAS TAX

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Dear Reeve Law:

Thank you for your correspondence of March 15, 2021, to my colleagues, the Honourable Sonya Savage, Minister of Energy, and Ron Orr, MLA for Lacombe-Ponoka, and me, regarding unpaid property taxes for linear properties. As Minister of Municipal Affairs, I am pleased to respond on behalf of the Government of Alberta.

I appreciate your concerns around unpaid taxes from oil and gas companies. Government has been working with industry and municipalities on this complex issue, and we know there is no single, comprehensive solution. We will continue to assess whether additional tools may help municipalities collect unpaid taxes and ensure oil and gas companies contribute to municipal revenue requirements in a fair and stable manner.

The oil and gas sector in Alberta has faced significant financial difficulties over the past few years due to several external factors. Our government has implemented several assessment and tax measures to help promote the continued viability of oil and gas assets and companies. These measures will support Alberta's economic recovery and protect jobs in communities throughout our province, while helping ensure oil and gas companies are better able to fulfill their tax obligations in the long-term.

The province has also taken measures to help alleviate the financial burden on rural municipalities. This includes developing the Provincial Education Requisition Credit (PERC) program for uncollectable taxes on oil and gas properties, and extending the program until the end of the 2021 taxation year. This program provides municipalities with an education property tax credit equal to the uncollectable education property taxes on delinquent oil and gas properties. I understand from 2018-20, Lacombe County received \$659,581 in PERC funding, and your 2021 PERC application for \$279,240 is being reviewed.

Additionally, the province, with support from the federal government under the Safe Restart Agreement, has introduced the Municipal Operating Support Transfer (MOST) to help municipalities mitigate incremental costs, reduced revenues, and other impacts related to the COVID-19 pandemic. In the short-term, municipalities may use these

funds to offset any reduced revenues from unpaid or deferred taxes. I understand that Lacombe County has received \$731,331 in MOST funding.

While these measures do not fully compensate for all shortfalls felt by municipalities, we are committed to supporting our economy and municipalities through Alberta's Recovery Plan and other policies to encourage investment and job creation. This is the best way to promote our economic prosperity – and a stable tax base for municipalities – in the long run.

Thank you again for writing and sharing your insights and the challenges you are facing in these difficult times. I look forward to continuing our work together.

Sincerely,

Ric McIver  
Minister