



## AGENDA ITEM

### Unpaid Oil and Gas Taxes

### Lacombe County Advocacy

**March 11, 2021**

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#### **BACKGROUND**

The RMA recently provided member municipalities with the results of their recently conducted survey on unpaid oil and gas taxes borne by rural municipalities in Alberta. The RMA member briefing and survey results were previously e-mailed to Lacombe County Councillors and are attached to this agenda item.

The survey results indicate that rural municipalities are currently facing an overall unpaid oil and gas property tax burden of \$245.7 million with still-operating oil and gas companies being responsible for 57% of these unpaid taxes.

Though the RMA and its members have continually advocated the Government of Alberta to address the legislative and policy loopholes that allow oil and gas companies to forego paying property taxes no substantive action has been taken by the Province to address this ongoing and growing issue.

As such, the RMA is requesting that Alberta's rural municipalities engage in their own lobbying efforts to assist in invoking the changes required to advance a resolution to this problem.

#### **ANALYSIS**

Unpaid oil and gas company taxes is a very profound issue for Lacombe County as indicated below:

- **\$1,317,764** - total unpaid oil and gas company taxes, including written-off taxes
- **\$760,651** – 2020 oil and gas company taxes still outstanding
- **\$442,972** – 2019 oil and gas company taxes still outstanding
- **\$105,558** – 2018 oil and gas company taxes still outstanding
- **\$611,240** – unpaid taxes owed by still-operating oil and gas companies
- **\$706,524** – unpaid taxes owed by bankrupt/insolvent oil and gas companies



As Lacombe County certainly has a vested interest in this issue it is appropriate that we play an active role in bringing it to the attention of Government of Alberta decisions makers.

The RMA is encouraging its members to engage in the following local advocacy initiatives:

1. Write to or schedule a meeting with local MLA's
2. Engage with local media
3. Write to the Minister of Municipal Affairs
4. Write to the Minister of Energy and the Alberta Energy Regulator

Alternatives:

1. Engage in advocacy efforts as suggested by RMA. (Administrative recommendation)
2. Take no further action on this issue.
3. Take other action(s) as directed by Council.

**BUDGET IMPLICATIONS**

Other than Council and staff time there are no budget implications associated with this matter.

**LEGISLATIVE RESPONSIBILITIES**

Section 3 of the Municipal Government Act (MGA) states the purposes of a municipality are: 1) to provide good government, 2) to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or part of the municipality, and 3) to develop and maintain safe and viable communities.

Section 180(1) of the MGA states that council may only act by resolution or bylaw.

**STRATEGIC PLAN**

The following elements of the County's Strategic Plan are relevant to this issue:

Our Mission: "Building a safe and vibrant community through leadership, innovation and the development of healthy relationships".

Our Key Principles: "Recognizing our history and solid foundation, we approach the role of providing the best possible level of municipal services for our citizens through a base of collaborative and supportive teamwork".



Finance Strategy: Strategize how to deal with losses in revenue.

**PUBLIC PARTICIPATION**

Lacombe County sees the value in engaging and informing the public/stakeholders through a variety of mediums as outlined in the *Policy AD(40): Public Participation Policy*. The appropriate level of engagement for each public participation opportunity is selected on a project-to-project basis.

For this item, the following engagement will take place:

- *Inform*: To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions

Highlights of all County Council meetings are published on the County Website and in the County News.

**RECOMMENDATION**

That Council approve the following resolution:

That Lacombe County advocate for a resolution to the unpaid oil and gas company property tax issue through the following actions:

1. Schedule a meeting with MLA and Minister of Alberta Environmental Protection Jason Nixon and MLA Ron Orr
2. Engage with local media
3. Write to the Minister of Municipal Affairs
4. Write to the Minister of Energy and the Alberta Energy Regulator

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