



MEDIA RELEASE

August 12th, 2020

Impacts of Assessment Model Changes and Uncollected Oil and Gas Taxes for the Municipal District of Smoky River No. 130

The M.D. of Smoky River No. 130 has been notified of changes proposed by the Province of Alberta to reduce the property taxes of oil and gas companies through changes to the assessment model for regulated properties in this sector.

Council and administration are extremely concerned about the serious impacts of this decision as it will mean an increase in residential property tax, reduction of services, or combination of both to compensate for this loss in revenue.

While the stated intention of this decision is to increase the competitiveness of oil and gas companies in this difficult economy, these changes will disproportionately benefit multinational oil and gas companies and harm smaller companies and residential ratepayers.

These proposed changes would impact our municipality during a time when we are already struggling to maintain our services as a result of declining oil and gas assessment and unpaid taxes by energy companies. The M.D. of Smoky River No.130 lost 35% of its revenue in 2019 as a result of unpaid oil and gas taxes and is expecting a loss of 40% of its tax revenue in 2020; a combined total loss in revenue of \$5.7m in the last two years. Oil and Gas Assessment has also decreased by 13% or \$35 million in the last 3 years. These proposed changes would contribute to yet another significant loss in municipal revenue.

 **\$5.7m**
In lost Revenue

Additionally, there are no regulations that ensure the money gained from these reductions in taxes will be used to improve the struggling oil and gas sector **here** in Alberta. These changes **DO NOT** provide mechanisms for the collection of bad debt or provide incentives for energy companies to pay their taxes. For these reasons, there seems to be few benefits to outweigh the added costs that residents will be faced with.

**IF THIS PROPOSED CHANGE IS PASSED
YOU WILL BE IMPACTED**

The Municipal District of Smoky River No. 130 would need to eliminate services, discontinue regional agreements, or raise property taxes to account for this loss in revenue. This would have a direct financial impact on our ratepayers and our ability to maintain our:

- 1,781 kilometres of road,
- 105 bridges, and
- Over 5,000 culverts.



MEDIA RELEASE

SNAPSHOT OF MUNICIPAL SERVICES

- Smoky River Regional Fire Department
- Agricultural Services (Weed & Pest Control)
- Economic Development
- Road Graveling and Maintenance
- Bridges, Signs and Culverts
- Recreation
- Planning and Development Services
- Family and Community Support Services

With the additional expenses of the Police Funding Model mandated by the provincial government and downloaded to Alberta municipalities, ratepayers will see significant property tax increases in the coming years. The Province is proposing these changes to the oil and gas industry to reduce their property and education taxes. This loss in municipal revenue has to be derived from other ratepayers (**You!**) – through a combination of increased taxes and/or decreased services.

WHAT ARE WE DOING?

The Municipal District of Smoky River No. 130 is contacting the provincial government to express our serious concerns regarding these changes and is working alongside the Rural Municipalities of Alberta (RMA) and with neighbouring municipalities in an attempt to advocate for you.

WHAT CAN YOU DO?

- 1) Let your government officials know your thoughts on this issue:
 - Premier Jason Kenney
780.427.2251 premier@gov.ab.ca
 - Minister of Municipal Affairs, Kaycee Madu
780.427.3744 minister.municipalaffairs@gov.ab.ca
 - Minister of Energy, Sonya Savage
780.427.3740 minister.energy@gov.ab.ca
 - Associate Minister of Natural Gas and Electricity, Dale Nally
780.427.0265 aminister-natgas@gov.ab.ca
 - MLA Todd Loewen
780.842.6177 CentralPeace.Notley@assembly.ab.ca.
- 2) Read the RMA [position paper](#), "Government of Alberta Considering Assessment Model Changes," which can be found on their website.
- 3) Contact your local Councillor if you have questions or require additional information. A list of Councillors can be found on the M.D. [Website](#).

The final decision by the Government of Alberta and Premier Jason Kenney on this proposal is expected by mid to late August so we encourage you to act NOW!

On Behalf of Council,

Robert Brochu, Reeve
M.D. of Smoky River No. 130

Please Direct all inquiries to: (780) 837-2221