

**MEETING DATE: OCTOBER 22, 2019**

# **REQUEST FOR DECISION - TO COUNCIL**

## **SUBJECT**

**SHALLOW GAS TAX RELIEF – MOTION REQUIRED**

## **RECOMMENDATION**

THAT the County of Vermilion River write off \$3,669.38 worth of property taxes for Spur Petroleum under the Shallow Gas Tax Relief Initiative.

## **BACKGROUND**

The Government of Alberta recently announced a property tax relief for shallow gas producers. Many shallow gas producers are in a difficult financial situation, and consequently, some have become insolvent due to the prevailing global market conditions and impact of the high operating expenses, including property taxes.

Municipal Affairs is conducting a review of regulated assessment models, including assessment of wells and pipelines. The current assessment models have not been updated since 2005, and do not reflect the circumstances faced by many shallow gas producers with older, lower productivity assets.

Preliminary indications are that the review will result in lower assessments for older shallow gas assets, but cannot be implemented until the 2020 taxation year. Relief for shallow gas producers cannot wait until 2020, therefore, municipal affairs will reduce 2019 property taxes on shallow gas wells and related pipelines by 35 percent.

Administration is recommending the cancellation and refund of the 2019 property taxes paid so as to reduce by 35 per cent (\$3,669.38) property taxes levied as per section 353(2) of the *Municipal Government Act*, which includes municipal property taxes, requisitions detailed in section 326(1)(a) and 359(1)(2), as well as special taxes levied under section 382(1) where the tax rate is based on the assessment.

## **ATTACHMENTS**

Municipal Affairs Letter September 17, 2019



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DATE: October 10, 2019