



ALBERTA
MUNICIPAL AFFAIRS

Office of the Minister
MLA, Edmonton - South West

AR97915

September 17, 2019

Reeve Dale Swyripa
Reeve
County of Vermilion River
PO Box 69
Kitscoty AB T0B 2P0

Dear Reeve Swyripa,

As you are aware, government has recently announced property tax relief for shallow gas producers. Many shallow gas producers are in a difficult financial situation. Some have become insolvent because of prevailing global market conditions and the impact of 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, this program will reduce 2019 property taxes on shallow gas wells and related pipelines by 35 per cent.

Municipal Affairs (MA) has now verified the list of qualifying shallow gas wells and related pipelines with the affected companies. This list (with a summary) is attached for your use in implementing this initiative. The list is final in terms of eligibility, and has been sent to the corresponding company for their information. However, if there are any discrepancies between the information attached and your municipal records, please contact Municipal Affairs before proceeding, as education tax credits will not be provided for non-qualifying properties.

I know I can count on your commitment to implement this important initiative. The required steps are outlined below. Additional details, including program guidelines and a certification form, are located at www.alberta.ca/shallow-gas-tax-relief.aspx.

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- Your council will need to pass a resolution to cancel 35 per cent of the property taxes and any related late payment penalties;
- Your municipal administration will notify companies as required and issue refunds where more than 65 per cent of the property tax bills have been paid;
- Your municipal administration will email the signed resolution and attached certification form to MA for review;
- If the qualifying properties are certified to have received the cancellation of 35 per cent of property tax bills, Alberta Education will credit your municipality with the equivalent amount on the December 2019 education property tax invoice; and
- Municipalities will continue to collect the remaining property taxes from shallow gas properties for use in your local budgets.

Your participation in this program is critical to its success. Please submit the certification form and a signed copy of your council's resolution to MA on or before October 21, 2019.

If you have any questions, please contact a Municipal Affairs program advisor at 780-422-7125 (toll-free 310-0000), or email TaxProgramDelivery@gov.ab.ca.

Yours very truly,

SEVERED

/ Kaycee Madu
Minister

Attachment:

Summary of Tax Relief by Company (includes detailed list of qualifying properties)

cc: Harold Northcott, Chief Administrative Officer, County of Vermilion River