



July 28, 2020

News Release

Oil and Gas Assessment Changes

Kneehill County has been notified of changes proposed by the Province of Alberta that would reduce property taxes for some oil and gas companies through changes to the way their assessment is conducted. These proposed changes would have severe impacts on both the County and our residents—resulting in an increase in property tax, a reduction in services, or a combination of both to make up for the lost revenue.

The intent of this decision is to increase the competitiveness of oil and gas companies while maintaining municipal sustainability, however, the proposed changes will greatly benefit large oil and gas companies while actually harming smaller local firms, local businesses, and municipalities. The proposed changes include no regulations to ensure the money saved from the reduction in taxes will be channeled back into Alberta to help the local oil and gas sector. Overall, there seem to be few benefits to this decision that would outweigh the detrimental impacts that the County and our residents would face as a result. The main result would be a large shift in tax burden from industry to residents and other businesses.

Four possible scenarios are currently being presented by the Province. Based on the information provided through the Province, in the “best” proposed scenario Kneehill County would experience a revenue loss of \$3,509,439. In the worst case scenario, the loss would be \$7,068,244. Revenues are expected to be further decreased in future years as facilities artificially depreciate. For perspective, in 2020 all residential and farm taxpayers in the County will pay just over \$2.8 Million in combined municipal taxes. Even following drastic cuts to services, extreme tax increases and service fee escalations would likely still be required. While the revenue loss to the County represents 22% of total revenues or \$7.1 Million, a 100% increase in residential and farmland taxes would only generate another \$2.8 Million. Kneehill County does not want to see any of these proposals adopted as they negatively impact residents and will not meet the Province’s stated outcomes.

If this proposed change is passed Kneehill County ratepayers and residents WILL BE IMPACTED – either financially through property taxes, in a potential loss of service from Kneehill County, or both.

Many services provided by the County would have to be cut or eliminated. County support of other municipalities and organizations will have to be decreased or eliminated, and there would certainly be an increase in property taxes for residents and businesses in the County. With the additional changes to the Police Funding Model imposed on the County by the Province, on top of historical unpaid taxes from oil & gas, County residential taxpayers will see significant property tax increases in the coming years and receive fewer services for those tax dollars if the Province’s proposed changes go through.

What can you do?

Please let your MLA know your thoughts on this issue.

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The final decision on this proposal is expected by mid to late August. Please act now, and take part during this crucial consultation period. Kneehill County Councillors will be engaging the Province and working with the RMA (Rural Municipalities of Alberta) to advocate on your behalf as well.

For more information, please view:

- Rural Municipalities of Alberta Assessment Model Review – Outcomes Summary
- Assessment Model Review IMPACTS REPORT

Please continue following Kneehill County for additional information and updates on this issue, and call your local Councillor if you have questions about these changes, or would like additional information.

Respectfully,

Jerry Wittstock
Reeve, Kneehill County