



County of Stettler No. 6

Box 1270

6602 – 44 Avenue

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www.stettlercounty.ca

RECEIVED JUL 31 2017

July 25, 2017

To: Council of County of St. Paul,

RE: Request for Support

Attached please find a letter we recently sent to the Minister of Municipal Affairs, Shaye Anderson, which was carbon copied to the Premier; our MLA Rick Strankman, and the Presidents of the AAMDC and the AUMA.

We are asking our government to take action on the long outstanding issue of uncollectable School Tax requisitions and Seniors Housing requisitions which municipalities and districts must collect and remit on behalf of the Provincial Government. Our concern is the Municipal Affairs Assessment Services Branch is deliberately passing on provincial debts to municipalities and districts knowing we will be unable to collect, yet still be compelled to remit.

We challenge your council to research your own uncollectable School Tax and Seniors Housing requisition remittances from 2013-2016; and estimated losses for 2017 so we may provide a complete picture to our Provincial Government of the monetary hardship small municipalities and districts are facing together.

We ask for your support on this issue and to join us in requesting amendments to the *MGA* and other provincial legislation to improve our ability to recover unpaid taxes levied against oil and gas operations and the associated machinery and equipment and linear property.

Sincerely,

A handwritten signature in blue ink, appearing to read "Wayne Nixon".

Wayne Nixon
Reeve

Enclosures (1)



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July 11, 2017

The Honourable Shaye Anderson, Minister of Municipal Affairs
132 Legislature Building
10800-97 Avenue
Edmonton, AB T5K 2B6

Dear Mr. Anderson,

RE: Payment of School Tax and Seniors Housing Requisitions on Delinquent (Accounts) Oil and Gas Companies

We are writing to request immediate action on an issue we, and many other municipalities have been facing for several years now: The County of Stettler No. 6 (the "County") is obligated to collect and remit School and Seniors Housing Requisition Taxes on behalf of our provincial government. The County is required to remit these requisitions to the Province regardless of whether the County itself has received payment of these requisitions by the County's ratepayers. In many cases, the oil and gas company ratepayers have become insolvent and the County has been unable to recover the significant School Tax and Seniors Housing requisitions levied against these companies.

The mandatory School Tax and Seniors Housing requisition remittance for these oil companies is paid out of our municipality's operating budgets, and our inability to then collect these remittances is causing hardship for our families and taxpayers.

From 2013-2016, the County of Stettler was obligated to collect and then forwarded \$260,882.28 in School Tax requisitions and \$27,826.29 in Senior Housing requisitions to the Alberta Government on behalf of oil and gas companies which we were unable to collect from. As a result, this remittance had to be paid out of our operating budget, which comes from rural taxpayer's pockets.

School Tax and Seniors Housing requisitions are vital to maintaining the fabric of our standard of life here in Alberta. By forcing Alberta municipalities, including the County to undertake the collection of School Tax and Seniors Housing requisitions on behalf of the Province, and thereby force municipalities to assume the risk that these amounts will be unrecoverable, the Province has forced taxpayers within the County to carry the burden of the Province's debts.

We brought this issue forward in the fall of 2016 at the Alberta Association of Municipal Districts and Counties (AAMDC) convention, and also in a meeting we had with then Minister of Municipal Affairs, Danielle Larivee. The County of Stettler raised this issue again at the spring AAMDC conference in March 2017, and again, in a meeting with yourself in March.

We are now facing a further predicted loss of \$174,367 again in 2017 as we prepare School Tax remittance plus an additional \$21,534 in Seniors Housing remittance, for several oil and gas companies already in arrears. Yet we remain obligated to use our operating budget to cover these uncollectable requisitions, placing the burden on our families and our community.

Many oil and gas companies that owe significant tax arrears to the County have become insolvent in the preceding three years. In many instances, the proceeds from the sale of the company's assets through an insolvency proceeding are insufficient to cover the County's claim for tax arrears and the assets are sold "free and clear" of the County's claim for unpaid taxes. In other cases, the insolvent company's assets are not purchased but instead are transferred to the Orphan Well Association for abandonment and reclamation. In both cases, the amounts owed to the County, which are often significant, are entirely unrecoverable. This has left the County with no ability to recover not only its own outstanding taxes, but also the School Tax and Seniors Housing requisitions that the County is obligated to collect on behalf of the Province.

Further, we have previously encountered situations where the Assessment Services Branch of Municipal Affairs continues to issue assessments in respect to assets which are no longer in operation and that are owned by companies that are insolvent. In these cases, the County is compelled to issue assessment and tax notices, which include School Tax and Seniors Housing requisitions, even where there is little or no prospect of ever recovering the levied amounts.

Our municipality is already carrying the burden of uncollected taxes from this industry in the amount of \$1,003,697.93, with a further prediction of \$707,899.78 in losses for 2017. Adding the province's uncollected requisitions to our municipal tax deficit, is a burden families living in our rural municipalities should not have to carry.

In light of these challenging circumstances faced by the County, our requests can be summarized as follows:

1. We are asking for your attention and immediate action to this problem. We respectfully ask that the Minister consider reimbursing the County for uncollectable School Tax and Seniors Housing requisition remittances from 2013-2016 totalling \$288,708.57; and we strongly believe moving forward we should no longer carry the responsibility and burden of paying the province's School Tax and Seniors Housing remittance on behalf of delinquent oil and gas sector industry.
2. Furthermore, we believe the continuation of Municipal Affairs Assessment Services Branch to allow for the taxation of properties they know, or should know, are in insolvency or under protection, is improper. Municipal Affairs Assessment Services Branch is intentionally and deliberately passing on a provincial debt to a municipality, knowing it will be unable to collect on that bad debt. We respectfully request more principled action from our leaders.

3. We ask that future amendments to the *MGA* and other provincial legislation be considered to improve the ability of municipalities to recover unpaid taxes levied against oil and gas operations and the associated machinery and equipment and linear property. For instance, payment of outstanding municipal taxes might become a prerequisite to transfers of oil and gas assets.

We thank you for your attention to this growing problem.

Sincerely,

Wayne Nixon
REEVE

CC: Honourable Rachel Notley, M.L.A, Premier of the Province of Alberta
Mr. Rick Strankman, M.L.A. for Drumheller-Stettler
Mr. Al Kemmere, President AAMDC
Ms. Lisa Holmes, President, AUMA