

Subject: Provincial Shallow Gas Tax Relief Initiative**APPROVALS:****Annette Antoniak**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT pursuant to section 347 of the *Municipal Government Act*, for all properties identified in the appendix – Summary of Tax Relief by Company, Council authorizes the refund of the 2019 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), where the tax rate is based on the assessment.

Summary:

The Province has instituted the Shallow Gas Tax Relief Initiative (SGTRI) which will provide relief to shallow gas producers in 2019. While property taxes are collected by municipalities, the assessment model used by municipalities to set tax rates for linear properties such as wells and pipelines is determined by the province. The model has not been updated since 2005 and does not reflect the circumstances faced by many shallow gas producers with older, lower productivity assets. This situation has been made worse by lower commodity prices and other economic conditions and has required the province to act through the development of the SGTRI.

Background:

The SGTRI outlines the process recommended by the Province to be followed by municipalities in 2019 to refund the shallow gas producers 35% of the total property taxes paid or owing in 2019 for qualified properties. The Province will recommend that Alberta Education process a credit equal to the reduction on the future education property tax requisition invoice to keep municipalities whole.

In the Regional Municipality of Wood Buffalo (RMWB) one pipeline and two wells qualify for this program. The total tax refund under the SGTRI program for qualified properties in RMWB is \$1,099.87. The Province, through Municipal Affairs, has verified the list of qualifying shallow gas wells and related pipelines with the affected companies and have sent the list to Administration to process the refunds.

Budget/Financial Implications:

Financial implications are neutral the total tax cancellation amount of \$1,099.87 will be applied to the education requisition which the RMWB collects on behalf of the Province.

Rationale for Recommendation:

The Province has instituted this program to assist identified Shallow Gas producers the refund mechanism to b mechanism to be used is the 2019 education property tax requisition that was levied on qualified properties. This component of the property tax is a flow through to the Province and does not impact RMWB revenues.

Strategic Priorities:

Responsible Government

Attachments:

1. Summary of Tax Relief by Company