February 2, 2021

Premier, President of Executive Council
Office of the Premier

Executive Branch
307 Legislature Building
10800 - 97 Avenue
Edmonton, AB
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Honourable Premier Jason Kenney,

On behalf of Birch Hills County Council, I am writing you to share Council's perspectives on the economic challenges being faced by our municipality. The ongoing issue of unpaid oil and gas taxes, pending adjustment to the linear oil and gas tax assessment model and the economic disruption caused by COVID-19 are straining our ability to maintain services. We need the Government of Alberta to work with us to address these challenges.

Unpaid oil and gas taxes have reached a critical juncture and immediate action is required. As of December 31, 2020, Birch Hills County is owed $1,521,011.71. We are a small rural, remote and northern municipality. The uncollected taxes represent a significant financial loss that risks the viability of our County.

Government changes to policy have contributed to a 7.74% reduction in Linear Assessment in our County. Further adjustments to the linear assessment model for oil and gas will imperial our municipality. We recognize municipalities need to adapt and are working to achieve economies of scale, improve our economic development competitiveness and enhance efficiency. While we have begun the preliminary work to assess whether Birch Hills County will remain viable, a further decrease in oil and gas tax revenue beyond 10% will prove disastrous for our Municipality.

COVID-19 further complicates the economic picture. Continued disruption for Alberta businesses, Alberta based workers, and challenges to inter-jurisdictional trade hamper our efforts to attract replacement revenue. This combination of economic disrupters is beyond a singular municipalities' capacity to address.

We encourage the Government of Alberta to conduct a Blue-Ribbon Panel review of unpaid oil and gas taxes. The panel would comprehensively review the matter and determine the options available to impacted municipalities.

We ask you to consider implementing supplemental requirements for companies that avail of the 3-year tax exemption on new wells and pipelines. Limit this opportunity to companies that are compliant in paying municipal property taxes. Require companies in receipt of the tax exemption to demonstrate they are fiscally capable of assuming tax payments once the exemption period has ended.

Companies who are not compliant in paying municipal property taxes should not be given equal standing as the companies who are. Past financial practices should be considered when granting approvals. We encourage the Government of Alberta to address this short coming.

If the Government of Alberta changes the assessment model such that a rural municipality experiences 10% or more revenue loss, we recommend 2 supports be immediately implemented.

- The Invest Alberta Corporation is given a defined mandate to work with that municipality to attract investment.
- The Government of Alberta, as represented by the Minister of Municipal Affairs implements viability reviews for the impacted municipalities.

COVID-19 has challenged the day-to-day operational capacity of Birch Hills County. We encourage the Government of Alberta to lobby the Government of Canada for additional supports that ensure municipal services can continue to be delivered in a safe and reliable format.

We firmly believe that the Government of Alberta, under your strong leadership, will continue to thrive as an active supporter of rural municipalities as they contend with unpaid oil and gas taxes, pending adjustment to the linear oil and gas tax assessment model and the economic disruption caused by COVID-19.

Sincerely,

Gerald Manzulenko
Reeve, Birch Hills County

Cc: Honourable Ric McIver, Minister of Municipal Affairs
Honourable Travis Toews, President of Treasury Board and Minister of Finance
Honourable Sonya Savage, Minister of Energy
Mr. Todd Loewen, MLA Central Peace-Notley
Mr. Paul McLauchlin, President Rural Municipalities of Alberta (RMA)
G5 Partners (MD of Spirit River, Town of Spirit River, Saddle Hills County and Village of Rycroft)
Birch Hills County Council