

# COUNTY OF ST. PAUL

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*Our Mission - To create desirable rural experiences*

## MEDIA RELEASE

### FOR IMMEDIATE RELEASE

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County of St. Paul

### **Tax Increases and/or Reduced Service to County of St. Paul residents will be the result of the Alberta Government planned Assessment Model Changes**

St. Paul, AB - The Alberta government is proposing changes to the Assessment Model for regulated industrial properties such as wells and pipelines that will negatively impact the County of St. Paul revenues and has the potential to increase taxes for its residents.

The Province is planning to proceed with changing the Assessment Model by the end of August without seriously considering the impact on rural municipalities.

The Province included both the Rural Municipalities of Alberta and the Alberta Urban Municipalities Association in reviewing the scenarios developed by Municipal Affairs and industry organizations. Both of the municipal associations have indicated they are opposed to any of the scenarios that were presented.

*The County of St. Paul along with all other rural municipalities received information regarding this important change in late July and have been given one month to provide feedback to the Province prior to a final decision being made. By all accounts, the initial implementation will have significant impacts on province-wide rural tax revenues to the tune of \$108.7 million up to \$291.2 million. The County of St. Paul anticipates losing between \$2.3 million up to \$4.2 million in tax revenue.*

The Province, however, has not provided any information regarding what the change in assessment looks like past year one. Based on the information the County has, it appears that the revenues will decrease year over year due to aggressive depreciation of assets under the proposed models.

The information also shows that these changes *would disproportionately benefit large oil and gas companies over the smaller operations* and there is no apparent requirement for these companies to reinvest their tax savings in Alberta. It seems that the Province is eroding the property assessment system that should be a bias free asset valuation of property by imbedding provincial tax policy decisions into it.

*“The County of St. Paul is very concerned about these proposed changes,” says **Steve Upham, Reeve**. “We know that our residents can’t afford massive tax increases and the County can’t afford huge cuts to their revenue base. This reduction in assessment will increase the cost of seniors’ housing and school tax requisitions on the balance of taxpayers in the County without even considering the increase to the municipal tax rate which would be required to keep service levels at par.*

*The County will be forced to make some very difficult decisions regarding levels of service and tax rates for the County which will have far reaching effects. Residents and County operations will suffer.”*

Based on the various scenarios presented regarding the change to the assessment of these industrial properties, in order to maintain current service levels the County of St. Paul would need to do one of or a combination of:

- increasing its residential tax rate by between 49% and 89.7%,
- increasing the non-residential tax rate by 12.5% to 25.5%,
- reducing service levels and the number of County employees by 22.6% to 41.4%.

The County will likely be forced to consider reductions in funding that makes the County and the communities within the County better places to live. This includes funding to ag societies, recreation facilities, community halls, libraries, school teams, sports teams, Chambers of Commerce, and scholarships.

The County has recently entered into Inter-municipal Collaboration Framework Agreements with our municipal urban neighbours that has increased funding for services that benefit County residents in the Town of St. Paul and Town of Elk Point. The contributions to recreation facilities/services under these agreements may have to be renegotiated as they were made without the expectation of losing 9% of County tax revenue.

***Maureen Miller, Mayor of the Town of St. Paul** says, “The Town of St. Paul wishes to express their support for the County’s position on the Assessment Model Review currently underway. We understand that these are tough times, and that we all need to make sacrifices to get through this economic slump, but there are so many things wrong with this review it’s hard to know where to begin.*

*Effectively taking millions of dollars from the County revenues to support only the larger*

*oil companies that earned multi-billion dollar profits last year makes no sense, especially when there is no obligation to reinvest what will amount to additional profit in Alberta. There is also no indication of what the multi-year effects of this assessment cut will be.*

*Our residents need to understand that this not just a County issue. It will surely impact the Town residents as well. Lowering the assessment of Designated Industrial Properties of the larger oil companies will reduce the funds requisitioned from industry for our Seniors' homes. This means town residents will pay more. It will also likely to render the County unable to meet the obligations of the newly negotiated Intermunicipal Collaboration Framework, which encompasses everything from our joint fire agreement to our new recreation agreement. The province has not shared what impact this will have on school tax but logic would dictate they will either have to collect less or have the rest of us pay more.*

*If this review is enacted, the large oil companies will be further supported on the backs of municipalities who struggle to meet the mandated requirement to operate within a balanced budget. Please contact your MLA and express you concern of this regulated enactment before it is too late for all of us. I'm not so sure how this is a 'fair deal' for Albertans."*

**Lorne Young, Mayor of the Town of Elk Point** says, *"The Town of Elk Point wishes to express our full support for the County of St. Paul's position on the provincial assessment model review. Any of the four scenarios suggested by the province would result in tremendous financial challenges for all of rural Alberta. Reduced assessment on oil and gas properties will dramatically reduce the County's revenues and put in jeopardy all funding agreements between the County and the Town of Elk Point such as Recreation and Fire Agreements. All rural Albertans should be very concerned with this proposed regulatory change that will have far reaching future consequences. Please contact the Minister of Municipal Affairs to express your concerns. The proposed changes will hurt our residents and our communities for years to come."*

*The County acknowledges and appreciates the difficult economic challenges currently facing the energy sector. The County has always worked well with industry partners, ensuring that the County work on road infrastructure that is needed for their operations; partnering with them to build and pave industry roads; and, providing industry partners with the opportunity to drive County roads without road ban restrictions under the terms of Road Use Agreements.*

*The County also knows that the oil and gas sector are not the only industries facing challenges. The small businesses that support this sector are struggling to make ends meet. Additionally, the agriculture producers have also felt the effects of weather and international market challenges that seem to be out of their control.*

*Many industries rely on the provision of municipal services to ensure that they can get their work done and go to work. Raising tax rates to offset the effects of the proposed changes from the assessment model review will simply transfer taxes away from the oil and gas industry to other*

businesses and residents. All taxpayers have in one way or another been affected by the pandemic and increasing anyone's taxes at this time will be very challenging.

*The County of St. Paul is working hard to ensure that the Premier, Cabinet Ministers, and rural MLAs understand the compounded impacts of policy decisions being made across government, particularly the challenges presented to rural municipalities should any one of the assessment model scenarios be implemented.*

County Council met with MLA David Hanson on August 4, 2020 along with representatives of the Town of St. Paul, Town of Elk Point, Summer Village of Horseshoe Bay and the MD of Bonnyville. *Reeve Steve Upham and CAO Sheila Kitz also participated in a joint municipal meeting with Premier Jason Kenney on August 5, 2020 to present the County's concerns regarding this important issue.* At that meeting, Premier Kenney said the intent of this review was never to hamstring municipalities. As a regional community dependent on resource revenues the County will reserve judgement until after the 30-day consultation period to see if the government gives into industry pressure.

*The County of St. Paul is urging the Alberta Government to re-examine the proposed policy alternatives put forward by the Rural Municipalities of Alberta that would better ensure sustainable rural municipalities and the oil and gas industry.* These alternatives include Oil & Gas Royalties Reduction, Education Property Tax Requisition Adjustments, and a Tax Rebate Policy on New Investment.

The County would like to work collaboratively with the Government of Alberta to find an appropriate and beneficial solution that will enhance industry competitiveness but not cripple rural municipalities.

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