



County of Wetaskiwin No. 10

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Strong Proactive Leadership • Safe Progressive Communities

August 4, 2020

Dear County of Wetaskiwin Residents and Businesses,

RE: Potential Municipal Tax Increase Due to Provincial Oil & Gas Assessment Changes

I am writing each resident and business owner in the County of Wetaskiwin to inform them of a proposal the Government of Alberta is considering that would change the assessment model for oil and gas wells and pipelines. While we understand that these changes are intended to enhance the competitiveness of the oil and gas industry, they will have serious ramifications and potentially extreme negative consequences on the sustainability of our municipality and smaller businesses in the industry.

While most properties (like yours and mine) are assessed based on their market value, oil and gas wells and pipelines are assessed based on several regulatory factors. The Government of Alberta is proposing a model that would manipulate these factors to hide a tax cut for the largest 4% of oil and gas companies. If this occurs, residents and other commercial property owners will be responsible for subsidizing a property tax break for the oil and gas industry. Changing the assessment model is inequitable and unfair, as it places the entire burden for an industrial tax break onto municipalities, without a guarantee that savings would be reinvested in Alberta. Worst of all, the provincial government has provided no evidence linking assessment reductions to competitiveness enhancements in the industry.

Please see the attached fact sheet for more information about how these changes will affect the County. If you are as concerned as I am about these changes, please contact our local MLAs, Minister of Municipal Affairs and the Premier. Provincial contact information is available on the back of this letter.

Thank you for your support,

Terry Van de Kraats
 Reeve

ASSESSMENT MODEL REVIEW



Potential impacts to the County of Wetaskiwin

Long term impacts of this model are unknown, current data is for one year

The Government of Alberta is proposing assessment model changes which will affect our County's revenue. Data below is based on the worst case scenario.

NON-RESIDENTIAL MILL RATE
 NON-RESIDENTIAL MILL RATES MAY INCREASE BY AS MUCH AS **44.5%**

MUNICIPAL REVENUE
 TOTAL REVENUE MAY CHANGE BY AS MUCH AS **11%**

TOTAL REVENUE MAY CHANGE BY AS MUCH AS
\$3.78 MILLION
MUNICIPAL REVENUE

RESIDENTIAL MILL RATE
 RESIDENTIAL MILL RATES MAY INCREASE BY AS MUCH AS **70.7%**

Average residential tax bill (based on \$350,000 assessment) may increase by as much as **\$1,997**
RESIDENTIAL TAX BILL

REDUCED LEVEL OF SERVICE
 TOTAL EXPENSE MAY BE REDUCED BY AS MUCH AS **14%**

Reduce Level of Service could include:
 - less road grading & construction
 - longer time for snow removal/ road maintenance
 - cuts to recreation & community funding
 - longer wait times for development permits
 - fewer transfer stations

A TAX BREAK FOR OIL & GAS AT THE EXPENSE OF COUNTY RESIDENTS AND BUSINESSES

PLEASE VOICE YOUR CONCERNS TO OUR LOCAL MLAS (RICK WILSON & JASON NIXON) AND THE PREMIER

Get the Facts:

How Does Assessment Work?

Residential property assessment is the process of estimating the market value of your property for municipal taxation.

While most properties are assessed based on their market values, oil and gas wells and pipelines are assessed based on several regulated factors linked to depreciation, size, materials, etc. The Government of Alberta is proposing a model that would manipulate these factors to hide a tax exemption in the assessment process.

Why Does This Change Matter?

Municipalities have limited tools to generate revenue. Significantly reducing property assessments will force municipalities to increase non-residential and residential tax rates, reduce service levels, eliminate staff positions, and/or consider dissolution.

Proposed Models

The Government of Alberta has provided municipalities with four (4) potential assessment models for oil and gas. Below are the four (4) models along with the potential impacts of each model.

Scenario Impacts	Scenario A	Scenario B	Scenario C	Scenario D
Revenue Loss (\$)	1.90 Million	2.61 Million	2.83 Million	3.78 Million
% Loss of Revenue	-5%	-7%	-8%	-11%
<i>Potential County Response to Impacts</i>				
Increase in Residential Mill Rate	35.5%	48.8%	53.0%	70.7%
Potential Residential Tax Increase (based on \$350,000 assessment)	\$1,026.86	\$1,397.67	\$1,511.76	\$1,996.66
OR				
Increase to Non-Residential Mill Rate	18.3%	27.0%	30.0%	44.5%
OR				
Staff Cuts to Cover losses (% of total FTE's)	19.2%	26.4%	28.7%	38.2%

For more detailed information on the proposed changes visit www.county.wetaskiwin.ab.ca or call the County office at 780-352-3321.

Provincial Contact Information:

Name/ Title

Honourable Jason Kenney, Premier..... 780-427-2251
 Honourable Kaycee Madu, Minister of Municipal Affairs..... 780-427-3744
 Honourable Rick Wilson, Minister of Indigenous Relations, MLA for Maskwacis-Wetaskiwin..... 780-422-4144
 Honourable Jason Nixon, Minister of Environment and Parks, MLA for Rimbey-Rocky Mountain House-Sundre..... 780-427-2391

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