

2019 Oil and Gas Property Tax Cancellation

Report Purpose

To seek Council approval for the cancellation of property taxes on bankrupt oil and gas properties as a bad debt expense.

Recommendation

THAT cancellation of property taxes for five properties totalling \$54,770.28, as set out in Enclosure 1 of the October 29, 2019 Assessment and Tax report, be approved.

Our Prioritized Strategic Goals

Governance Requirement

Report

The five eligible properties were owned by two separate companies that are now under bankruptcy/receivership proceedings and are no longer operational. Strathcona County is an unsecured creditor, in terms of property taxes outstanding, and has no likelihood of receiving payment. These facilities are located on leasehold interests on parcels of land and therefore not subject to conventional legislative tax recovery processes.

The unpaid property taxes for the subject properties are from the 2014 to 2019 tax years and total \$54,770.28.

The Provincial Education Requisition Credit (PERC) program allows Municipalities to recover the provincial education tax portion of the unpaid property taxes for bankrupt oil and gas properties. PERC provides a credit, equal to the applicable provincial education requisition. Council approval of this motion must be submitted to Municipal Affairs as supporting documentation in order for the credit to be applied.

The application deadline for the PERC program is January 15, 2020. Our application will be for the eligible amount of \$4,972.58.

Other Impacts

Policy: The recommendation in this report falls under Council Discretion within the County's Property Tax Relief policy: "This policy does not preclude Council from exercising its broad discretion to grant tax relief under section 347 of the *Municipal Government Act* if it determines, after due consideration of the impacts on the tax burden of other property owners in the municipality, that the granting of such relief is equitable in the particular circumstances". The full policy is included as enclosure 3 to this report.

Legislative/Legal: Section 347 of the *Municipal Government Act* allows Council to consider a reduction, cancellation or deferral of taxes on a year by year basis and only where Council considers it equitable to do so

Interdepartmental: Corporate Finance

Master Plan/Framework: n/a

Communication Plan

Submission of the PERC application to the Government of Alberta

Enclosures

- 1 Oil and Gas Tax Cancellation Properties
- 2 Provincial Education Requisition Credit (PERC) Program Guidelines
- 3 Property Tax Relief policy