



PRESS RELEASE – OIL AND GAS ASSESSMENT MODEL

Camrose County was notified this week of changes proposed by the Province of Alberta to reduce the property tax of oil and gas companies through changes to the assessment model for regulated properties in this sector.

Council and administration are extremely concerned about the serious impacts of this decision because it will mean an increase in property tax, reduction of services, or combination of both to make up for this lost revenue.

While the stated intention of this decision is to increase the competitiveness of oil and gas companies in this hard time, these changes will disproportionately benefit large oil and gas companies and harm smaller local firms.

In addition to this, there are no regulations to ensure that this money from the reduction in taxes will be spent in Alberta to improve the struggling oil and gas sector here. For these reasons there seem to be few benefits to outweigh the added costs that county residents will be faced with.

Four possible scenarios are being presented by the technical committee (made up of Industry representatives and government advisors). Based on the information provided to Camrose County from the Province, the impacts to Camrose County from the 4 scenarios indicate a loss of approximately 9% of tax revenue, which equates to between \$2.1 million and \$2.9 million in overall lost revenue for Camrose County in the first year, and increasing in subsequent years.

**TOTAL REVENUE MAY
CHANGE BY AS MUCH AS**

↓ 9%

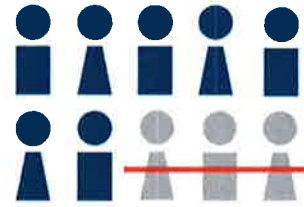
To compensate for the loss of industry assessment and corresponding tax revenue, Camrose County will have to adjust operations in one of the following ways (or a combination of these):

- Increase the residential mill rate between 41% and 56% AND/OR
- Increase the non-residential mill rate (businesses in Camrose County) between 22% – 32% AND/OR
- Cut the County workforce by 24% – 32% (16 to 22 full time positions) and lose the corresponding services.

**RESIDENTIAL MILL RATE
BY AS MUCH AS**

↑ 56.1%


**FULL-TIME STAFF
BY AS MUCH AS 32.5%**



If this proposed change is passed YOU WILL BE IMPACTED – financially through property taxes, and in a loss of service from Camrose County. Many services provided by the County would have to be cut, County support of other municipalities and organizations will have to be decreased or eliminated, and there would certainly be an increase in property taxes for residents and business in the County. With the additional changes to the Police Funding Model, on top of historical unpaid taxes from oil & gas, County residential taxpayers will see significant property tax increases in the coming years.

The Province is proposing these changes to give reductions in property taxes, and education taxes to the oil and gas industry. This loss in municipal revenue has to come from other rate payers (You!) – either through increased taxes or decreased services.

What can you do?

- Please let your MLA know your thoughts on this issue.
 - MLA Jackie Lovely Ph# 780-672-0000 camrose@assembly.ab.ca;
 - MLA Rick Wilson Ph#780-360-8003 maskwacis.wetaskiwin@assembly.ab.ca

Your local Councillors will be meeting with MLAs and working with the RMA (Rural Municipalities of Alberta) to advocate on your behalf as well.

- Please call your local Councillor if you have questions about this or want additional information.
- Take a few minutes and read the RMA position paper on this Assessment change – found at rmalberta.com under Position Statements.

The final decision on this proposal is expected by mid to late August, so please take action now.

On behalf of Council.



Reeve Cindy Trautman

Please see www.county.camrose.ab.ca for more information including a detailed analysis from RMA

A snapshot of County Services

- Protective Services (Bylaw and Enforcement)
- Fire Services
- Garbage and Solid Waste Services
- Water and Wastewater Services
- Agricultural Services (Weed and Pest)
- Recreation Services (parks, campgrounds, City of Camrose Recreation facilities and volunteer boards)
- Transportation Services (roads, bridges, signs, culverts)
- Planning and Subdivision Services

If the proposed Alberta Government Assessment Model is adopted, Camrose County and other rural municipalities will be faced with difficult decisions like cutting municipal services. What does a cut to Rural Municipal Services look like?



Camrose County has 2600 km of gravel roads to maintain. A cut to the grading, gravelling, repair and rehabilitation of this infrastructure will result in a degradation of the quality, safety and reliability of this asset for residents, farmers and the industry that uses these roads.

Rural Municipalities are called upon to manage and recover in the event of natural disasters and weather events. The crews that make recoveries quick and get rural Alberta back on their feet, will not be readily available.



The equipment and operators necessary to remove snow from rural roads is a large part of Camrose County's budget. This equipment will not be able to respond in the 3-5 days that residents are used to, but could be extended to 8-10 days.

Camrose County owns and operates fire equipment in a number of regional fire stations. The millions of dollars in equipment and stations may have to be reduced, resulting in increased response times.



Camrose County supports recreation facilities and programs along with libraries and many other community organizations in the urban municipalities of our region. This funding would be in jeopardy under the revised Assessment Model.

The Government of Alberta's Assessment Model Review is intended to enhance industry competitiveness and assist the oil industry through these difficult times, but who is the proposed changes really helping?

BENEFITTING

Large Oil and Gas Companies operating in Alberta, many of which have holdings worldwide and are *under no obligation to reinvest in Alberta*.



Based on the Government of Alberta's proposed scenarios, the largest oil and gas companies operating in the province will receive a disproportionate share of benefits from changes to the assessment model.

Small and locally-owned oil and gas companies will, on average, receive significantly less benefit, and in many cases will face significant assessment increases.

LOSING

Rural Municipalities

Alberta municipalities will lose between \$109 million and \$291 million in assessment in 2021, with likely higher losses each year going forward.

Rural Residents

The loss of revenue for rural municipalities leaves rural residents facing large property tax increases and significant losses in services and programs.

Urban Residents

Rural municipal governments support facilities and programs with their urban neighbours, which is one of the "non-essential services" that the Provincial Government is implying needs to be eliminated.

Local Oil and Gas & other Local Businesses

Under the proposed scenarios, small local oil and gas companies will see even higher assessment, and other local businesses will see significant increases in property taxes, along with decreases in maintenance of local infrastructure.

Albertans

Albertans will all share a larger portion of Education Taxes, and the decrease in infrastructure sustainability, and safety will be felt by Albertans for years to come.



“We have heard that Counties have lots of money in reserves, why don’t they just use that money to make up the lost revenue from the Assessment Model Review?”



Camrose County, and all municipalities have just three ways to pay for large capital projects—by incurring debt, current revenues like property taxes, or savings (called Municipal Reserves).

Currently Camrose County has just under \$15 million held in reserves. Of this amount, \$4 million is dedicated to specific projects and is not available to be used for anything else.



So what can \$11 million in reserves do?



Cover 6 months of operating expenses

OR

Maintain County Roads for 18 months



Camrose County currently has nearly \$10 million in debt from previous projects.

Camrose County owns and is responsible to maintain and replace when required:

2600 KM
of Roadways

115
Bridges

8000+
culverts

6
Water Systems

7
Wastewater Systems

And much more!!

FACTS:

- Municipalities are **NOT permitted to run deficits**, so reserves allow municipalities to save for major infrastructure projects
- Municipalities can finance projects through debt, but the **amount of debt municipalities can incur is limited**.
- Municipalities are **required to develop three year operating and five year capital plans**. The development of long-term plans requires that municipalities set aside funds for use on major projects in future years.
- Municipalities must be ready to respond to disaster and significant weather events, which are becoming more frequent. Reserves are maintained in case of an emergency, much like a savings account.

Municipal financial reserves are critical to supporting effective asset management planning and allowing for long-term maintenance and repair of infrastructure assets to maintain adequate service levels

Conclusion: Camrose County needs to build and maintain municipal reserves in order to maintain and replace the infrastructure County residents rely on.

What do my County property taxes pay for?



Snow Plowing



Culvert Maintenance & Replacement



Summer Blading



Bridges



Traffic Signs

TRANSPORTATION
Keeping Rural Alberta on the Move!
 Camrose County has 2600 kilometers of Roadways!
 Camrose County budgeted 8 Million dollars to Transportation services in 2020



Dust Control



Rebuilding & Rehabilitating

And Much More!!



AGRICULTURE SERVICES

Camrose County is responsible for weeds and pest monitoring and control within County borders. The 2020 budget for Ag. Services was about \$700,000

CULTURE & SOCIETY

\$230,000 annually to libraries, social services and lodge authority, in addition to annual grants to STARS Air Ambulance, and over \$50,000 in grants to other organizations.



RECREATION

\$1.1 million annually to programs & facilities in the County (campgrounds and the Nature Centre), and in the Villages, Town of Bashaw and City of Camrose.



GARBAGE & WASTE SERVICES & RECYCLING

County residents dispose of garbage for free at 3 transfer sites and both local landfills



PROTECTIVE SERVICES

County Officers patrol the gravel roads of the County over 8,000 hours per year.



FIRE & EMERGENCY SERVICES

Camrose County has three County Fire Departments, and also supports six other municipal departments for a total of \$500,000 in 2020. Camrose County also owns 21 Fire Trucks and Support Vehicles for a total capital investment of over 2.5 million.



SUPPORT SERVICES: Finance, IT, Fleet Services, Planning, Taxation & Assessment