

FOR IMMEDIATE RELEASE

## RMA Response to Shallow Gas Industry Relief

**Nisku, AB, July 2, 2019** – The Rural Municipalities of Alberta (RMA) appreciates the Government of Alberta’s decision to enable short-term relief to the shallow gas industry through the forgiveness of a portion of municipal property taxes on specific wells and pipelines identified by the Government of Alberta. This will allow municipalities to reduce the overall amount of property taxes to be paid by impacted companies. This action is the result of a crisis being faced by Alberta’s shallow gas industry due to a combination of historically low natural gas prices and high operating costs.

The shallow gas industry is critical to Alberta’s economy as well as to the sustainability of many rural communities across the province. Shallow gas companies support jobs and contribute to municipal infrastructure and services through the payment of property taxes. The Government of Alberta’s decision allows municipalities to reduce overall property taxes for these companies, produces a mutually beneficial short-term solution for impacted companies and rural municipalities; it allows companies a temporary reduction in operating expenses, while also ensuring that municipalities will still receive a portion of property taxes from impacted companies in order to adequately provide municipal services.

“Shallow gas companies are in a tough situation, and it’s been essential to work with the Government of Alberta and industry representatives to come up with short-term solutions to support the industry,” said Al Kemmere, President of the Rural Municipalities of Alberta. “We recognize that municipal and education property taxes are not the core cause of the industry’s struggle, but are likely the only area in which short-term relief can be found, so we’re pleased with the Government of Alberta’s announcement today, as it helps the shallow gas industry without unfairly penalizing rural municipalities. In the long term, property taxes should not be seen as a tool for relief.”

Education property taxes are collected by municipalities across the province on all taxable properties on behalf of the Government of Alberta. Although they are collected by municipalities in tandem with municipal property taxes, they are transferred directly to the Alberta School Foundation Fund (ASFF) to support operational expenses for Alberta’s schools. For this one-time solution, any reductions to the required amount of education property taxes that municipalities would normally collect will be supplemented to the ASFF from general revenues. In this regard, the Government of Alberta is utilizing one of the few short-term options available while ensuring education funding remains whole.

“Rural municipalities have a strong partnership with the oil and gas industry, including shallow gas companies. However, reducing or forgiving property taxes is not a realistic short-term option for municipalities. Allowing municipalities to forgive a portion of property taxes while being supported by the Government of Alberta through reduced education tax requirements provides industry with badly-needed financial relief while ensuring that rural municipalities can provide the services and

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infrastructure that residents and businesses rely on,” said Kemmere.

In the long-term, RMA supports further government and industry action to stabilize the shallow gas industry in Alberta. Potential solutions include revisiting how taxes and fees on shallow gas wells are calculated to ensure they are fair, increasing pipeline capacity and market access for natural gas, and investigating possible reduction of natural gas production until world prices recover.

“At the end of the day, RMA’s vision is for strong, vibrant, and resilient rural communities. As RMA members cover approximately 85% of the province, we host most of Alberta’s oil and gas activity, including shallow gas,” Kemmere said. “A strong oil and gas industry goes hand-in-hand with sustainable rural communities, so we’re pleased to support the Government of Alberta’s short-term solution to support the shallow gas industry, and we look forward to being part of discussions as to how shallow gas companies can thrive in rural Alberta for many years to come.”

*The Rural Municipalities of Alberta (RMA) is an independent association comprising Alberta’s 69 counties and municipal districts. Since 1909, the RMA has helped rural municipalities achieve strong, effective local government. The RMA provides Advocacy and Business Services (including RMA Trade, RMA Fuel and RMA Insurance).*

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