

October 23, 2020

## Government of Alberta Announces Assessment and Tax Initiatives for Oil and Gas Properties

*Most of the initiatives are in effect for three years and will provide time for further consultation on the modernization of Alberta's assessment model for regulated oil and gas properties*

On October 19, 2020, the Government of Alberta [announced several short-term initiatives](#) intended to enhance oil and gas industry competitiveness. RMA President Al Kemmere [participated in the announcement](#) and provided initial RMA input on the initiatives.

The initiatives focus on municipal property assessment and taxation and are intended as an alternative to the more substantial changes to the assessment model that were previously considered by the province. The initiatives include the following:

- ◆ Three-year property tax holiday on all new wells and pipelines.
  - Beginning in the 2022 property tax year, new wells, and pipelines will not be taxed until the 2025 tax year. Therefore, the tax holiday applies to the 2022, 2023, and 2024 tax years.
- ◆ Elimination of the Well Drilling Equipment Tax beginning in 2021.
  - This elimination is expected to be permanent.
- ◆ Three-year assessment reduction on low-producing wells.
  - This reduction will be implemented through changes to Schedule D of the Alberta Linear Property Assessment Minister's Guidelines.

According to the Government of Alberta, these initiatives are expected to result in total municipal and education property tax revenue reductions of approximately \$80 million in 2021. While this change will have significant financial impacts on many municipalities, it is much less than the financial impacts of the changes to the assessment model being considered earlier this year. RMA is hopeful that the revenue impacts that municipalities will face as a result of these initiatives will be off set by increased rural economic activity in the form of new investment and jobs.

RMA appreciates the willingness of the Minister of Municipal Affairs to implement moderate, short-term initiatives to allow time for a long-term and fulsome consultation process with municipal and industry stakeholders, which is expected to take place over the next three years. RMA looks forward to participating in that consultation process.

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