

Ignores Property Tax and Surface Lease Obligations

Zombies may have brains, but many zombie companies don't use them to track and pay municipal taxes and surface lease obligations. For years, zombie companies have ignored property taxes and surface lease obligations, prioritizing shareholder profits over contributing to the municipal infrastructure and services they rely on. The RMA's most recent unpaid property tax member survey shows that this issue is not getting any better, as zombies continue to lurk out of reach of the AER's hands-off regulatory approach. While there is no way to know for sure because data is not publicly available, it is highly likely that zombie companies are responsible for most of the unpaid tax burden facing municipalities.

If zombies are not paying taxes, what other obligations are they ignoring?

The RMA's most recent member survey showed that, in 2023, municipalities faced \$43 million in new unpaid taxes. Because zombie companies are focused on maximizing profits while they can, many ignore their property tax responsibilities because they know there is minimal enforcement. 2023's survey results showed that a growing portion of unpaid taxes are the responsibility of operating companies, meaning that as taxes owed from bankrupt companies are gradually recovered or written off, zombie companies are a growing problem.

Because the AER allowed so many companies to reach a zombie state, it is unprepared for the impacts of enforcing tax payment obligations out of fear that it will result in a wave of well abandonments. However, the AER refuses to ask how much worse this problem will become if it continues to refuse to act. If zombies are not paying taxes, what other obligations or requirements are they ignoring?

