

Subject: **TAX CANCELLATION – INDUSTRIAL ACCOUNTS**
 Meeting Date: Tuesday, October 24, 2023
 Prepared By: Rajeana Nyman, Property Tax Officer
 Presented By: Rajeana Nyman, Property Tax Officer

RECOMMENDED MOTION:






That Council approve the cancellation of taxes on Municipal Tax Rolls that have been turned over to the Orphan Well Association and are affiliated with Manitek Energy Inc., Trident Exploration (Alberta), Lexin Resources Ltd., Arrow Point Oil & Gas Ltd., and Canyon Oil and Gas Corporation, totaling \$89,268.72.

Those being Tax Rolls 34222431300, 32231020410, 33221831100, 29261041600, 32221020400, 28213431201, 34213240900, 32220642100, 33221710800, 29261010800, 33242220400, 28211231101, 34213231300, 31222510100, 33220210100, 29260341600, 32233420400, 28201820501, 33233010100, 30251931200, 29253332100, 29260310700, 32232731300, 28200740900, 33232410800, 30251910700, 33222910700, 29261420300, 32232320600, 31231231100, 33231310100, 30251410110, 33221910700, 29261410700, 30231141500.

And further, that Council approve the cancellation of taxes that have been deemed uncollectable, affiliated with Pocahontas Petroleum Ltd and Crimson Energy Ltd., for a total of \$13,723.65.

That Council direct Administration to submit an application under the Provincial Education Requisition Credit (PERC) for the uncollectable Education Requisition (NR) and Industrial Property Requisition (DIP).

STRATEGIC PLAN ALIGNMENT: (Check all that apply)

	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
High Quality Infrastructure		Economic Resilience		Quality of Life		Effective Leadership		Level of Service	

RELEVANT LEGISLATION:

Provincial (cite) - Municipal Government Act, Section 347

If a council considers it equitable to do so, it may, generally or with respect to a particular taxable property or business or a class of taxable property or business, do one or more of the following, with or without conditions:

- (a) cancel or reduce tax arrears;
- (b) cancel or refund all or part of a tax;
- (c) defer the collection of a tax.

Council Bylaw/Policy (cite) - Not applicable.



BACKGROUND/PROPOSAL:

Administration is proposing the cancellation of 2023 tax levies for Municipal Tax Rolls that have been turned over to the Orphan Well Association as well as those for which all collection efforts have been exhausted and are deemed uncollectable.

The following outlines Municipal Tax Rolls that have been turned over to the Orphan Well Association. These assets will continue to be assessed annually until they are fully reclaimed. Once the wells are fully reclaimed the tax rolls become inactive.

Municipal Tax Rolls					
34222431300	32231020410	33221831100	29261041600	32221020400	28213431201
34213240900	32220642100	33221710800	29261010800	33242220400	28211231101
34213231300	31222510100	33220210100	29260341600	32233420400	28201820501
33233010100	30251931200	29253332100	29260310700	32232731300	28200740900
33232410800	30251910700	33222910700	29261420300	32232320600	31231231100
33231310100	30251410110	33221910700	29261410700	30231141500	

The municipal tax rolls noted above fall under the ownership of the following companies with the noted outstanding 2023 tax levies.

COMPANY NAME	2023 LEVIES	
Manitok Energy Inc.	\$17,379.06	Orphan Well Association
Trident Exploration (Alberta)	\$47,074.03	Orphan Well Association
Lexin Resources Ltd.	\$9,056.16	Orphan Well Association
Arrow Point O&G Ltd.	\$134.20	Orphan Well Association
Canyon O&G Corporation	\$1,901.62	Orphan Well Association
	\$75,545.07	

The following municipal tax rolls are considered uncollectable as all collection efforts have been exhausted.

COMPANY NAME	Municipal Tax Roll	2023 LEVIES	
Pocahontas Petroleum Ltd.	40000370000	\$582.39	No assessment since 2021
Crimson Energy Ltd.	40001960000	\$13,141.26	All efforts exhausted
		\$13,723.65	

Pocahontas Petroleum Ltd. was taken out of operation in 2020. This tax account requires cancellation of the 2021 tax levy, removal of penalties and de-activation of the tax roll.

Crimson Energy Ltd. was acquired by Altima Resources Ltd. and this pipeline was transferred February 9, 2021. Property Taxes had not been paid by Crimson Energy Ltd. for 2019, 2020 and 2021.



Altima Resources denied taking possession of this well and disputed this with the Provincial Assessor; we have had a \$0 assessment since 2021. Currently there are just penalties on this account for 2022 and 2023.

DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES/OTHER CONSIDERATIONS:

The Province, through the Provincial Education Requisition Credit (PERC) and Designated Industrial Requisition Credit (DIRC) provides municipalities with an education and designated industrial property tax credit equal to the uncollectable amounts on delinquent oil and gas properties. This is available to us through the 2023 tax year and can be applied for in January 2024.

The 2023 amount totals are estimated at \$5,299.24 (PERC) and \$339.20 (DIP).

FINANCIAL & STAFFING IMPLICATIONS:

While Administration has worked diligently to collect these taxes by actioning payment agreements and initiating legal action, when necessary, unpaid oil and gas taxes will result in lost revenues for the County.

The County's 2023 Operating Budget has identified \$250,000 as Provision for Allowances, in anticipation of such situations.

Completing the cancellation prior to the October 31st deadline avoids further penalty accrual.

RECOMMENDED ENGAGEMENT:

Directive Decision (Information Sharing, One-Way Communication)

Tools:	Individual Notification	Other:	
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ATTACHMENTS:

None

COUNCIL OPTIONS:

1. Approve the cancellation of uncollectible taxes and direction Administration to apply for the Provincial Education Requisition Credit (PERC).
2. Request additional information.

FOLLOW-UP ACTIONS:

If Council approves the cancellation of uncollectable taxes Administration will cancel the taxes and apply for the PERC and DIRC, when the application period opens in January 2024.

APPROVAL(S):

Mike Haugen, Chief Administrative Officer Approved-

Kinza Barney, Director of Corporate Services Approved-

