



AGENDA
Special Council Meeting
1:00 PM - Tuesday, January 26, 2021
Council Chambers, 5303 - 50 Ave.,
Lamont, AB

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1. CALL TO ORDER	
2. ADOPTION OF AGENDA	
3. DELEGATION	
3.1. Stratum Logistics - Delegation	2
Request For Decision - RFD-21-023 - Pdf	
4. BUSINESS	
4.1. Cancellation of Oil and Gas Taxes	3 - 6
 Recommendation: THAT Lamont County Council cancel the property taxes levied and write off \$92,828.54 for the eligible properties and an application be filed by February 1, 2021 for the eligible credits outlined in Schedule I for the Provincial Education Requisition Credit (PERC) and Designated Industrial Requisition Credit (DIRC) programs. Request For Decision - RFD-21-022 - Pdf	
5. ADJOURNMENT	

REQUEST FOR DECISION



Meeting Date: January 26, 2021
Staff Contact: Johnathan Strathdee, Legislative Services Officer
Department: Legislative Services

Subject: **Stratum Logistics - Delegation**

Recommendation(s):

THAT Lamont County Council accept the presentation from Stratum Logistics regarding contracted work with Lamont County on TWP 550 as information.

Purpose:

For Council to receive a presentation from Stratum Logistics regarding the 90% design submission as a regulated requirement in order to make a submission to Alberta Environment and Parks for a Water License on behalf of Lamont County in addition to provide opportunity for Council to see essentially final design for the TWP 550 Project.

Background Information:

Stratum Logistics will be presenting on the following topics during their delegation:

1. NPA Geocell
2. Ditch and drainage
3. Original engineering costs and engineering costs to date
4. Original estimated roadway costs and present estimated roadway costs.
5. Timelines to tender and schedule construction

Johnathan Strathdee, Legislative Services Officer

Approved
- 21 Jan
2021
Approved
- 22 Jan
2021

Stephen Hill, CAO

REQUEST FOR DECISION



Meeting Date: January 26, 2021
Staff Contact: Roberta Malysh, CFO
Department: Corporate Services

Subject: Cancellation of Oil and Gas Taxes

Recommendation(s):

THAT Lamont County Council cancel the property taxes levied and write off \$92,828.54 for the eligible properties and an application be filed by February 1, 2021 for the eligible credits outlined in Schedule I for the Provincial Education Requisition Credit (PERC) and Designated Industrial Requisition Credit (DIRC) programs.

Purpose:

For Council to receive a report containing relevant information regarding the write-off of uncollectible property taxes related to the oil and gas industry.

Background Information:

The Government of Alberta has recognized that many municipalities have been affected financially by oil and gas operations that have, due to the downturn in the industry, become insolvent and unable to satisfy their creditors.

Lamont County has exhausted all avenues of legal appeal to enforce municipalities' standing as a preferred creditor as intended by the Alberta Municipal Government Act (MGA). The courts ruled that the Federal bankruptcy and Insolvency statutes prevailed over the MGA and municipalities had no preferential standing in this regard. As a result of the recognition of financial strain, the Alberta Government introduced the Provincial Education Requisition Credit (PERC) and Designated Industrial Requisition Credit (DIRC) Programs.

The PERC program provides affected municipalities with a credit, equal to the provincial education requisition associated with taxable properties that are delinquent in payment of education property taxes. The term of PERC extends to the 2021 tax year and may be applied retroactively to the 2015 tax year. The provision of education property tax credits will be subject to funds available in the Alberta School Foundation Fund's Net Asset Fund. Additionally, in any fiscal year, the total education property tax credits provided to municipalities for the purpose of Uncollectable education property taxes on delinquent oil and gas properties will be no more than \$10 million.

The DIRC program provides affected municipalities with a credit, equal to the Designated Industrial Property Tax Requisition (DIP) associated with taxable properties that are delinquent

in payment of the requisition. The term of DIRC does not have an expiration date and can be applied retroactively to the 2018 tax year.

A condition for requisition credits is that the municipality must formally write off the property taxes as a bad debt. The property taxes to be written off by Lamont County include municipal and education taxes as well as those related to the Senior's Housing Foundation, the County Landfill and the Provincial Designated Industrial Property Tax Requisition.

Discussion

Lamont County followed through on its options under the Municipal Government Act to collect the outstanding property taxes. Attachment 1, Table 1 contains a list of defunct oil and gas companies who do not have the finances to pay the outstanding taxes. Therefore, the County will be writing off the collection of property taxes as bad debt.

Under normal circumstances, Administration would recommend accounts for write-off to Council during the year-end process but as the deadline for the 2020 PERC and DIRC programs is February 1, 2021, it was deemed necessary to determine amounts related to oil and gas properties immediately. There is still an opportunity for additional tax cancellations in 2021 but the tax cancellations will have to be approved by December 31, 2021 and application for PERC and DIRC made prior to February 1, 2022.

Therefore, Administration is seeking Council's approval to cancel the property taxes in the amount of \$92,828.54 and apply for the PERC and DIRC credits to recover the eligible education and designated industrial taxes as it is evident the County has no means of collecting the outstanding taxes.

Financial Impact:

The County's taxes receivable will be reduced by \$92,828.54 to reflect the changes from these uncollectible accounts. If the County's tax credit application is approved by the Province, an education property tax credit in the amount of \$12,616.41 will be applied to the County's 2021 Alberta School Foundation Fund Requisition and a credit of \$257.69 will be applied to the County's 2021 DIP requisition.

Table 2 of Attachment 1 contains a breakdown of all the property taxes proposed for cancellation. Of the \$92,828.54, it is calculated that the net unrecoverable taxes will be \$79,954.44 (total outstanding taxes less the potential amounts recoverable from the PERC and DIRC programs).

Table 3 of Attachment 1 contains a summary of all the property tax cancellations related to oil and gas companies that are no longer viable entities.

Alternatives:

THAT Lamont County Council cancel the property taxes levied and write off \$92,828.54 for the eligible properties and an application be filed by February 1, 2021 for the eligible credits

outlined in Schedule I for the Provincial Education Requisition Credit (PERC) and Designated Industrial Requisition Credit (DIRC) programs.

THAT Lamont County Council cancel the property taxes levied and write off \$92,828.54 for the eligible properties and an application be filed by February 1, 2021 for the eligible credits outlined in Schedule I for the Provincial Education Requisition Credit (PERC) and Designated Industrial Requisition Credit (DIRC) programs. (defeat the motion)

THAT Lamont County Council provide further direction to Administration regarding the cancellation of Oil and gas taxes.

Relevant Government Documents:

Municipal Government Act, R.S.A 2000, c. M-26

- Section 347(1) states that Council may, if it considers it equitable to do so, cancel or refund all or part of a tax.

Attachments:

[Summaries Cancelled Taxes](#)

Roberta Malysh, CFO

Approved
- 20 Jan
2021

Johnathan Strathdee, Legislative Services Officer

Approved
- 21 Jan
2021

Stephen Hill, CAO

Approved
- 21 Jan
2021

Table 1

Company	Total Outstanding Taxes ⁽¹⁾	Eligible PERC Credit ⁽²⁾	DIRC ⁽³⁾
Bumper Development Corp. Ltd .	\$ 828.60	\$ 82.19	\$ -
Endurance Energy Ltd.	25.13	-	-
Perpetual Energy Operating Corp.	516.18	-	-
Questfire Energy Corp.	624.03	65.80	1.35
Redwater Energy Corp.	11,870.24	233.67	4.80
Sequoia Resources Corp.	65,104.58	10,898.35	224.06
Shoreline Energy Corp	444.95	-	-
Storm Cat Energy Corp	691.38	-	-
Strategic Oil & Gas Ltd.	234.07	17.63	0.36
Terra Energy	4,077.48	-	-
Tuscany Energy Ltd.	63.57	-	-
Zargon Oil & Gas	8,348.33	1,318.76	27.11
Total Taxes for Consideration of Cancellation ⁴	\$ 92,828.54	\$ 12,616.41	\$ 257.69

(1) Total outstanding unpaid property taxes for the named oil and gas companies.

(2) Amount the County is eligible to claim under the Provincial Education Requisition Credit (PERC).

(3) Amount the County is eligible to claim under the Designated Industrial Requisition Credit (DIRC).

(4) The total amount of property taxes that require consideration for cancellation and the associated credits.

Table 2

Details of Taxes under Consideration for Cancellation	
Municipal	\$ 60,599.48
Education	12,616.41
Seniors Foundation	1,311.17
Landfill Expenses	603.81
Designated Industrial Property	257.69
Penalties	17,439.99
Total	\$ 92,828.54

Table 3

Summary of Cancelled Taxes Oil and Gas Industry	
2018	\$ 99,711.93
2019	2,885,744.40
2019 Penalties	298,894.92
2020 (proposed)	92,828.54
Total	\$3,377,179.79