



ALBERTA
MUNICIPAL AFFAIRS

*Office of the Minister
MLA, Grande Prairie*

AR103065

Reeve Amber Link
Wheatland County
amber.link@wheatlandcounty.ca

Dear Reeve Link,

Thank you for your correspondence of September 22, 2020, to Premier Jason Kenney regarding concerns about partial or unpaid taxes for oil and gas properties. As the Minister of Municipal Affairs, I am responding on behalf of the Government of Alberta.

In these difficult economic times, some oil and gas companies have been struggling to remain viable and pay their property taxes; at the same time, municipalities are increasingly having to make difficult decisions about how best to manage limited resources in a fiscally responsible way.

The province, with support from the federal government under the Safe Restart Agreement, introduced the Municipal Operating Support Transfer program to help municipalities alleviate incremental costs, reduced revenues, and expenses related to their response to the COVID-19 pandemic. Wheatland County has been allocated \$894,864 under this program. I suggest considering the use of these funds to partially offset reduced revenues from unpaid or deferred taxes.

The Provincial Education Requisition Credit program provides municipalities with an education property tax credit equal to the uncollectable education property taxes on delinquent oil and gas properties. I understand your municipality received \$90,676 in education property tax credits in 2019/20. If your municipality has written off additional unpaid taxes, I encourage you to apply again before the next deadline of February 1, 2021.

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Alberta's government remains committed to supporting our economy – and municipalities – through Alberta's Recovery Plan and other policies to encourage investment and job creation.

Thank you again for writing and for sharing your concerns.

Sincerely,



Tracy L. Allard
Minister

cc: Honourable Jason Kenney, Premier of Alberta
Honourable Nathan Cooper, MLA, Olds-Didsbury-Three Hills
Honourable Sonya Savage, Minister of Energy
Honourable Leela Sharon Aheer, MLA, Chestermere-Strathmore
Honourable Devin Dreeshen, Minister of Agriculture and Forestry
Honourable Doug Schweitzer, QC, Minister of Jobs, Economy and Innovation
Honourable Dale Nally, Associate Minister of Natural Gas and Electricity
Angela Pitt, MLA, Airdrie-East
Joseph Schow, MLA, Cardston-Siksika
Wheatland County Council



WHEATLAND COUNTY

Where There's Room to Grow

Office of the Reeve

September 22, 2020

Government of Alberta
Office of the Premier
Executive Branch
307 Legislature Building 10800 – 97 Avenue
Edmonton, Alberta T5K 2B6

Attention: Honourable Jason Kenney – Premier of Alberta
premier@gov.ca

Dear Honourable J. Kenney,

Re: Concerns Regarding Partial or Unpaid Taxes for Oil and Gas Properties

We wish to express our concerns regarding a recent letter that Wheatland County received from Lynx Energy (attached for your reference). Lynx Energy owes the County \$5,117,664 in 2020 property taxes and has recently informed Council that it will pay 7.5% or \$383,824 this year. Lynx Energy has indicated that it will make 24 equal monthly instalments to the County starting on January 31, 2021. This has a potential devastating impact on our service levels we strive to deliver to our ratepayers.

Council would like to urge the Government of Alberta to establish legislation to ensure that municipalities have priority to collect annual levied property taxes and have a mechanism to collect unpaid taxes in arrears from linear assessment. Many municipalities in Alberta are dealing with a substantial amount of unpaid taxes from previous years as well. Should this become industry practice and no solutions are put into place, it could potentially have devastating financial impacts on all rural Albertans.

We thank you in advance for considering our request.

Sincerely,

Amber Link
Reeve – Wheatland County

Encl. Lynx Energy Correspondence (Aug. 26, 2020)



WHEATLAND COUNTY

Where There's Room to Grow

cc. Minister of Municipal Affairs
Minister of Energy
Minister of Agriculture and Forestry
Minister of Jobs, Economy and Innovation
Associate Minister of Natural Gas and Electricity
MLA – Chestermere-Strathmore
MLA – Olds-Didsbury-Three Hills
MLA – Airdrie-East
MLA – Cardston-Siksika
Wheatland County Council



August 26, 2020

Dear Ms. Amber Link

RE: Municipal Property Taxes

I would like to take this opportunity to commend you and your council as you make significant progress to accommodate the current situation. These are trying times and I appreciate all the efforts your team has been making to keep our industry afloat and preserve as many jobs as possible.

However, as you can imagine we are all working to find ways to maintain our business through these challenging circumstances. Here at Lynx we are looking at every cost item we have control over, and carefully managing our operations

Lynx Energy is Canada's second largest CBM/Shallow Gas producer. We own and operate six gas plants and 28 compressor stations in central Alberta. We produce approximately 110 mmscfe/d of gas from over 6,000 wells through 5,000 km of pipelines. The company has over 80 full time employees and numerous contract and support personnel and we have been a significant supporter and contributor to the communities in which we operate. Lynx is one of the main industries and one of the main anchor company's in these communities, and our contribution is not just for the people we hire in the company or even our contractors, but hundreds of other businesses from manufacturing to professional services, tech and healthcare in which we engage. The indirect benefits of our continued operations are very significant to rural Alberta and we are here for the long haul.

I appreciate you and your staff have been actively involved with the Government of Alberta to determine a new methodology that will more fairly allocate and assess property taxes going forward. This is very good news, as the old assessment model was extremely outdated and was resulting in a reallocation of investment capital outside of the province and your community (with the corresponding loss of jobs). I appreciate these changes can take some time to implement, however I am writing you today to inform you that we need action now. I am concerned about our ability to survive until a new, modern and fair assessment model is in place and so I would ask you and your council to consider a form of short-term bridge relief.

As a bridge, Lynx is prepared to meet the due date for 2020 property taxes and has provided a check with this letter with an initial installment payment of 7.5% (\$383,824.86). The remaining balance would be paid monthly to the County starting on January 31, 2021 in 24 equal monthly instalments of \$197,243.33, for a total payment of \$5,117,664.84. This bridge is critical to our survival and will allow Lynx to manage through the current economic downturn that we are experiencing, preserving our company and the jobs we provide. This request is consistent with the "Non-residential property tax

Lynx Energy ULC

2800, 240-4th Ave SW
Calgary Alberta, T2P 4H4

587-393-2699



deferral program" announced by the provincial government on April 8, 2020. We expect to pay the 2021 taxes in full on the due date.

I would like to take this opportunity to thank you again for considering the issues we face as operators of mature assets and CBM/Shallow Gas wells here in Alberta. Lynx has been a solid supporter of the Wheatland County having provided over \$16,932,821 in property taxes in the last three years alone. We appreciate the efforts you are making but we need your help now. This is a time where we need to work together, to preserve jobs, and the long-term revenues for the County. Once you have had a chance to review our proposal, please do not hesitate to give me a call so that we can meet and discuss this further.

Yours truly

A handwritten signature in black ink, appearing to be "Allen J. Bey", written over a horizontal line.

Allen J. Bey | President, CEO, Director | Lynx Energy ULC
BP Centre | 2800, 240 - 4th Ave. SW | Calgary, AB T2P 4H4
Direct: 403-930-1388 | Cell: 403-921-0674

