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Province Introduces Bill Returning Special Lien Powers on Oil and Gas Properties

Bill 77 would enable municipalities to apply special liens to recover unpaid taxes on linear and M&E property

On October 28, the Government of Alberta introduced [Bill 77: Municipal Government \(Restoring Tax Accountability\) Amendment Act, 2021](#).

If passed, Bill 77 will amend the *Municipal Government Act* to provide municipalities with the ability to place special liens on linear and machinery, and equipment property as a means to seize the property to recover unpaid taxes from the applicable property owner or operator. Alberta Municipal Affairs has provided a short [fact sheet outlining the changes made through Bill 77](#) and the proposed special lien process.

Municipalities previously held such powers before losing them as a result of the [2019 Northern Sunrise County v Virginia Hills Oil Corp Alberta Court of Appeals decision](#). Bill 77 clarifies the legislation to return these powers.

RMA is pleased with the introduction of Bill 77, as returning the special lien powers to municipalities should help to increase industry accountability in relation to property tax payments, and places industry on a more level playing field with all other commercial and residential property owners in terms of the potential consequences of not paying municipal property taxes. However, RMA has several outstanding questions related to how special liens would be implemented for oil and gas properties, including:

- ◆ the risks and liabilities assumed by municipalities that choose to seize oil and gas properties,
- ◆ the applicability of license and regulatory requirements on municipalities that choose to seize oil and gas properties,
- ◆ the scope of assessable property that can be seized from the liable person, and
- ◆ how information sharing between the Alberta Energy Regulator (AER) and municipalities can be improved to ensure that municipalities have current owner and operator information for all oil and gas properties.

RMA plans to work with Alberta Municipal Affairs to clarify these questions and others and will update members as they learn more.

While Bill 77 is an important step in the right direction, special liens will not solve the [ongoing unpaid property tax challenges](#) facing rural municipalities across the province, and in some cases may be very difficult for municipalities to implement. Ultimately, further action is needed at the provincial level to effectively regulate and hold to account the oil and gas industry. The AER needs to continue to update their regulatory processes to consider property tax payments as a factor in assessing ongoing company risk profiles and in the approval of license applications and transfers. Non-payment of property taxes not only impacts municipalities but is also an early sign that a company may be unable or unwilling to fulfill other environmental and regulatory requirements and should be treated as such by provincial regulators.

RMA will share more information with members as it becomes available.

Wyatt Skovron

Manager of Policy & Advocacy

780.955.4096

wyatt@RMAAlberta.com